RECORDATION NO. 21550-H FILED

DEC 19 '03 2-47 PM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

December 19, 2003

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 a Memorandum of Assignment and Assumption Agreement, dated as of December 19, 2003, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the documents previously filed with the Board under Recordation Number 21550.

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

Seller:	Babcock & Brown Rail Funding LLC 230 Park Avenue, 32nd Floor New York, New York 10169
Buyer:	BBRM Title Holding SPC #2 LLC c/o Babcock & Brown Rail Management LLC 230 Park Avenue, 32nd Floor New York, New York 10169
Head Lessor:	Lloyds TSB Equipment Leasing (No.5) Limited c/o Lloyds TSB Bank plc 25 Gresham Street London EC2V 7HN U.K.
Head Lessee:	North American Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing) 230 Park Avenue, 32nd Floor New York, New York 10169

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

50 railcars: BCOL 873800 - BCOL 873849.

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

Memorandum of 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

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of this 19th day of December, 2003, is among Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Seller"), BBRM Title Holding SPC #2 LLC, a Delaware limited liability company (the "Buyer"), Lloyds TSB Equipment Leasing (No. 5) Limited, a limited liability company incorporated under the laws of England and Wales (as assignee of BBRM Sub #1 LLC) (the "Head Lessor") and North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability company (the "Head Lessee" and, together with the Seller, the Buyer and the Head Lessor, the "Parties"). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Assignment (as defined below).

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Parties have entered into that certain Assignment and Assumption Agreement dated as of December 19, 2003 (the "Assignment ") covering the equipment listed on Schedule A hereto (the "Equipment") and, in respect of the Equipment, the Lease of the Equipment and the prior assignment of the Lease (all as described in (a) the Assignment and Assumption Agreement filed on December 12, 2003 and (b) the Head Lease (COMBI I) described in an Amended Memorandum of Head Lease dated the date hereof to be filed concurrently herewith) (collectively, the "Lease Documents");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Assignment 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, by this instrument, the Seller transfers and assigns to the Buyer, the Buyer transfers and assigns to the Head Lessor and the Head Lessor assigns to the Head Lessee all of their respective rights and obligations under the Lease Documents, and each of the Parties hereto confirms and accepts such terms and conditions as set forth above, which are incorporated by reference as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BABCOCK & BROWN RAIL FUNDING LLC, as Seller

By: _____
Name: Lawrence E. Littlefield
Title: Vice President

LLOYDS TSB EQUIPMENT LEASING (NO. 5) LIMITED, as Head Lessor

By: _____
Name:
Title:

NORTH AMERICA RAIL LEASING #2 LLC (d/b/a BABCOCK & BROWN RAIL LEASING), as Head Lessee

By: _____
Name: Thomas McGraw
Title: Vice President

BBRM TITLE HOLDING SPC #2 LLC, as Buyer

By: _____
Name: Ross Sullivan
Title: Vice President

State of New York)
)
County of New York)

On this, the 18th day of December, 2003, before me, a Notary Public in and for said County and State, personally appeared Lawrence E. Littlefield, a 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: Jeniffer Moreno
Notary Public

Jeniffer Moreno
Notary Public, State of New York
No. 01 MO6036346
Qualified in Queens County
Commission Expires January 24, 2006

State of New York)
)
County of New York)

On this, the 19th day of December, 2003, before me, a Notary Public in and for said County and State, personally appeared Robin A. Davis, a Head of Legal and Company Secretary Lloyds TSB Equipment Leasing (No. 5) Limited, who acknowledged himself/herself to be a duly authorized officer of Lloyds TSB Equipment Leasing (No. 5) Limited, and that, as such officer, being authorized to do so, he/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.

FRANCIS BYUN
NOTARY PUBLIC, State of New York
No. 01BY6088750
Certificate Filed in New York County
Commission Expires March 17, 2007

Name: _____
Notary Public

My Commission Expires: March 17, 2007

Residing in: New York, New York

State of New York)
)
County of New York)

On this, the 18th day of December, 2003, before me, a Notary Public in and for said County and State, personally appeared Thomas McGraw, a Vice President of North America Rail Leasing #2 LLC, who acknowledged himself to be a duly authorized officer of North America Rail Leasing #2 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: Jeniffer Moreno
Notary Public

Jeniffer Moreno
Notary Public, State of New York
No. 01 MO6036346
Qualified in Queens County
Commission Expires January 24, 2006

State of New York)
)
County of New York)

On this, the 18th day of December, 2003, before me, a Notary Public in and for said County and State, personally appeared Ross Sullivan, a Vice President of BBRM Title Holding SPC #2 LLC, who acknowledged himself to be a duly authorized officer of BBRM Title Holding SPC #2 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: Jeniffer Moreno
Notary Public

Jeniffer Moreno
Notary Public, State of New York
No. 01 MO6036346
Qualified in Queens County
Commission Expires January 24, 2006

Schedule A
(to Memorandum of Assignment and
Assumption Agreement)

EQUIPMENT

Fifty (50) AAR Code F483, 73' Centerbeam Flatcars with riserless deck, 286,000 GRL, built in 2003 by National Steel Car Limited and bearing reporting marks BCOL 873800-873849, inclusive.