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February 22, 2007

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

RECORDATION NO. 26818 FILED

FEB 22 '07 -11 56 AM

Dear Secretary Williams:

**SURFACE TRANSPORTATION BOARD**

I have enclosed for filing the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Lease Agreement, a primary document, dated as of February 20, 2007. We request that this document be given the next available recordation number.

The names and addresses of the parties to the Memorandum of Lease Agreement are:

Lessor:

GATX Rail Locomotive Group, L.L.C.  
Four Embarcadero Center, Suite 2200  
San Francisco, CA 94111

Lessee:

Iowa Interstate Railroad, Ltd.  
800 Webster Street  
Iowa City, IA 52240

A description of the equipment covered by the Memorandum of Lease Agreement consists of four SD38-2 locomotives numbered LLPX 2802, 2805, 2807, and 2809.

Honorable Vernon A. Williams

February 22, 2007

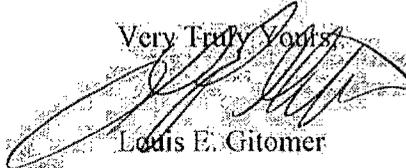
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A fee of \$34.00 is enclosed. Please return one copy to:

Louis E. Gitomer  
600 Baltimore Avenue, Suite 301  
Towson, MD 21204

A short summary of the document to appear in the index follows: a Memorandum of Lease Agreement between GATX Rail Locomotive Group, L.L.C., Four Embarcadero Center, Suite 2200, San Francisco, CA 94111, and Iowa Interstate Railroad, Ltd., 800 Webster Street, Iowa City, IA 52240, covering four SD38-2 locomotives numbered ELPX 2802, 2805, 2807, and 2809.

Very Truly Yours,



Louis E. Gitomer

Enclosure

RECORDATION NO. 26818 FILED

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SURFACE TRANSPORTATION BOARD

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**MEMORANDUM OF LEASE AGREEMENT**

dated as of February 20, 2007

between

**GATX RAIL LOCOMOTIVE GROUP, L.L.C.,**

as Lessor,

**IOWA INTERSTATE RAILROAD, LTD.**

as Lessee,

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## MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of February 20, 2007, between GATX RAIL LOCOMOTIVE GROUP, L.L.C., formerly known as Locomotive Leasing Partners, L.L.C. ("Lessor"), Four Embarcadero Center, Suite 2200, San Francisco, CA 94111, and IOWA INTERSTATE RAILROAD, LTD. ("Lessee"), 800 Webster Street, Iowa City, IA 52240, with reference to the following:

1. Pursuant to that certain Locomotive Master Lease Agreement dated May 25, 2004, between Lessor and Lessee and Supplement No. 3 to Locomotive Master Lease Agreement dated February 8, 2005 (collectively, the "Lease Agreement"), Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, those certain locomotives described on Exhibit A attached hereto (the "Units").
2. The Lease Agreement is effective as of February 8, 2005 and as of such date the Units are subject to all terms and conditions of the Lease Agreement.
3. Lessee hereby confirms and grants Lessor a first priority security interest in the Units.
4. This 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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.

GATX RAIL LOCOMOTIVE GROUP, L.L.C.,  
as Lessor

By: Eileen Raphael  
Name: EILEEN RAPHAEL  
Title: NICE President - Business Operations

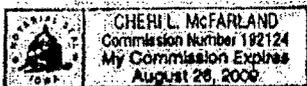
IOWA INTERSTATE RAILROAD, LTD.  
as Lessee

By: Lori L Frost  
Name: LORI L FROST  
Title: VP FINANCE

STATE OF Ta )  
 ) ss.  
COUNTY OF Linn )

On this 21 day of February 2007, before me, Cheri McFarland the undersigned Notary Public, personally appeared Lori L Frost personally known to me to be the person who executed the within instrument as VP Finance on behalf of the corporation therein named, and acknowledged to me that the corporation executed it.

[Seal]



Cheri McFarland  
Notary Public

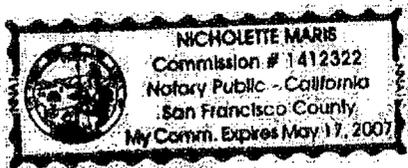
My commission expires;

8/26/2009

State of California )  
 )  
County of San Francisco )

On February 21, 2007, before me, Nicholette Maris, Notary Public, personally appeared Eileen Raphael, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal:



*Nicholette Maris*  
\_\_\_\_\_  
Notary Public

**EXHIBIT A**  
**TO MEMORANDUM OF LEASE AGREEMENT**

**DESCRIPTION OF UNITS AND REPORTING MARKS**

Four SD38-2 locomotives with the following road numbers:

LLPX 2802, LLPX 2805, LLPX 2807 and LLPX 2809.