

HELM
FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111
415/398-4510 FAX 415/398-4816

VIA AIR COURIER

April 14, 1997

RECORDATION No. 20632

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Dear Mr. Williams:

Enclosed are two (2) originals of the Memorandum of Lease of Railroad Equipment dated as of August 6, 1996 ("Memorandum of Lease") between the following parties:

- Lessor: Helm Financial Corporation
One Embarcadero Center, Suite 3700
San Francisco, CA 94111
- Lessee: Bangor & Aroostook Railroad Company
Northern Maine Junction Diesel Shop
Rural Route 2, Box 45
Bangor, ME 04401

The equipment involved in this transaction is as follows:

- Equipment: Four (4) GP38 locomotives (See attached Schedule A to the Memorandum of Lease for reporting mark & numbers.)

Please file this agreement as a primary document. A check covering the filing fee of \$24.00 is enclosed.

Sincerely,



Patrick Napin
Document Administrator

/ph
Enclosure

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BOARD

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SURFACE TRANSPORTATION
BOARD

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MEMORANDUM OF
LOCOMOTIVE LEASE AGREEMENT

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT (the "Memorandum") is made as of August 6, 1996 and is intended to evidence that certain Locomotive Lease Agreement dated as of August 6, 1996 (the "Lease") between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and BANGOR AND AROOSTOOK RAILROAD COMPANY, a Maine corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the Department of Transportation under Section 49 of U.S.C. 11301. Lessor has the right to lease the locomotives, more fully described in Schedule A hereto (the "Units"). Lessee leased from Lessor the Units at the Rent and upon the terms and conditions provided in the Lease.

The Lease and the Units cannot be assigned, subleased or in any way encumbered without the prior written consent of Lessor. Lessee has granted a security interest unto Lessor in and to any and all Payments, as such term is defined in the Lease, including, without limitation, any and all Rent and other Payments pursuant to any sublease of the Units. In the Event of Default, as such term is defined in the Lease, Lessee assigns any and all subleases to Lessor.

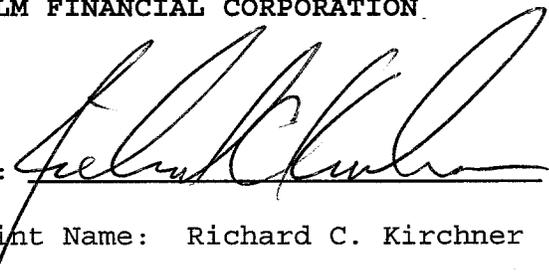
IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representative as of the day and year first above written.

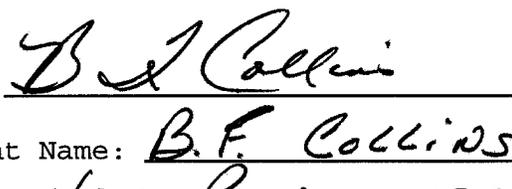
LESSOR

LESSEE

HELM FINANCIAL CORPORATION

BANGOR AND AROOSTOOK RAILROAD COMPANY

By: 

By: 

Print Name: Richard C. Kirchner

Print Name: B.F. COLLINS

Its: President

Its: Vice President + DCOO

CM

SCHEDULE A
TO THE MEMORANDUM OF LEASE

THE UNITS

Equipment Description:

Four (4), 2000 horsepower, GP38 diesel-electric locomotives equipped with dynamic braking.

Unit Numbers:

HLCX 3680
HLCX 3610
HLCX 3612
HLCX 3616

STATE OF CALIFORNIA)
) S.S.
COUNTY OF SAN FRANCISCO)

On March 13, 1997, before me, Emma S. Ortega - Notary Public personally appeared Richard C. Kirchner, President of HELM FINANCIAL CORPORATION,

personally known to me -OR-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.



Emma Susan Ortega
SIGNATURE OF THE NOTARY

[Notarial Seal]

STATE OF MICHIGAN)
) S.S.
COUNTY OF WAYNE)

On MARCH 6, 1997, before me, DIANNE M. PLUMLEY personally appeared B.F. COLLINS, V-PRESIDENT + DCOO of BANGOR AND AROOSTOOK RAILROAD COMPANY,

personally known to me -OR-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Dianne M. Plumley
SIGNATURE OF THE NOTARY

[Notarial Seal]

DIANNE M. PLUMLEY, NOTARY PUBLIC
LAPEER COUNTY, MICHIGAN
MY COMMISSION EXPIRES 4-15-98
ACTING IN WAYNE COUNTY, MICHIGAN

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