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

RECORDATION NO. 25610-A FILED

DEC 2 2 '05 3-36 PM

SURFACE TRANSPORTATION BOARD

December 22, 2005

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

Re: Desticon Transportation Services, Inc.
Canadian Forest Products Ltd.

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Termination of Security Interest, dated as of December 22, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document is a complete release and relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 25610.

The name and address of the party to the enclosed document are:

Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany

[Debtor: Babcock & Brown Rail Funding LLC
885 Second Avenue
New York, New York 10017]

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

224 Flatcars: AOK 26700 - AOK 26774, AOK 29580 - AOK 29645 and AOK 29647 - AOK 29729.

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

Termination of Security Interest.

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,

Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 25610-A FILED

DEC 2 2 '05 3-36 PM

SURFACE TRANSPORTATION BOARD

EXECUTION COPY

TERMINATION OF SECURITY INTEREST

THIS TERMINATION OF SECURITY INTEREST (this "**Termination**") is made this 22nd day of December, 2005 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Borrower**") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "**Agent**") for the banks under the Amended and Restated Security Agreement dated as of October 18, 2002 (as amended, supplemented or otherwise modified through the date hereof, the "**Security Agreement**"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

WHEREAS, the Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

WHEREAS, the Borrower is party to those certain Memoranda of Mortgage described in Schedule I hereto, each copy of which was duly filed with the Surface Transportation Board (the "**STB**") (the "**Memoranda of Mortgage**"); and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage, and to record such termination and cancellation with the STB.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage, effective as of the date this Termination is filed with the STB (the "**Effective Date**"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Termination with the STB so as to release any security interest in and mortgage lien upon the property described in Schedule I hereto and Exhibits A and B to each of the Memoranda of Mortgage created by or arising out of the Security Agreement.

3. This Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

BABCOCK & BROWN RAIL FUNDING LLC

By: _____
Name: Ross Sullivan
Title: Vice President

BAYERISCHE HYPO- UND VEREINSBANK AG, not it its individual capacity except as expressly provided herein, but solely as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[Termination of Security Interest]

STATE OF CALIFORNIA)
) ss.:
COUNTY OF SAN FRANCISCO)

On the 21st day of December in the year 2005 before me personally came Ross Sullivan to me known, who, being by me duly sworn, did depose and say that he resides at 1090 Butterfield Road, San Anselmo, CA 94960; that he is the Vice President (duly appointed) of Babcock & Brown Rail Funding LLC, the limited liability company described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability company name(s) thereto by authority of the board of directors of said limited liability company.

HEIDI WAGNER
Commission # 1359567
Notary Public - California
San Francisco County
My Comm. Expires Jun 4, 2006

Heidi Wag
Notary Public

[Notarial Seal]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

BABCOCK & BROWN RAIL FUNDING LLC

By:_____
Name:
Title:

BAYERISCHE HYPO- UND VEREINSBANK AG, not it its individual capacity except as expressly provided herein, but solely as Agent

By:_____
Name: Markus Prasch
Title: Director

By:_____
Name: Stefan Nagel
Title: Managing Director

[Termination of Security Interest]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Subscribed to me on this 22nd day of December, 2005 by Markus Pransky, Director of Bayerische Hypo- und Vereinsbank AG and Stefan Niggl, Managing Director of Bayerische Hypo- und Vereinsbank AG.

Notary Public

[Notarial Seal]

NANCY J. NEUBAUER
Notary Public, State of New York
No. 01NE5041602
Qualified in New York County
Commission Expires April 10, 2007

[Termination of Security Interest]

Schedule I to
Termination of Security Interest

EQUIPMENT

Memoranda of Mortgage	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
Memorandum of Mortgage dated July 5, 2005	246	1980	2494 CF 50' mill gondola railcars equipped with 5' sides, AAR Car Type Code E530, 263,000 GRL	CNW 350500-350644, inclusive; 350646-350678, inclusive; and 350680-350751, inclusive	CNW 350527, 350575, 350582 and 350708
Memorandum of Mortgage dated May 31, 2005	149	2005	73' center partition flatcars with flat floors and non-tapered center partitions, AAR Car Type F483, 286,000 lbs. GRL	AOK 29580-29645, inclusive; and 29647-29729, inclusive	None
Memorandum of Mortgage dated May 31, 2005	75	2005	73' center partition flatcars with flat floors and non-tapered center partitions, AAR Car Type F483, 286,000 lbs. GRL	AOK 26700-26774, inclusive	None
Memorandum of Mortgage dated July 12, 2005	250	2005	4200 CF Aluminum body Rotary Autoflood III™ open top coal hoppers, 286,000 lbs. GRL, AAR Type K341	FEPX 050001-050250, inclusive	None
Memorandum of Mortgage dated August 30, 2005	240	2005	Aluminum AutoFlood III rapid discharge rotary coupler Coal Hoppers, 286,000 lbs. GRL	CMO 504000-504239, inclusive	None
Memorandum of Mortgage dated August 31, 2005	40	2005	73' riserless deck Centerbeam Flatcars, 286,000 lbs. GRL, AAR Type F483	AOK 27900-27939, inclusive	None

Memorandum of Mortgage dated August 31, 2005	25	2005	73' riserless deck Centerbeam Flatcars, 286,000 lbs. GRL, AAR Type F483	AOK 26965-26989, inclusive	None
Memorandum of Mortgage dated September 28, 2005	230	2005	4520 CF Aluminum body rotary dump BethGon II Coal Porter Railcars, 286K GRL AAR Type J311	CNA 193000 to 193229, inclusive	None
Memorandum of Mortgage dated October 31, 2005	125	2005	4520 CF Aluminum body rotary dump BethGon II Coal Porter railcars, 286K lbs. GRL, AAR car type J311	NORX 9001-9125, inclusive	None
Memorandum of Mortgage dated November 10, 2005	135	2005	4520 CF Aluminum body rotary dump BethGon II Coal Porter railcars, 286K lbs. GRL, AAR car type code J311	ETRX 853001-853135, inclusive	None
Memorandum of Mortgage dated November 30, 2005	125	2005	4200 CF Aluminum body Rotary Autoflood III Open Top Coal Hoppers, 286K lbs. GRL, AAR Car Type Code K341	TVAX 25125, 25127-25142, inclusive; 25144-25151, inclusive; 25153-25202, inclusive; 25204-25227, inclusive; 25229-25249, inclusive; 25253, and 25255-25258, inclusive	None
Memorandum of Mortgage dated November 30, 2005	125	2005	4200 CF Aluminum body Rotary Autoflood III Open Top Coal Hoppers, 286K lbs. GRL, AAR Car Type Code K341	JHMX 05001-05125, inclusive	None
Memorandum of Mortgage dated December 14, 2005	125	2005	4200 CF Aluminum body Rotary Autoflood III Open Top Coal Hoppers, 286K lbs. GRL, AAR Car Type Code K341	TVAX 25126, 25143, 25152, 25203, 25228, 25250-25252, inclusive; 25254, and 25259-25374, inclusive	None

Memorandum of Mortgage dated December 16, 2005	125	2005	4200 CF Aluminum body Rotary Autoflood III Open Top Coal Hoppers, 286K lbs. GRL, AAR Car Type Code K341	JHMX 05126-05250, inclusive	None
Memorandum of Mortgage dated December 20, 2005	125	2005	4520 CF Aluminum body rotary dump BethGon II Coal Porter railcars, 286,000 lbs. GRL, AAR car type code J311	TVAX 25000-25124, inclusive	None
Memorandum of Mortgage dated December 20, 2005	125	2005	4200 CF Aluminum body Rotary AutoFlood III™ open top coal hoppers, 286,000 lbs. GRL; AAR Car Type Code K341	TVAX 25375, 25376, 25378-25389, inclusive; 25391-25476, inclusive; 25479-25490, inclusive; 25493-25502, inclusive; and 25504-25506, inclusive	None
Memorandum of Mortgage dated December 20, 2005	135	2005	4520 CF Aluminum body rotary dump BethGon II Coal Porter railcars, 286,000 lbs. GRL, AAR car type code J311	FPPX 6000-6089, inclusive; and LCRX 6090-6134, inclusive	None