

RECORDATION NO. 25860 FILED

SEP 28 '05

2-00 PM

SURFACE TRANSPORTATION BOARD

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

September 27, 2005

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 Net Railcar Lease No. 1, dated as of August 15, 2005, 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:

Lessor: Babcock & Brown Rail Funding LLC
1 Dag Hammarskjold Plaza
885 Second Avenue
New York, NY 10017

Lessee: Canadian National Railway Company
935 de la Gauchetiere Street West
Montreal, Quebec
Canada H3B 2M9

A description of the railroad equipment covered by the enclosed document
is:
230 bethgon II coal porter railcars CNA 193000 to CNA 193229, inclusive.

Mr. Vernon A. Williams
September 27, 2005
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A short summary of the document to appear in the index follows:

Memorandum of Net Railcar Lease No. 1

Also enclosed is a check in the amount of \$33.00 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,

A handwritten signature in black ink, appearing to read "R. Alvord", with a long horizontal stroke extending to the right.

Robert W. Alvord

RWA/anm
Enclosures

MEMORANDUM OF NET RAILCAR LEASE NO. 01

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF NET RAILCAR LEASE NO. 01 dated as of this 15th day of August, 2005, between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company (the "Lessor") and CANADIAN NATIONAL RAILWAY COMPANY, a Canadian corporation (the "Lessee" and together with the Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Parties have entered into that certain Master Net Railcar Lease effective as of August 15, 2005, and Schedule No. 01 thereto effective as of the same date (hereinafter as the same may from time to time be amended, modified or supplemented, the "Agreement"), covering the equipment listed on Exhibit A hereto (the "Cars");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Agreement, 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, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Cars to the Lessee in accordance with the terms and conditions of the Agreement, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

This Memorandum of Net Railcar Lease No. 01 may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Net Railcar Lease No. 01 to be executed by a duly authorized officer as of the day and year first above written.

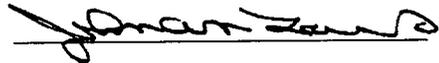
BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: 

Name: Ross Sullivan

Title: Vice President

CANADIAN NATIONAL RAILWAY COMPANY, as Lessee

By: 

Name: John A.N. Lamont

Title: Senior Manager, Asset Finance

EXHIBIT A TO MEMORANDUM OF NET RAILCAR LEASE NO. 01

<u>Quantity</u>	<u>Car Description</u>	<u>Reporting Marks and Numbers</u>
Two Hundred Thirty (230)	4520 CF Aluminum body rotary dump BethGon II Coal Porter railcars, 286,000 lbs. GRL, AAR car type code J311, built in 2005 by FreightCar America, Inc.	CNA 193000 to 193229

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: September 28, 2005



Robert W. Alvord