

HELM FINANCIAL CORPORATION

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

VIA AIR COURIER

May 7, 1998

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

RECORDATION NO. 21417 FILED

MAY 18 '98 11-00AM

Dear Mr. Williams:

Enclosed are three (3) originals of the Memorandum of Net Locomotive Lease Agreement ("**Memorandum**") made as of July 6, 1997 between the following parties:

Lessor:	Helm Financial Corporation One Embarcadero Center, Suite 3700 San Francisco, CA 94111
Lessee:	TFM, S.A de C.V Ave. Periferico Sur No. 4829, 40 Piso Col. Jardines del Pedregal Delgacion, Tlalpan 14010 Mexico, Tlalpan

The equipment involved in this transaction is as follows:

Equipment:	Thirty-eight(38) Locomotives as more fully described in <u>Schedule A</u> to the Memorandum of Lease.
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Please file this memorandum as a primary document and return one endorsed 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 (3)



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11-00 AM

**MEMORANDUM OF
NET LOCOMOTIVE LEASE AGREEMENT**

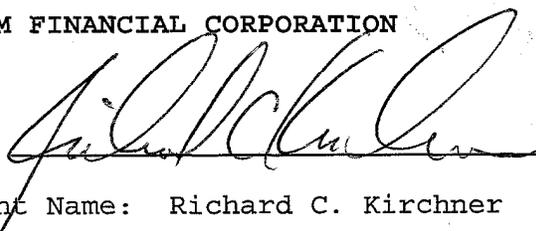
THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT (the "Memorandum") is dated as of July 6, 1997 and is intended to evidence that certain Net Locomotive Lease Agreements entered into as of July 6, 1997 (the "Lease") between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and TFM, S.A. DE C.V., a Mexican corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the U.S. 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

HELM FINANCIAL CORPORATION

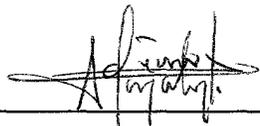
By: 

Print Name: Richard C. Kirchner

Its: President

LESSEE

TFM, S.A. DE C.V.

By: 

Print Name: Mario A. González Padilla

Its: Chief Financial & Administration Officer

By: 

Print Name: Mario Mohar Ponce

Its: Chief Executive Officer



CMM

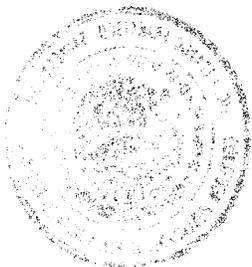
Yo, Gerardo Francisco Saavedra Silva, Corredor Público Cincuenta del Distrito Federal, Estados Unidos Mexicanos, CERTIFICO: que en esta fecha los señores Mario Alberto González Padilla y Mario Mohar Ponce ante mi reconocieron como suyas las firmas que aparecen en el documento anterior arriba de sus respectivos nombres por haber sido puestas de su puño y letra, declarando que es la firma que acostumbran usar en todos los actos jurídicos que celebran, las que ratificaron por reflejar la voluntad de su representada, y me acreditaron su personalidad como representantes de TFM, Sociedad Anónima de Capital Variable, con la escritura pública treinta y tres mil cuatrocientos sesenta y nueve, otorgada el veinticuatro de junio de mil novecientos noventa y siete ante el notario noventa y siete del Distrito Federal, en la que consta que tienen un poder general para, conjuntamente, administrar y dirigir los negocios y bienes de la sociedad, así como para ejecutar los actos, celebrar los contratos, firmar los documentos, suscribir los títulos de crédito y otorgar las garantías que requiera esa administración, en los términos del segundo párrafo del artículo dos mil quinientos cincuenta y cuatro del Código Civil para el Distrito Federal y del artículo nueve de la Ley General de Títulos y Operaciones de Crédito, limitado a que el monto del negocio no exceda la suma de dos millones quinientos mil dólares de los Estados Unidos de América. Así mismo hago constar que me cercioré de la identidad de los señores Mario Alberto González Padilla y Mario Mohar Ponce, quienes a mi juicio tienen capacidad legal no habiendo encontrando en ellos manifestaciones evidentes en contrario. Todo lo anterior lo hice constar en el acta ciento cincuenta y dos de esta fecha, preparada para tal efecto. México, Distrito Federal, a veinticuatro de febrero de mil novecientos noventa y ocho. Doy fé. -----





{TRANSLATION FROM SPANISH}

I, Gerardo Francisco Saavedra Silva, Public Attestor No. Fifty of the Federal District, Mexican United States, CERTIFY: that on this date Messrs. Mario Alberto González Padilla and Mario Mohar Ponce before me acknowledged that the signatures appearing above their names on the foregoing instrument are their own since they were set with their hand, having stated that those are the signatures they customarily use in all legal acts they perform, which signatures they ratified since they reflect their principal will, and evidenced to me their capacity as representatives of TFM, Sociedad Anónima de Capital Variable, with notarial instrument thirty three thousand four hundred sixty nine, granted on June twenty fourth, one thousand nine hundred ninety seven, before notary public No. ninety seven of the Federal District, according to which they have, jointly, powers to manage and direct the business and assets of the company, as well as to enter into the agreements, sign the documents, subscribe the negotiable instruments and grant the guaranties required by said management, in the terms of the second paragraph of Article two thousand five hundred fifty four of the Civil Code for the Federal District and Article nine of the General Law of Negotiable Instruments and Credit Operations, with the limitation that the sum of any business transaction does not exceed two million five hundred thousand dollars of the United States of America. Likewise, I certify that I made certain of the identity of Messrs. Mario Alberto González Padilla and Mario Mohar Ponce who, in my judgment, have legal capacity not having found in them evidence in the contrary. I recorded all the aforesaid in instrument one hundred fifty, of this date, prepared for such purposes. México, Federal District, February twenty four, one thousand nine hundred ninety eight. I attest. -----





SCHEDULE A
TO THE MEMORANDUM OF LEASE

THE UNITS

Equipment Description:

Unit Numbers:

SD40-3 locomotives

TFM 1500-1504, inclusive

SD40-2 locomotives

TFM 1505-1515, inclusive

SD40 locomotives

TFM 1516-1521, inclusive

SD45-2 locomotives

TFM 1522-1526, inclusive

GP38 locomotives

TFM 1150-1155, inclusive

GP38AC locomotive

TFM 1156

GP40 locomotives

TFM 1157-1160, inclusive

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

On November 20, 1997, before me, Matthew M. Ogburn, 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.

Matthew M. Ogburn
SIGNATURE OF THE NOTARY

[Notarial Seal]

STATE OF _____)
) S.S.
COUNTY OF _____)

On _____, 1997, before me, _____, personally appeared _____ of **TFM, S.A. DE C.V.**,

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 OF THE NOTARY

[Notarial Seal]

RB
[Signature]
CW