RECORDATION NO. 23967-A FILED

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SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
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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 23967.

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

Partnership: The Freight Leasing Partnership, LLP
c/o Train Leasing Limited
P. O. Box 1093 GT
Queensgate House
South Church Street
Grand Cayman
Cayman Islands

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

Head Lessee: North America Rail Leasing #34 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:

1,120 railcars within the following series:

CEFX 12021 - CEFX 13779
CEFX 40988 - CEFX 43214
CEFX 75711 - CEFX 75819
CEFX 80000 - CEFX 80199
CEFX 95520 - CEFX 95619
CHTT 503000 – CHTT 503480
JTSX 300115 – JTSX 300224
RGCX 1118 – RGCX 1142

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. 23967-A FILED

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SURFACE TRANSPORTATION BOARD

EXECUTION VERSION

MEMORANDUM OF SECURITY ASSIGNMENT

This Memorandum of Security Assignment is dated as of July 9, 2004, made by The Freight Leasing Partnership, LLP (the "Partnership"), Blues Limited ("Partner B") and North America Rail Leasing #34 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 IV 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 FREIGHT LEASING PARTNERSHIP, LLP,
as Partnership

By: Train Leasing Limited, its General Partner

By: _____
Name: Guy Major
Title: Director

BLUES LIMITED,
as Partner B

By: _____
Name: Phillip Hinds
Title: Director

NORTH AMERICA RAIL LEASING #34 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 FREIGHT LEASING PARTNERSHIP, LLP,
as Partnership

By: Train Leasing Limited, its General Partner

By: _____
Name:
Title:

BLUES LIMITED,
as Partner B

By: _____
Name:
Title:

NORTH AMERICA RAIL LEASING #34 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 Freight Leasing 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.

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 Blues Limited, who acknowledged himself to be a duly authorized Officer of Blues 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 #34 LLC (d/b/a Babcock & Brown Rail Leasing), who acknowledged himself to be a duly authorized officer of North America Rail Leasing #34 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

SOPHIA BRYAN
Notary Public, State of New York
No. 01BR6042226
Qualified in Queens County
Certificate Filed in New York
Commission Expires May 5, 2006

Exhibit A

EQUIPMENT

Lessee	# of Cars	Unit Type	Reporting Marks	Casualty Marks
Louis Dreyfus Corporation	117	Covered Hoppers	1999 built: CEFX 12021, 12023, 12035, 12038-12040, inclusive; 12044, 12048, 12053, 12056, 12090, 12093, 12095, 12097, 12100-12101, inclusive; 12104, 12106-1207, inclusive; 12109-12110, inclusive; 12112, 12114, 12116, 12121, 13051-13052, inclusive; 13054, 13056, 13057, 13059, 13063, 13123, 13127, 13128, 13131-13135, inclusive; 13137, 13145, 13147-13148, inclusive; 13150, 13153, 13161, 13166, and 13185 2000 built: 13711-13753, inclusive; and 13755-13779, inclusive	None
ConAgra, Inc. #1	30	Covered Hoppers	CEFX 75711, 75715-75716, inclusive; 75725-75750, inclusive, and 75755	None

Lessee	# of Cars	Unit Type	Reporting Marks	Casualty Marks
ConAgra, Inc. #2	20	Covered Hoppers	CEFX 75768-75770, inclusive; 75781-75784, inclusive; 75787, 75793, 75796, 75799-75800, inclusive; 75803, 75811-75814, inclusive; 75816-75817, inclusive; and 75819	None
GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation)	200	Covered Hoppers	CEFX 80000-80199, inclusive	None
Boral Material Technologies, Inc.	100	Covered Hoppers	CEFX 95520-95619, inclusive	None
Kansas City Power and Light Company	125	Aluminum Coal Gondolas	1995 built: CEFX 43191 and 43214 1999 built: CEFX 40988, 41007, 41058, 41060-41115, inclusive; 41117-41129, inclusive; 41133, 41136, 41143-41158, inclusive; 41160-41179; inclusive; 41181-41189, inclusive; 41227, 41255, and 41316-41317, inclusive	None

Lessee	# of Cars	Unit Type	Reporting Marks	Casualty Marks
Union Pacific Railroad Company #1	227	Autoflood Coal Car	CHTT 503001-503240, inclusive	CHTT 503004, 503024, 503033, 503035, 503041, 503098, 503099, 503106, 503147, 503207, 503214, 503231 and 503232
Union Pacific Railroad Company #2	167	Bethgon Coal Car	CHTT 503241, 503246, 503248-503252, inclusive; 503255-503257, inclusive; 503261-503264, inclusive; 503268-503280, inclusive; 503282, 503284, 503285, 503287-503296, inclusive; 503298-503303, inclusive; 503309, 503312, 503313, 503316, 503318, 503319, 503321-503324, inclusive; 503326-503343, inclusive; 503345, 503348-503550, inclusive; 503354, 503357, 503362-503389, inclusive; 503391-503449, inclusive; 503451-503458, inclusive; 503460-503465, inclusive; and 503467-503480, inclusive	CHTT 503242-503245, inclusive; 503247, 503252-503254, inclusive; 503258-503260, inclusive; 503262, 503265-503267, inclusive; 503270, 503271, 503281, 503283, 503286, 503297, 503300, 503304-503311, inclusive; 503314, 503315, 503317, 503318, 503320, 503323, 503325, 503339, 503344, 503346, 503347, 503351-503353, inclusive; 503355, 503356, 503358-503361, inclusive; 503364, 503369, 503375, 503384, 503387, 503390, 503395, 503399, 503402, 503409, 503410, 503417, 503429, 503430, 503432, 503433, 503437, 503438, 503444, 503450, 503459, 503466 and 503479
Lone Star Industries, Inc.	24	Covered Hoppers	RGCX 1118-1142, inclusive	RGCX 1134

Lessee	# of Cars	Unit Type	Reporting Marks	Casualty Marks
Marathon Ashland Petroleum, LLC	110	Open-Top Hoppers	JTSX 300115-300224, inclusive	None

Exhibit B

LEASES

1. **Louis Dreyfus Corporation**

Master Railcar Lease made as of July 28, 2000, effective as of September 26, 1999, between The Freight Leasing Partnership, LLP (the "Partnership"), as lessor, and Louis Dreyfus Corporation, as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 02 to Master Railcar Lease made as of September 11, 2000 and Amendment No.1 to Schedule No. 02 to Master Railcar Lease dated as of April 26, 2002.

2. **ConAgra, Inc. #1**

Master Railcar Lease made as of April 30, 1999 between the Partnership, as lessor, and ConAgra, Inc., as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 08 to Master Railcar Lease made as of July 30, 2001.

3. **ConAgra, Inc. #2**

Master Railcar Lease made as of April 30, 1999 between the Partnership, as lessor, and ConAgra, Inc., as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 09 to Master Railcar Lease made as of December 6, 2001.

4. **GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation)**

Master Railcar Lease made as of February 11, 1998 between the Partnership, as lessor, and GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation), as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 03 to Master Railcar Lease made as of June 26, 2001.

5. **Boral Material Technologies, Inc.**

Master Railcar Lease made as of April 23, 1999 between the Partnership, as lessor, and Boral Material Technologies, Inc., as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 02 to Master Railcar Lease made as of February 14, 2001.

6. **Kansas City Power and Light Company**

Master Railcar Lease made as of May 2, 2001 between the Partnership, as lessor, and Kansas City Power and Light Company, as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 01 to Master Railcar Lease dated as of May 2, 2001 and Amendment No.1 to Schedule No. 01 to Master Railcar Lease dated as of April 25, 2002.

7. **Union Pacific Railroad Company #1**

Master Railcar Lease made as of November 11, 1998, effective as of January 1, 1998, between the Partnership, as lessor, and Union Pacific Railroad Company, as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 06 to Master Railcar Lease dated as of November 12, 1999.

8. **Union Pacific Railroad Company #2**

Master Railcar Lease made as of November 11, 1998, effective as of January 1, 1998, between the Partnership, as lessor, and Union Pacific Railroad Company, as lessee, as amended, modified or supplemented from time to time, together with Schedule No. 07 to Master Railcar Lease dated as of November 12, 1999.

9. **Lone Star Industries, Inc.**

Railcar Net Leasing Agreement dated February 12, 1998 by and between the Partnership, as lessor, and Lone Star Industries, Inc., as lessee, as amended, modified or supplemented from time to time, together with Exhibit A Rider No. 2 to Railcar Net Leasing Agreement dated September 2, 1998 and Addendum #1 to Rider No. 2 to Railcar Net Leasing Agreement dated February 8, 1999.

10. **Marathon Ashland Petroleum, LLC**

Railroad Equipment Lease entered into as of January 23, 2002 by and between the Partnership, as lessor, and Marathon Ashland Petroleum, LLC, as lessee, as amended, modified or supplemented from time to time.

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