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SURFACE TRANSPORTATION BOARD

RECORDATION NO. 21039 FILED

DEC 2 '97 9-57 AM

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NorRail®, Inc.
Buying, Selling, Leasing
And Management of Railcars

308 12th Avenue South, Buffalo, Minnesota 55313 • Phone: (612) 557-0215 • Fax: (612) 682-2452

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. Street NW, Suite 700
Washington, D.C. 20423

November 14, 1997

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two originals of Memorandum of Railcar Lease Agreement dated as of October 31, 1997, a primary document as defined in the Board's Rules for Recordation of Documents.

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

Lessor: NorRail, Inc.
308 - 12th Avenue South
Buffalo, MN 55313
Phone: 612-557-0215

Lessee: Union Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179
Phone: 402-271-3818

The Memorandum of Railcar Lease Agreement covers 200 73' Centerbeam Flatcars identified in Exhibit A to the Memorandum of Railcar Lease Agreement. Enclosed is our check in the amount of $24.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one stamped copy of the enclosed document to the undersigned. If you have any questions or require any further information in connection with this filing, please contact the undersigned at 612-557-0215.

Very truly yours,

Bradley C. Gunstad

Bradley C. Gunstad
Vice President & General Counsel
Enclosures

FORMS/STB

RAILROAD COUNTERPART

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MEMORANDUM OF RAILCAR LEASE AGREEMENT

THIS MEMORANDUM OF RAILCAR LEASE AGREEMENT is made and entered into as of October 31, 1997 by and between NorRail, Inc., a Minnesota Corporation ("Lessor") and Union Pacific Railroad Company, a Nebraska Corporation ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor various railcars pursuant to one or more Schedules to the Lease to be entered into by Lessor and Lessee from time to time, all as more particularly described in that certain Railcar Service and Lease Agreement No. 1737 dated October 31, 1997 between Lessor and Lessee (hereinafter referred to as the "Lease").

2. Pursuant to Schedule No. 1 to the Lease, Lessor has agreed to lease to Lessee and Lessee has agreed to lease from Lessor the two hundred (200) 73' Centerbeam Flatcars bearing the reporting marks and road numbers indicated on Exhibit A hereto, all as more particularly described in the Lease.

3. The Lease shall be effective as of the execution date thereof and shall be subject to the term of the Lease, as provided therein.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Railcar Lease Agreement to be executed as of the date first above written.

Lessee: NORRAIL, INC.

By: _____

Its: President

By: _____

Its: V. P. SALES

Lessor: UNION PACIFIC RAILROAD COMPANY

By: _____

Its: Vice President Supply

FSL1737-2(10/23/97)

EXHIBIT A To SCHEDULE NO. 1
To
MEMORANDUM OF RAILCAR LEASE AGREEMENT

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STATE OF Nebraska, COUNTY OF Douglas TO WIT:

On this 3rd day of November, 1997 before me personally appeared, Michael J. Cronin and _____, to me personally known, who being by me duly sworn, says that they are the VP Supply and _____, respectively of Union Pacific Railroad Company, a Nebraska Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal) GENERAL NOTARY-State of Nebraska CAROL A. LEO My Comm. Exp. Oct. 7, 2000

Carol A. Leo
Notary Public

My commission expires: October 7, 2000

STATE OF MINNESOTA, COUNTY OF WRIGHT TO WIT:

On this 12th day of November, 1997 before me personally appeared, Robert D. Johnson and L. Lee Struble, to me personally known, who being by me duly sworn, says that they are the President and Vice President, Sales respectively of NorRail, Inc. a Minnesota Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal) GAIL M. BLAGSVEDT NOTARY PUBLIC - MINNESOTA WRIGHT COUNTY My commission expires 1-31-2000

Gail M Blagsvedt
Notary Public

My commission expires: 1-31-2000

FSL1737-2(10/23/97)