

RECORDATION NO. 21625-C FILED

JUL 07 '04 2-32 PM

SURFACE TRANSPORTATION BOARD

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 7, 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 an Assignment and Assumption Agreement, dated as of July 7, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Railcar Equipment Lease which was previously filed with the Board under Recordation Number 21625.

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

Assignor: Banc of America Leasing & Capital, LLC
555 California Street, 4th Floor
San Francisco, CA 94104

Assignee: Babcock & Brown Rail Funding LLC
230 Park Avenue
32nd Flr.
New York, NY 10169

Mr. Vernon A. Williams
July 7, 2004
Page Two

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

300 railcars WEPX 3025 – WEPX 3324

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

JUL 07 '04 2-32 PM

SURFACE TRANSPORTATION BOARD

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement, dated as of July 7, 2004 (this "Agreement"), is between Banc of America Leasing & Capital, LLC, a Delaware 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 [BALC] dated as of the date hereof (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) Rider 1 to the Lease dated August 26, 1998, by and between the Seller (as ultimate assignee of JAIX Leasing Company) and the Lessee;
 - (c) First Amendment to the Lease entered into as of January 18, 2001, by and between the Seller (as ultimate assignee of JAIX Leasing Company) and the Lessee;
 - (d) Memorandum of Railcar Equipment Lease dated as of August 26, 1998, by and between the Seller (as ultimate assignee of JAIX Leasing company) and the Lessee;
 - (e) Purchase and Sale Agreement made as of September 25, 1998 by and between JAIX Leasing Company, as seller, and NationsBanc Leasing Corporation, as buyer;

- (f) Warranty Bill of Sale dated September 30, 1998 from JAIX Leasing Company to the Seller (as successor by merger to NationsBanc Leasing Corporation);
- (g) Assignment and Assumption Agreement dated September 30, 1998, by and between JAIX Leasing Company and the Seller (as successor by merger to NationsBanc Leasing Corporation); and
- (h) Memorandum of Assignment and Assumption Agreement dated as of September 30, 1998, by and between JAIX Leasing Company and the Seller (as successor by merger to NationsBanc Leasing Corporation) (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 B 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: Railcar Equipment Lease dated as of August 26, 1998, entered into by and between the Seller, as lessor, and the Lessee, as lessee, as amended, modified or supplemented from time to time.

Lessee: Wisconsin Electric Power 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 to evidence the assignment by the Seller to the Buyer of the Seller's rights and obligations under the Lease, which shall have been recorded with the Surface Transportation Board.

[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.

BABCOCK & BROWN RAIL FUNDING LLC,
as Buyer

By: 
Name: Ross Sullivan
Title: Vice President

BANC OF AMERICA LEASING & CAPITAL,
LLC, as Seller

By: _____
Name:
Title:

State of California)
)
County of San Francisco)

On this, the 1ST day of July, 2004, before me, a Notary Public in and for said County and State, personally appeared Ross Sullivan, 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: Heidi Wag
Notary Public

My Commission Expires: June 4, 2006

Residing in: San Francisco, CA



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

BABCOCK & BROWN RAIL FUNDING LLC,
as Buyer

By: _____
Name:
Title:

BANC OF AMERICA LEASING & CAPITAL,
LLC, as Seller

By: Maryann W. Borowski
Name: Maryann W. Borowski
Title: Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

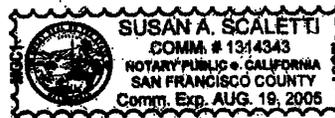
STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO)

On June 28, 2004 before me, Susan A. Scaletti
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared, Maryann W. Borowski, a Vice President of Banc of America Leasing & Capital, LLC
personally known to me (or proved to me on the basis of satisfactory evidence) 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.

Susan A. Scaletti (SEAL)
NOTARY PUBLIC SIGNATURE



OPTIONAL INFORMATION

TITLE OR TYPE OF DOCUMENT _____
DATE OF DOCUMENT _____ NUMBER OF PAGES _____
SIGNER(S) OTHER THAN NAMED ABOVE _____

**Exhibit A
(to Assignment
and Assumption Agreement
and Bill of Sale)**

EQUIPMENT

Three hundred (300), 1998 built, 4480 CF outside stake aluminum BethGon Coalporter railcars,
AAR car type code J311, 286,000 GRL built by Freight Car Services, Inc.

Reporting Marks & Numbers: WEPX 3025-3324, inclusive.

Exhibit B
(to Assignment
and Assumption Agreement)

BILL OF SALE

On this ____ day of July, 2004, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Banc of America Leasing & Capital, LLC ("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 [BALC] dated as of the date hereof, between Seller and Buyer (the "Purchase Agreement"), and the Assignment and Assumption Agreement dated as of 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.

BANC OF AMERICA LEASING & CAPITAL,
LLC

By: _____
Name:
Title:

2078943_v1

2078943_v1

-2-

A&A Agr. [BALC] - Exhibits, etc.

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: _____

July 1, 2004



Robert W. Alvord