

RECORDATION NO. 24965 FILED

MAY 20 '04 2-56 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

May 20, 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 Notice of Merger, dated as of May 20, 2004, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Surviving Corporation: North America Rail Leasing #2 LLC
c/o Babcock & Brown Rail
Management LLC
230 Park Avenue
New York, NY 10169

[Merged Corporation: North America Rail Leasing #1 LLC
c/o Babcock & Brown Rail
Management LLC
230 Park Avenue
New York, NY 10169]

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

There is no equipment associated with this ruling.

Mr. Vernon A. Williams
May 20, 2004
Page Two

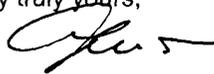
A short summary of the document to appear in the index follows:

Notice of Merger

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 one stamped copy of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

**North America Rail Leasing #2 LLC
c/o Babcock & Brown Rail Management LLC
230 Park Avenue, 32nd Floor
New York, New York 10169**

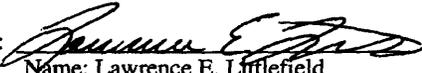
NOTICE OF MERGER

By this NOTICE OF MERGER (this "Notice") dated this 20th day of May, 2004, notice is hereby given that effective May 20, 2004, North America Rail Leasing #1 LLC has merged into North America Rail Leasing #2 LLC, with the surviving entity being North America Rail Leasing #2 LLC.

IN WITNESS WHEREOF, this Notice has been executed by the surviving entity North America Rail Leasing #2 LLC on the date first above written.

NORTH AMERICA RAIL LEASING #2 LLC

By:


Name: Lawrence E. Littlefield
Title: Vice President

State of New York)
County of New York)

On this, the 19th day of May, 2004, before me, a Notary Public in and for said County and State, personally appeared Lawrence E. Littlefield, a Vice President of North America Rail Leasing #2 LLC, who acknowledged himself to be a duly authorized officer of North America Rail Leasing #2 LLC, and that, as such officer, being authorized to do so, he/she 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: May K. Jones
Notary Public

My Commission Expires: 6/2007

Residing in: Nassau County

May K. Jones
Notary Public, State of New York
Qualified in Nassau County
Commission Expires June 28, 2007

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: _____

May 20, 2004



Robert W. Alvord