

HELM-ATLANTIC ASSOCIATES
LIMITED PARTNERSHIP

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

VIA AIR COURIER

August 30, 1996

Mr. Vernon Williams
Recordations Unit
Surface Transportation Board
Department of Transportation
12th and Constitution Avenue, N.W.
Washington, DC 20423

20252
SEP 4 1996 3:15 PM
INTERIO

Dear Mr. Williams:

Enclosed are three (3) originals of the Memorandum of Lease of Railroad Equipment dated as of July 17, 1996 between the following parties:

Lessor: Helm-Atlantic Associates Limited Partnership
One Embarcadero Center, Suite 3700
San Francisco, CA 94111

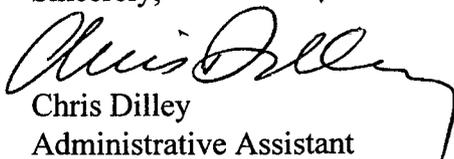
Lessee: Dakota, Minnesota & Eastern Railroad Corporation
337-22nd Avenue South
Brookings, SD 57006

The equipment involved in this transaction is as follows:

Equipment: Six (6), 3000 horsepower GP40 locomotives (See Schedule A attached for reporting mark & numbers.)

Please file this agreement as a primary document. The filing fee of \$21.00 is enclosed.

Sincerely,


Chris Dilley
Administrative Assistant

/cpd

Enclosure

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

9/4/96

Chris Dilley
Administrative Assistant
Helm Financial Corporation
One Embarcadero Center
San Francisco, CA. 94111

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/4/96 at 3:15PM, and assigned recordation number(s). 20252, 8998-A, 17291-A, 19874-A

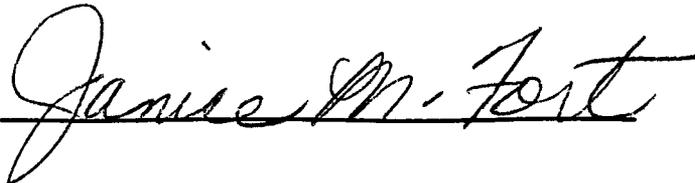
Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

\$ 84.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



20252

MEMORANDUM OF
LOCOMOTIVE LEASE AGREEMENT SEP 1996 - 8:25 PM

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT (the "Memorandum") is made as of July 17, 1996 and is intended to evidence that certain Locomotive Lease Agreement dated as of July 17, 1996 (the "Lease") between HELM-ATLANTIC ASSOCIATES LIMITED PARTNERSHIP, a Delaware limited partnership ("Lessor"), and DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION, 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. 11303. Lessor has the right to lease the forty-two (42) open top hopper railcars, 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-ATLANTIC ASSOCIATES
LIMITED PARTNERSHIP

DAKOTA, MINNESOTA & EASTERN RAILROAD
CORPORATION

By: Helm Atlantic Corporation,
its General Partner

CM By: David R. Eckles

Print Name: David R. Eckles

Title: President

By: JH Appleman

Print Name: JH Appleman

Title: CMO

CM

SCHEDULE A
TO THE MEMORANDUM OF LEASE

THE UNITS

Equipment Description:

Six (6), 3000 horsepower GP40 locomotives built by EMD during 1966-1974.

Units' Reporting Mark & Numbers:

HATX 400

HATX 402

HATX 405

HATX 406

HATX 408

HATX 409