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OF COUNSEL
URBAN A. LESTER

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

December 17, 2004

RECORDATION NO. 25360 FILED

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

DEC 17 '04 3:43 PM

SURFACE TRANSPORTATION BOARD

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 Mortgage (Indenture), dated as of December 17, 2004, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Head Lessor: Lloyds TSB Equipment
Leasing (No. 5) Limited
C/o Lloyds TSB Leasing
25 Gresham Street
London EC2V 7HN
England

Head Lessee: North America Rail Leasing #2 LLC
(d/b/a Babcock & Brown Rail Leasing)
c/o Babcock & Brown LP
230 Park Avenue
New York, New York 10169

Indenture Trustee: Wells Fargo Bank Northwest, N.A.
299 South Main Street, 12th Floor
Salt Lake City, Utah 84111

Mr. Vernon A. Williams
December 17, 2004
Page 2

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

25 centerbeam cars: SOO 600100 - SOO 600124,
198 centerbeam cars: AOK 29150 – AOK 29349 (except AOK 29207 and
AOK 29295)
150 coal gondola cars: WEPX 2875 – WEPX 3024

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

Memorandum of Mortgage (Indenture).

Also enclosed is a check in the amount of \$32.00 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

MEMORANDUM OF MORTGAGE (INDENTURE)

This Memorandum of Mortgage (Indenture) is made and entered into as of December 17, 2004 by **NORTH AMERICA RAIL LEASING #2 LLC** (d/b/a Babcock & Brown Rail Leasing) ("**Head Lessee**") and **LLOYDS TSB EQUIPMENT LEASING (NO. 5) LIMITED** ("**Head Lessor**") in favor of **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, as Indenture Trustee under the Trust Indenture referred to below (together with its successors and permitted assigns, the "**Indenture Trustee**"). Terms used in this instrument have the meanings assigned thereto (whether by reference to another document or otherwise) in that certain Trust Indenture and Security Agreement (COMBI I) dated as of December 17, 2004 (as amended, modified or supplemented, the "**Trust Indenture**") among the Head Lessee, Head Lessor, the Lenders named therein and the Indenture Trustee, as further supplemented by Indenture Supplement No. 11 dated as of December 17, 2004.

W I T N E S S E T H:

Head Lessor and Head Lessee have entered into the Trust Indenture by which Head Lessor and Head Lessee (or either of them, as the case may be) have granted to the Indenture Trustee, in order to secure the obligations set forth in the Trust Indenture, a first priority security interest in, *inter alia*, all of their right, title and interest in, to and under:

(a) certain railroad equipment bearing reporting marks as listed on Exhibit A attached hereto (collectively, the "**Supp 11 Units**"); and

(b) each lease referred to on Exhibit B attached hereto and any other lease entered into by Head Lessee or Head Lessor with respect to the Supp 11 Units.

RECORDATION NO. 25360 FILED

DEC 17 '04 3-43 PM

SURFACE TRANSPORTATION BOARD

[Memorandum of Mortgage (Indenture) (Supp 11)]

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

**NORTH AMERICA RAIL LEASING #2
LLC (d/b/a Babcock & Brown Rail
Leasing),
as Head Lessee**

By: 
Name: Bruce Carusi
Title: Vice President

**LLOYDS TSB EQUIPMENT LEASING
(NO. 5) LIMITED,
as Head Lessor**

By: _____
Name:
Title:

[Memorandum of Mortgage (Indenture) (Supp 11)]

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

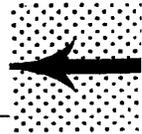
**NORTH AMERICA RAIL LEASING #2
LLC (d/b/a Babcock & Brown Rail
Leasing),
as Head Lessee**

By: _____
Name:
Title:

**LLOYDS TSB EQUIPMENT LEASING
(NO. 5) LIMITED
as Head Lessor**

By: _____
Name:
Title:

AR Foad
**AR FOAD
Director**



STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On the th 16 day of December in the year 2004 before me personally came Bruce Carusi to me known, who, being by me duly sworn, did depose and say that he resides at Mill Neck, New York; that he is the Vice President of North America Rail Leasing #2 LLC the entity described in and which executed the above instrument; and that he signed his name thereto by authority of the board of directors of said corporation.



Notary Public

[Notarial Seal]

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County,
Commission Expires December 4, 2006

CHEESWRIGHTS
NOTARIES PUBLIC

10 Philpot Lane London EC3M 8BR
Telephone: 020 7623 9477 (or) 07000 NOTARIES

Facsimile: 020 7623 5428
E-mail: notary@cheeswrights.co.uk
www.cheeswrights.co.uk
DX 627/London City EC3

KINGDOM OF ENGLAND)

) s.s.

CITY OF LONDON)

On this sixteenth day of December in the year two thousand and four before me **ANDREW JONATHAN CLAUDET** of the City of London **NOTARY PUBLIC** by royal authority duly admitted and sworn personally came and appeared **ALLAN ROBERT FOAD**, an attorney of **LLOYDS TSB EQUIPMENT LEASING (NO.5) LIMITED**, who acknowledged himself to be a duly authorized officer of the said company, and that, as such officer, being authorized to do so, he execute the annexed instrument for the purposes therein contained.

Andrew Jonathan Claudet



N P Ready
Ruth M Campbell J B Burgess E Gardiner
A J Claudet I A Rogers

[Memorandum of Mortgage (Indenture) (Supp 11)]

EXHIBIT A

Equipment

| <u>Lessee</u> | <u>No. of Units</u> | <u>Unit Type</u> | <u>Reporting Marks</u> | <u>Casualty Marks</u> |
|-------------------------------------|---------------------|------------------|---|-----------------------|
| Soo Line Railroad Company | 25 | Centerbeams | SOO 600100-600124, inclusive | None |
| RailTex, Inc. | 198 | Centerbeams | AOK 29150-29206, AOK 29208-29294 and AOK 29296-29349, inclusive | AOK 29207 |
| Wisconsin Electric Power Company | 150 | Coal Gondolas | WEPX 2875-3024, inclusive | None |

EXHIBIT B

List of Leases and Other Operative Agreements

Lease No. 1 – Soo Line Railroad Company

Lease Agreement made as of September 1, 2003, by and between the Seller (as assignee of Greenbrier Leasing Corporation) and Soo Line Railroad Company.

Schedule No. 3 to Lease Agreement made as of March 1, 2004, by and between the Seller (as assignee of Greenbrier Leasing Corporation) and Soo Line Railroad Company.

Memorandum of Lease Agreement and Schedule No. 3 made and entered into as of March 1, 2004, by and between the Seller (as assignee of Greenbrier Leasing Corporation) and Soo Line Railroad Company.

Bill of Sale dated May 20, 2004, from American Railcar Industries, Inc. to Greenbrier Leasing Corporation.

Lease No. 2 – RailTex, Inc.

Lease Agreement made as of April 1, 2004, by and between the Seller (as assignee of Greenbrier Leasing Corporation) and RailTex, Inc.

Schedule No. 1 to Lease Agreement made as of April 1, 2004, by and between the Seller (as assignee of Greenbrier Leasing Corporation) and RailTex, Inc.

Memorandum of Lease Agreement and Schedule No. 1 made and entered into as of April 1, 2004, by and between the Seller (as assignee of Greenbrier Leasing Corporation) and RailTex, Inc.

Bill of Sale dated August 10, 2004, from American Railcar Industries, Inc. to Greenbrier Leasing Corporation.

Lease No. 3 – Wisconsin Electric Power Company

Master Net Railcar Lease made as of July 24, 1997, by and between the Seller (as assignee of The CIT Group/Equipment Financing, Inc.) and Wisconsin Electric Power Company.

Schedule No. 01 to Master Net Railcar Lease made as of July 24, 1997, by and between the Seller (as assignee of The CIT Group/Equipment Financing, Inc.) and Wisconsin Electric Power Company.

Memorandum of Net Railcar Lease dated July 24, 1997, by and between the Seller (as assignee of The CIT Group/Equipment Financing, Inc.) and Wisconsin Electric Power Company.

Extension to Lease entered into as of July 28, 2000, by and between the Seller (as assignee of The CIT Group/Equipment Financing, Inc.) and Wisconsin Electric Power Company, for the period September 1, 2000 through August 31, 2003.

Extension to Lease Schedule No. 01 entered into as of September 15, 2003, effective as of September 1, 2003, by and between the Seller (as assignee of The CIT Group/Equipment Financing, Inc.) and Wisconsin Electric Power Company.

Letter Agreement dated October 6, 2004, effective from April 2003, between the Seller (as assignee of The CIT Group/Equipment Financing, Inc.) and Wisconsin Electric Power Company with respect to the replacement of bolsters on the Equipment subject to Lease No. 3.

Warranty Bill of Sale dated July 25, 1997, from Thrall Car Manufacturing Company to The CIT Group/Equipment Financing, Inc.

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: 12/17/04



Robert W. Alvord