

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N.W.  
SUITE 301  
WASHINGTON, D.C.  
20036  
(202) 393-2266  
FAX (202) 393-2156  
E-MAIL alvordlaw@aol.com



OF COUNSEL  
URBAN A. LESTER

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

December 17, 2004

RECORDATION NO. 25266-A FILED

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

DEC 17 '04 4-02 PM

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 Termination of Security Interest, dated as of December 16, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document is a complete release and relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 25266.

The name and address of the party to the enclosed document are:

Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent  
FPA 4 Lease/Asset Finance  
Am Tucherpark 1 (FPA)  
80538 Munich  
Germany

[Debtor: Babcock & Brown Rail Funding LLC  
599 Lexington Avenue  
New York, NY 10022]

Mr. Vernon A. Williams  
December 17, 2004  
Page 2

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

150 coal gondola cars: WEPX 2875 – WEPX 3024

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

Termination of Security Interest.

Also enclosed is a check in the amount of \$32.00 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.

25266-A FILED

DEC 17 '04

4-02 PM

EXECUTION COPY

**SURFACE TRANSPORTATION BOARD TERMINATION OF SECURITY INTEREST**

**THIS TERMINATION OF SECURITY INTEREST** (this "**Termination**") is made this 17th day of December, 2004 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Borrower**") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "**Agent**") for the banks under the Amended and Restated Security Agreement dated as of October 18, 2002 (as amended, supplemented or otherwise modified through the date hereof, including, without limitation, as supplemented by Security Agreement Supplement No. 14 dated October 29, 2004 ("**Security Agreement Supplement No. 14**"), the "**Security Agreement**"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

**WHEREAS**, the Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

**WHEREAS**, the Borrower and the Agent are parties to that certain Memorandum of Mortgage, dated as of October 29, 2004, a copy of which was duly filed with the Surface Transportation Board (the "**STB**") on October 29, 2004 at 11:57 p.m. EDT under Recordation Number 25266 (the "**Memorandum of Mortgage**"); and

**WHEREAS**, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 14, and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, 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 are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 14 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, effective as of the date this Termination is filed with the STB (the "**Effective Date**"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to the property described in Schedule I to Security Agreement Supplement No. 14 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 14 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Termination with the STB so as to release any security interest in and mortgage lien upon the property described in Schedule I to

[Termination of Security Interest]

Security Agreement Supplement No. 14 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, created by or arising out of the Security Agreement.

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

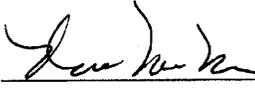
4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

\* \* \*

[Termination of Security Interest]

**IN WITNESS WHEREOF**, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING  
LLC**

By:   
Name: Victoria McManus  
Title: President

**BAYERISCHE HYPO- UND  
VEREINSBANK AG**, not in its individual  
capacity except as expressly provided herein,  
but solely as Agent

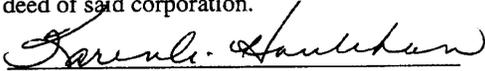
By: \_\_\_\_\_  
Name:  
Title:

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

[Termination of Security Interest]

STATE OF NEW YORK            )  
  )    SS:  
COUNTY OF NEW YORK        )

On this 17<sup>th</sup> day of December, 2004, before me personally appeared Victoria McManus, to me personally known, who, being by me duly sworn, says that she is President of Babcock & Brown Rail Funding LLC and that the foregoing Termination of Security Interest was signed on behalf of said corporation. Further, she acknowledged that the execution of the foregoing Termination of Security Interest was the free act and deed of said corporation.

  
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

**KAREN A. HOULIHAN**  
Notary Public, State of New York  
No. 01HO6051904  
Qualified in New York County  
Commission Expires December 4, 2007/6

[Termination of Security Interest]

**IN WITNESS WHEREOF**, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING  
LLC**

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

**BAYERISCHE HYPO- UND  
VEREINSBANK AG**, not in its individual  
capacity except as expressly provided herein,  
but solely as Agent

By: Stefan Niggli  
Name: Stefan Niggli  
Title: Managing Director

By: Martin Tobies  
Name: Martin Tobies  
Title: Vice President

[Termination of Security Interest]

STATE OF NEW YORK            )  
  )     SS:  
COUNTY OF NEW YORK        )

Subscribed to me on this 17th day of December, 2004 by Stefan Niggel, Managing Director of Bayerische Hypo- und Vereinsbank AG and Martin Tobies, Vice President of Bayerische Hypo- und Vereinsbank AG.

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

(NOTARIAL SEAL)

My Commission Expires:

December 8, 2007

NEI SON A. FERREIRA  
Notary Public, State of New York  
Registration #02FE6102354  
Qualified in New York County  
My Commission Expires Dec. 8, 2007

[Termination of Security Interest]

**Exhibit I to  
Termination of Security Interest**

**EQUIPMENT**

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	150	1997	4530 CF aluminum coal gondolas, AAR Car Type Code J311, 286,000 GRL, manufactured by Thrall Car Manufacturing Company	WEPX 2875-3024, inclusive	None

**LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS**

1. Master Net Railcar Lease made as of July 24, 1997 by and between The CIT Group/Equipment Financing, Inc. and Wisconsin Electric Power Company.
2. Schedule No. 01 to Master Net Railcar Lease made as of July 24, 1997 by and between The CIT Group/Equipment Financing, Inc. and Wisconsin Electric Power Company.
3. Memorandum of Lease dated July 24, 1997, by and between The CIT Group/Equipment Financing, Inc. and Wisconsin Electric Power Company.
4. Extension to Lease entered into as of July 28, 2000, by and between The CIT Group/Equipment Financing, Inc. and Wisconsin Electric Power Company, for the period September 1, 2000 through August 31, 2003.
5. Extension to Lease Schedule No. 01 entered into as of September 15, 2003, effective as of September 1, 2003, by and between The CIT Group/Equipment Financing, Inc. and Wisconsin Electric Power Company.
6. Letter Agreement dated October 6, 2004, effective from April 2003, between The CIT Group/Equipment Financing, Inc. and Wisconsin Electric Power Company with respect to the replacement of bolsters on the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
7. Warranty Bill of Sale dated July 25, 1997 from Thrall Car Manufacturing Company to The CIT Group/Equipment Financing, Inc.
8. Bill of Sale dated October 29, 2004 from The CIT Group/Equipment Financing, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
9. Purchase Agreement dated as of October 29, 2004, between The CIT Group/Equipment Financing, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
10. Assignment and Assumption Agreement, dated as of October 29, 2004, between The CIT Group/Equipment Financing, Inc. and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
11. Notice and Acknowledgment dated October 28, 2004, made by The CIT Group/Equipment Financing, Inc. and Babcock & Brown Rail Funding LLC to Wisconsin Electric Power Company, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
12. Notice Pursuant to Notice and Acknowledgment dated October 29, 2004, made by Babcock & Brown Rail Funding LLC and The CIT Group/Equipment Financing, Inc. to Wisconsin Electric Power Company, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

Exhibit I

Page 2

[Termination of Security Interest]

13. Side Letter dated October 25, 2004 from The CIT Group/Equipment Financing, Inc. addressed to Babcock & Brown Rail Funding LLC, in respect of the original equipment cost for the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Borrower now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, 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: 12/17/04

  
\_\_\_\_\_  
Robert W. Alvord