RECORDATION NO. 25136-J FILED

MAY 11 '05 3-52 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

May 11, 2005

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 11, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed relates to the Memorandum of Master Lease Agreement (Rider No. 1) previously filed with the Board under Recordation Number 25136.

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

Seller: Babcock & Brown Rail Funding LLC
c/o Babcock & Brown LP
1 Dag Hammarskjold Plaza
885 Second Avenue
49th Floor
New York, NY 10017

Buyer: BBRM Title Holding SPC #2 LLC
c/o Babcock & Brown LP
1 Dag Hammarskjold Plaza
885 Second Avenue
49th Floor
New York, NY 10017

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)
1 Dag Hammarskjold Plaza
885 Second Avenue
49th Floor
New York, NY 10017

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

13 coal hoppers railcars CHTT 503554 – CHTT 503566

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 $32.00 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 VERSEION

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS MEMORANDUM OF ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of this 11th day of May 2005, 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 11, 2005 (the "Assignment") covering the equipment listed on Schedule A hereto (the "Equipment") and, in respect of the Equipment, the Lease of the Equipment (as described in 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: Victoria McManus
Title: 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: Victoria McManus
Title: President

BBRM TITLE HOLDING SPC #2 LLC, as Buyer

By: _____
Name: Victoria McManus
Title: President

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:
Title:

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

By: _____
Name:
Title: Attorney in fact

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

By: _____
Name:
Title:

BBRM TITLE HOLDING SPC #2 LLC, as Buyer

By: _____
Name:
Title:

State of New York)
)
County of New York)

On this, the 11th day of May, 2005, before me, a Notary Public in and for said County and State, personally appeared Victoria McManus, the President of BABCOCK & BROWN RAIL FUNDING LLC, who acknowledged herself to be a duly authorized officer of BABCOCK & BROWN RAIL FUNDING LLC, and that, as such officer, being authorized to do so, 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.

Name: Karen A. Houlihan
Notary Public

My Commission Expires: _____

Residing in: _____

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2006

CHEESWRIGHTS
NOTARIES PUBLIC

10 Philpot Lane London EC3M 8BR
Telephone: 020 7623 9477 (or) 07000 NOTARIES

Facsimile: 020 7623 5428
E-mail: notary@cheeswrights.co.uk
www.cheeswrights.co.uk
DX 627/London City EC3

KINGDOM OF ENGLAND)
) s.s.
CITY OF LONDON)

On this eleventh day of May in the year two thousand and five before me **IAIN ALEXANDER ROGERS** of the City of London **NOTARY PUBLIC** by royal authority duly admitted and sworn personally came and appeared **RICHARD PATRICK HOY** who, being by me duly sworn, did depose and say that he resides at London, England; that he is the duly appointed attorney-in-fact of **LLOYDS TSB EQUIPMENT LEASING (NO.5) LIMITED,** the Corporation described in and on whose behalf he signed and delivered the annexed instrument; that he was thereunto duly authorized by virtue of a power of attorney dated 10th May 2005 granted to him by authority of the board of directors of the said Corporation and that he so executed the said instrument pursuant to such authority for the uses and purposes therein set forth.

IAIN ALEXANDER ROGERS
Notary Public
London – England
(My Commission Expired With Life)

N P Ready
Ruth M Campbell J B Burgess E Gardiner
A J Claudet I A Rogers

and at: 29th Floor One Canada Square Canary Wharf London E14 5DY Telephone: 020 7712 1565 Facsimile: 020 7712 1501

State of New York)
)
County of New York)

On this, the 11th day of May, 2005, before me, a Notary Public in and for said County and State, personally appeared Victoria McManus, the President of NORTH AMERICA RAIL LEASING #2 LLC (d/b/a BABCOCK & BROWN RAIL LEASING), who acknowledged herself 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, 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.

Name: Karen A. Houlihan
Notary Public

My Commission Expires: _____

Residing in: _____

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2006

State of New York)
)
County of New York)

On this, the 11th day of May, 2005, before me, a Notary Public in and for said County and State, personally appeared Victoria McManus, the President of BBRM TITLE HOLDING SPC #2 LLC, who acknowledged herself to be a duly authorized officer of BBRM TITLE HOLDING SPC #2 LLC, and that, as such officer, being authorized to do so, 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.

Name: Karen A. Houlihan
Notary Public

My Commission Expires: _____

Residing in: _____

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2006

Schedule A
(to Memorandum of Assignment and
Assumption Agreement)

EQUIPMENT

Lessee	# Cars	Description	Reporting Marks	Casualty Marks
Union Pacific Railroad Company #2	13	Rotary aluminum AutoFlood III™ 4200 CF coal hopper railcars, 286,000 GRL, AAR car type code K341	CHTT 503554-503566, inclusive.	None

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: 5/11/05

Robert W. Alvord