

RECORDATION NO. 26618 FILED

OCT 13 '06 12:00 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.

SUITE 301
WASHINGTON, D.C.

20036

(202) 393-2266

FAX (202) 393-2156

E-MAIL alvordlaw@aol.com

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

October 12, 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 Agreement, dated as of September 26, 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: Mitsui Rail Capital, LLC
5 Old Orchard Road, Suite 505
Skokie, IL 60077

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

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

135 Autoflood railcars: MBKX 452264 – MBKX 452398.

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 \$34.00 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/sem
Enclosures

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

AND

**TENNESSEE VALLEY AUTHORITY
("LESSEE")**

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SURFACE TRANSPORTATION BOARD

OCTOBER 12, 2006

Memorandum of a Lease Agreement made and entered into as of October 12, 2006 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:

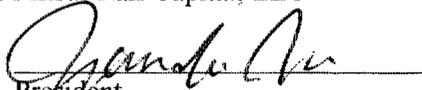
1. Lessor has agreed to furnish to Lessee, and Lessee has agreed to lease from Lessor 135 FreightCar America Built Aluminum Autoflood III Railcars bearing marks and numbers as follows:

MBKX 452264-452398 (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.

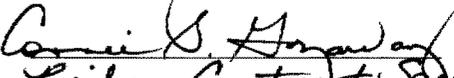
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

Lessor: Mitsui Rail Capital, LLC

By: 
Title: President

Date: OCTOBER 10, 2006

Lessee: Tennessee Valley Authority

By: 
Title: Railcar Contract Specialist
Date: October 9, 2006

STATE OF ILLINOIS

COUNTY OF COOK

On this 10th day of OCTOBER, 2006, 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.



Tondalaya Richardson
NOTARY PUBLIC

My commission expires: 11-1-2009

STATE OF Tennessee

COUNTY OF Hamilton

On this 6th day of Oct., 2006, before me personally appeared Loenie S. Gayaway to me personally known, who being by me duly sworn, says that she is the Parsons Corp. Spc 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 Oct. 17, 2007.

