

RECORDATION NO. 23498-A FILED

JUL 09 '04 3-11 PM

SURFACE TRANSPORTATION BOARD

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

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 Security Assignment, dated as of July 9, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage which was previously filed with the Board under Recordation Number 23498.

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

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

Partner B: Crosby Limited
P O Box 1093 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

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

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

[Indenture Trustee: Lombard North Central plc
Corporate Finance Division
No 2 Waterhouse Square
138-142 Holborn
London EC1N 2th
England]

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
STX 1500 – STX 2082

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

Memorandum of Security Assignment.

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. 23498-A FILED

EXECUTION VERSION JUL 9 2004 3-11 PM

MEMORANDUM OF SECURITY ASSIGNMENT SURFACE TRANSPORTATION BOARD

This Memorandum of Security Assignment is dated as of July 9, 2004, made by The Emerson Partnership, LLP (the "Partnership"), Crosby Limited ("Partner B") and North America Rail Leasing #3 LLC (d/b/a Babcock & Brown Rail Leasing) (the "Head Lessee", and together with the Partnership and Partner B, the "Parties") in favor of Lombard North Central plc (the "Indenture Trustee"). Terms used in this instrument have the meanings assigned thereto (whether by reference to another document or otherwise) in that certain Security Assignment (INTOL I Interim Restructuring) dated as of the date hereof (as amended, modified or supplemented, the "Security Assignment") among the Partnership, Partner B, the Head Lessee and the Indenture Trustee.

WITNESSETH:

WHEREAS, concurrently herewith, Partner B and the Partnership will enter into the Transfer Agreement pursuant to which the Partnership will transfer to Partner B all of the Partnership's rights in the Assignable Rent payable by the Head Lessee under the Head Lease;

WHEREAS, concurrently herewith, the Partnership and the Head Lessee will execute and deliver the Head Lease in respect of the equipment listed on Exhibit A hereto (the "Equipment") and a Lease Assignment in respect of each Lease, pursuant to which the Partnership assigns to the Head Lessee the leases described on Exhibit B hereto and all other leases that may be entered into by the Head Lessee in respect of the Equipment (the "Leases");

WHEREAS, (i) Partner B has assigned, transferred and conveyed to the Indenture Trustee all of its right, title and interest in, to and under the Transfer Agreement and Assignable Rent; (ii) the Head Lessee has assigned, transferred and conveyed to the Indenture Trustee all of its right, title and interest in, to and under the Leases; and (iii) the Partnership has assigned, transferred and conveyed to the Indenture Trustee all of its right, title and interest in, to and under the Head Lease, the Leases and the Security Assignment; and

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Security Assignment, and the respective interests therein of the Parties, 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, in consideration of the mutual promises contained herein and other consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, by this instrument each of the Parties acknowledges and confirms its respective assignment, transfer and conveyance of its respective rights as described in subclauses (i), (ii) and (iii) in the penultimate WHEREAS clause.

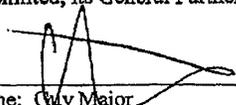
[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the Partnership, Partner B and the Head Lessee has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

THE EMERSON PARTNERSHIP, LLP,
as Partnership

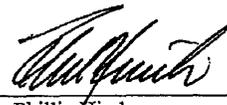
By: Stills Limited, its General Partner

By: _____


Name: Guy Major
Title: Director

CROSBY LIMITED,
as Partner B

By: _____


Name: Phillip Hinds
Title: Director

NORTH AMERICA RAIL LEASING #3 LLC
(d/b/a Babcock & Brown Rail Leasing),
as Head Lessee

By: _____

Name:
Title:

IN WITNESS WHEREOF, each of the Partnership, Partner B and the Head Lessee has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

THE EMERSON PARTNERSHIP, LLP,
as Partnership

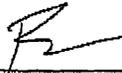
By: Stills Limited, its General Partner

By: _____
Name:
Title:

CROSBY LIMITED,
as Partner B

By: _____
Name:
Title:

NORTH AMERICA RAIL LEASING #3 LLC
(d/b/a Babcock & Brown Rail Leasing),
as Head Lessee

By:  _____
Name: Bruce Carusi
Title: Vice President

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.

Wendy

Name: Wendy Ebanks
Notary Public

My Commission Expires: 31 January, 2005

Residing in: Cayman Islands



On this, the 18th day of June, 2004, before me, a Notary Public in and for the Cayman Islands, personally appeared Phillip Hinds, a Director of Crosby Limited, who acknowledged himself to be a duly authorized Officer of Crosby Limited, and that, as such Officer, being duly 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: Wendy Ebanks
Notary Public

My Commission Expires: 31 January, 2005

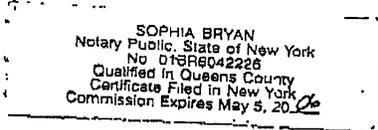
Residing in: Cayman Islands

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 5, 2006
Residing in: New York, NY



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

LEASES

1. **Union Pacific Railroad Company**
(formerly known as Southern Pacific Transportation Company) #1

Railcar Lease Agreement dated as of April 28, 1993 entered into by and between The Emerson Partnership, LLP (the "Partnership"), as lessor, and Union Pacific Railroad Company (formerly known as Southern Pacific Transportation Company), as lessee, as amended, modified or supplemented from time to time.

2. **Trinity Industries Leasing Company**

Railroad Equipment Lease dated as of October 18, 1990 entered into by and between the Partnership, as lessor, and Trinity Industries Leasing Company, as lessee, as amended, modified or supplemented from time to time, together with Acceptance Certificate No. 201 to Master Railroad Equipment Lease No. 7060 dated as of October 18, 1990.

3. **Union Pacific Railroad Company**
(formerly known as Southern Pacific Transportation Company) #2

Amended and Restated Equipment Lease Agreement dated as of December 22, 1993 entered into by and between the Partnership, as lessor, and Union Pacific Railroad Company (formerly known as Southern Pacific Transportation Company), as lessee, as amended, modified or supplemented from time to time, together with Lease Supplement No. 2 to Amended and Restated Equipment Lease Agreement dated as of December 22, 1993.

4. **Union Pacific Railroad Company**
(formerly known as Southern Pacific Transportation Company) #3

Amended and Restated Equipment Lease Agreement dated as of December 22, 1993 entered into by and between the Partnership, as lessor, and Union Pacific Railroad Company (formerly known as Southern Pacific Transportation Company), as lessee, as amended, modified or supplemented from time to time, together with Lease Supplement No. 1 to Amended and Restated Equipment Lease Agreement dated as of December 22.

5. **Chicago Freight Car Leasing Co.**

Master Lease Agreement dated as of February 26, 1991 entered into by and between the Partnership, as lessor, and Chicago Freight Car Leasing Co., as lessee, as amended, modified or supplemented from time to time, together with Acceptance Supplement No. 00101 to Master Lease Agreement dated as of February 26, 1991.

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

Ed M. Luria
Edward M. Luria