

December 27, 2012 03:25 PM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD

ATTORNEYS AT LAW

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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

December 27, 2012

Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 "E" Street, S.W.
Washington, D.C. 20423

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of Memorandum of Lease Agreement, dated as of December 5, 2012, 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: U.S. Bank Equipment Finance
13010 SW 68th Parkway, #100
Portland, OR 97223

Co-Lessees: Watco Companies, L.L.C.
Alabama Southern Railroad, L.L.C.
Alabama Warrior Railway, L.L.C.
Arkansas Southern Railroad, L.L.C.
Austin Western Railroad, L.L.C.
Autauga Northern Railroad, L.L.C.
Birmingham Terminal Railway, L.L.C.
Boise Valley Railroad, L.L.C.
Eastern Idaho Railroad, L.L.C.
Great Northwest Railroad, L.L.C.
Kaw River Railroad, L.L.C.
Kansas & Oklahoma Railroad, L.L.C.
Louisiana Southern Railroad, L.L.C.

Mission Mountain Railroad, L.L.C.
Mississippi Southern Railroad, L.L.C.
Pacific Sun Railroad, L.L.C.
Palouse River and Coulee City Railroad, L.L.C.
Pecos Valley Permian Railroad, L.L.C.
Pennsylvania Southwestern Railroad, L.L.C.
San Antonio Central Railroad, L.L.C.
Stillwater Central Railroad, L.L.C.
Swan Ranch Railroad, L.L.C.
Timber Rock Railroad, L.L.C.
Vicksburg Southern Railroad, L.L.C.
Yellowstone Valley Railroad, L.L.C.
Watco Transportation Services, L.L.C.
Wisconsin & Southern Railroad, L.L.C.
Grand Elk Railroad, L.L.C.
South Kansas & Oklahoma Railroad, L.L.C.
Baton Rouge Southern Railroad, L.L.C.
315 West 3rd Street
Pittsburg, Kansas 66762

A description of the railroad equipment covered by the enclosed document is:

7 EMD SD-40-2 locomotives: WAMX 4193 – WAMX 4199.

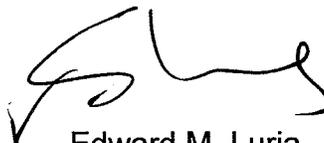
A short summary of the document to appear in the index is:

Memorandum of Lease Agreement.

Also enclosed is a check in the amount of \$42.00 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,



Edward M. Luria



MEMORANDUM OF LEASE AGREEMENT

EQUIPMENT FINANCE

Memorandum of Lease Agreement is made and entered into on December 05, 2012 by and between U.S. Bank Equipment Finance, a division of U.S. Bank National Association ("Lessor") and Watco Companies, L.L.C. and all the other companies identified on attached Exhibit "A", (as "Co-Lessees").

The undersigned have entered into that certain Master Lease Agreement dated December 05, 2012, whereby the Lessor has agreed to lease to the Lessee and the Lessee has agreed to lease from the Lessor certain property as listed on Exhibit "B" attached hereto, subject to the terms defined in the Schedule (Number 001-0019095-001), dated December 05, 2012.

This Memorandum of Lease Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed as of the date and year first above written.

Lessor:
U.S. Bank Equipment Finance, a division of U.S.
Bank National Association

Lessee:
Watco Companies, L.L.C. and all the other companies identified
on attached Exhibit "A", as Co-Lessees

BY: _____
An Authorized Officer

By: [Signature]
Matthew R. McKenzie
Senior Vice President

Executed on this _____ day of _____, 20____.

Executed on this 21 day of December 2012.

STATE OF OREGON)
County of Washington))SS.

STATE OF Kansas)
County of Crawford))SS.

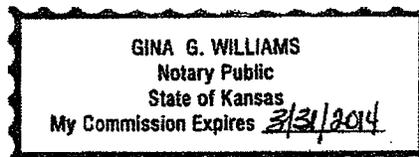
On _____, 2012 personally appeared before me, Melissa Kaul, who being duly sworn, stated that he/she is the Vice President of U.S. Bank Equipment Finance, a division of U.S. Bank National Association, acknowledged the foregoing instrument as voluntary act and deed of the Company by virtue of authority from its Board of Directors.

On Dec. 21, 2012 personally appeared before me, Matthew R. McKenzie, who being duly sworn, stated that he is an authorized signer for all the companies identified on the attached Exhibit "A", acknowledged the foregoing instrument as voluntary act and deed of each Company.

Before me:

Before me:
[Signature]
Notary Public for Kansas
My Commission Expires: 3/31/2014

Notary Public for Oregon
My Commission Expires: _____





MEMORANDUM OF LEASE AGREEMENT

EQUIPMENT FINANCE

Memorandum of Lease Agreement is made and entered into on December 05, 2012 by and between U.S. Bank Equipment Finance, a division of U.S. Bank National Association ("Lessor") and Watco Companies, L.L.C. and all the other companies identified on attached Exhibit "A", (as "Co-Lessees").

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This Memorandum of Lease Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed as of the date and year first above written.

Lessor:
U.S. Bank Equipment Finance, a division of U.S. Bank National Association

Lessee:
Watco Companies, L.L.C. and all the other companies identified on attached Exhibit "A", as Co-Lessees

BY: [Signature]
An Authorized Officer

By: _____
Matthew R. McKenzie
Senior Vice President

Executed on this 7 day of December, 2012.

Executed on this _____ day of _____, 20_____.

STATE OF OREGON)
County of Washington)SS.

STATE OF _____)
County of _____)SS.

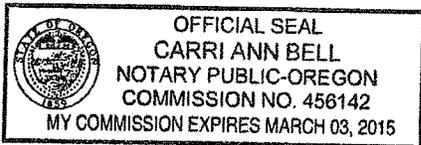
On Dec 7, 2012 personally appeared before me, Melissa Kaul, who being duly sworn, stated that he/she is the Vice President of U.S. Bank Equipment Finance, a division of U.S. Bank National Association, acknowledged the foregoing instrument as voluntary act and deed of the Company by virtue of authority from its Board of Directors.

On _____, 2012 personally appeared before me, Matthew R. McKenzie, who being duly sworn, stated that he is an authorized signer for all the companies identified on the attached Exhibit "A", acknowledged the foregoing instrument as voluntary act and deed of each Company.

Before me:
[Signature]
Notary Public for Oregon
My Commission Expires: 3/3/15

Before me:

Notary Public for _____
My Commission Expires: _____





EQUIPMENT FINANCE

EXHIBIT "A"

MEMORANDUM OF LEASE AGREEMENT

WATCO COMPANIES, L.L.C.	ALABAMA SOUTHERN RAILROAD, L.L.C.	ALABAMA WARRIOR RAILWAY, L.L.C.
ARKANSAS SOUTHERN RAILROAD, L.L.C.	AUSTIN WESTERN RAILROAD, L.L.C.	AUTAUGA NORTHERN RAILROAD, L.L.C.
BIRMINGHAM TERMINAL RAILWAY, L.L.C.	BOISE VALLEY RAILROAD, L.L.C.	EASTERN IDAHO RAILROAD, L.L.C.
GREAT NORTHWEST RAILROAD, L.L.C.	KAW RIVER RAILROAD, L.L.C.	KANSAS & OKLAHOMA RAILROAD, L.L.C.
LOUISIANA SOUTHERN RAILROAD, L.L.C.	MISSION MOUNTAIN RAILROAD, L.L.C.	MISSISSIPPI SOUTHERN RAILROAD, L.L.C.
PACIFIC SUN RAILROAD, L.L.C.	PALOUSE RIVER AND COULEE CITY RAILROAD, L.L.C.	PECOS VALLEY PERMIAN RAILROAD, L.L.C.
PENNSYLVANIA SOUTHWESTERN RAILROAD, L.L.C.	SAN ANTONIO CENTRAL RAILROAD, L.L.C.	STILLWATER CENTRAL RAILROAD, L.L.C.
SWAN RANCH RAILROAD, L.L.C.	TIMBER ROCK RAILROAD, L.L.C.	VICKSBURG SOUTHERN RAILROAD, L.L.C.
YELLOWSTONE VALLEY RAILROAD, L.L.C.	WATCO TRANSPORTATION SERVICES, L.L.C.	WISCONSIN & SOUTHERN RAILROAD, L.L.C.
GRAND ELK RAILROAD, INC.	SOUTH KANSAS & OKLAHOMA RAILROAD, INC.	BATON ROUGE SOUTHERN RAILROAD, L.L.C.

Exhibit "B"
TO MEMORANDUM OF LEASE AGREEMENT

SEVEN (7) ELECTRO MOTIVE DIESEL LOCOMOTIVES, MODEL SD-40-2, WAMX 4193, WAMX 4194, WAMX 4195, WAMX 4196, WAMX 4197, WAMX 4198 AND WAMX 4199;

TOGETHER WITH ALL REPLACEMENTS, PARTS, REPAIRS, ADDITIONS, ACCESSIONS AND ACCESSORIES INCORPORATED THEREIN OR AFFIXED OR ATTACHED THERETO AND ANY AND ALL PROCEEDS OF THE FOREGOING, INCLUDING, WITHOUT LIMITATION, INSURANCE RECOVERIES.

08/12

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 12/27/12

Edward M Luria
Edward M. Luria