RECORDATION NO. 25052-A FILED

OCT 2 6 '04 3-48 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

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 Notice of Merger, 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 which was previously filed with the Board under Recordation Number 25052.

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

Surviving Entity: North America Rail Leasing #3 LLC
(d/b/a Babcock & Brown Rail Leasing)
230 Park Avenue, 32nd Floor
New York, New York 10169

Merged Entity: North America Rail Leasing #32 LLC
(d/b/a Babcock & Brown Rail Leasing)
230 Park Avenue, 32nd Floor
New York, New York 10169

Merged Entity: North America Rail Leasing #33 LLC
(d/b/a Babcock & Brown Rail Leasing)
230 Park Avenue, 32nd Floor
New York, New York 10169

Merged Entity: North America Rail Leasing #34 LLC
(d/b/a Babcock & Brown Rail Leasing)
230 Park Avenue, 32nd Floor
New York, New York 10169

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

No new or additional equipment is associated with this filing.

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

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 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

North America Rail Leasing #3 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 26th day of October, 2004, notice is hereby given that effective October 26th, 2004, North America Rail Leasing #32 LLC, North America Rail Leasing #33, LLC and North America Rail Leasing #34, LLC have merged into North America Rail Leasing #3 LLC, with the surviving entity being North America Rail Leasing #3 LLC.

IN WITNESS WHEREOF, this Notice has been executed by the surviving entity North America Rail Leasing #3 LLC on the date first above written.

NORTH AMERICA RAIL LEASING #3 LLC

By: _____
Name: Bruce Carusi
Title: Vice President

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: _____
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, 20_06

My Commission Expires: _____

Residing in: New York, New York

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