

RECORDATION NO. 27164-^E ~~FILED~~

OCT 17 '08 -9 00 AM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A LESTER

October 17, 2008

Anne K. Quinlan, Esquire
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Railcar Full Service Agreement, dated as of May 16, 2008, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memoranda of Mortgage previously filed with the Board under Recordation Numbers 27164.

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

Lessor: Babcock & Brown Rail Funding LLC
885 Second Avenue, 49th Floor
New York, NY 10017

Lessee: Progress Energy Florida, Inc.
P.O. Box 1551
Raleigh, NC 27602-1551

Anne K. Quinlan, Esquire
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A description of the railroad equipment covered by the enclosed document
is:

115 railcars within the series BNBX 121270 - BNBX 121394 as more
particularly set forth in the attachment to the document.

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

Memorandum of Railcar Full Service Agreement.

Also enclosed is a check in the amount of \$41.00 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/sem
Enclosures

OCT 17 '08 -9 00 AM

SURFACE TRANSPORTATION BOARD
EXECUTION VERSION

MEMORANDUM OF RAILCAR FULL SERVICE AGREEMENT

THIS MEMORANDUM OF RAILCAR FULL SERVICE AGREEMENT dated as of this 18th day of May, 2008, to that certain Master Railcar Full Service Agreement dated as of May 16, 2008 between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company and PROGRESS ENERGY FLORIDA, INC., a Florida corporation (the "Lessee"), is made by the Lessor and Lessee and (the Lessor and together with the Lessee, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, Lessor and the Lessee entered into that certain Master Railcar Full Service Agreement dated as of May 16, 2008 and the Parties entered into that certain Schedule No. 01 thereto dated as of the same date (hereinafter as the same may from time to time be amended, modified or supplemented, the "Service 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 Service 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 Service 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 Railcar Full Service Agreement 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 Railcar Full Service Agreement to be executed by a duly authorized officer or other representative as of the day and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: 

Name: Ross Sullivan

Title: Vice President

Date: 5/21/08

PROGRESS ENERGY FLORIDA, INC., as Lessee

By: _____

Name: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Railcar Full Service Agreement to be executed by a duly authorized officer or other representative as of the day and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: _____
Name: _____
Title: _____
Date: _____

PROGRESS ENERGY FLORIDA, INC., as Lessee

By: Sandra Swickoff ^{pt}
Name: SANDRA SWICKOFF
Title: DIRECTOR - O&A
Date: 6/16/08

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

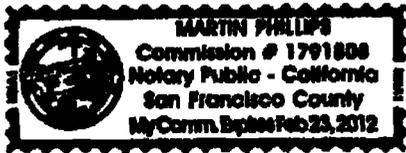
State of California

County of SAN FRANCISCO

On 5/21/08 before me, MARTIN PHILLIPS, NOTARY PUBLIC

personally appeared ROSS SULLIVAN, VICE PRESIDENT,
BABCOCK + BLOW RAIL FUNDING LLC

who proved to me on the basis of satisfactory evidence 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.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Martin Phillips
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: MEMORANDUM OF RAILROAD LEASE

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): VP
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

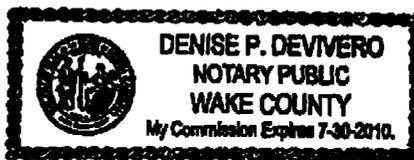
STATE OF North Carolina)

COUNTY OF Wake) SS:

On May 16, 2008, before me, Denise P. DeVivero, Notary Public, personally appeared Sandra S. Wyckoff, 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.

Denise P. DeVivero



**EXHIBIT A
TO MEMORANDUM OF RAILCAR FULL SERVICE AGREEMENT**

<u>Quantity</u>	<u>Car Description</u>	<u>Reporting Marks and Numbers</u>
One hundred - fifteen (115)	4200 CF Aluminum Autoflood III, open top hoppers, AAR Car Type: K341.	BNBX: 121270 - 121372, 121374 - 121380, 121382 - 121383, 121392 - 121394

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: 10/17/08



Robert W. Alvord