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OF COUNSEL  
URBAN A. LESTER

September 29, 2000

RECORDATION NO. 23136 FILED

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

SEP 29 '00 2-17 PM  
TS  
SURFACE TRANSPORTATION BOARD

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 Lease Agreement, dated as of September 28, 2000, 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:	Transamerica Equipment Financial Services Corporation 5080 Spectrum Drive, Suite 1100 West Addison, Texas 75001
Lessee:	International Mills Services, Inc. 220 Broad Acres Road Lansdale, Pennsylvania 19446

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

Three rebuilt EMD 1200HP Locomotives with rail marks and road numbers IMSX 88 – IMSX 90 inclusive; seven refurbished 100-ton gondola cars with rail marks and road numbers IMSX 431 – IMSX 437 inclusive; and three unmarked flat cars.

Mr. Vernon A. Williams  
September 29, 2000  
Page 2

A short summary of the railroad equipment covered by the enclosed document is:

Memorandum of Lease Agreement, dated as of September 28, 2000 between Transamerica Equipment Financial Services Corporation, Lessor, and International Mills Services, Inc., Lessee, covering three rebuilt EMD 1200HP Locomotives with rail marks and road numbers IMSX 88 – IMSX 90 inclusive; seven refurbished 100-ton gondola cars with rail marks and road numbers IMSX 431 – IMSX 437 inclusive; and three unmarked flat cars.

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 documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bjg  
Enclosures

MEMORANDUM OF LEASE AGREEMENT

SEP 29 '00

2-17 PM

SURFACE TRANSPORTATION BOARD

Memorandum of Lease Agreement, made and entered into on 9/28/2000, by and between Transamerica Equipment Financial Services Corporation ("Lessor"), and International Mill Services, Inc. ("Lessee").

WITNESSETH:

The undersigned have entered into that certain Schedule No. 001 dated 9/28/2000 (the "Schedule"), to Master Lease Agreement dated 9/28/2000 (together with the Schedule, the "Lease Agreement"), whereby the Lessor has agreed to lease to the Lessee and the Lessee has agreed to lease from the Lessor certain railroad equipment bearing reporting marks and road numbers as listed on Schedule A attached hereto, subject to the terms defined in the Lease Agreement.

IN WITNESS WHEREOF, the parties have each caused this memorandum to be duly executed as of the date and year first above written.

Transamerica Equipment  
Financial Services Corporation (Lessor)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Executed on this \_\_\_\_\_ day of September, 2000

International Mill Services, Inc. (Lessee)

By: Wm T. Davis

Name: Wm T. Davis

Title: VP of Transamerica

Executed on this 28<sup>th</sup> day of September, 2000

MEMORANDUM OF LEASE AGREEMENT

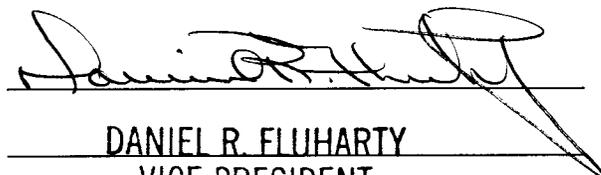
Memorandum of Lease Agreement, made and entered into on \_\_\_\_\_, by and between Transamerica Equipment Financial Services Corporation ("Lessor"), and International Mill Services, Inc. ("Lessee").

WITNESSETH:

The undersigned have entered into that certain Schedule No. 001 dated \_\_\_\_\_ (the "Schedule"), to Master Lease Agreement dated \_\_\_\_\_ (together with the Schedule, the "Lease Agreement"), whereby the Lessor has agreed to lease to the Lessee and the Lessee has agreed to lease from the Lessor certain railroad equipment bearing reporting marks and road numbers as listed on Schedule A attached hereto, subject to the terms defined in the Lease Agreement.

IN WITNESS WHEREOF, the parties have each caused this memorandum to be duly executed as of the date and year first above written.

Transamerica Equipment  
Financial Services Corporation (Lessor)

By:   
Name: DANIEL R. FLUHARTY  
Title: VICE PRESIDENT

Executed on this \_\_\_\_\_ day of September, 2000

International Mill Services, Inc. (Lessee)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Executed on this \_\_\_\_\_ day of September, 2000

State of \_\_\_\_\_ )  
 )  
County of \_\_\_\_\_ )      ss:

On this \_\_\_\_\_ day of September, 2000, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that (s)he is a \_\_\_\_\_ of \_\_\_\_\_ and that said instrument was signed on behalf of said corporation, by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary

(Notarial Seal)

My Commission Expires: \_\_\_\_\_

State of PENNSYLVANIA )  
 )  
County of MONTGOMERY )      ss:

On this 28TH day of September, 2000, before me personally appeared William B. Davis, to me personally known, who being by me duly sworn, says that (s)he is a V.P. & Treasurer of International Mill Service, Inc. and that said instrument was signed on behalf of said corporation, by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Rose Marie M. Nabill*  
\_\_\_\_\_  
Notary

(Notarial Seal)

My Commission Expires: March 19, 2001

**Notarial Seal**  
**Rose Marie M. Nabill, Notary Public**  
**Horsham Twp., Montgomery County**  
**My Commission Expires March 19, 2001**  
Member, Pennsylvania Association of Notaries

State of Texas )  
County of Dallas )

ss:

On this 28th day of September, 2000, before me personally appeared Don Fleharty to me personally known, who being by me duly sworn, says that (s)he is a Vice President of Transaiuca and that said instrument was signed on behalf of said corporation, by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Melanie Mattoon  
Notary

(Notarial Seal)

My Commission Expires: \_\_\_\_\_

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

ss:

On this \_\_\_\_\_ day of September, 2000, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that (s)he is a \_\_\_\_\_, of \_\_\_\_\_ and that said instrument was signed on behalf of said corporation, by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary

(Notarial Seal)

My Commission Expires: \_\_\_\_\_

Exhibit A

Schedule of Equipment

The Ipsco Railroad

All of that certain railroad (including, without limitation, all tracks, track work, ties, spikes, gauge rods, switches, concrete crossings, wood crossings, sub-ballast, and ballast) (the "Railroad") now or hereafter owned or operated by International Mill Service, Inc. ("Lessee") and now or hereafter located at the Ipsco Steel (Alabama) Inc. steel mill located at 12400 Highway 43 North, Axis, Mobile County, AL (the "Premises"). The Railroad shall include, without limitation, approximately 55,931 linear feet of track, approximately 62 switches, approximately 21 concrete crossings totaling approximately 908 linear feet, and approximately 9 wood crossings totaling approximately 200 linear feet, and the Railroad and the components thereof are further described in that certain Fixed Price Construction Contract dated November 18, 1999, and that certain Rail Installation Contract Technical Specification and Scope of Work dated November 16, 1999, each by and between Lessee and Trac-Work, Inc. as further identified all invoices from Trac-Work, Inc. to Lessee, including, but not limited to, the following:

<u>Invoice Number</u>	<u>Month Issued</u>	<u>Invoice Number</u>	<u>Month Issued</u>
240226	January 2000	240286	May 2000
240242	February 2000	240287	May 2000
240232	February 2000	240304	June 2000
240264	March 2000	240305	June 2000
240263	March 2000	240306	June 2000
240250	March 2000	240313	July 2000
240268	April 2000		

Locomotives

3 rebuilt EMD 1200HP locomotives with remotes and 2 hand controllers per locomotive

<u>Year Built</u>	<u>Serial Number</u>	<u>Marking</u>
1952	5204	IMSX000088
1954	8704	IMSX000089
1954	8705	IMSX000090

Engines: Cylinders to be inspected for scoring, scuffing, broken rings, and hot spots and cylinders with defects will be replaced; rod and main bearing will be spot checked and visually inspected and all defects will be repaired; injectors, rocker arm valve bridges to be inspected and replaced as required; roots blowers will be tested and replaced as required; and major oil leaks will be repaired.

Trucks: All wheels will meet FRA standards, flanges will have good contour, and wheels will be checked for cracks and contour (and will be replaced/repared as required); bad order brake shoe will be replaced; bent or off running shoes and rigging will be replaced; bad order pedestal liners will be replaced if cracked or out of wear limits; traction motors will be inspected and brushes replaced as needed; gear cases with excessive leaks will be repaired; trucks will be inspected for cracks and repairs will be made as needed; and center bolster and side bearing clearance will be within specifications.

Main Generator and Alternator: Will be electrically qualified for service; brushes and brush holders will be renewed as required; and commentators will be cleaned and checked to meet specifications.

Electrical System: Locomotives will be inspected for wiring defects and all defects will be corrected; locomotives will be free of all grounds; new batteries will be installed as needed; voltage regulators will be set for proper output; broken bulbs will be replaced; the system will be load tested; and brushes will be replaced as required.

Air System: Air compressors will be inspected (and corrected, as needed) for proper volume output.

Cooling System: Hydrotest water systems and repair all leaks found under 20 lbs pressure; and radiators will be cleaned with air pressure.

Oil System: Oil and filters will be replaced.

Fuel System: All primary and secondary filters will be replaced.

Load Test: Locomotive will be load tested for a minimum of 4 hours and appropriate repairs/adjustments will be made.

Paint: Locomotives will be sand blasted; the interiors and exteriors will be steam cleaned; and inner cab, engine room and exterior will be painted.

**Gondola Cars**

7 refurbished 100 ton Gondola Cars (for hauling scrap metal)

For each car, the box dimension is 32' x 9'2"; the box construction is heavy external ribbed with reinforced top chord; the trucks have 100 ton capacity, 33" wheels, and AP roller bearings; and there is a parking brake on one end. Visible hardbody cracks and hand breaks will be repaired. The cars will be cleaned of debris, sandblasted, and repainted and stenciled.

<u>Year Built</u>	<u>Serial Number</u>	<u>Marking</u>
Unknown	Unknown	IMSX000431
Unknown	Unknown	IMSX000432
Unknown	Unknown	IMSX000433
Unknown	Unknown	IMSX000434
Unknown	Unknown	IMSX000435
Unknown	Unknown	IMSX000436
Unknown	Unknown	IMSX000437

**Flat Cars**

3 Flat Cars manufactured in 1965

The cars have cast steel underframes with no cracks and the bulkheads are welded on (no wood). Dimensions/capacities are: (i) length over couplers – 57' 11"; (ii) length over end sills – 53' 6"; height to top deck – 3' 8"; (iii) platform width – 10' 6"; (iv) 16 pockets per side; (v) weight (light) – 73,000 lbs; (vi) weight (gross) – 220,000 lbs; (vii) wood decks, to be repaired as necessary to good condition. The cars will be will be prepped and repainted. Deck boards and side sill corner planks will be replaced as required. Handbrakes will be repaired/restored to working order. FRA and AAR safety appliances will be repaired as required.

Together with all present and future additions, parts, accessories, attachment, substitutions, repairs, improvements, and replacements thereof or thereto, and any and all proceeds thereof, including, without limitation, proceeds of insurance.