

FEB 17 '09

10-25 AM

SURFACE TRANSPORTATION BOARD

FIRST UNION RAIL

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

VIA UPS 2nd DAY AIR

February 11, 2009



Ms. Anne K. Quinlan
Surface Transportation Board
395 E Street, S.W., Suite 100
Washington, DC 20024
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Ms. Quinlan:

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 November 6, 2008, 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 Surface Transportation Board under Recordation Number 26463.

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

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

Lessee: Modesto & Empire Traction Company
530 11th Street
P. O. Box 3106
Modesto, CA 95353

A description of the railroad equipment covered by the enclosed document is twenty four (24) 52' 8" Plate F boxcars with NOKL 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 \$41.00 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) 384-5397. Thank you for your cooperation in this matter.

Very truly yours.


Marcia Dunne
Senior Documentation Specialist

Enclosures

(ME:1003)

ASSGN. NO.: MET003

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 6 day of November, 2008, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Modesto And Empire Traction Company ("Lessee"), a California corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of June 27, 2006, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 3 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of November 6, 2008, 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

By: [Signature]

Name: _____

Title: RICHARD F. SEYMOUR
VICE PRESIDENT SALES

ATTEST:

By: Susan Grokulska
Name: SUSAN GROKULSKY
Title: ASSISTANT DIRECTOR
OF DOCUMENTATION

Executed on this 6th day of November, 2008.

[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/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 6th day of November 2008

[Signature]
Notary Public

My Commission Expires:
6-2012
(Notary Public)



LESSEE:

MODESTO AND EMPIRE TRACTION COMPANY

ATTEST:

By: Tom L. Nielsen

Name: Tom L. Nielsen

Title: Vice President

By: _____

Name: _____

Title: _____

Executed on this _____ day of _____, _____.

[CORPORATE SEAL]

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of the County and State aforesaid, certify that _____ personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this _____ day of _____, _____.

Notary Public

Commission Expires:

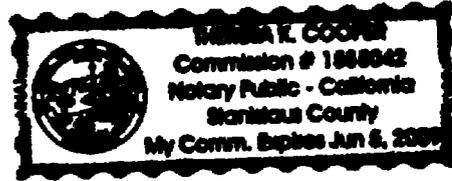
(Notary Public)

State of California
County of Stanislaus

On October 30, 2008, before me, Theresa K. Cooper, Notary Public, personally appeared Tom L. Nielsen, who 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 he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Theresa K Cooper
Theresa K Cooper, Notary Public

(Seal)
My Commission Expires June 5, 2009

.....OPTIONAL.....

The following provided as information only:

<i>CAPACITY CLAIMED BY SIGNER</i>	<i>DESCRIPTION OF ATTACHED DOCUMENT</i>
<input type="checkbox"/> <i>Individual</i>	<u>Rider No. 3</u> <i>Title or Type of Document</i>
<input checked="" type="checkbox"/> <i>Corporate Officer</i>	
<u>Vice President</u> <i>Signer Title(s)</i>	<u>7</u> <i>Number of Pages</i>
<input type="checkbox"/> <i>Other</i> _____	_____
	<i>Date of Document</i>

	<i>Signer(s) Other Than Named Above</i>

EXHIBIT A
to
MEMORANDUM OF LEASE

- I. NUMBER OF CARS: Twenty-four (24)
- II. DESCRIPTION OF CARS: 52' 8", 286,000 lb. capacity, double plug door, cushioned, Plate F boxcars, with 50K rated nailable steel floors, built in 1988.
- III. CAR NUMBERS:
- NOKL 550004
 - NOKL 550009
 - NOKL 550010
 - NOKL 550012
 - NOKL 550013
 - NOKL 550023
 - NOKL 550029
 - NOKL 550031
 - NOKL 550041
 - NOKL 550043
 - NOKL 550048
 - NOKL 550053
 - NOKL 550054
 - NOKL 550057
 - NOKL 550059
 - NOKL 550061
 - NOKL 550068
 - NOKL 550070
 - NOKL 550071
 - NOKL 550076
 - NOKL 550079
 - NOKL 550082
 - NOKL 550083
 - NOKL 550089