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RECORDATION NO. Filed 1425

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INTERSTATE COMMERCE COMMISSION

Assignment of Lease
and Agreement

Dated as of February 1, 1979

between

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual
capacity but solely as
Owner-Trustee

and

LaSALLE NATIONAL BANK,
as Agent

Filed and recorded with the Interstate Commerce
Commission pursuant to Section 20c of the Interstate
Commerce Act on February __, 1979, at _____,
recordation number _____.

ASSIGNMENT OF LEASE AND AGREEMENT dated as of February 1, 1979 (hereinafter called this Assignment), by and between EXCHANGE NATIONAL BANK OF CHICAGO acting solely in its capacity as Trustee (hereinafter called the Owner-Trustee) under that certain Trust Agreement dated as of January 1, 1979, as amended by that certain Trust Amendment Agreement No. 1 dated as of February 1, 1979 (said Trust Agreement, as so amended, hereinafter called the Trust Agreement), with Citizens Fidelity Bank and Trust Company and Suburban Trust Company, and LASALLE NATIONAL BANK, as Agent (hereinafter called the Vendor) under a Participation Agreement dated as of the date hereof,

W I T N E S S E T H:

WHEREAS, the Owner-Trustee is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the CSA) with Shenandoah-Virginia Corporation (hereinafter called the Builder), providing for the sale to the Owner-Trustee of the units of railroad equipment (hereinafter called the Units) described therein as are delivered to and accepted by the Owner-Trustee thereunder;

WHEREAS, the Owner-trustee and Island Creek Coal Company (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Owner-Trustee to the Lessee of the Units;

WHEREAS, in order to provide security for the obligations of the Owner-Trustee under the CSA and as an inducement to the Vendor to invest in the Indebtedness (as defined in the CSA), the Owner-Trustee agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

Filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on February __, 1979, at _____, recordation number _____.

1. The Owner-Trustee hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Owner-Trustee under the CSA, all the Owner-Trustee's right, title and interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Owner-Trustee from the Lessee under or pursuant to the Lease whether as rent, casualty payment, termination payment, indemnity (except indemnity payments excluded from the income and proceeds from the Equipment, as defined in § 4.8 of the CSA), liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Owner-Trustee is or may become entitled to do under the Lease; provided, however, that so long as no event of default provided for in the CSA, or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing, no such assignment, transfer or set-over shall be effective with respect to either (a) the Owner-Trustee's right to collect any and all sums payable to it under Article 6 of the Lease unless and until the Vendor shall have notified the Owner-Trustee in writing in accordance with § 6.2 of the CSA of a claim made against the Vendor for any Taxes indemnified against under Article 6 of the CSA, or (b) the Owner-Trustee's right to collect any and all sums payable to it under Article 12 of the Lease unless and until the Vendor shall have given the Owner-Trustee written notice in accordance with § 14.1 of the CSA of any claim or liability against it which is indemnified against under said § 14.1. In furtherance of the foregoing (but subject to the provided, however clause of the preceding sentence), the Owner-Trustee hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Owner-Trustee or as its attorney, to demand, sue for, collect and receive any and all Payments to which the Owner-Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Owner-Trustee pursuant to the Lease. To the extent received, the Vendor will

apply such Payments to satisfy the obligations of the Owner-Trustee under the CSA and, so long as no event of default provided for in the CSA, or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing, the Vendor shall pay any balance to the Owner-Trustee on the same date such Payment is applied to satisfy such obligations of the Owner-Trustee (but in no event later than the third business day after the Vendor shall have received such Payments), by bank wire to the Owner-Trustee at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Owner-Trustee. If the Vendor shall not receive any rental payment under § 3.1 of the Lease when due, the Vendor shall notify the Owner-Trustee at the address set forth in the Lease; provided, however, that the failure to so notify the Owner-Trustee shall not affect the obligations of the Owner-Trustee hereunder or under the CSA. The Owner-Trustee will furnish to the Vendor a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the CSA and the Owner-Trustee under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, transfer or in any way affect the liability of the Owner-Trustee under the Lease, it being understood that notwithstanding this Assignment or any subsequent assignment, all obligations of the Owner-Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Owner-Trustee or persons other than the Vendor.

3. The Owner-Trustee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Owner-Trustee; without the written consent of the Vendor, the Owner-Trustee will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending or terminating the Lease, and the

Owner-Trustee agrees that any amendment or termination thereof without such consent shall be void.

4. The Owner-Trustee does hereby constitute the Vendor the Owner-Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Owner-Trustee or otherwise), to demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Owner-Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Owner-Trustee's obligations under the CSA, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Owner-Trustee.

6. The Owner-Trustee will, from time to time, execute and deliver any and all further instruments required by law or reasonably requested by the Vendor in order to further assure the interest of the Vendor hereunder.

7. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In such event, any such subsequent or successive assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

8. The Owner-Trustee will pay and discharge any and all claims, liens, charges or security interests (other than created hereby and by the CSA) on or in the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Owner-Trustee, an Owner (as defined in the CSA), or their successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the CSA or the Lease (but including tax liens arising out of the

receipt of the income and proceeds from the Units), unless the Owner-Trustee or an Owner, as the case may be, shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

9. This Assignment shall be governed by the laws of the Commonwealth of Kentucky, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Owner-Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered to the Vendor.

11. The Vendor will not, so long as no event of default provided for in the CSA, or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Owner-Trustee to the Vendor by this Assignment and which are for the sole benefit of the Owner-Trustee, without the prior consent of the Owner-Trustee.

12. Anything in this Assignment to the contrary notwithstanding, each and all of the representations, undertakings and agreements in this Assignment made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by Exchange National Bank of Chicago nor for the purpose or with the intention of binding the said institution personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the said institution solely in the exercise of the powers expressly conferred upon the said institution as trustee under the Trust Agreement; and that no personal liability is assumed by or shall at any time be asserted or enforceable against the said institution on account of any representation, undertaking or agreement herein of the Owner-Trustee, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person

claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for the satisfaction of the same. The Owner-Trustee agrees that it will not enter into any amendment or modification of the Trust Agreement except as provided in Articles VI, VII and VIII thereof.

13. This Assignment may be executed in any number of counterparts, such counterparts together constituting but one and the same instrument, but the counterpart marked Original Counterpart delivered to the Vendor shall be deemed to be the original counterpart and all other counterparts shall be deemed to be duplicates thereof. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

EXCHANGE NATIONAL BANK OF CHICAGO, not in its individual capacity but soley as Owner-Trustee

By [Signature]
Title: Vice President

[Seal]
Attest:
By [Signature]
Title: Assistant Trust Officer

LASALLE NATIONAL BANK, as Agent

By [Signature]
Title: Vice President

[Seal]
Attest:
By [Signature]
Title: ASSISTANT SECRETARY

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 15th day of February, 1979, before me personally appeared MICHAEL D. GOODMAN, to me personally known, who, being by me duly sworn, says that he is an Vice President of Exchange National Bank of Chicago, that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Trustees and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association, not in its individual capacity but solely as Trustee.

Norm Schuppenhans
Notary Public

[Notarial Seal]

My Commission expires May 27, 1979

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 15th day of February, 1979, before me personally appeared A. K. WEBER, to me personally known, who, being by me duly sworn, says that he is an VICE PRESIDENT of LaSalle National Bank, that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Patricia M. Kennedy
Notary Public

[Notarial Seal]

My Commission expires My Commission Expires August 24, 1982

CONSENT AND AGREEMENT

The undersigned, ISLAND CREEK COAL COMPANY (hereinafter called the Lessee), the lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Lease Assignment), hereby acknowledges receipt of a copy of, and consents to all the terms and conditions of the Lease Assignment, and agrees that:

(1) it will pay all rentals, casualty payments, termination payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to LaSalle National Bank, as Agent (hereinafter called the Vendor), the assignee named in the Lease Assignment, in immediately available funds, at 135 South La Salle Street, Chicago, Illinois 60690, Attention: Vice President (or at such other address as may be furnished in writing to the Lessee by the Vendor); provided, however, that it will pay to the Owner-Trustee all sums payable by the Lessee to the Owner-Trustee pursuant to Article 6 and Article 12 of the Lease unless and until it shall have received written notice from the Vendor that the assignment, transfer or set-over of the Owner-Trustee's right to collect such sums has become effective under the terms of the proviso to the first sentence of section 1 of the Lease Assignment and that, as a consequence, all or a portion of such sums should be payable to the Vendor;

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Owner-Trustee;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

