

CUSHING, MORRIS, ARMBRUSTER & JONES, LLP

ATTORNEYS AT LAW

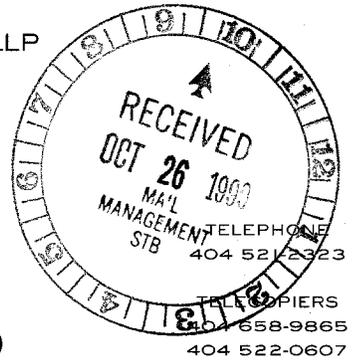
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229 PEACHTREE STREET, N.E.

ATLANTA, GEORGIA 30303

WRITER'S DIRECT DIAL NUMBER

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October 25, 1999

**VIA FEDERAL EXPRESS**

Secretary  
Surface Transportation Board  
1925 K Street, N.W., Room 715  
Washington, D.C. 20423-0001  
Attention: Recordation Unit

RECORDATION NO. **22498** FILED

OCT 28 '99

3-35 PM

Re: Railcar, Ltd. / Canadian National 70 50'6", 100-ton boxcars

Dear Secretary:

On behalf of Progress Rail Services Corporation d/b/a Progress Rail Canada, I am submitting for recording an original and three counterparts of a primary document, not previously recorded, entitled "Memorandum of Lease" dated as of June 1, 1998. Also enclosed are a check for \$26 payable to "Surface Transportation Board" and two copies of this letter of transmittal.

The names and addresses of the parties to the document are as follows:

Progress Rail Services Corporation d/b/a Progress Rail Canada (Lessor)  
1250 Rene Levesque Boulevard West, Suite 2200  
Montreal, Quebec  
Canada H3B 4W8  
Attention: Chief Financial Officer

Canadian National Railway Company (Lessee)  
935 de La Gauchetiere Street West  
Montreal, Quebec, Canada H3B 2M9  
Attention: Treasurer

The equipment covered by the document is seventy (70) 50'6", 100 ton, plate F, all steel boxcars bearing the reporting marks and numbers CNA 406200 - 406269 inclusive.

A short summary of the document to appear in the index is as follows: "Lease between Progress Rail Services Corporation d/b/a Progress Rail Canada, 1250 Rene Levesque Boulevard West, Suite 2200, Montreal, Quebec, Canada H3B 4W8, Attention: Chief Financial Officer, as lessor, and Canadian National Railway Company, 935 de La Gauchetiere Street West, Montreal, Quebec, Canada H3B 2M9, Attention: Treasurer, as lessee, dated as of June 1, 1998, and covering

CUSHING, MORRIS, ARMBRUSTER & JONES, LLP

Secretary, Surface Transportation Board

October 25, 1999

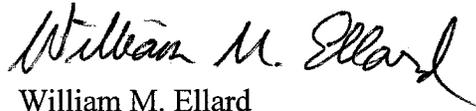
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seventy (70) 50'6", 100 ton, plate F, all steel boxcars bearing the reporting marks and numbers CNA 406200 - 406269 inclusive."

Once the document has been recorded, please return to me (at the address on the letterhead above) the stamped original and any extra counterparts not needed by the STB, together with the fee receipt, the letter from the STB acknowledging the filing, and the two copies of this letter of transmittal.

Very truly yours,



William M. Ellard

WME/lf  
Enclosures

MEMORANDUM OF LEASE

OCT 28 '99

3-35 PM

1. Pursuant to the Master Lease Agreement dated as of June 1, 1998, and the related Schedule No. 1 dated as of June 1, 1998 (the "Lease Agreement"), between Progress Rail Services Corporation d/b/a Progress Rail Canada ("PR"), as lessor, and Canadian National Railway Company ("Lessee"), as lessee, PR has leased to Lessee seventy (70) 50'6", 100 ton, plate F, all steel boxcars bearing the reporting marks and numbers CNA 406200 - 406269 inclusive (the "Cars"). The above-referenced lease of the Cars is referred to hereinafter as the "Lease."

2. The addresses of the parties are as follows:

Progress Rail Services Corporation d/b/a Progress Rail Canada (Lessor)  
1250 Rene Levesque Boulevard West, Suite 2200  
Montreal, Quebec  
Canada H3B 4W8  
Attention: Chief Financial Officer

Canadian National Railway Company (Lessee)  
935 de La Gauchetiere Street West  
Montreal, Quebec, Canada H3B 2M9  
Attention: Treasurer

3. The term of the Lease has already commenced and is scheduled to end on October 31, 2003, subject to (i) an option to terminate the Lease on October 31, 2001, and (ii) an option to extend the term for one period of three years.

4. The terms and provisions of the Lease are more particularly set forth in the Lease Agreement, which is hereby incorporated by reference.

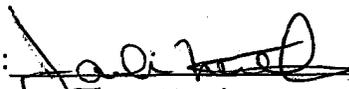
5. The parties intend the Lease and the transactions contemplated thereby to create a true lease. If it should nonetheless be determined that the transaction is a sale, then Lessee shall be deemed to have granted the lessor a security interest in the Cars (to secure the full payment and performance of all of Lessee's obligations under the Lease), and the lessor shall be entitled to all rights and remedies of a secured party under all applicable laws.

6. This Memorandum may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

[Execution on next page; remainder of this page intentionally left blank]

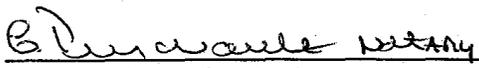
IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed as of June 1, 1998.

PROGRESS RAIL SERVICES CORPORATION  
d/b/a Progress Rail Canada

By:   
Name: JACKIE NESMITH  
Title: SR. VICE PRESIDENT

Province of Quebec, District of Montreal

On April 23, 1999, before me personally appeared JACKIE NESMITH, to me personally known, who being by me duly sworn says that he is SENIOR VICE PRESIDENT of Progress Rail Services Corporation d/b/a Progress Rail Canada, and that he executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

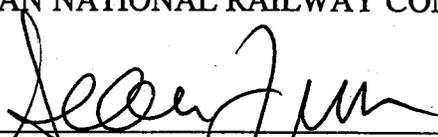
  
Commissioner for Oaths - NOTARY  
My commission expires: UNLIMITED IN TIME

[SEAL]

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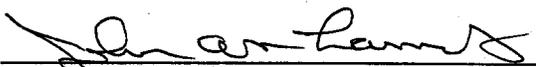
CANADIAN NATIONAL RAILWAY COMPANY

By:   
Name: Sean Finn  
Title: Treasurer + Principal Tax Counsel

Province of Quebec, District of Montreal

On February 15, 1999, before me personally appeared Sean Finn,  
to me personally known, who being by me duly sworn says that he is Treasurer + Principal  
of Canadian National Railway Company, and that he executed the foregoing instrument on behalf <sup>Tax</sup>  
of said corporation by authority of its Board of Directors, and he acknowledged that the execution <sup>Counsel</sup>  
of the foregoing instrument was the free act and deed of said corporation.

JOHN LAMONT  
Commissioner for Oaths  
Commissaire à l'Assermentation  
Province of Quebec  
Expires September 14, ~~1999~~ 2001

  
Commissioner for Oaths  
My commission expires: 2/14/01

[SEAL]