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ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

January 18, 2006

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, dated as of January 9, 2006, 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:	Compass Rail IV Corporation 750 Battery Street, Suite 430 San Francisco, California 94111
Lessee:	Penford Corporation 1001 1 <sup>st</sup> Street, S.W. Cedar Rapids, Iowa 52404

RECORDATION NO. 26/33 FILED

JAN 18 '06

12-53 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL  
URBAN A. LESTER

Mr. Vernon A. Williams  
January 18, 2006  
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A description of the railroad equipment covered by the enclosed document  
is:

23 hopper cars: PENX 3300 – PENX 3324 (except PENX 3305 and  
PENX 3315).

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

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 stamped copies of the enclosed document to the  
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm  
Enclosures

MEMORANDUM OF LEASE

As of January 9<sup>th</sup> 2006

THIS MEMORANDUM OF LEASE is intended to evidence the RAILCAR LEASE AGREEMENT dated as of January 9, 2006 (the "Lease") by and between COMPASS RAIL IV CORPORATION, a California corporation with offices at 750 Battery Street, Suite 430, San Francisco, CA 94111 ("Lessor") and PENFORD CORPORATION, a Washington corporation ("Lessee"), with an office at 1001 1<sup>st</sup> Street SW, Cedar Rapids, Iowa 52404 ("Lessee"). This Memorandum of Lease is entered into for the purpose of satisfying the requirements of recordation with the United States Department of Transportation Surface Transportation Board ("STB") under 49 U.S.C. Section 11301 and with the Registrar General of Canada under applicable law.

Pursuant to the Lease, the Lessor has leased to the Lessee the following Railcars: Twenty-three (23) 1998 Trinity-built PD hopper cars, 5,125 cubic foot capacity, with 286 Gross Rail Load, bearing car marks PENX 3300-3304, 3306-3314 and 3316-3324 inclusive.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Memorandum to be executed all as of the date first above written, and the undersigned hereby declare pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below their signatures.

Lessor:

Compass Rail IV Corporation

By:

Title: President

Dated: Jan. 12, 2006

State of California )

County of San Francisco )

On this 12<sup>th</sup> day of January, 2006, before me personally appeared Stephen C. Bieneman, to me personally known, who being by me duly sworn says that such person is the President of Compass Rail IV Corporation, that execution of the foregoing Memorandum of Lease has been duly authorized, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jovina Havard  
Notary Public  
My commission expires 4-9-09

RECORDATION NO. 26133 FILED  
JAN 18 2006 12:53 PM  
SURFACE TRANSPORTATION BOARD

Lessee:

Penford Corporation

By:

Title: Product Supply Mgr

Dated: 1-10-06

State of (Iowa/Colorado) )

County of Iowa )

On this 10<sup>th</sup> day of January, 2006, before me personally appeared Amy Thomas, to me personally known, who being by me duly sworn says that such person is employed by Penford Corporation, that execution of the foregoing Memorandum of Lease has been duly authorized, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Virginia J. McCreary  
Notary Public  
My commission expires 10/5/06

