

RECORDATION # 2394
DEC 10 1996 3 35 PM '96

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OF COUNSEL
URBAN A. LESNER

DEC 10 3 35 PM '96

RECEIVED
SURFACE TRANSPORTATION
BOARD

December 10, 1996

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are three (3) copies of a Memorandum of Lease, dated as of December 10, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Lessor: PNC Leasing Corp.
Two PNC Plaza
620 Liberty Avenue
Pittsburgh, PA 15265

Lessee: Duluth, Missabe and Iron Range
Railway Company
135 Jamison Lane
Monroeville, PA 15146

A description of the railroad equipment covered by the enclosed document is:

3 locomotives bearing reporting marks and road numbers DMIR 413,
DMIR 414 and DMIR 410.

Quil.
Camdenford

Mr. Vernon A. Williams
December 10, 1996
Page 2

Also enclosed is a check in the amount of \$22.00 payable to the order of the
Surface Transportation Board covering the required recordation fee

Kindly return two stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W Alvord

RWA/bg
Enclosures

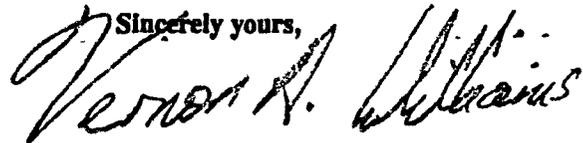
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20425-0001

Robert W. Alvord
Alvord and Alvord
918 Sixteenth Street, NW, Suite 200
Washington, DC. 20006-2973

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303; on 12-10-96 at 3:35 PM, and assigned recordation number(s). 20394 and 18905-N.

Sincerely yours,

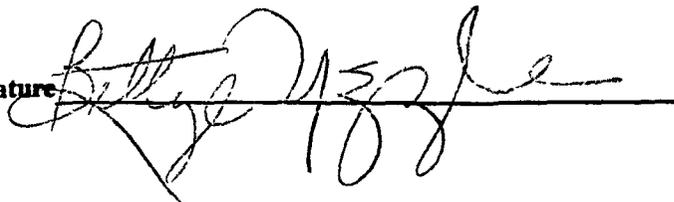


Vernon A. Williams
Secretary

Enclosure(s)

\$ 44.00 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



DEC 10 1996 3 35 PM

MEMORANDUM OF LEASE

Memorandum of Master Lease Agreement Number 966 and Schedule Number 00966-001 of Leased Equipment to Master Lease Agreement collectively (the "Lease Agreement") made and entered into as of December 10, 1996 by and between PNC Leasing Corp ("Lessor") and Duluth, Missabe and Iron Range Railway Company ("Lessee").

WITNESSETH:

1. Lessor has agreed to furnish to Lessee, and the Lessee has agreed to lease from Lessor three (3) 3000 Horsepower EMD Model SD40-3 Locomotives (the "Equipment") bearing the railroad reporting markings set forth on Exhibit A attached hereto and made a part hereof.
2. The Lease Agreement shall be effective as of the date first set forth hereinabove and shall be subject to the Lease Term, as defined in the Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

PNC LEASING CORP

By: 
Title: Vice President

DULUTH, MISSABE AND IRON RANGE
RAILWAY COMPANY

By: 
Title: Vice President-Operations

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

Notarial Seal
Anita L. Spano, Notary Public
Pittsburgh, Allegheny County
My Commission Expires Nov 29, 1999
Member, Pennsylvania Association of Notaries

On this 6th day of December, 1996, before me personally appeared KAREN A KIRSCH, to me personally known, who being by me duly sworn, says that he is the Vice President of PNC Leasing Corp, that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of said instrument was his free act and deed.

Anita L Spano
Notary Public



My Commission expires: November 29, 1999

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

On this 6th day of December, 1996, before me personally appeared F. J. Habic, to me personally known, who being by me duly sworn, says that he is the Vice President-Operations of Duluth, Missabe and Iron Range Railway Company, that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of said instrument was his free act and deed.

Patricia L Kirk
Notary Public



My Commission expires: July 13, 2000
Notarial Seal
Patricia L. Kirk, Notary Public
Monroeville Boro, Allegheny County
My Commission Expires July 13, 2000

EXHIBIT A TO MEMORANDUM OF LEASE

EQUIPMENT DESCRIPTION, RAILROAD CARS LEASED BY PNC LEASING CORP TO
DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY

Three (3) 3000 Horsepower EMD Model SD40-3 Locomotives:

FORMER

NEW

HATX 935

DMIR 413

HATX 937

DMIR 414

HATX 930

DMIR 410