

RECORDATION NO. 25051 FILED

JUL 09 '04 3-05 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

July 1, 2004

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 Head Lease, dated as of July 9, 2004, 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:

Head Lessor: Emerson Partnership, LLP
c/o Stills Unlimited
Queensgate House
P O Box 1093 GT
South Church Street
Grand Cayman
Cayman Islands

Head Lessee: North America Rail Leasing #3 LLC
(d/b/a Babcock & Brown Rail Leasing)
230 Park Avenue, 32nd Floor
New York, New York 10169
Attention: Rail Operating Lease Group

Mr. Vernon A. Williams
July 1, 2004
Page 2

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

986 railcars within the following series:

CRDX 9200 – CRDX 9399
CTRN 400001 – CTRN 400115
CTRN 600001 – CTRN 600204
STSX 1500 – STSX 2082

A short summary of the document to appear in the index is:

Memorandum of Head Lease.

Also enclosed is a check in the amount of \$30.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 25051 FILED

JUL 09 '04 3-05 PM '04
EXECUTION VERSION

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF HEAD LEASE

THIS MEMORANDUM OF HEAD LEASE is dated as of July 9, 2004, made by The Emerson Partnership, LLP, a Delaware limited liability partnership (the "Head Lessor") and North America Rail Leasing #3 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability company (the "Head Lessee") and, together with the Head Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Head Lessor and the Head Lessee entered into that certain Railcar Lease Agreement (INTOL I Interim Restructuring) dated as of the date hereof (as amended, supplemented and modified, the "Head Lease") covering the equipment listed on Exhibit A hereto (the "Equipment");

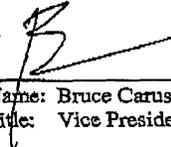
WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Head Lease, and the respective interests therein of the Parties, including, but not limited to, the leasehold interest of the Head Lessee in the Equipment, and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, by this instrument the Head Lessor hereby leases and confirms the lease of the Equipment to the Head Lessee in accordance with the terms and conditions of the Head Lease, and the Head Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this instrument has been duly executed by the Parties hereto as of the date first above written.

NORTH AMERICA RAIL LEASING #3 LLC
(d/b/a BABCOCK & BROWN RAIL LEASING),
as the Head Lessee

By: 
Name: Bruce Carusi
Title: Vice President

THE EMERSON PARTNERSHIP, LLP, as the
Head Lessor

By: Stills Limited, its General Partner

By: _____
Name:
Title:

MEMO OF HEAD LEASE

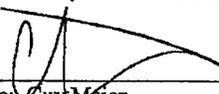
IN WITNESS WHEREOF, this instrument has been duly executed by the Parties hereto as of the date first above written.

NORTH AMERICA RAIL LEASING #3 LLC
(d/b/a BABCOCK & BROWN RAIL LEASING),
as the Head Lessee

By: _____
Name:
Title:

THE EMERSON PARTNERSHIP, LLP, as the
Head Lessor

By: Stills Limited, its General Partner

By:  _____
Name: Guy Major
Title: Director

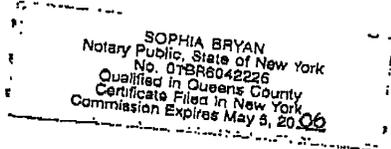
MEMO OF HEAD LEASE

State of New York)
)
County of New York)

On this, the 30th day of June, 2004, before me, a Notary Public in and for said County and State, personally appeared Bruce Carusi, a Vice President of North America Rail Leasing #3 LLC (d/b/a Babcock & Brown Rail Leasing), who acknowledged himself to be a duly authorized officer of North America Rail Leasing #3 LLC (d/b/a Babcock & Brown Rail Leasing), and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal on the date above mentioned.

Name: Sophia Bryan
Notary Public
My Commission Expires: May 3, 2006
Residing in: New York, NY



MEMO OF HEAD LEASE

On this, the 18th day of June, 2004, before me, a Notary Public in and for the Cayman Islands, personally appeared Guy Major, who acknowledged himself to be a duly authorized person of the General Partner of The Emerson Partnership, LLP, and that, as such duly authorized person, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Wm

Name: Wendy Ebanks
Notary Public

My Commission Expires: 31 January, 2005

Residing in: Cayman Islands



EQUIPMENT

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
Union Pacific Railroad Company (f/k/a Southern Pacific Transportation Company) #1	88	Aluminum Coal Hoppers	CTRN 400001- 400115, inclusive	CTRN 400002, 400007, 400008, 400013, 400014, 400023, 400031, 400032, 400034, 400037, 400044, 400049, 400055, 400058, 400059, 400064, 400066, 400069, 400074, 400083, 400086, 400094, 400098, 400102, 400103, 400106 and 400114
Trinity Industries Leasing Company	575	Coiled Tank Cars	STSX 1500-2082, inclusive	STSX 1526, 1605, 1662, 1669, 1697, 1702, 1737 and 1869
Union Pacific Railroad Company (f/k/a Southern Pacific Transportation Company) #2	98	Aluminum Coal Hoppers	CTRN 600001, 600003 – 600014, inclusive; 600016- 600021, inclusive; 600027, 600029, 600034, 600035, 600071 – 600124, inclusive; 600126 – 600139, inclusive; 600141, 600144 - 600156, inclusive and 600158 – 600167, inclusive	CTRN 600001, 600013, 600016, 600034, 600035, 600071, 600072, 600102, 600103, 600117, 600119, 600132, 600153, 600154, 600158, 600159 and 600163

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
Union Pacific Railroad Company (f/k/a Southern Pacific Transportation Company) #3	82	Aluminum Coal Hoppers	CTRN 600002, 600015, 600022 – 600026, inclusive; 600028, 600030 – 600033, inclusive; 600036 – 600070, inclusive; 600125, 600140, 600142, 600143, 600157, 600168 – 600204, inclusive	CTRN 600015, 600031, 600060, 600168, 600178, 600193 and 600204
Chicago Freight Car Leasing Co.	143	Covered Hoppers	CRDX 9200 – 9295, inclusive; 9376-9379, inclusive; 9300 – 9319, inclusive; 9380 – 9399, inclusive; 9370 – 9375, inclusive; 9296 – 9299, inclusive	CRDX 9201, 9206, 9246, 9247, 9259, 9282 and 9399

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: July 2, 2004

Edward M Luria
Edward M. Luria