

RECORDATION NO. 25051-B FILED

OCT 26 '04

4-09 PM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
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WASHINGTON, D.C.

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OF COUNSEL
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October 26, 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 Head Lease, dated as of October 26, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Head Lease previously filed with the Board under Recordation No. 25051 and consolidates the Memoranda of Head Leases previously filed on behalf of North America Rail Leasing #32 LLC, #33 LLC and #34 LLC which have been merged into North America Rail Leasing #3 LLC

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

Head Lessors: The Emerson Partnership, LLP
 The Clearwater Partnership, LLP
 The Grand Leasing Partnership, LLP
 The Freight Leasing Partnership, LLP
 Queensgate House
 P O Box 1093 GT
 South Church Street
 Grand Cayman
 Cayman Islands

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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

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

Schedule A -- 983 railcars within the following series:

CRDX 9200 – CRDX 9398
CTRN 400001 – CTRN 400115
CTRN 600002 – CTRN 600203
STSX 1500 – STSX 2082

Schedule B -- 1,577 railcars within the following series:

BCOL 873600 – BCOL 873649
BNSF 728225 – BNSF 728399
CEFX 60360 - CEFX 60719
CWEX 24000 – CWEX 24237
EJE 7400 – EJE 7499
EXEX 640000 – EXEX 640109
FLIX 3500 – FLIX 3899
TIMX 62000 – TIMX 62044
WPSX 8001 – WPSX 8119

Schedule C -- 1,770 railcars within the following series:

ATW 80001 – ATW 80030
BCAX 200 – BCAX 275
BNSF 519200 – BNSF 519399
BNSF 537000 – BNSF 537049
CEFX 62390 – CEFX 62934
CEFX 81074 – CEFX 81173
CEFX 95071 – CEFX 95719
CSWX 7361 - CSWX 7480
EDEX 099001 - EDEX 099422
LCEX 350 - LCEX 399
NS 164480 - NS 164699
NORX 6000 - NORX 6239
WCRC 3000 - WCRC 3324

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Schedule D -- 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 503001 - CHTT 503480
JTSX 300115 - JTSX 300224
RGCX 1118 - RGCX 1142

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

Memorandum of Head Lease.

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

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SURFACE TRANSPORTATION BOARD

EXECUTION VERSION

MEMORANDUM OF HEAD LEASE

THIS MEMORANDUM OF HEAD LEASE is dated as of October 26, 2004, made by The Emerson Partnership, LLP ("Emerson"), The Clearwater Partnership, LLP ("Clearwater"), The Grand Leasing Partnership, LLP ("Grand Leasing") and The Freight Leasing Partnership, LLP ("Freight Leasing"), each a Delaware limited liability partnership (each, a "Head Lessor" and collectively, the "Head Lessors") and North America Rail Leasing #3 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability company (the "Head Lessee" and, together with the Head Lessors, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Parties wish to amend and replace that certain Memorandum of Head Lease dated as of July 9, 2004, between the Head Lessee and Emerson, covering the equipment listed on Schedule A hereto;

WHEREAS, the Parties wish to amend and replace that certain Memorandum of Head Lease dated as of July 9, 2004, between the Head Lessee and Clearwater, covering the equipment listed on Schedule B hereto;

WHEREAS, the Parties wish to amend and replace that certain Memorandum of Head Lease dated as of July 9, 2004, between the Head Lessee and Grand Leasing, covering the equipment listed on Schedule C hereto;

WHEREAS, the Parties wish to amend and replace that certain Memorandum of Head Lease dated as of July 9, 2004, between the Head Lessee and Freight Leasing, covering the equipment listed on Schedule D hereto;

WHEREAS, the Head Lessors and the Head Lessee have entered into that certain Master Railcar Head Lease Agreement (COMBI 2) as supplemented by Supplement No. 7, Supplement No. 8, Supplement No. 9 and Supplement No. 10 thereto, all dated as of the date hereof (as amended, supplemented and modified, the "Head Lease"), covering the equipment listed on Schedules A through D hereto (the "Equipment");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Head Lease, and the respective interests therein of the Parties, including, but not limited to, the leasehold interest of the Head Lessee in the Equipment, and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

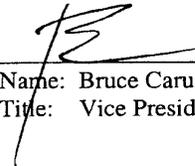
NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, by this instrument each Head Lessor hereby leases and confirms the lease of the Equipment to the Head Lessee in accordance with the

terms and conditions of the Head Lease, and the Head Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this instrument has been duly executed by the Parties hereto as of the date first above written.

NORTH AMERICA RAIL LEASING #3 LLC
(d/b/a BABCOCK & BROWN RAIL LEASING),
as Head Lessee

By: 
Name: Bruce Carusi
Title: Vice President

THE EMERSON PARTNERSHIP, LLP,
as Head Lessor

By: Lloyds TSB Equipment Leasing (No. 5)
Limited, its General Partner

By: 
Name: Owen Harrington
Title: Attorney-in-Fact

THE CLEARWATER PARTNERSHIP, LLP,
as Head Lessor

By: Lloyds TSB Equipment Leasing (No. 5)
Limited, its General Partner

By: 
Name: Owen Harrington
Title: Attorney-in-Fact

THE GRAND LEASING PARTNERSHIP, LLP,
as Head Lessor

By: Lloyds TSB Equipment Leasing (No. 5)
Limited, its General Partner

By: 
Name: Owen Harrington
Title: Attorney in Fact

THE FREIGHT LEASING PARTNERSHIP, LLP,
as the Head Lessor

By: Lloyds TSB Equipment Leasing (No. 5)
Limited, its General Partner

By: 
Name: Owen Harrington
Title: Attorney-in-Fact

State of New York)
)
County of New York)

On this, the 21st day of October, 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/herself 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/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: *Sophia Bryan*
Notary Public

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

My Commission Expires: _____

Residing in: New York, New York

State of New York)
County of New York)

On this, the 26th day of October, 2004, before me, a Notary Public in and for said County and State, personally appeared Owen Harrington, who acknowledged himself to be a duly authorized person 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.

Name: Ida Yazara Rubin
Notary Public

My Commission Expires: _____

State of New York)
County of New York)

On this, the 26th day of October, 2004, before me, a Notary Public in and for said County and State, personally appeared Owen Harrington, who acknowledged himself to be a duly authorized person of The Clearwater 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: Olga Lazara Rubin
Notary Public

My Commission Expires: _____

State of New York)
County of New York)

On this, the 26th day of October, 2004, before me, a Notary Public in and for said County and State, personally appeared Owen Harrington, who acknowledged himself to be a duly authorized person of The Grand 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: Ida Jazana Rubin
Notary Public

My Commission Expires: _____

State of New York)
County of New York)

On this, the 26th day of October, 2004, before me, a Notary Public in and for said County and State, personally appeared Owen Harrington, who acknowledged himself to be a duly authorized person 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: John Sazera Ruben
Notary Public

My Commission Expires: _____

MEMO OF LEASE

SCHEDULE A

Equipment

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
Union Pacific Railroad Company #1	88	Coal hopper railcars, manufactured in 1991 by Bethlehem Steel.	CTRN 400001, 400003- 400006, inclusive; 400009- 400012, inclusive; 400015- 400022, inclusive; 400024- 400030, inclusive; 300033, 400035, 400036, 400038- 400043, inclusive; 400045- 400048, inclusive; 400050- 400054, inclusive; 400056- 400058, inclusive; 400060- 400063, inclusive; 400065, 400067, 400068, 400070- 400073, inclusive; 400075- 400082, inclusive; 400084, 400085, 400087-400093, inclusive; 400095-400097, inclusive; 400099-400101, inclusive; 400104, 400105, 400107-400113, inclusive; 400114, 400115.
Trinity Industries Leasing Company	575	Coiled tank cars, manufactured in 1990 by Trinity Industries.	STSX 1500-1525, inclusive; 1527-1604, inclusive; 1606- 1661, inclusive; 1663-1668, inclusive; 1670-1696, inclusive; 1698-1701, inclusive; 1703-1736, inclusive; 1738-1868, inclusive; 1870-2082, inclusive

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
Union Pacific Railroad Company #2	98	Coal hopper cars, manufactured in 1993 by Johnstown America.	CTRN 600003-600012 inclusive; 600014, 600017- 600021, inclusive; 600027, 600029, 600035, 600073- 600101, inclusive; 600104- 600114, 600116-600118, inclusive; 600200-600124, inclusive; 600126-600131, inclusive; 600133-600139, inclusive; 600141, 600144- 600152, inclusive; 600155- 600156, inclusive; 600160- 600162 inclusive and 600164- 600167, inclusive
Union Pacific Railroad Company #3	79	Coal hopper cars, manufactured in 1993 by Johnstown America.	CTRN 600002, 600022- 600026, inclusive; 600028, 600030, 600032-600033, inclusive; 600036-600042, 600044, 600046-600059, 600061-600070, inclusive; 600125, 600140, 600142, 600143, 600157, 600169- 6000177 600179-600192, inclusive; 6000194-600203, inclusive
Chicago Freight Car Leasing Co.	143	Cement covered hoppers railcars. cars 1989 by Trinity Industries and Thrall Car.	CRDX 9200-9205, inclusive; 9207-9245, inclusive; 9248- 9319, inclusive; 9370-9398, inclusive

SCHEDULE B

Equipment

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
The Burlington Northern and Santa Fe Railway Company #1	174	Boxcars	BNSF 728225-728399, inclusive
BC Rail Partnership	47	Centerbeam Flatcars	BCOL 873600-873614, inclusive; 873616-873634, inclusive; 873636-873639, inclusive; and 873641-873649, inclusive
The Burlington Northern and Santa Fe Railway Company #2	357	Aluminum Coal Hoppers	CEFX 60360-60629, inclusive; 60631-60719, inclusive
AT Plastics, Inc.	27	Covered Hoppers	TIMX 62013, 62014, and 62020-62044, inclusive
AT Plastics Corporation	18	Covered Hoppers	TIMX 62000-62012, inclusive; and 62015-62019, inclusive
Wisconsin Public Service Corporation	119	BethGon Coalporters	WPSX 8001-8119, inclusive
Midwest Generation, LLC #1	119	BethGon Coalporters	CWEX 24000-24118, inclusive
Midwest Generation, LLC #2	119	BethGon Coalporters	CWEX 24119-24237, inclusive
Elgin, Joliet and Eastern Railway Company	100	Covered Coil Cars	EJE 7400-7499, inclusive
Exelon Generation Company, LLC	107	Aluminum Gondolas	EXEX 640000-640006, inclusive; 640008-640035, inclusive; 640037-640051, inclusive; and 640053-640109, inclusive

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
Union Pacific Railroad Company	390	Covered Hoppers	FLIX 3500, 3501, 3503, 3505-3524, inclusive; 3526- 3550, inclusive; 3552-3613, inclusive; 3615-3768, inclusive; 3770-3856, inclusive; 3858-3864, inclusive; 3886-3873, inclusive; 3875-3897, inclusive; and 3899

SCHEDULE C

Equipment

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
Blue Circle Inc.	76	Covered Hoppers	BCAX 200-275, inclusive
The Burlington Northern and Santa Fe Railway Company #1	200	Mill Gondolas	BNSF 519200-519399, inclusive
The Burlington Northern and Santa Fe Railway Company #2	48	Covered Coil Cars	BNSF 537000-537011, inclusive; and 537013-537049, inclusive
Canadian Pacific Railway Company	30	Covered Coil Cars	ATW 80001-80030, inclusive
Central Power and Light Company	116	Aluminum Rotary Gondolas	CSWX 7361-7448, inclusive; 7450-7451; 7453-7468, inclusive; 7470-7473, inclusive; and 7475- 7480, inclusive
The Empire District Electric Company	125	BethGon Coalporter Open Top Gondolas	EDEX 099001, 099002, and 099300-099422, inclusive
LaFarge Corporation – Group #1	100	Covered Hoppers	CEFX 81074-81173, inclusive
LaFarge Corporation – Group #2	35	Covered Hoppers	CEFX 95071, 95094-95096, inclusive; 95100, 95105-95117, inclusive; 95120-95125, inclusive; 95127, 95132, 95134- 95138, inclusive; 95140, 95141, 95143 and 95144
LaFarge Corporation – Group #3	30	Covered Hoppers	CEFX 95622-95624, inclusive; 95628-95634, inclusive; 95636- 95639, inclusive; 95642, 95644, 95666-95668, inclusive; 95671, 95672, 95675, 95676, 95712- 95715, inclusive; and 95717- 95719, inclusive

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
Lone Star Industries, Inc.	49	Covered Hoppers	LCEX 350-399, inclusive
Norfolk Southern Railway Company	220	Coil Cars	NS 164480-164699, inclusive
Northern Indiana Public Service Company	237	BethGon Coalporter	NORX 6000-6239, inclusive
Union Pacific Railway Company	174	Open Top Gondolas	WCRC 3000-3174, inclusive
Union Pacific Railway Company	149	Open Top Gondolas	WCRC 3175-3324, inclusive

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
Virginia Electric and Power Company	181	Coal Hoppers	CEFX 62390, 62395, 62408, 62412, 62428, 62436, 62440, 62445, 62697, 62698, 62701, 62704-62706, inclusive; 62708, 62710-62720, inclusive; 62722-62724, inclusive; 62728, 62729, 62731, 62734-62736, inclusive; 62738-62743, inclusive; 62745, 62746, 62750, 62752, 62753, 62757-62761, inclusive; 62763-62765, inclusive; 62768-62772, inclusive; 62775-62778, inclusive; 62780, 62784-62789, inclusive; 62791-62801, inclusive; 62803, 62805-62808, inclusive; 62811-62814, inclusive; 62816, 62819-62823, inclusive; 62825-62829, inclusive; 62831, 62833, 62834, 62837-62846, inclusive; 62849-62852, inclusive; 62854, 62856, 62857, 62859-62864, inclusive; 62867-62876, inclusive; 62878, 62880-62883, inclusive; 62885-62892, inclusive; 62896-62898, inclusive; 62901-62905, inclusive; 62907-62910, inclusive; 62912-62915, inclusive; 62918, 62919, 62921-62926, inclusive; and 62928-62934, inclusive

SCHEDULE D

Equipment

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
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
ConAgra, Inc. #1	30	Covered Hoppers	CEFX 75711, 75715-75716, inclusive; 75725-75750, inclusive, and 75755
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
GCC Rio Grande, Inc. (f/k/a Rio Grande Portland Cement Corporation)	200	Covered Hoppers	CEFX 80000-80199, inclusive
Boral Material Technologies, Inc.	100	Covered Hoppers	CEFX 95520-95619, inclusive

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>
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
Union Pacific Railroad Company #1	227	Autoflood Coal Car	CHTT 503001-503240, inclusive
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
Lone Star Industries, Inc.	24	Covered Hoppers	RGCX 1118-1142, inclusive
Marathon Ashland Petroleum, LLC	110	Open-Top Hoppers	JTSX 300115-300224, inclusive

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: October 26, 2004



Robert W. Alvord