

RECORDATION NO. 26828 FILED

FEB 27 '07 -8 50 AM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
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February 27, 2007

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 Car Hire Lease Agreement, dated February 16, 2007 and effective November 15, 2006, 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, 49th Floor
New York, NY 10017

Lessee: The Kansas City Southern Railway Company
114 West 11th Street
Kansas City, MO 64105

Mr. Vernon A. Williams
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A description of the railroad equipment covered by the enclosed document is:

100 railcars: AOK 58040 – AOK 58139.

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

Memorandum of Car Hire Lease Agreement.

Also enclosed is a check in the amount of \$34.00 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 "Alvord", with a long horizontal stroke extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF CAR HIRE LEASE AGREEMENT

BETWEEN

BABCOCK & BROWN RAIL FUNDING LLC ("LESSOR")

AND

THE KANSAS CITY SOUTHERN RAILWAY COMPANY ("LESSEE")

FEBRUARY 16, 2007, EFFECTIVE NOVEMBER 15, 2006

RIDER NO. 1

DATED FEBRUARY 16, 2007, EFFECTIVE NOVEMBER 15, 2006

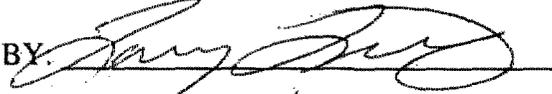
Memorandum of a Car Hire Lease Agreement and Rider No. 1 thereto, made and entered into as of February 16, 2007, effective November 15, 2006, by and between Babcock & Brown Rail Funding LLC, a Delaware limited liability company ("Lessor"), and The Kansas City Southern Railway Company, a Missouri corporation ("Lessee").

WITNESSETH:

1. Lessor has agreed to furnish to Lessee, and Lessee has agreed to lease from Lessor one hundred (100) five-unit articulated double-stack container cars with 40-foot wells ("Maxi-I" cars), bearing reporting marks and numbers AOK 58040 through AOK 58139, inclusive.
2. Rider No. 1 to the Car Hire Lease Agreement shall be effective as of the date first set forth hereinabove and shall be subject to the lease term set forth in Rider No. 1, as it may be amended from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective officers as of the date and year first above written.

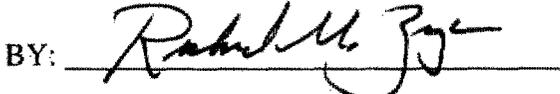
LESSOR:
BABCOCK & BROWN RAIL
FUNDING LLC

BY: 

NAME: LARRY LITTLEFIELD

TITLE: Vice President

LESSEE:
THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

BY: 

NAME: RICHARD M. ZUZA

TITLE: SVP OF INTERNATIONAL PURCHASES

STATE OF New York)

) SS:

COUNTY OF New York)

On February 26, 2007 before me, Clementina Capasso, Notary Public, personally appeared Larry Littlefield, personally known to me to be the person(s) whose name(s) (is) are subscribed to the within instrument and acknowledged to me that (he) she/they executed the same in (his) her/their authorized capacity(ies), and that by (his) her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Clementina Capasso

CLEMENTINA CAPASSO
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA6120806
QUALIFIED IN NEW YORK COUNTY
MY COMMISSION EXPIRES DEC. 27, 2008

STATE OF Missouri)

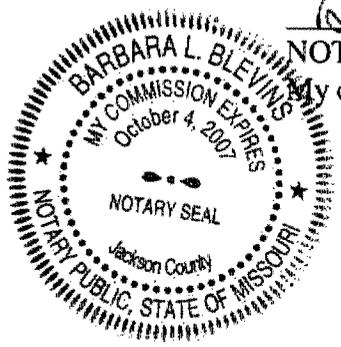
) SS.

COUNTY OF Jackson)

On this 21 day of February, 2007, before me personally appeared Richard M. Zuza, to me personally known, who being by me duly sworn, says that s/he is the Sr. V.P. of Int'l Purchasing of The Kansas City Southern Railway Company and that the foregoing instrument was signed on behalf of said corporation, and s/he acknowledged that the execution of the said instrument was her/his free act and deed.

Barbara L. Blevins
NOTARY PUBLIC

My commission expires: _____



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: 2/27/07



Robert W. Alvord