

**NATIONAL
RAILWAY EQUIPMENT CO.**



HOME OFFICE: 14400 S. ROBEY STREET · P. O. BOX 2270 · DIXMOOR, ILLINOIS 60426
TELEPHONE (708) 388-6002 · FAX (708) 388-2487

RECORDATION NO. 25966 FILED

NOV 14 '05

1-18 PM

November 10, 2005

SURFACE TRANSPORTATION BOARD

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423-0001

Attn: Equipment Recordation

To Whom It May Concern:

I have enclosed for recordation pursuant to the provisions of 49 U.S.C. 11301 a memorandum of lease agreement and a schedule of equipment for a locomotive lease agreement dated August 1, 2005, a primary document under the Board's recordation regulations.

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

Lessor: National Railway Equipment Co.
14400 S. Robey
Dixmoor, IL 60426

Lessee: Tennessee Valley Authority
1101 Market Street
Chattanooga, TN 37402-2801

A description of the equipment covered by the Lease Agreement is as follows:

One EMD GP-11 General Purpose Locomotive bearing road # NREX 8748

One EMD GP-11 General Purpose Locomotive bearing road # NREX 8749

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

“Locomotive Lease Agreement”



Also enclosed is a check in the amount of \$33 payable to the Surface Transportation Board to cover the required recordation fee for the attached agreement.

Please date stamp and return an original copy after recordation to:

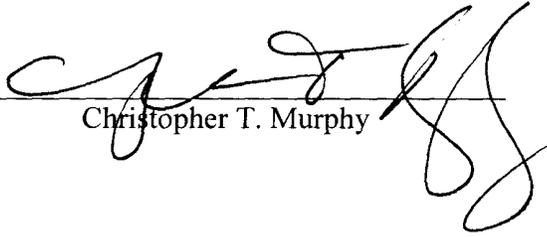
Christopher T. Murphy
National Railway Equipment Co.
14400 South Robey Street
P.O. Box 2270
Dixmoor, IL 60426

Sincerely yours,

NATIONAL RAILWAY EQUIPMENT CO.

By: _____

Christopher T. Murphy



MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of August 1, 2005, by and between NATIONAL RAILWAY EQUIPMENT CO. ("Lessor"), and TENNESSEE VALLEY AUTHORITY ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, Locomotive model(s) described herein.

Each locomotive is fully-described in a certain Lease Agreement dated as of August 1, 2005, (together with all of the riders, schedules and other attachments thereto, collectively, the "Lease"), each between Lessor and Lessee. A Schedule of the equipment is attached hereto.

2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

The Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

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SURFACE TRANSPORTATION BOARD

LESSEE:

TENNESSEE VALLEY AUTHORITY

By: *Anne D. Morgan*

Name: Anne D. Morgan

Title: Procurement Agent

LESSOR:

NATIONAL RAILWAY EQUIPMENT CO.

By: *James M. Wurtz, Jr.*

Name: James M. Wurtz, Jr.

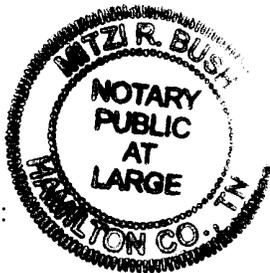
Title: Vice President

STATE OF Tennessee)
COUNTY OF Hamilton) SS.

On this 26th day of October, 2005, before me appeared Anne D. Morgan, the person who signed this instrument who acknowledged that (s) he is the Procurement Agent of TVA and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

Witzi R. Bush
Notary Public

[Seal]



My Commission Expires:

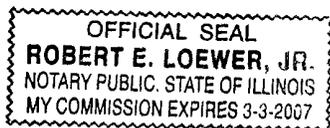
3-8-08

STATE OF Illinois)
COUNTY OF Cook) SS.

On this 4th day of November, 2005, before me appeared Jim Wate, the person who signed this instrument who acknowledged that (s) he is the VP of NREC and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

Robert E. Loewer, Jr.
Notary Public

[Seal]



My Commission Expires:

SCHEDULE OF EQUIPMENT

Lessor: NATIONAL RAILWAY EQUIPMENT CO.

Lessee: TENNESSEE VALLEY AUTHORITY

Approved by: Adm
(Lessee to initial each page)

Attached to Bill of Sale dated:

Equipment Located at:

National Railway Equipment Co.'s
remanufacturing facility in Silvis, Illinois

Equipment Schedule No.: See Schedule "A"

Manufacturer and/or Vendor
Name & Invoice Number

Equipment
Description

National Railway Equipment Co.

EMD GP-11 Switcher Locomotive

SCHEDULE "A"

Attached to and incorporated into the Lease dated the 1st day of August, 2005 by and between the National Railway Equipment Co. (LESSOR) and Tennessee Valley Authority (LESSEE).

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
NREX 8748	EMD	GP-11 General Purpose Locomotive
NREX 8749	EMD	GP-11 General Purpose Locomotive