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

RECORDATION NO. 24983-A FILED  
AUG 11 '04 2-52 PM  
SURFACE TRANSPORTATION BOARD  
OF COUNSEL  
URBAN A. LESTER

August 11, 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 four (4) copies of a Termination of Security Agreement, dated as of August 11, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Railcar Security Agreement which was previously filed under Recordation Number 24983.

The names and addresses of the parties to the enclosed document are:

Secured Party: Johnstown America Corporation  
17 Johns Street  
Johnstown, PA 15907

Debtor: Babcock & Brown Rail Funding LLC  
230 Park Avenue  
32<sup>nd</sup> Floor  
New York, New York 10169

Mr. Vernon A. Williams  
August 11, 2004  
Page Two

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

13 railcars CHTT 503554 – CHTT 503566

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

Termination of Security Agreement

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. 24983 FILED

AUG 11 '04 2:57 PM

**TERMINATION OF SECURITY AGREEMENT  
SURFACE TRANSPORTATION BOARD**

THIS TERMINATION OF SECURITY AGREEMENT is made this 11 day of August, 2004, by and between JOHNSTOWN AMERICA CORPORATION ("JAC"), and BABCOCK & BROWN RAIL FUNDING LLC ("DEBTOR").

WHEREAS, JAC and DEBTOR are parties to a Manufacturing Agreement (the "Manufacturing Agreement") as defined in the Memorandum of Railcar Security Agreement (the "Memorandum"), dated as of May 14, 2004; and

WHEREAS, pursuant to certain provisions of the Manufacturing Agreement (for purposes hereof, the "Security Agreement") Debtor granted a lien and security interest in favor of JAC in and to the railcars described on Schedule 1 attached hereto (the "Equipment"); and

WHEREAS, the Memorandum was duly filed for recordation with the Surface Transportation Board (the "STB") pursuant to 49 U.S.C. Section 11301, on June 4, 2004 and assigned Recordation Number 24983, and

WHEREAS, JAC and DEBTOR desire to terminate and cancel the Security Agreement and to record such termination and cancellation with the STB;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, JAC and DEBTOR, intending to be legally bound, agree as follows:

1. JAC and DEBTOR hereby terminate and cancel the Security Agreement, effective as of the date this Termination of Security Agreement is filed with the STB, and JAC and DEBTOR hereby agree that no rights, duties or liabilities under the Security Agreement shall survive such termination and cancellation of the Security Agreement, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the date hereof.

2. The parties agree to record this Termination of Security Agreement with the STB so as to release any lien against the Equipment created by or arising out of the Security Agreement.

3. This Termination of Security Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

IN WITNESS WHEREOF, JAC and DEBTOR have caused this Termination of Security Agreement to be executed as of the day and year first above written.

JOHNSTOWN AMERICA CORPORATION

By *Don P. Hurler*  
Its *Product Line Manager*

BABCOCK & BROWN RAIL FUNDING LLC

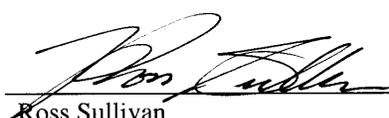
By \_\_\_\_\_  
Its \_\_\_\_\_

IN WITNESS WHEREOF, JAC and DEBTOR have caused this Termination of Security Agreement to be executed as of the day and year first above written.

JOHNSTOWN AMERICA CORPORATION

By \_\_\_\_\_  
Its \_\_\_\_\_

BABCOCK & BROWN RAIL FUNDING LLC

By  \_\_\_\_\_  
Ross Sullivan  
Its Vice President

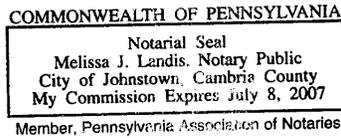
STATE OF PENNSYLVANIA )  
 ) : SS  
COUNTY OF CAMBRIA )

On this 28<sup>th</sup> day of May, 2004, before me personally appeared Sean Hankinson, to me personally known, who being duly sworn, says that he is a Product Line Manager of JOHNSTOWN AMERICA CORPORATION, a Delaware corporation, that said instrument was signed 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.

Melissa J. Landis  
Notary Public

[NOTARIAL SEAL]

My Commission Expires:



STATE \_\_\_\_\_ )  
 ) : SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2004, before me personally appeared \_\_\_\_\_, to me personally known, who being duly sworn, says that he is a \_\_\_\_\_ of BABCOCK & BROWN RAIL FUNDING LLC, a \_\_\_\_\_ limited liability company, that said instrument was signed on behalf of said limited liability company by an officer duly authorized to sign said instrument, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

\_\_\_\_\_  
Notary Public

[NOTARIAL SEAL]

My Commission Expires:



**SCHEDULE 1  
TO TERMINATION OF SECURITY AGREEMENT**

13 Rotary AutoFlood III™ railcars manufactured by Johnstown America Corporation bearing the following road marks and numbers (all inclusive):

CHTT 503554 through CHTT 503566 (both inclusive)