

RECORDATION NO. 29349-A FILED

DEC 29 '11 -12 03 PM

SURFACE TRANSPORTATION BOARD

FIRST UNION RAIL

One O'hare Centre
6250 River Rd, Suite 5000
Rosemont, IL 60018

Tel 847.318.7575
Fax 847.318.7588
www.firstunionrail.com

VIA UPS 2nd DAY AIR

December 27, 2011

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W., Suite 100
Washington, DC 20423-001
Attn: Documents for Rail Recordation

Re: Memorandum of Lease Agreement

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (2) originals and one (1) copy of a Memorandum of Lease Agreement, dated December 6, 2011, 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 29349.

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

Lessor:	First Union Rail Corporation One O'Hare Centre 6250 N. River Road, Suite 5000 Rosemont, IL 60018	Lessee:	Portland & Western Railroad, Inc. 200 Hawthorne Ave., SE Suite C-320 Salem, OR 97301
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A description of the railroad equipment covered by the enclosed document is for twelve (12) flat cars with NOKL marks (see Exhibit A for car numbers).

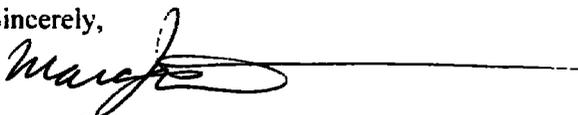
A short summary of the document to appear in the index follows: Memorandum of Lease

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.

Sincerely,



Marcia Dunne
Senior Documentation Specialist

Enclosures

(PWRR002)

DEC 29 '11 -12 03 PM

ASSGN. NO.: PWRR002

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 6th day of December, 2011, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Portland & Western Railroad, Inc. ("Lessee"), a New York corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of July 1, 2010, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 2 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of November, 2011, 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:

[Handwritten Signature]

Name: JOHN J. THOMAS
PRESIDENT

Title: _____

ATTEST:

By: Susan Grokulska

Name: SUSAN GROKULSKY

Title: ASSISTANT DIRECTOR

2011

Executed on this 6th day of December, 2011

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

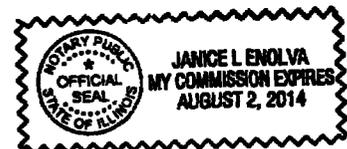
I, Janice L. Enolva, a Notary Public of the County and State aforesaid, certify that John J. Thomas personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 6th day of December, 2011.

Janice L. Enolva
Notary Public

My Commission Expires:

8-2-2014



(Notary Public)

LESSEE:

PORTLAND & WESTERN RAILROAD, INC.

ATTEST:

By: [Signature]

Name: JAMES E. IRVIN

Title: President

By: [Signature]

Name: RYAN R. FISCHER

Title: DIR OF SALES & MKTING. Executed on this 23 day of November, 2011.

[CORPORATE SEAL]

STATE OF Oregon

COUNTY OF Marion

I, Stephen W. Eigel, a Notary Public of the County and State aforesaid, certify that James E. Irvin 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 23th day of November, 2011.

[Signature]
Notary Public

Commission Expires:

March 4, 2012
(Notary Public)

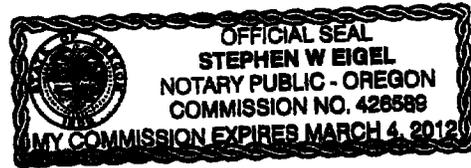


EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Twelve (12)

DESCRIPTION OF CARS: 73' Centerbeam Flat Cars, 286,000 lbs. GRL (Car Type: F483)

CAR NUMBERS:

NOKL 734275
NOKL 734280
NOKL 734283
NOKL 734284
NOKL 734287
NOKL 734289
NOKL 734296
NOKL 734297
NOKL 734300
NOKL 734302
NOKL 734304
NOKL 734308