RECORDATION NO. 20360-C FILED

MAY 4 '98 10-30 AM

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N W
SUITE 200
WASHINGTON, D C
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ELIAS C ALVORD (1942)
ELLSWORTH C ALVORD (1964)

OF COUNSEL
URBAN A LESTER

RECEIVED
SURFACE TRANSPORTATION BOARD
MAY 1 10 27 AM '98

May 1, 1998

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 Agreement of Termination and Release, dated as of May 1, 1998, a secondary document as defined in the Board's Rules for the Recordation of Documents

The enclosed document relates to the Memorandum of Residual Sharing and Security Agreement, as amended, which were previously filed with the Board under Recordation Numbers 20360, et seq

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

Borrower — Compass Rail II
750 Battery Street, Suite 430
San Francisco, California 94111

Secured Party — Mitsui Leasing Capital Corporation
(successor in interest to Mitsui Leasing (U.S A) Inc.)
330 Madison Avenue
New York, New York 10017

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

all railroad equipment covered by the documents previously filed herein

Counterpart

Also enclosed is a check in the amount of $26 00 payable to the order of the Surface Transportation Board covering the required recordation fee

Kindly return stamped copy of the enclosed document to the undersigned

Very truly yours,

Robert W Alvord

RWA/bg
Enclosures

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

OFFICE OF THE SECRETARY

DATE: 5/4/98

ROBERT W. ALVORD
ALVORD AND ALVORD
918 SIXTEENTH STREET, NW , STE 200
WASHINGTON, DC., 20006-2973

DEAR SIR:

THE ENCLOSED DOCUMENT(S) WAS RECORDED PURSUANT TO THE PROVISIONS OF 49 USC 11301

AND 49 CFR 1177 3 (C), ON AT 5/4/98 , 10 30AM

ASSIGNED RECORDATION NUMBER(S) 20358-D, 20359-D, 20360-C, 21365, 21365-A AND 21366

SINCERELY YOURS,

VERNON A WILLIAMS
SECRETARY

ENCLOSURE(*S)

156 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. IN THE EVENT OF AN ERROR OR ANY QUESTIONS CONCERNING THIS FEE, YOU WILL RECEIVE NOTIFICATION AFTER THE SURFACE TRANSPORTATION BOARD HAS HAD AN OPPORTUNITY TO EXAMINE YOUR DOCUMENT.

SIGNATURE----------

RECORDATION NO. 20360-C FILED

MAY 4 '98 10-30 AM

MEMORANDUM
OF
AGREEMENT OF TERMINATION AND RELEASE
As of May 1, 1998

THIS MEMORANDUM OF AGREEMENT OF TERMINATION AND RELEASE is intended to evidence the Agreement of Termination and Release dated as of May 1, 1998 (the "Agreement"), between MITSUI LEASING CAPITAL CORPORATION, a Delaware corporation, as successor in interest to MITSUI LEASING (U.S.A.) INC., a New York corporation, located at 330 Madison Avenue, 33rd Floor, New York, NY 10017 ("Lender"), and COMPASS RAIL II, a California corporation located at 750 Battery Street Suite 430, San Francisco, CA 94111 ("Borrower"), for the purpose of satisfying the requirements of recordation with the United States Department of Transportation Surface Transportation Board ("STB") under 49 USC Section 11301 and with the Registrar General of Canada under applicable law. Lender and Borrower have entered into the Agreement of Termination and Release which provides for (1) the waiver and release by Lender of all its rights under a certain Loan and Security Agreement dated as of November 1, 1996, a related Equipment Mortgage (STB Recordation No. 20359) an Assignment of Rents and Leases, as amended (STB Recordation Nos. 20359A, B and C), and a Memorandum of Residual Sharing and Security Agreement, as amended (STB Recordation No. 20360, 20360A and 20360B), and each and every other agreement and instrument executed in connection therewith and (2) the release by Lender of all its right, title and interest (including without limitation any security interest) in and to the one hundred ten flatcars specified on Schedules A and B hereto.

IN WITNESS WHEREOF, Lender and Borrower have caused this Memorandum to be duly executed all as of the date first above written, and the undersigned hereby declare pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below their signatures.

MITSUI LEASING CAPITAL CORPORATION
a Delaware corporation, Lender

By:_____

Title:_____

Date:_____

COMPASS RAIL II,
a California corporation, Borrower

By: [signature]

Title: President

Date: 4-30-98

MEMORANDUM
OF
AGREEMENT OF TERMINATION AND RELEASE
As of May 1, 1998

THIS MEMORANDUM OF AGREEMENT OF TERMINATION AND RELEASE is intended to evidence the Agreement of Termination and Release dated as of May 1, 1998 (the "Agreement"), between MITSUI LEASING CAPITAL CORPORATION, a Delaware corporation, as successor in interest to MITSUI LEASING (U.S A) INC., a New York corporation, located at 330 Madison Avenue, 33rd Floor, New York, NY 10017 ("Lender"), and COMPASS RAIL II, a California corporation located at 750 Battery Street Suite 430, San Francisco, CA 94111 ("Borrower"), for the purpose of satisfying the requirements of recordation with the United States Department of Transportation Surface Transportation Board ("STB") under 49 USC Section 11301 and with the Registrar General of Canada under applicable law. Lender and Borrower have entered into the Agreement of Termination and Release which provides for (1) the waiver and release by Lender of all its rights under a certain Loan and Security Agreement dated as of November 1, 1996, a related Equipment Mortgage (STB Recordation No 20359) an Assignment of Rents and Leases, as amended (STB Recordation Nos. 20359A, B and C), and a Memorandum of Residual Sharing and Security Agreement, as amended (STB Recordation No 20360, 20360A and 20360B), and each and every other agreement and instrument executed in connection therewith and (2) the release by Lender of all its right, title and interest (including without limitation any security interest) in and to the one hundred ten flatcars specified on Schedules A and B hereto

IN WITNESS WHEREOF, Lender and Borrower have caused this Memorandum to be duly executed all as of the date first above written, and the undersigned hereby declare pursuant to 28 U S C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below their signatures

MITSUI LEASING CAPITAL CORPORATION
a Delaware corporation, Lender

By. _____

Title: President

Date 4/30/98

COMPASS RAIL II,
a California corporation, Borrower

By _____

Title _____

Date: _____

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN FRANCISCO)

On this ___ day of _____, 1998, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of COMPASS RAIL II, that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation

_____
Notary Public

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

This 30TH day of APRIL, 1998 before me personally appeared M. UTSUMI, to me personally known, who being by me duly sworn says that such person is PRESIDENT of MITSUI LEASING CAPITAL CORPORATION that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission Expires._____

ROGER ALEXANDER
Notary Public, State of New York
No. 4836710
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires . 10/31/99

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN FRANCISCO)

On this 30TH day of APRIL, 1998, before me personally appeared STEPHEN C. BENEMAN to me personally known, who being by me duly sworn says that such person is PRESIDENT of COMPASS RAIL II, that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

Laura Miyoko Kawashima
COMM. #1175320
NOTARY PUBLIC-CALIFORNIA
City & County of San Francisco
COMM. EXP. MAR. 5, 2002

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

This ___ day of _____, 1998 before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of MITSUI LEASING CAPITAL CORPORATION that the foregoing Memorandum of Railroad Equipment Lease Agreement was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission Expires: _____

Schedule A to
Memorandum of
Agreement of Termination and Release
Dated May 1, 1998

Completed Units

Car Type	No. Cars	Prior Car Marks	New Car Marks
Interchange Log Cars - AAR Designation LP/Car Type LO28	25	BAR 1287	BAR 11000
		1319	11001
		1274	11002
		1307	11003
		1317	11004
		1313	11005
		1271	11006
		1301	11007
		1293	11008
		1303	11009
		1298	11010
		1315	11011
		1290	11012
		1300	11013
		1275	11014
		1296	11015
		1314	11016
		1277	11017
		1272	11018
		1288	11019
		1306	11020
		1299	11021
		1269	11022
		1283	11023
		1273	11024
Non-Interchange Log Cars - AAR Designation LP/Car Type LO28	25	1106	12000
		1107	12001
		1108	12002
		1116	12003
		1121	12004
		1123	12005
		1125	12006
		1165	12007
		1172	12008
		1198	12009
		1199	12010
		1205	12011
		1216	12012
		1218	12013
		1224	12014
		1234	12015
		1237	12016
		1239	12017
		1243	12018
		1259	12019
		1268	12020
		1276	12021
		1284	12022
		1285	12023
		1311	12024
Wood Chip Cars - AAR Designation GTS/Car Type E700	8	1124	13003
		1147	13009
		1179	13017
		1238	13034
		1282	13051
		1297	13055
		1305	13056
		1310	13058
Total Completed Units	58		

Schedule B to
Memorandum of
Agreement of Termination And Release
Dated May 1, 1998

REMAINING UNITS - PULP RACK FLAT CARS
to be Reconstructed into
WOODCHIP CARS

Car Type	No. Cars	Existing Car Marks	New Car Marks
Pulp Rack Flat Cars- AAR Designation LP/Car Type LO28	52	BAR 1109	BAR 13000
When reconstructed:		1110	13001
Wood Chip Cars - AAR Designation GTS/Car Type E700		1120	13002
		1128	13004
		1130	13005
		1131	13006
		1143	13007
		1144	13008
		1151	13010
		1153	13011
		1158	13012
		1171	13013
		1173	13014
		1176	13015
		1178	13016
		1185	13018
		1188	13019
		1191	13020
		1192	13021
		1193	13022
		1194	13023
		1197	13024
		1201	13025
		1203	13026
		1206	13027
		1207	13028
		1209	13029
		1217	13030
		1226	13031
		1229	13032
		1235	13033
		1240	13035
		1247	13036
		1248	13037
		1249	13038
		1252	13039
		1253	13040
		1255	13041
		1256	13042
		1257	13043
		1261	13044
		1263	13045
		1264	13046
		1266	13047
		1267	13048
		1270	13049
		1281	13050
		1292	13052
		1294	13053
		1295	13054
		1308	13057
		1318	13059