

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847.318.7575
Fax 847.318.7588

RECORDATION NO. 24506-C FILED

AUG 25 '05

2-41 PM

SURFACE TRANSPORTATION BOARD

AUG 23 2005
RECEIVED

VIA UPS 2nd DAY AIR

August 19, 2005

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and one (1) copy of a Memorandum of Lease Agreement, dated May 26, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 24506.

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

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Watco Transportation Services
315 W. 3rd Street
Pittsburg, KS 66762

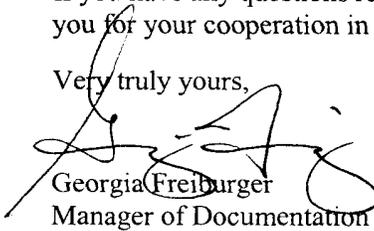
A description of the railroad equipment covered by the enclosed document is nine (9) EMD/Boise GP40M-3R Locomotives, with FURX marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

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 one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,


Georgia Freiburger
Manager of Documentation

Enclosures

(WACO007)

AUG 2 5 '05

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ASSGN. NO.: WACO007

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 26th day of May, 2005, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Walco Transportation Services ("Lessee"), a Kansas corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of September 12, 2002 whereby Lessor has agreed to lease to Lessee certain locomotives pursuant to Rider No. 4 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of March 15, 2005 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. Seymour

Name: _____

Title: _____

By: Theresa Catapano

Name: THERESA CATAPANO

Title: MGR. OF DOCUMENTATION executed on the 26th day of MAY, 2005

[CORPORATE SEAL]

STATE OF ILLINOIS

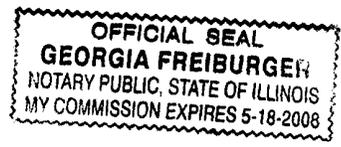
COUNTY OF COOK

I, GEORGIA FREIBURGER, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 26th day of May, 2005.

Georgia Freiburger
Notary Public

My Commission Expires:
5-2008
(Notary Public)



LESSEE:

WATCO TRANSPORTATION SERVICES

By: Wayne Sigley
Name: Wayne Sigley
Title: COO S.E. Region

ATTEST:

By: _____
Name: _____
Title: _____

Executed on this _____ day of _____, _____.

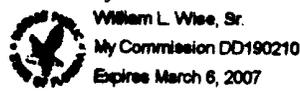
[CORPORATE SEAL]

STATE OF Florida
COUNTY OF Duval

I, William L. Wise Sr., a Notary Public of the County and State aforesaid, certify that Wayne Sigley personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 23 day of May, 2005.

William L. Wise Sr.
Notary Public



Commission Expires:
3-6-2007
(Notary Public)

