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

September 20, 2010

Chief  
Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

Dear Section Chief,

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Full Service Railcar Lease, dated as of June 23, 2010, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 27295.

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: The Kansas City Southern Railway Company  
114 West 11<sup>th</sup> Street  
Kansas City, MO 64105

Section Chief  
September 20, 2010  
Page 2

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

231 covered hopper railcars within the series FLIX 3501 - FLIX 3899 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 Full Service Railcar Lease.

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,

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

Robert W. Alvord

RWA/sem  
Enclosures

MEMORANDUM OF FULL SERVICE RAILCAR LEASE

THIS MEMORANDUM OF FULL SERVICE RAILCAR LEASE dated as of this 23<sup>rd</sup> day of June, 2010, to that certain Master Full Service Railcar Lease dated as of May 11, 2009, effective as of October 24, 2008, between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company and THE KANSAS CITY SOUTHERN RAILWAY COMPANY, a Missouri 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 Full Service Railcar Lease dated as of May 11, 2009, effective as of October 24, 2008 and the Parties entered into that certain Schedule No. 01 thereto dated as of the same date;

WHEREAS, the Parties have entered into Schedule No. 02 dated as of June 23, 2010 covering the equipment listed on Exhibit A hereto (the "Cars") and wish to show for the public record the existence of the Schedule No. 02 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 set forth below;

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 Full Service Railcar Lease 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 Full Service Railcar Lease to be executed by a duly authorized officer or other representative as of the date set forth below.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By:   
Name: \_\_\_\_\_  
Title: Larry Littlefield  
Date: 6/23/2010 Vice President

THE KANSAS CITY SOUTHERN RAILWAY COMPANY, as Lessee

By:   
Name: Paul J. Weyandt  
Title: SC VP Finance & Treasurer  
Date: 6/17/2010

STATE OF New York )

COUNTY OF New York )

SS:

On 6/23, 2010, before me, Indra Bedasie Notary Public, personally appeared Harry 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.



INDRA BEDASIE  
Notary Public, State of New York  
No. 01BE6014602  
Qualified in Queens County  
Certificate Filed in New York County,  
Commission Expires October 19, 2010

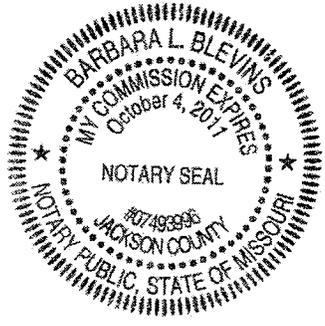
STATE OF Missouri )  
 )  
COUNTY OF Jackson )

SS:

On June 17 2010, before me, Barbara L. Blevins Notary Public, personally appeared Paul J. Weyant 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.

Barbara L. Blevins



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

Quantity of Cars

Car Description

Two hundred thirty one (231)

5161 CF covered hopper railcars, AAR Car Type Code C114, built by Trinity Industries in 1996.

Reporting Car Mark and Numbers

FLIX 3501	FLIX 3552	FLIX 3609	FLIX 3658	FLIX 3707	FLIX 3766	FLIX 3825
FLIX 3503	FLIX 3553	FLIX 3610	FLIX 3659	FLIX 3708	FLIX 3775	FLIX 3826
FLIX 3505	FLIX 3554	FLIX 3611	FLIX 3660	FLIX 3710	FLIX 3776	FLIX 3827
FLIX 3507	FLIX 3555	FLIX 3612	FLIX 3661	FLIX 3711	FLIX 3777	FLIX 3828
FLIX 3508	FLIX 3556	FLIX 3613	FLIX 3663	FLIX 3713	FLIX 3778	FLIX 3833
FLIX 3513	FLIX 3557	FLIX 3615	FLIX 3664	FLIX 3717	FLIX 3782	FLIX 3834
FLIX 3514	FLIX 3558	FLIX 3616	FLIX 3665	FLIX 3718	FLIX 3783	FLIX 3836
FLIX 3515	FLIX 3560	FLIX 3618	FLIX 3666	FLIX 3719	FLIX 3785	FLIX 3840
FLIX 3516	FLIX 3561	FLIX 3619	FLIX 3668	FLIX 3721	FLIX 3787	FLIX 3841
FLIX 3518	FLIX 3562	FLIX 3620	FLIX 3669	FLIX 3722	FLIX 3788	FLIX 3843
FLIX 3519	FLIX 3563	FLIX 3625	FLIX 3671	FLIX 3727	FLIX 3789	FLIX 3848
FLIX 3520	FLIX 3566	FLIX 3626	FLIX 3673	FLIX 3728	FLIX 3790	FLIX 3849
FLIX 3521	FLIX 3567	FLIX 3627	FLIX 3676	FLIX 3731	FLIX 3791	FLIX 3851
FLIX 3523	FLIX 3571	FLIX 3629	FLIX 3680	FLIX 3733	FLIX 3792	FLIX 3852
FLIX 3525	FLIX 3575	FLIX 3632	FLIX 3682	FLIX 3734	FLIX 3793	FLIX 3853
FLIX 3526	FLIX 3579	FLIX 3633	FLIX 3683	FLIX 3736	FLIX 3795	FLIX 3854
FLIX 3527	FLIX 3580	FLIX 3635	FLIX 3685	FLIX 3737	FLIX 3797	FLIX 3859
FLIX 3528	FLIX 3581	FLIX 3636	FLIX 3687	FLIX 3742	FLIX 3799	FLIX 3860
FLIX 3529	FLIX 3583	FLIX 3638	FLIX 3688	FLIX 3744	FLIX 3800	FLIX 3861
FLIX 3530	FLIX 3584	FLIX 3640	FLIX 3690	FLIX 3745	FLIX 3801	FLIX 3862
FLIX 3532	FLIX 3585	FLIX 3642	FLIX 3692	FLIX 3749	FLIX 3804	FLIX 3870
FLIX 3536	FLIX 3586	FLIX 3643	FLIX 3694	FLIX 3750	FLIX 3807	FLIX 3871
FLIX 3538	FLIX 3587	FLIX 3644	FLIX 3695	FLIX 3751	FLIX 3808	FLIX 3872
FLIX 3539	FLIX 3589	FLIX 3645	FLIX 3697	FLIX 3752	FLIX 3809	FLIX 3875
FLIX 3540	FLIX 3590	FLIX 3646	FLIX 3698	FLIX 3756	FLIX 3810	FLIX 3879
FLIX 3542	FLIX 3594	FLIX 3647	FLIX 3699	FLIX 3757	FLIX 3811	FLIX 3882
FLIX 3543	FLIX 3595	FLIX 3649	FLIX 3700	FLIX 3758	FLIX 3813	FLIX 3884
FLIX 3544	FLIX 3596	FLIX 3651	FLIX 3701	FLIX 3759	FLIX 3814	FLIX 3885
FLIX 3545	FLIX 3601	FLIX 3653	FLIX 3702	FLIX 3760	FLIX 3816	FLIX 3886
FLIX 3547	FLIX 3602	FLIX 3654	FLIX 3703	FLIX 3761	FLIX 3817	FLIX 3887
FLIX 3548	FLIX 3605	FLIX 3655	FLIX 3704	FLIX 3763	FLIX 3818	FLIX 3888
FLIX 3549	FLIX 3607	FLIX 3656	FLIX 3705	FLIX 3764	FLIX 3821	FLIX 3896
FLIX 3550	FLIX 3608	FLIX 3657	FLIX 3706	FLIX 3765	FLIX 3822	FLIX 3899

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: 9/20/10



\_\_\_\_\_  
Robert W. Alvord