

RECORDATION NO. 25786 FILED

AUG 23 '05

1-47 PM

SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

August 23, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Lease Agreement, dated as of August 16, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Mitsui Rail Capital, LLC
5215 Old Orchard Road
Suite 505
Skokie, Illinois 60077

Lessee: Tennessee Valley Authority
1101 Market Street
Chattanooga, Tennessee 37402

Mr. Vernon A. Williams
August 23, 2005
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A description of the railroad equipment covered by the enclosed document
is:

250 Autoflood III railcars: MBKX 5918 – MBKX 6167.

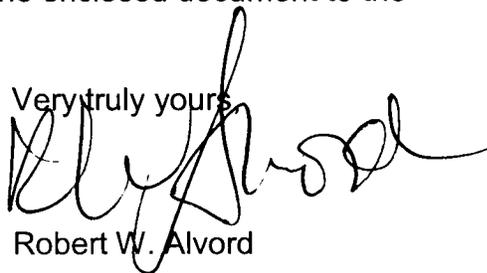
A short summary of the document to appear in the index is:

Memorandum of Lease Agreement.

Also enclosed is a check in the amount of \$33.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours

A handwritten signature in black ink, appearing to read 'R. Alvord', written over the typed name below.

Robert W. Alvord

RWA/anm
Enclosures

*MEMORANDUM OF LEASE AGREEMENT
BETWEEN
MITSUI RAIL CAPITAL, LLC
("LESSOR")*

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SURFACE TRANSPORTATION BOARD

AND

*TENNESSEE VALLEY AUTHORITY
("LESSEE")*

AUGUST 16, 2005

Memorandum of a Lease Agreement made and entered into as of August 16, 2005 by and between Mitsui Rail Capital, LLC, a Delaware limited liability company, ("**Lessor**") and Tennessee Valley Authority, a corporation organized and existing under the laws of the United States of America ("**Lessee**").

WITNESSETH:

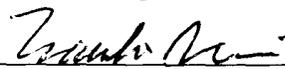
1. Lessor has agreed to furnish to Lessee, and Lessee has agreed to lease from Lessor **2005 FreightCar America built Autoflood III** Railcars bearing marks and numbers as follows:

MBKX 5918 – 6167 (both inclusive)

2. The Lease Agreement shall be effective as of the date first set forth hereinabove and shall be subject to the lease term, as described in the Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective representatives as of the date and year first above written.

Lessor: Mitsui Rail Capital, LLC

By: 
Title: President
Date: 8/17/05

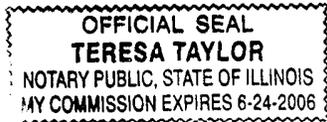
Lessee: Tennessee Valley Authority

By: 
Title: Railcar Contract Specialist
Date: August 16, 2005

STATE OF ILLINOIS

COUNTY OF COOK

On this 22ND day of August, 2005, before me personally appeared Yasushi Imai, to me personally known, who being by me duly sworn, says that he is the President of Mitsui Rail Capital, LLC that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of the said instrument was his free act and deed.



Teresa Taylor
NOTARY PUBLIC

My commission expires:

STATE OF Tennessee

COUNTY OF Hamilton

On this 16th day of August, 2005, before me personally appeared Amie S. Shawney, to me personally known, who being by me duly sworn, says that he is the Railroad District of Tennessee Valley Authority that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of the said instrument was his free act and deed.

Cherry P. Griffith
NOTARY PUBLIC

My commission expires 10/17/2007

