RECORDATION NO. 21118 FILED

DEC 30 '97 2-00PM

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December 30, 1997

RECORDATION NO. 21118 FILED A, B, C

DEC 30 '97 2-00PM

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, D.C. 20423-0001

DEC 30 1 59 PM '97

RECEIVED
SURFACE TRANSPORTATION BOARD

Re: NorRail, Inc.
Leveraged Lease Financing of Railroad Rolling Stock

Dear Mr. Williams:

I am enclosing for recording pursuant to Section 11301 of Title 49 of the United States Code, two copies of each of the two primary documents described below and the two secondary documents described below. As an attorney representing one of the parties in this transaction, I have knowledge of the matters described in this letter.

The primary documents are as follows:

Primary → (1) Memorandum of Lease, dated as of December 30, 1997, between Harris Trust and Savings Bank, as Lessor (the *"Lessor"*), and NorRail, Inc., as Lessee (the *"Lessee"*); and

A → (2) Memorandum of Security Agreement, dated as of December 30, 1997, between Harris Trust and Savings Bank, as Debtor (the *"Debtor"*), and Wilmington Trust Company, as Security Trustee (the *"Security Trustee"*).

The secondary documents are as follows:

B → (1) Memorandum of Lease Supplement No. 1, dated December 30, 1997, between the Lessor and the Lessee; and

C → (2) Memorandum of Security Agreement Supplement No. 1, dated December 30, 1997, between the Debtor and the Security Trustee.

The primary documents to which the Memorandum of Lease Supplement No. 1 and the Memorandum of Security Agreement Supplement No. 1 are connected are the

Counter Parts - Pls.

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Memorandum of Lease and the Memorandum of Security Agreement, respectively, referred to above, which are being submitted for recording concurrently therewith.

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

Primary → MEMORANDUM OF LEASE

Lessor: Harris Trust and Savings Bank, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of December 15, 1997
311 West Monroe Street
Chicago, Illinois 60603

Lessee: NorRail, Inc.
308 Twelfth Avenue South
Buffalo, Minnesota 55313

A → MEMORANDUM OF SECURITY AGREEMENT

Debtor: Harris Trust and Savings Bank, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of December 15, 1997
311 West Monroe Street
Chicago, Illinois 60603

Security Trustee: Wilmington Trust Company, not in its individual capacity, but soley as Security Trustee under the Security Agreement-Trust Deed dated as of December 15, 1997
1100 North Market Street
Wilmington, Delaware 19890-0001

B → MEMORANDUM OF LEASE SUPPLEMENT NO. 1

Lessor: Harris Trust and Savings Bank, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of December 15, 1997
311 West Monroe Street
Chicago, Illinois 60603

Lessee: NorRail, Inc.
308 Twelfth Avenue South
Buffalo, Minnesota 55313

C→ MEMORANDUM OF SECURITY AGREEMENT SUPPLEMENT NO. 1

Debtor: Harris Trust and Savings Bank, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of December 15, 1997
311 West Monroe Street
Chicago, Illinois 60603

Security Trustee: Wilmington Trust Company, not in its individual capacity, but soley as Security Trustee under the Security Agreement-Trust Deed dated as of December 15, 1997
1100 North Market Street
Wilmington, Delaware 19890-0001

The description of the Equipment covered as of the date hereof by the aforesaid Memorandum of Lease, Memorandum of Security Agreement, Memorandum of Lease Supplement No. 1 and Memorandum of Security Agreement Supplement No. 1 is as set forth on Exhibit A hereto.

A fee of ninety-six dollars ($96.00) is enclosed. Please time and date stamp the enclosed copy of each of the enclosed documents along with the extra copy of this letter as proof of filing and recordation of the enclosed documents and return the original and any extra copies of such documents and this letter not needed by the Board for recordation to:

Sean T. Maloney, Esq.
Chapman and Cutler
111 West Monroe
Chicago, Illinois 60603

A short summary of each of the documents to appear in the index follows:

Primary→ (1) MEMORANDUM OF LEASE:

Memorandum of Lease between Harris Trust and Savings Bank, as Lessor, 311 West Monroe Street, Chicago, Illinois 60603 and NorRail, Inc., as Lessee, 308 Twelfth Avenue South, Buffalo, Minnesota 55313, dated as of December __, 1997, covering the railroad rolling stock bearing the road numbers listed in the exhibit thereto.

A → (2) MEMORANDUM OF SECURITY AGREEMENT:

Memorandum of Security Agreement between Harris Trust and Savings Bank, as Debtor, 311 West Monroe Street, Chicago, Illinois 60603 and Wilmington Trust Company, as Security Trustee, 1100 North Market Street, Wilmington, Delaware 19890-0001, dated as of December 30, 1997, covering the obligations of the Debtor relating to railroad rolling stock bearing the road numbers listed in the exhibit thereto.

B → (3) MEMORANDUM OF LEASE SUPPLEMENT NO. 1:

Memorandum of Lease Supplement No. 1 between Harris Trust and Savings Bank, as Lessor, 311 West Monroe Street, Chicago, Illinois 60603 and NorRail, Inc., as Lessee, 308 Twelfth Avenue South, Buffalo, Minnesota 55313, dated December 30, 1997, covering railroad rolling stock bearing the road numbers listed in the exhibit thereto. Memorandum of Lease Supplement No. 1 is related to the Memorandum of Lease between the Lessor and the Lessee dated as of December 30, 1997, which is filed concurrently herewith.

C → (4) MEMORANDUM OF SECURITY AGREEMENT SUPPLEMENT NO. 1:

Memorandum of Security Agreement Supplement No. 1 between Harris Trust and Savings Bank, as Debtor, 311 West Monroe Street, Chicago, Illinois 60603 and Wilmington Trust Company, as Security Trustee, 1100 North Market Street, Wilmington, Delaware 19890-0001, dated December 30, 1997, covering the obligations of the Debtor relating to railroad rolling stock bearing road numbers listed in the exhibit thereto. The Memorandum of Security Agreement Supplement No. 1 is related to the Memorandum of Security Agreement between the Debtor and the Security Trustee, dated as of December 30, 1997, which is filed concurrently herewith.

If you have any questions or need further information, please do not hesitate to contact the undersigned (312-845-3844).

Sincerely,

CHAPMAN AND CUTLER

By Sean T. Maloney
Sean T. Maloney

STM/jem
Enclosure

Law Offices of

CHAPMAN AND CUTLER

EXHIBIT A

EQUIPMENT	QUANTITY	ROAD NUMBERS
100 ton 52'6" (286,000 lb.) GRL mill gondola railroad cars manufactured in 1997 by Thrall Car Manufacturing.	100	TNMR002001 through TNMR002100, inclusive
100 ton 52'6" (286,000 lb.) GRL mill gondola railraod cars manufactured in 1997 by Trenton Works Ltd.	198	CR 585500 through CR 585537, inclusive CR 585539 through CR 585698, inclusive

RECORDATION NO. 21118-C FILED

DEC 30 '97 2-00PM

MEMORANDUM OF SECURITY AGREEMENT SUPPLEMENT NO. 1

MEMORANDUM OF SECURITY AGREEMENT SUPPLEMENT NO. 1, made and entered into on December 30, 1997 by and between HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation, not in its individual capacity but solely as Owner Trustee under the Trust Agreement dated as of December 15, 1997, as Debtor (the *"Debtor"*) and WILMINGTON TRUST COMPANY, a Delaware corporation, as Security Trustee (the *"Security Trustee"*).

WITNESSETH:

1. The undersigned have entered into that certain Security Agreement-Trust Deed (the *"Security Agreement"*), dated as of December 15, 1997, by which the Debtor has granted a security interest to the Security Trustee in order to secure the Debtor's performance of certain obligations as described in the Security Agreement.

2. A memorandum of said Security Agreement is being recorded with the Surface Transportation Board concurrently herewith pursuant to Section 11301 of Title 49 of the United States Code.

3. The undersigned have entered into that certain Security Agreement Supplement No. 1, dated December __, 1997, relating to the above-described Security Agreement and extending the Debtor's grant of a security interest therein to railroad rolling stock bearing road numbers as listed on Exhibit A attached hereto.

IN WITNESS WHEREOF, the parties hereto have each caused this memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written.

HARRIS TRUST AND SAVINGS BANK, not in its individual capacity but solely as Owner Trustee under the Trust Agreement dated as of December 15, 1997

By _____
Name: J. BARTOLINI
Title: VICE PRESIDENT

Executed on this ___ day of December, 1997.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Security Trustee under the Security Agreement - Trust Deed dated as of December 15, 1997

By _____
Name: JAMES P. LAWLER
Title: Vice President

Executed on this ___ day of December, 1997.

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1458017/STM:12/18/97

STATE OF Illinois)
) SS.:
COUNTY OF Cook)

On this, the 22 day of December, 1997, before me, a Notary Public in and for said County and State, personally appeared J BARTOLINI, who being by me duly sworn, says that (s)he is the VICE PRESIDENT of HARRIS TRUST AND SAVINGS BANK, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of December 15, 1997, that said instrument was signed on December __, 1997 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation, as Owner Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

"OFFICIAL SEAL"
Marianne Tinerella
Notary Public, State of Illinois
My Commission Exp. 05/21/2001

Name: M. Tinerella
Notary Public
My Commission Expires:
Residing in Cook County, IL

STATE OF DELAWARE)
) SS.:
COUNTY OF NEW CASTLE)

On this, the 18th day of December, 1997, before me, a Notary Public in and for said County and State, personally appeared James P. Lawler, who being by me duly sworn, says that (s)he is the Vice President of WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Security Trustee under the Security Agreement - Trust Deed dated as of December 15, 1997, that said instrument was signed on December __, 1997 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Kathleen A. Pedelini
Name:
Notary Public
My Commission Expires:
Residing in Wilmington, Delaware

KATHLEEN A. PEDELINI
NOTARY PUBLIC
My Commission expires October 31, 1999

EXHIBIT A

EQUIPMENT	QUANTITY	ROAD NUMBERS
100 ton 52'6" (286,000 lb.) GRL mill gondola railroad cars manufactured in 1997 by Thrall Car Manufacturing.	100	TNMR002001 through TNMR002100, inclusive
100 ton 52'6" (286,000 lb.) GRL mill gondola railraod cars manufactured in 1997 by Trenton Works Ltd.	198	CR 585500 through CR 585537, inclusive CR 585539 through CR 585698, inclusive