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OF COUNSEL  
URBAN A. LESTER

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

December 17, 2004

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

RECORDATION NO. 25360-B FILED

DEC 17 '04 3-56 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 Head Lease, dated as of December 17, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the documents being filed with the Board under Recordation Number \_\_\_\_\_.

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  
(successor by merger to North America  
Rail Leasing #1 LLC  
d/b/a Babcock & Brown Rail Leasing)  
230 Park Avenue  
New York, New York 10169

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 Head Lease.

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

RECORDATION NO. 25360-13 FILED

DEC 17 '04 3-56 PM EXECUTION  
VERSION

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF HEAD LEASE

THIS MEMORANDUM OF HEAD LEASE, dated as of this seventeenth day of December 2004, made by Lloyds TSB Equipment Leasing (No. 5) Limited, a limited liability company incorporated under the laws of England and Wales (the "Head Lessor") and North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability company (the "Head Lessee" and, together with the Head Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Head Lessor and the Head Lessee entered into that certain Master Railcar Head Lease Agreement (COMBI I) dated as of December 17, 2004 (as amended, supplemented and modified, the "Head Lease"), as further supplemented by Supplement No. 11 to Master Railcar Head Lease (COMBI I) dated as of December 17, 2004 covering the equipment listed on Schedule A 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 the 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 #2 LLC  
(d/b/a BABCOCK & BROWN RAIL LEASING),  
as the Head Lessee

By:   
Name: Bruce Carusi  
Title: Vice President

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

By: \_\_\_\_\_  
Name:  
Title:

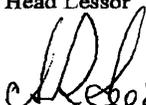
MEMO OF HEAD LEASE

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

NORTH AMERICA RAIL LEASING #2 LLC  
(d/b/a BABCOCK & BROWN RAIL LEASING),  
as the Head Lessee

By: \_\_\_\_\_  
Name:  
Title:

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

By:   
Name:  
Title: **A R FOAD**  
**Director**

MEMO OF HEAD LEASE

State of New York            )  
  )  
County of New York         )

On this, the 16<sup>th</sup> day of December, 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 #2 LLC (d/b/a Babcock & Brown Rail Leasing), who acknowledged himself to be a duly authorized officer of North America Rail Leasing #2 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: Karen A. Houlihan  
Notary Public

My Commission Expires:            **KAREN A. HOULIHAN**  
**Notary Public, State of New York**  
**No. 01HG6051904**  
Residing in:            **Qualified in New York County**  
**Commission Expires December 4, 2006**

MEMO OF HEAD LEASE

**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

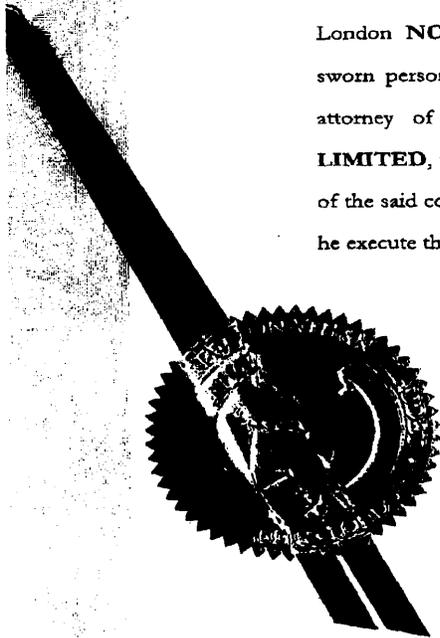
KINGDOM OF ENGLAND)

) 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.

*Maun*



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

**SCHEDULE 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

**CERTIFICATION**

I, Robert W. Alvoid, 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. Alvoid