

RECORDATION NO. 23327-N FILED

MAY 20 '04 3-33 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

May 20, 2004

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 May 20, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Assignment previously filed with the Board under Recordation Number 23327-L.

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

Seller: Babcock & Brown Rail Funding LLC
c/o Babcock & Brown LP
230 Park Avenue
New York, NY 10169

Buyer: BBRM Title Holding SPC #2 LLC
c/o Babcock & Brown LP
230 Park Avenue
New York, NY 10169

Mr. Vernon A. Williams
May 20, 2004
Page Two

Head Lessor: Lloyds TSB Equipment
Leasing (No. 5) Limited
C/o Lloyds TSB Leasing
25 Gresham Street
London EC2V 7HN
England

Head Lessee: North America Rail Leasing
#2 LLC
(d/b/a Babcock & Brown Rail Leasing)
c/o Babcock & Brown LP
230 Park Avenue
New York, NY 10169

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

200 flatcars BNSF 562675 - BNSF 562874

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

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 one stamped copy of the enclosed documents to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

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EXECUTION VERSION

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of this 20th day of May, 2004, 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 May 20, 2004 (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 April 30, 2004, and (b) the Head Lease (COMBI I) described in a Memorandum of Head Lease dated the date hereof to be filed concurrently herewith) (collectively, the "Lease Documents");

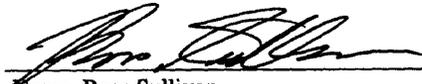
WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Assignment and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

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.

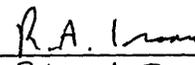
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

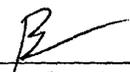
BABCOCK & BROWN RAIL FUNDING LLC, as Seller

By: 
Name: Ross Sullivan
Title: Vice President

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

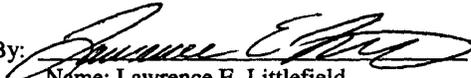
By: 
Name: Robin A. Isaacs
Title: Attorney-in-Fact

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

By: 
Name: Bruce Carusi
Title: Vice President

[MEMO OF A&A]

BBRM TITLE HOLDING SPC #2 LLC, as Buyer

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

[MEMO OF A&A]

State of NEW YORK)
)
County of NEW YORK)

On this, the 18th day of May, 2004, before me, a Notary Public in and for said County and State, personally appeared Ross Sullivan, 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: Sophia Bryan
 Notary Public

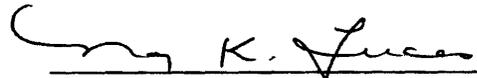
My Commission Expires: May 5, 2006

Residing in: New York

SOPHIA BRYAN
Notary Public, State of New York
No. 01BR6042226
Qualified in Queens County
Certificate Filed in New York
Commission Expires May 5, 2006

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On the 19th day of May in the year 2004 before me personally came Robin Alexander Isaacs to me known, who, being by me duly sworn, did depose and say that he resides at 25 Gresham Street, London EC2V 7HN; that he is the Head of Legal and Assistant Company Secretary of Lloyds TSB Equipment Leasing (No. 5) Limited, the entity described in and which executed the above instrument; and that he signed his name thereto by authority of the board of directors of said corporation.



Notary Public

[Notarial Seal]

Nancy K. Lucas
Notary Public, State of New York
NO. 02LU0004703
Qualified in Nassau County
Certificate filed in New York County
Commission Expires June 30, 2007

State of NEW YORK)
)
County of NEW YORK)

On this, the 18th day of May, 2004, before me, a Notary Public in and for said County and State, personally appeared Bruce Carusi, a Vice President of North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing), who acknowledged himself to be a duly authorized officer of North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing), 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: Sophia R
Notary Public
My Commission Expires: May 5, 2006
Residing in: New York



State of NEW YORK)
)
County of NEW YORK)

On this, the 18th day of May, 2004, before me, a Notary Public in and for said County and State, personally appeared Lawrence E. Littlefield, 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: Sophia Bryan
Notary Public

My Commission Expires: May 5, 2006

Residing in: New York

SOPHIA BRYAN
Notary Public, State of New York
No. 01BR6042226
Qualified in Queens County
Certificate Filed in New York
Commission Expires May 5, 2006

Schedule A
(to Memorandum of Assignment and
Assumption Agreement)

EQUIPMENT

Two hundred (200) 2003 and 2004 built, AAR Code F483, 73' Centerbeam Flatcars with riserless deck, 286,000 GRL, built by American Railcar Industries, Inc.

Reporting Marks & Numbers:

2003 built: BNSF 562675-562678, inclusive; BNSF 562680.

2004 built: BNSF 562679; BNSF 562681-562874, inclusive.