

HELM FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4510

FAX 415/398-4816

RECORDATION NO. 21794 FILED

NOV 20 '98 10-22 AM

October 30, 1998

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 Locomotive Lease Agreement** dated as of March 19, 1997 between the following parties:

Lessor: Helm Financial Corporation
One Embarcadero Center, Suite 3700
San Francisco, CA 94111

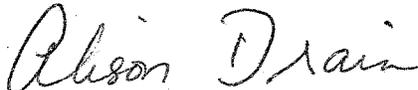
Lessee: Delaware & Hudson Railway Company, Inc.
Room 235 Windsor Station
Station Centre Ville
Montreal, Quebec H3C 3E4

The equipment involved in this transaction is as follows:

Equipment: No equipment attached

Please file this memorandum as a primary document and return one (1) stamped original to my attention. A check covering the filing fee of twenty-six dollars (\$26.00) is enclosed.

Sincerely,



Alison Drain
Document Administrator

/ad
Enclosures (2)

NOV 20 '98 10-22AM

MEMORANDUM OF
LOCOMOTIVE LEASE AGREEMENT

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT ("Memorandum of Lease") dated as of March 19, 1997 is intended to evidence Schedule No. 1 dated as of March 19, 1997 ("Schedule") to the Master Locomotive Lease Agreement, dated as of March 19, 1997 (the "Lease") between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and DELAWARE AND HUDSON RAILWAY COMPANY, INC., a Delaware 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 Attachment A hereto (the "Units"). Lessee leased from Lessor all the Units at the rentals and upon the terms and conditions provided in the Lease and the Schedule.

IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to due corporate authority, has executed this Memorandum of Lease on the date indicated below its signature.

LESSOR

LESSEE

HELM FINANCIAL CORPORATION

DELAWARE AND HUDSON RAILWAY
COMPANY, INC.

By: [Signature]

By: [Signature]

Title: President

Title: President

Date: April 8, 1998

Date: March 18, 1998

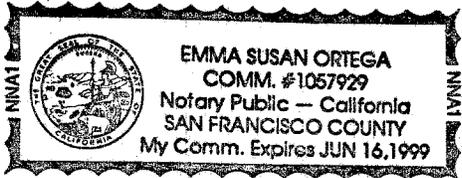
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STATE OF CALIFORNIA)
) S.S.
COUNTY OF SAN FRANCISCO)

On April 8, 1998, before me, Emma S. Ortega, 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.

Signature: Emma Susan Ortega

(Notarial Seal)

PROVINCE OF QUEBEC)
) S.S.
CITY OF MONTREAL)

On this 18th day of MARCH, 1998, before me J.C. PARE, personally appeared PAUL D. GILMORE, PRESIDENT of DELAWARE AND HUDSON RAILWAY COMPANY, INC.,

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.

Signature: J.C. Pare

Advocate, authorized by law to administer oaths throughout the Province of Quebec.

(Seal)