

LAW OFFICES

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WRITER'S DIRECT LINE  
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May 1, 1996

VIA OVERNIGHT COURIER

Mr. Vernon A. Williams  
Secretary  
Office of the Secretary  
The Surface Transportation Board  
1201 Constitution Avenue, N.W.  
Washington, D.C. 20423

Attention: Janice Fort, Room 2311

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 48 U.S.C. Section 11303(a) are three original executed copies and one photostatic copy of a Memorandum of Lease Agreement, dated as of April 24, 1996 relating to a Master Leasing Agreement, dated as of December 1, 1983 (the "Master Lease") and Amendment No. 1 to the Master Lease, dated as of July 1, 1995, between BLC Corporation as Lessor, and Southern Pacific Transportation Company as Lessee. The Master Lease was duly recorded and filed with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on December 23, 1983 under Recordation Number 14229 and is a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed Memorandum of Lease Agreement are:

Lessor: BLC Corporation  
c/o Citicorp Railmark, Inc.  
450 Mamaroneck Avenue  
Harrison, New York 10528

Lessee: Southern Pacific Transportation Company  
One Market Plaza - Room 666  
San Francisco, CA 94105

14229-DD

MAY 3 1996 10:23 AM

MAY 3 10 23 AM '96  
RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Mr. Vernon A. Williams  
May 1, 1996  
Page 2

A description of the railroad equipment covered by the enclosed document is set forth in the Memorandum of Lease Agreement.

Also enclosed is a check in the amount of \$21.00 payable to the order of The Surface Transportation Board covering the required recordation fee.

Kindly return two stamped original copies, the stamped photostatic copy of the enclosed document and the stamped photostatic copy of this letter to Susan F. Lifvendahl at Ross & Hardies, 150 North Michigan Avenue, Suite 3100, Chicago, Illinois 60601.

Following is a short summary of the enclosed document:

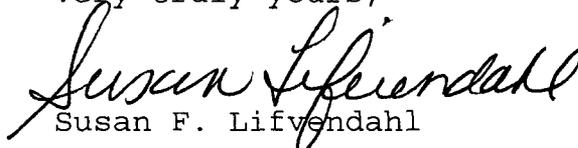
Document to be Recorded

Memorandum of Lease Agreement, dated as of April 24, 1996 between BLC Corporation, as Lessor, and Southern Pacific Transportation Company, as Lessee, covering 96 100-ton gondola railcars.

Primary Document to Which it Relates

Master Leasing Agreement, dated as of December 1, 1983, between BLC Corporation, as Lessor, and Southern Pacific Transportation Company, as Lessee, recorded and filed with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on December 23, 1983 under Recordation Number 14229.

Very truly yours,

  
Susan F. Lifvendahl

w/encl.

cc: Robert W. Kleinman  
Susan G. Lichtenfeld

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

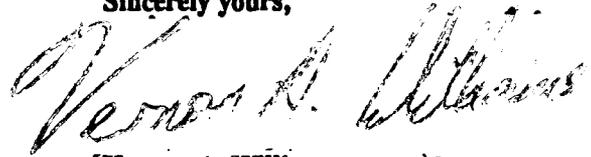
5/3/96

Susan G. Liefvendahl  
Ross & Bardies  
150 North Michigan Avenue  
Chicago, Illinois 60601-7567

Dear Madam:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/3/96 at 10:25AM, and assigned recordation number(s) 14229-DD.

Sincerely yours,

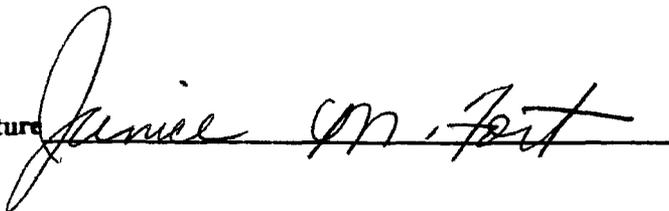


Vernon A. Williams  
Secretary

Enclosure(s)

\$ 21.00 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



14229-DD

MEMORANDUM OF LEASE AGREEMENT

MAY 8 1996

This Memorandum of Lease Agreement is made and entered into as of April 24, 1996, by and between BLC Corporation, (hereinafter referred to as "Lessor") and Southern Pacific Transportation Company (hereinafter referred to as "Lessee"), respecting that certain Master Leasing Agreement dated as of December 1, 1983 (the "Lease") and Amendment No.1 to Master Leasing Agreement dated as of July 1, 1995 ("Amendment No. 1) between Lessor and Lessee.

Pursuant to the provisions of the Lease and Amendment No. 1, Lessor and Lessee hereby acknowledge and affirm that:

1. For good and valuable consideration, Lessor is leasing to Lessee and Lessee is leasing from Lessor the gondola railcars described on Schedule A hereto (the "Railcars"). The Railcars bear the railroad reporting marks set forth on Schedule A hereto.

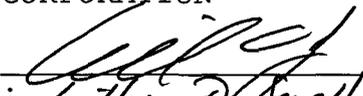
2. The term of the Lease for any Railcar under Amendment No. 1 shall commence on July 31, 1995 and shall terminate on July 31, 2000, provided that the Lease may be sooner terminated or extended as provided therein.

3. Lessor and Lessee further acknowledge and affirm that this Memorandum of Lease Agreement is not a summary of either the Lease or Amendment No. 1 nor a complete recitation of the terms and provisions thereof. Accordingly, Lessor and Lessee hereby agree that in the event of a conflict between this Memorandum of Lease Agreement and the provisions of the Lease or Amendment No. 1, the provisions of the Lease or Amendment No. 1, as the case may be, shall control.

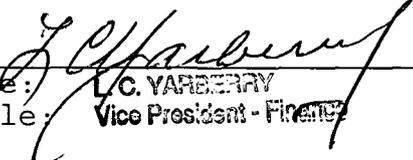
IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Lease Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written and each of the undersigned signatories declares pursuant to 28 U.S.C. § 1746 under penalty of perjury under the laws of the United States of America that the foregoing is a true

and correct document and was executed and delivered as of the date first above written.

BLC CORPORATION

By:   
Name: William D. Bessell  
Title: Sr. U.P.

SOUTHERN PACIFIC  
TRANSPORTATION COMPANY

By:   
Name: J. C. VARBERRY  
Title: Vice President - Finance

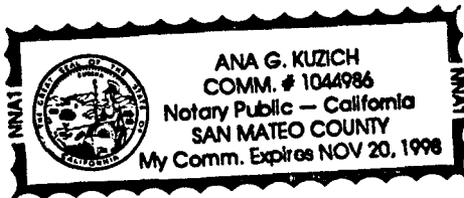
STATE OF CALIFORNIA )  
 )  
COUNTY OF SAN MATEO )

On this 30th day of April, 1996, before me personally appeared Bill Sewall, to me personally known who, being by me duly sworn, says that he is Sr. Vice President of BLC CORPORATION, that one of the seals affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledge that the execution of the foregoing instrument was the free act and deed of said corporation.

Ana G. Kuzich  
Notary Public

[Notary Seal]

My Commission Expires 11/20/98



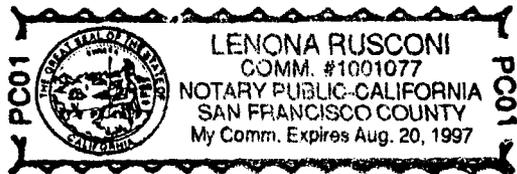
State of California )  
 )  
County of San Francisco )

On April 26, 1996, before me, Lenona Rusconi, Notary Public, personally appeared L. C. Yarberr, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Lenona Rusconi

My Commission Expires August 20, 1997



SCHEDULE A

96 100-TON GONDOLA RAILCARS

SP 339101 - SP 339106, Inclusive  
SP 339108 - SP 339111, Inclusive  
SP 339113 - SP 339174, Inclusive  
SP 339177 - SP 339200, Inclusive