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ALVORD AND ALVORD
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

County of...

January 7, 1999

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 two (2) copies of a Memorandum of Railcar Lease Agreement, dated as of June 30, 1998, 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: NorRail, Inc.
308 12th Avenue South
Buffalo, Minnesota 55313
- Lessee: Norfolk Southern Railway Company
Three Commercial Place
Norfolk, Virginia 23510

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

225 railcars CR 585500 - CR 585724, inclusive

Mr. Vernon A. Williams
January 7, 1999
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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 one 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

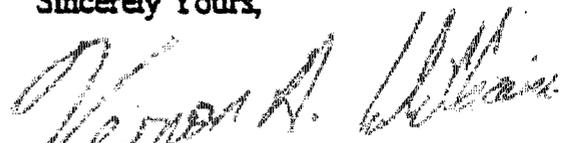
DATE: 1/7/99

Robert W. Alvord
Alvord And Alvord
918 Sixteenth St., NW., Ste. 200
Washington, DC., 20006-2973

Dear Sir:

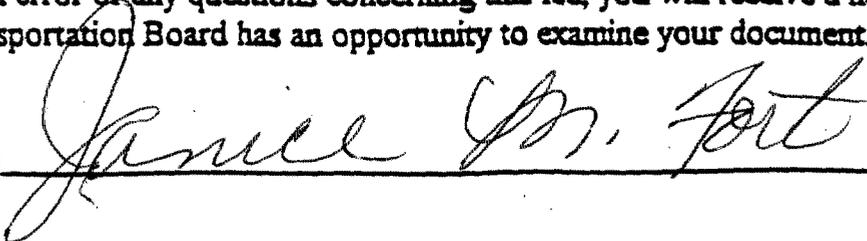
The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301
and 49 CFR 1177.3 (c), on 1/7/99 at 1:20 PM, and
assigned recordation number(s). 21668-A, 21940, 21941, 21942, 21943
21944, 21945, 21946, 21947 and 21947-A.

Sincerely Yours,


Vernon A. Williams
Secretary

Enclosure(s) (10)

\$ 260.00 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 a notification after
the Surface Transportation Board has an opportunity to examine your document.

Signature 

MEMORANDUM OF MASTER RAILCAR NET LEASE AGREEMENT

THIS MEMORANDUM OF RAILCAR LEASE AGREEMENT is made and entered into as of June 30, 1998 by and between NORRAIL, INC., a Minnesota Corporation ("Lessor") and NORFOLK SOUTHERN RAILWAY COMPANY, a VIRGINIA Corporation ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor various railcars pursuant to one or more Schedules to the Lease to be entered into by Lessor and Lessee from time to time, all as more particularly described in that certain Master Net Lease Railcar Lease Agreement No. 1793 dated May 6, 1998 between Lessor and Lessee (hereinafter referred to as the "Lease").
2. Pursuant to Schedule No. 1 to the Lease, Lessor has agreed to lease to Lessee and Lessee has agreed to lease from Lessor the two hundred-twenty five (225) railcars bearing the reporting marks and numbers CR585500 - CR585724, inclusive, all as more particularly described in the Lease.
3. The Lease shall be effective as of the execution date thereof and shall be subject to the term of the Lease, as provided therein.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Railcar Lease Agreement to be executed as of the date first above written.

LESSOR: NORRAIL, INC.

By: *B. G. [Signature]*
 Its: *V.P. & General Counsel*
 By: *[Signature]*
 Its: *V.P. SP/HR*

LESSEE: NORFOLK SOUTHERN
RAILWAY COMPANY

By: *W.T. Rowland, C.P.M.*
 Its: *Mgr. Purchasing Car*
 By: *[Signature]*
 Its: *Asst. Mgr. Purch. - Car*

STATE OF VIRGINIA, COUNTY OF ROANOKE TO WIT:

On this 23rd day of JULY, 1998 before me personally appeared, Harry A. Lee and William T. Rousis, to me personally known, who being by me duly sworn, says that they are the Asst. Mgr. Purchasing and Manager Purchasing, respectively of NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

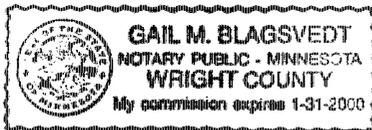
Jane S. Spemmer
Notary Public

My commission expires: My Commission Expires July 31, 2000

STATE OF MINNESOTA, COUNTY OF WRIGHT TO WIT:

On this 28th day of July, 1998 before me personally appeared, Bradley C. Gustad and G. Lee Strubbe, to me personally known, who being by me duly sworn, says that they are the V.P. & General Counsel and V.P. Sales, respectively of NORRAIL, INC. a Minnesota Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)



Gail M. Blagsvedt
Notary Public

My commission expires: 1-31-2000