

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

July 25, 2002

RECORDATION NO. 23758-B FILED

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

JUL 26 '02 4-02 PM

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Assignment and Assumption Agreement, dated as of July 25, 2002, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Railroad Equipment Lease Agreement which was previously filed with the Board under Recordation Number 23758.

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

Assignor:	Joseph Leasing Ltd. 300 Pike Street Cincinnati, Ohio 45202
Assignee:	Babcock & Brown Rail Funding LLC 599 Lexington Avenue New York, New York 10022

Mr. Vernon A. Williams
July 25, 2002
Page 2

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

280 aluminum bethgon coal porter railcars: PSTX 5001 – PSTX 5030 and PSTX 8001 - PSTX 8250.

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

Assignment and Assumption Agreement.

Also enclosed is a check in the amount of \$30.00 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

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement dated as of July 26, 2002 (this "Agreement"), is between Joseph Leasing Ltd., an Ohio limited liability company (the "Seller") and Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Buyer").

WITNESSETH:

WHEREAS, the Buyer and the Seller have entered into that certain Purchase Agreement [JLL/BBRF] dated as of July 26, 2002 (the "Purchase Agreement"), providing for the purchase of the Ownership Interest by the Buyer from the Seller, subject to the terms and conditions set forth therein; and

WHEREAS, the Purchase Agreement contemplates the execution and delivery of this Agreement by the Seller and the Buyer on the date hereof.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

1. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to them in Section 4 of this Agreement.
2. Assignment. Effective as to each item of Equipment on the Closing Date, the Seller sells to the Buyer all of the Seller's rights, title and interest, except as reserved under Section 2.1 of the Purchase Agreement, in and to such item and assigns to the Buyer all of the Seller's rights and obligations, except to the extent constituting Existing Obligations, under each of the following as they relate to such item:
 - (a) the Lease;
 - (b) Memorandum of Railroad Equipment Lease Agreement entered into November 28, 2001, between the Seller (as assignee of Joseph Transportation Services, Inc.) and Consumers Energy Company;
 - (c) Acceptance Certificate dated as of January 11, 2001, covering 135 Aluminum Bethgon Coal Porters bearing reporting marks PSTX 8001 – 8135;
 - (d) Acceptance Certificate dated as of January 21, 2002, covering 135 Aluminum Bethgon Coal Porters bearing reporting marks PSTX 5001 – 5020, inclusive; and PSTX 8136 – 8250, inclusive;
 - (e) Acceptance Certificate dated as of January 23, 2002, covering 10 Aluminum Bethgon Coal Porters bearing reporting marks PSTX 5021 – 5030, inclusive;
 - (f) Assignment and Assumption Agreement dated November 28, 2001 between Joseph Transportation Services, Inc. and the Seller;

RECORDATION NO. 23758-B FILED

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A & A Agreement [Consumers]

SURFACE TRANSPORTATION BOARD

(g) Notice of Assignment of Lease and Acknowledgement by Lessee dated as of May 3, 2002, among Joseph Transportation Services, Inc., the Seller and Consumers Energy Company;

(h) Memorandum of Assignment and Assumption Agreement dated November 28, 2001 between Joseph Transportation Services, Inc. and the Seller;

(i) Bill of Sale dated December 14, 2001, from Johnstown America Corporation to Joseph Transportation Services, Inc.; and

(j) Bill of Sale dated January 17, 2002, from Johnstown America Corporation to Joseph Transportation Services, Inc. (collectively, the "Assigned Operative Agreements").

Notwithstanding the foregoing, the Seller shall continue to be entitled to the benefit of any rights to indemnification for tax and other matters which arose or may arise from or be related to any event or circumstance occurring or in existence prior to the Closing Date, as specified in the Purchase Agreement.

3. Acceptance of Assignment; Assumption of Obligations; Effect of Assignment. The Buyer accepts the assignment contained in Section 2 hereof and, in respect of the period on and after the Closing Date, assumes all obligations of the Seller under, and agrees to be bound to the same extent as the Seller by all the terms of, the Assigned Operative Agreements. Effective on and after the Closing Date, the Buyer shall be deemed to stand in the place of the Seller for all purposes under the Assigned Operative Agreements and each reference in the Assigned Operative Agreements to the Seller shall be deemed to mean the Buyer. The Seller, in respect of the period on and after the Closing Date, is released of all obligations of the lessor under the Assigned Operative Agreements, except to the extent constituting Existing Obligations.

4. Definitions. Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below whenever used in this Agreement (terms defined in the singular to have a correlative meaning when used in the plural and vice versa).

Bill of Sale: as to any one or more items of Equipment, a bill of sale in the form of Exhibit 1 hereto.

Closing Date: as to any one or more items of Equipment and related Ownership Interest, the date of the Bill of Sale with respect thereto.

Equipment: the items of equipment listed on Exhibit A hereto, together with each and every part, accessory, component and any equipment installed therein or attached thereto owned by the Seller (individually such railcars shall be referred to as an "item" or "items of Equipment").

Existing Obligations: any and all liabilities and obligations of Seller under the Ownership Interest, including the Assigned Operative Agreements, or otherwise relating to the Equipment in each such case, to the extent arising or occurring prior to the Closing

Date (whether or not asserted or assessed), and, with respect to the obligations, to have been performed by Seller prior to the Closing Date.

Lease: Railroad Equipment Lease dated as of November 28, 2001, entered into by and between Seller, as lessor and Lessee, as lessee, as amended, modified or supplemented from time to time.

Lessee: Consumers Energy Company.

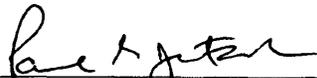
Ownership Interest: the Seller's rights, title and interest in and to the Equipment and the Seller's rights and obligations under the Assigned Operative Agreements, except the Existing Obligations.

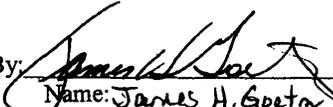
5. Amendments. No provision of this Agreement may be amended, modified or waived except by written agreement duly executed by each of the parties hereto.
6. Notices. All notices, requests or other communications to or upon any party hereto in connection herewith shall be given in the manner prescribed by Section 9.5 of the Purchase Agreement.
7. Headings. The section headings used in this Agreement are for convenience of reference only and shall not be used or construed to define, interpret, expand or limit any provision hereof.
8. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.
9. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal substantive laws of the State of New York, without giving effect to the conflict of law rules thereof, other than Section 5-1401 of the New York General Obligations Law.
10. Recordation. The Seller and the Buyer agree to record this Agreement with the Surface Transportation Board and the Registrar General of Canada, as applicable, to evidence the assignment by the Seller to the Buyer of the Seller's rights and obligations under the Lease, if and only if the Lease has been recorded with the Surface Transportation Board or the Registrar General of Canada, as the case may be.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

JOSEPH LEASING LTD.,
as Seller

By: 
Name: Paul G. Jantsch
Title: Committee member

By: 
Name: James H. Goetz
Title: Committee member

BABCOCK & BROWN RAIL FUNDING LLC,
as Buyer

By: _____
Name:
Title:

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

JOSEPH LEASING LTD.,
as Seller

By: _____

Name:

Title:

By: _____

Name:

Title:

BABCOCK & BROWN RAIL FUNDING LLC,
as Buyer

By:  _____

Name: Thomas McGraw

Title: Vice President

State of Ohio)
)
County of Hamilton)

On this, the 19th day of July, 2002, before me, a Notary Public in and for said County and State, personally appeared Paul G. Jantsek, the Committee Member and James H. Gratz, the Committee member of Joseph Leasing Ltd, who acknowledged themselves to be duly authorized officers of Joseph Leasing Ltd., and that, as such officer, being authorized to do so, they 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: Angela Denise Watts
Notary Public

ANGELA DENISE WATTS
Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration
Date Section 147.08 O.R.C.

My Commission Expires: _____

Residing in: Butler Co., OH

State of New York)
)
County of New York)

On this, the 23rd day of July, 2002, before me, a Notary Public in and for said County and State, personally appeared Thomas McGraw, the Vice President of Babcock & Brown Rail Funding LLC, who acknowledged himself to be a duly authorized officer of Babcock & Brown Rail Funding LLC, 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: Jennifer Moreno
Notary Public

My Commission Expires:

Jennifer Moreno
Notary Public, State of New York
No. 02M06096346
Qualified in Queens County
Commission Expires January 24, 2006

BILL OF SALE

On this _____ day of _____, 2002, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Joseph Leasing Ltd. ("Seller"), does hereby sell, transfer and assign to Babcock & Brown Rail Funding LLC ("Buyer") all of Seller's rights, title and interest in and to the equipment described in Exhibit A hereto (the "Equipment"), subject to the terms and conditions of the Purchase Agreement dated as of the date hereof (the "Purchase Agreement") and the Assignment and Assumption Agreement dated the date hereof, each between Seller and Buyer.

Seller represents and warrants to Buyer and its successors and assigns that at the time of delivery of the Equipment, Seller had legal title thereto and good and lawful right to sell the Equipment, and the Equipment was free and clear of all Liens (as defined in the Purchase Agreement), other than as described in Section 3.3 of the Purchase Agreement.

JOSEPH LEASING LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:

EQUIPMENT

Two hundred eighty (280) J311 4520 CF Aluminum Bethgon Coal Porters bearing the reporting marks as follows:

PSTX 5001 – 5030, inclusive; and PSTX 8001 – 8250, inclusive

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: 7/25/02



Robert W. Alvord