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January 16, 2008

RECORDATION NO. 27351-A FILED

JAN 16 '08 -2 00 PM

SURFACE TRANSPORTATION BOARD

Ms. Anne K. Quinlan, Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Re: **Synthetic Lease Financing of Railcars
Southwestern Electric Power Company - Lessee**

Dear Ms. Quinlan:

I am enclosing for recording pursuant to Section 11301 of Title 49 of the United States Code, two executed copies of the secondary document described below. As an attorney representing one of the parties in this transaction, I have knowledge of the matters described in this letter.

The secondary document is as follows:

Lease and Security Agreement Supplement No. 1, dated as of January 10, 2008, between the Lessor and the Lessee.

The primary document to which the Lease and Security Agreement Supplement No. 1 is connected is the Railcar Lease and Security Agreement No. 1, dated as of January 10, 2008, covering the railroad rolling stock bearing the road numbers listed in the exhibit thereto, which is being submitted for recording concurrently herewith.

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

LEASE AND SECURITY AGREEMENT SUPPLEMENT NO. 1

Lessor: **BTMU Capital Corporation
111 Huntington Avenue
Suite 400
Boston, Massachusetts 02199**

Law Offices of
CHAPMAN AND CUTLER LLP

Ms. Anne K. Quinlan, Acting Secretary
January 16, 2008
Page 2

Lessee: Southwestern Electric Power Company
c/o American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215

The description of the Equipment covered as of the date hereof by the aforesaid Lease and Security Agreement Supplement No. 1 is as set forth on Exhibit A hereto.

A fee of thirty five dollars (\$35.00) is enclosed. Please time and date stamp the enclosed copy of the enclosed document along with the extra copy of this letter as proof of filing and recordation of the enclosed document and return the original and any extra copies of such document and this letter not needed by the Board for recordation to:

Amanda J. Leahy, Esq.
Chapman and Cutler LLP
111 West Monroe
Chicago, IL 60603-4080

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

"LEASE AND SECURITY AGREEMENT SUPPLEMENT NO. 1, dated as of January 10, 2008, covering railroad rolling stock bearing the road numbers listed in the exhibit thereto. Lease and Security Agreement Supplement No. 1 is related to the Railcar Lease and Security Agreement No. 1 between the Lessor and the Lessee dated as of January 10, 2008, which is filed concurrently herewith."

If you have any questions or need further information regarding this matter, please do not hesitate to contact the undersigned at (312) 845-3464 or Edward J. Pelican at (312) 845-3861.

Sincerely,

CHAPMAN AND CUTLER LLP

By


Amanda J. Leahy

- AJL
Enclosures

EXHIBIT A

458 Johnstown America built 4,520 cubic foot Aluminum Bethgon II Coalporters bearing numbers COEH 6101 through COEH 6562 and COEH 699132 through COEH 699151 excepting the following:

COEH 006206	COEH 006525
COEH 006501	COEH 006526
COEH 006502	COEH 006527
COEH 006516	COEH 006528
COEH 006518	COEH 006529
COEH 006519	COEH 006531
COEH 006515	COEH 006536
COEH 006520	COEH 006537
COEH 006521	COEH 006538
COEH 006522	COEH 006539
COEH 006523	COEH 006542
COEH 006524	COEH 006543

JAN 16 '08 -2 00 PM

LEASE AND SECURITY AGREEMENT SUPPLEMENT NO. 1

SURFACE TRANSPORTATION BOARD

THIS LEASE AND SECURITY AGREEMENT SUPPLEMENT NO. 1 dated as of January 10, 2008 between BTMU CAPITAL CORPORATION (f/k/a BTM Capital Corporation), a Delaware corporation ("*Lessor*"), and SOUTHWESTERN ELECTRIC POWER COMPANY, a Delaware corporation ("*Lessee*"),

WITNESSETH:

1. Lessor and Lessee have heretofore entered into a Railcar Lease and Security Agreement No. 1 dated as of January 10, 2008 (the "*Lease*") providing for the execution and delivery of Lease and Security Agreement Supplements substantially in the form hereof. The terms defined in the Lease shall have the same meanings when used herein.

2. Lessee hereby acknowledges and confirms that on or prior to the date hereof, the Subject Equipment described in Schedule 1 attached hereto (the "*Subject Equipment*") has been delivered and assembled. Lessee represents that the Subject Equipment is free and clear of all liens and encumbrances.

3. Lessee hereby certifies that the date of acceptance of the Subject Equipment is January 10, 2008 and commencement of the Lease Term with respect thereto is January 10, 2008.

4. Lessee hereby certifies that such Acquisition Price for the Subject Equipment as of the date hereof is \$.

5. Fixed Rent, Stipulated Loss Values, Termination Amounts, Lessee Obligation and Lessor Residual Amount for the Subject Equipment is payable in the amounts and on the Rent Payment Dates set forth in Schedule 2 attached hereto.

6. Lessee hereby certifies that the Lease Balance for the Subject Equipment as of the date hereof is \$

7. Security Agreement.

Pursuant to and amending, supplementing and modifying Section 8 of the Lease, it is the intention of the parties that Lessee shall treat the Lease, for accounting purposes, as an operating lease, and for purposes of federal, state and local income tax, and commercial law and bankruptcy purposes, it is the intention of the parties hereto that (i) the Lease and this Lease and Security Agreement Supplement be treated as a security agreement (the "*Lessee Security Agreement*"), (ii) the Lessee Security Agreement will secure the payment and performance of the Secured Obligations, (iii) all payments of Fixed Rent and Supplemental Rent shall be treated as payment of principal, interest or premium, if any, on the Secured Obligations, and all payments of Stipulated Loss Value, Termination Amount, Lease Balance and Lessee Obligation shall be

treated as payment of principal of the Secured Obligations, (iv) Lessee should be treated as entitled to all benefits of ownership of the Equipment, (v) Lessor shall have all of the rights, powers and remedies of a secured party available under Applicable Law to take possession of and sell (whether by judicial foreclosure, power of sale or otherwise) the Lessee Collateral, (vi) the Effective Time of the Lessee Security Agreement will be the date of this Lease and Security Agreement Supplement and (vii) the reference to Section 8 of the Lease and Security Agreement in this Lease and Security Agreement Supplement shall be deemed to be the recording of the Lessee Security Agreement. Without limiting the foregoing, Lessee acknowledges that Lessor is concurrently with the grant of the security interest pursuant to Section 8 entering into the Security Agreement pursuant to which Lessor is assigning and granting a security interest in the Collateral (as such term is used in the Security Agreement), to all of which and to the terms of such Security Agreement Lessee unconditionally agrees.

Counterpart No. _____ of _____.

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be executed, all as of the day and year first above written.

SOUTHWESTERN ELECTRIC POWER COMPANY

By Stephen T. Hayes
Its Assistant Treasurer

BTMU CAPITAL CORPORATION (f/k/a BTM
Capital Corporation)

By _____
Its _____

IN WITNESS WHEREOF, Lessor and Lessee have caused this instrument to be executed, all as of the day and year first above written.

SOUTHWESTERN ELECTRIC POWER COMPANY

By _____
Its _____

BTMU CAPITAL CORPORATION (f/k/a BTM
Capital Corporation)

By  _____
Its Senior Vice President 

STATE OF OHIO)
) SS.:
COUNTY OF FRANKLIN)

January, 2008

On this, the 10th day of ~~December, 2007~~, before me, a Notary Public in and for said County and State, personally appeared Stephan T. Haynes, an Assistant Treasurer of SOUTHWESTERN ELECTRIC POWER COMPANY, who acknowledged himself to be a duly authorized officer of SOUTHWESTERN ELECTRIC POWER COMPANY, 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: _____
Notary Public
My Commission Expires: _____
Residing in _____



DAVID C. HANNON
NOTARY PUBLIC
STATE OF OHIO
COMMISSION EXPIRES 12/31/08

COMMONWEALTH OF MASSACHUSETTS)
) SS.:
COUNTY OF SUFFOLK)

On this, the _____ day of _____, _____, before me, a Notary Public in and for said County and State, personally appeared _____, the _____ of BTMU CAPITAL CORPORATION (f/k/a BTM Capital Corporation) who acknowledged himself to be a duly authorized officer of BTMU CAPITAL CORPORATION (f/k/a BTM Capital Corporation) 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: _____
Notary Public
My Commission Expires: _____
Residing in _____

STATE OF OHIO)
) SS.:
COUNTY OF FRANKLIN)

On this, the _____ day of _____, _____, before me, a Notary Public in and for said County and State, personally appeared _____, the _____ of SOUTHWESTERN ELECTRIC POWER COMPANY, who acknowledged himself to be a duly authorized officer of SOUTHWESTERN ELECTRIC POWER COMPANY, 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: _____
Notary Public
My Commission Expires: _____
Residing in _____

COMMONWEALTH OF MASSACHUSETTS)
) SS.:
COUNTY OF SUFFOLK)

On this, the 10th day of January, 2008, before me, a Notary Public in and for said County and State, personally appeared Cheryl A. Behan, a Senior Vice President of BTMU CAPITAL CORPORATION (f/k/a BTM Capital Corporation) who acknowledged herself to be a duly authorized officer of BTMU CAPITAL CORPORATION (f/k/a BTM Capital Corporation) and that, as such officer, being authorized to do so, she 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: Kathleen Casserly
Notary Public
My Commission Expires: August 1, 2009
Residing in Boston, MA

Receipt of this original counterpart of the foregoing Lease and Security Agreement Supplement is hereby acknowledged this 10th day of January, 2008.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Security Trustee

By 
Its Assistant Vice President

DESCRIPTION OF EQUIPMENT

458 Johnstown America built 4,520 cubic foot Aluminum Bethgon II Coalporters, as more specifically described in the Lease and Security Agreement Supplement delivered at the Effective Time bearing numbers COEH 6101 through COEH 6562 and COEH 699132 through COEH 699151 excepting the following:

COEH 006206	COEH 006525
COEH 006501	COEH 006526
COEH 006502	COEH 006527
COEH 006516	COEH 006528
COEH 006518	COEH 006529
COEH 006519	COEH 006531
COEH 006515	COEH 006536
COEH 006520	COEH 006537
COEH 006521	COEH 006538
COEH 006522	COEH 006539
COEH 006523	COEH 006542
COEH 006524	COEH 006543

SCHEDULE 1
(to Lease and Security Agreement
Supplement No. 1)

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: 1/16/08



Robert W. Alvord