

RECORDATION NO. 24100 FILED

SEP 10 '02 3-53 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

September 10, 2002

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 an Assignment and Assumption Agreement, dated September 10, 2002, 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:

Buyer/Assignee: C.I.T. Leasing Corporation
1211 Avenue of the Americas
New York, NY 10036

Seller/Assignor: Flex Leasing Corporation
Suite 300
234 Front Street
San Francisco, CA 94111

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

Forty-three (43) railcars ALY 91683 – 91702, inclusive, 91704, 91705, 91707 – 91710, inclusive, 91712 – 91714, inclusive, 91716, 91717, 91719, 91722, 91723, 91726 – 91728, inclusive and 91730 through 91735, inclusive.

Mr. Vernon A. Williams
September 10, 2002
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A short summary of the document to appear in the index follows:

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/anr
Enclosures

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement, dated as of September 10, 2002 (this "Agreement"), is between C.I.T. Leasing Corporation, a Delaware corporation (the "Buyer"), and Flex Leasing Corporation, a Delaware corporation (the "Seller").

Witnesseth:

WHEREAS, the Buyer and the Seller have entered into that certain Purchase Agreement dated as of August 28, 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 unit of Equipment identified on Exhibit A hereto, 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 unit of Equipment 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 unit of Equipment:
 - (a) the Lease (to the extent of the Schedule, it being understood that the Master Lease shall not be assigned (and shall remain in effect with the Seller) to the extent of Schedule No. 01 to the Master Lease, dated January 19, 2002, and any other schedules, other than the Schedule, entered into between the Lessee and the Seller from time to time);
 - (b) Bill of Sale dated August 30, 2002 from National Steel Car Limited to Flex Leasing Corporation with respect to the units of Equipment identified on Exhibit A hereto; and
 - (c) the rights and remedies in respect of the representations, warranties and indemnities in the Purchase Agreement, dated April 3, 2002, between National Steel Car Limited and the Seller, providing for the manufacture, sale and purchase of 100 62' Bulkhead Flat Cars (the "Vendor Agreement") (all of the foregoing, 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

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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 hereby 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, to the extent such obligations do not constitute Existing Obligations. Except with respect to the Existing Obligations, 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 units of Equipment, a bill of sale in the form of Exhibit B hereto.

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

Equipment: the units 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 of the Seller under the Ownership Interest, to have been performed by Seller prior to the Closing Date, any obligations with respect to the Side Letter, dated August 8, 2002 between the Seller and the Lessee, arising prior to or after the Closing Date, and any obligations with respect to the Vendor Agreement arising at any time.

Lease: Master Car Lease Agreement dated as of January 17, 2002 (the "Master Lease"), entered into by and between Seller, as lessor, and Lessee, as lessee, and Schedule No. 02, dated August 14, 2002, to Master Car Lease Agreement, dated as of January 17, 2002 (the "Schedule") between Seller and Lessee, and Amendment No. 1 to Schedule No. 02, executed and delivered as of August 29, 2002 (the "Amendment"), between the Seller and the Lessee, as each may be amended, modified or supplemented from time to time (it being understood, however, that the Side Letter, dated August 8,

2002, between the Seller and the Lessee, shall not be assigned to, nor assumed by, the Buyer).

Lessee: RailTex, Inc.

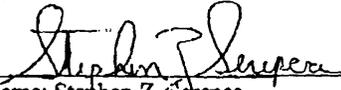
Ownership Interest: the Seller's rights, title and interest in and to the Equipment and the Seller's rights and obligations under the Assigned Operative Agreements, except the Existing Obligations.

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 or 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.

[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.

C.I.T. LEASING CORPORATION,
as Buyer

By: 
Name: Stephen Z. Serpeca
Title: Senior Vice President

FLEX LEASING CORPORATION, as Seller

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.

C.I.T. LEASING CORPORATION,
as Buyer

By: _____
Name:
Title:

FLEX LEASING CORPORATION, as Seller

By: DP Hayes
Name: D. P. Hayes
Title: President

State of _____ CA)
County of _____ SF)

On this, the 3rd day of September, 2002, before me, a Notary Public in and for said County and State, personally appeared Desmond P Hayes, the President of Flex Leasing Corporation, who acknowledged himself to be a duly authorized officer of Flex Leasing 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: Joan Juster
Notary Public



My Commission Expires: June 28, 2005

Residing in: San Francisco, CA

Exhibit A
EQUIPMENT

<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
43	2002	62' inside length Bulkhead flatcars, 5' high end-bulkheads, Plate C; 101 ton capacity, 286,000 lb. gross rail load, swing-motion trucks, end of car cushioning.	ALY 91683 through 91702, inclusive, 91704, 91705, 91707 through 91710, inclusive, 91712 through 91714, inclusive, 91716, 91717, 91719, 91722, 91723, 91726 through 91728, inclusive and 91730 through 91735, inclusive.	None.

Exhibit B

BILL OF SALE

On this ___ day of September, 2002, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Flex Leasing Corporation ("Seller"), does hereby sell, transfer and assign to C.I.T. Leasing Corporation ("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 August 28, 2002, between Seller and Buyer (the "Purchase Agreement"), and the Assignment and Assumption Agreement dated as of the date hereof, 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 full legal and marketable 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.

FLEX LEASING CORPORATION

By: _____
Name:
Title:

Exhibit A
(to Bill of Sale)

EQUIPMENT

<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
43	2002	62' inside length Bulkhead flatcars, 5' high end-bulkheads, Plate C; 101 ton capacity, 286,000 lb. gross rail load, swing-motion trucks, end of car cushioning.	ALY 91683 through 91702, inclusive, 91704, 91705, 91707 through 91710, inclusive, 91712 through 91714, inclusive, 91716, 91717, 91719, 91722, 91723, 91726 through 91728, inclusive and 91730 through 91735, inclusive.	None.