

ITEL

Itel Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

February 27, 1987

RECORDATION NO. 15146 Filed & Recorded

MAR 2 1987 10-8 5 AM

INTERSTATE COMMERCE COMMISSION

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Date: 3/2/87
Fee: 10.00
ICC Washington, D. C.

Re: Assignment dated as of December 15, 1986, by McCloud River Railroad Company of the Assignment Agreement dated as of November 4, 1986, between McCloud River Railroad Company and Canadian National Railways, to the Connecticut Bank and Trust Company, as Trustee, under a Trust Agreement dated as of May 1, 1979, with General Electric Credit Corporation

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument in seven (7) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. §11303(a), along with a check in the amount of \$30 covering the recordation fees.

Please record this Assignment under the Sublease Agreement dated as of December 15, 1986, between Green Bay & Western Railroad Company and McCloud River Railroad Company, which was filed with the ICC on January 8, 1987, and given Recordation No. 15146. Please cross-index this Assignment to the Lease Agreement dated as of March 8, 1979, between Itel Rail Corporation and Green Bay & Western Railroad Company, which was filed with the ICC on May 10, 1979, and given Recordation No. 10362. Also, please cross-index this Assignment to the Lease of Railroad Equipment, dated as of May 1, 1979, between Connecticut Bank and Trust Company and Itel Corporation, Rail Division (as predecessor in interest to Itel Rail Corporation), which was filed with the ICC on June 7, 1979, and given Recordation No. 10461.

The parties to the aforementioned instrument are listed below:

McCloud River Railroad Company (Assignor)
P.O. Drawer A
McCloud, California 96057

The Connecticut Bank and Trust (Assignee)
One Constitution Plaza
Hartford, Connecticut 06115

Attention: Corporate Trust Department

Hon. Noreta R. McGee
February 10, 1987
Page Two

This Assignment covers seventy-five (75) 50'7", 70-ton, Plate C boxcars subleased to the McCloud River Railroad Company ("MR"), which boxcars bear reporting marks MR 178882-178956.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the fee receipt and a letter from the ICC acknowledging this filing.

Very truly yours,

patricia schumacker

Patricia Schumacker
Legal Department

:ps
Enclosures

cc: Robert Kiehle
Marianne Ledda

ASSIGNMENT, dated as of December 15, 1986, by McCLOUD RIVER RAILROAD COMPANY of the Assignment Agreement dated as of November 4, 1986, between McCLOUD RIVER RAILROAD COMPANY and CANADIAN NATIONAL RAILWAYS, to the CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, acting not in its individual capacity but solely as Trustee (hereinafter called the "Trustee") under a Trust Agreement dated as of May 1, 1979 with GENERAL ELECTRIC CREDIT CORPORATION (hereinafter called the "Owner")

RECORDATION NO. 15746-2
Filed & Recorded

MAR 2 1987 10-8 5 AM

INTERSTATE COMMERCE COMMISSION

WHEREAS, the Trustee and Itel Rail Corporation, Rail Division (predecessor to Itel Rail Corporation and hereinafter called "Itel Rail") have entered into a Lease of Railroad Equipment dated as of May 1, 1979 (hereinafter called the "Lease") providing for the leasing by the Trustee to Itel Rail of certain of the units of railroad equipment described in Schedule A thereto; and

WHEREAS, Itel Rail and Green Bay and Western Railroad Company (hereinafter called the "Lessee") have entered into a Lease Agreement dated as of March 8, 1979, providing for the leasing by Itel Rail to Lessee of certain units subject to the Lease, which agreement was filed with the Interstate Commerce Commission on May 10, 1979 (Recordation No. 10362); and

WHEREAS, the Lessee and McCloud River Railroad Company (hereinafter called the "Sublessee"), have entered into a Sublease Agreement dated December 15, 1986, for the sublease of the units described in Schedule A hereto (the "Units") (solely as it relates to the Units described in Schedule A hereto, hereinafter called the "Sublease"), which agreement was filed with the Interstate Commerce Commission on January 8, 1987 (Recordation No. 15146); and

WHEREAS, Sublessee and Canadian National Railways (hereinafter called "CN") have entered into an Assignment Agreement dated as of November 4, 1986, (solely as it relates to the Units described in Schedule A hereto, hereinafter called the "CN Assignment Agreement") which provides for the placement of the Units into an assignment pool of CN for a period of time; and

WHEREAS, in order to provide security for the obligations of the Sublessee under the Sublease and the CN Assignment Agreement, the Sublessee agrees to assign, for security purposes only, all its right in, to and under the CN Assignment Agreement, as it relates to the Units described in Schedule A hereto, to the Trustee.

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:

1. Subject to the provisions of Paragraph 10 hereof, the Sublessee hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of the Sublessee's obligations under the CN Assignment Agreement, all the Sublessee's right, title and interest, powers, privileges, and other benefits under the CN Assignment Agreement, as the CN Assignment Agreement relates to the Units described in Schedule A hereto, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums now or hereafter payable to or receivable by the Sublessee from the CN under or pursuant to the provisions of the CN Assignment Agreement whether as rent, casualty payment, indemnity, 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 occurrence of any default in the performance by CN of the CN Assignment Agreement, and to do any and all other things whatsoever which the Sublessee is or may become entitled to do under the CN Assignment Agreement, as the CN Assignment Agreement relates to the Units described in Schedule A hereto. In furtherance of the foregoing assignment, the Sublessee hereby irrevocably authorizes and empowers the Trustee in its own name, or in the name of its nominee, or in the name of the Sublessee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Sublessee is or may become entitled under the CN Assignment Agreement, as the CN Assignment Agreement relates to the Units described in Schedule A hereto, and to enforce compliance by CN with all the terms and provisions thereof.

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

3. To protect the security afforded by this Assignment of the CN Assignment Agreement, but subject to the provisions of Paragraph 10 hereof, the Sublessee agrees as follows, all only to the extent that the CN Assignment Agreement relates to the Units described in Schedule A hereto:
 - (a) The Sublessee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the CN Assignment Agreement provides is to be performed by the Sublessee. The Sublessee agrees to provide the Trustee and the Owner with copies of any amendments, modifications or supplements to the CN Assignment Agreement and any waivers of any provisions thereof.

 - (b) Should the Sublessee fail to make any payment or to do any act which this Assignment of the CN Assignment Agreement requires the Sublessee to make or do, then the Trustee, but without obligation so to do, after first making written demand upon the Sublessee and affording the Sublessee a reasonable period of time within which to make such payment or do such act, but without releasing the Sublessee from any obligation thereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each

and every obligation, covenant and agreement of the Sublessee contained in the CN Assignment Agreement; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Sublessee will reimburse the Trustee for such costs, expenses and fees.

4. Subject to the provisions of Paragraph 10 hereof, the Sublessee does hereby constitute the Trustee the Sublessee's true and lawful attorney, irrevocably, with full power (in the name of the Sublessee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the CN Assignment Agreement to which the Sublessee is or may become entitled, to enforce compliance by CN to which the Sublessee is or may become entitled, to enforce compliance by CN with all the terms and provisions of the CN Assignment Agreement, to endorse checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Trustee may seem to be necessary or advisable in the premises, all to the extent that the CN Assignment Agreement relates to the Units described in Schedule A hereto.
5. Upon the full discharge and satisfaction of all the Sublessee's obligations under the CN Assignment Agreement or the Sublease with respect to the Units described in Schedule A hereto, or upon the full discharge and satisfaction of all of ITEL Rail's obligations under the Lease with respect to the Units, whichever occurs first, this Assignment of the CN Assignment Agreement and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the CN Assignment Agreement shall revert to the Sublessee, but the Trustee shall execute and deliver such documents as the Sublessee may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.
6. The Sublessee will pay and discharge any and all claims, liens, charges or security interests on the CN Assignment Agreement or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Sublessee, or its successors and assigns, not arising out of the transactions

contemplated by the CN Assignment Agreement (but including tax liens arising out of the receipt of the income and proceeds from the Units) unless the Sublessee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not materially adversely affect such interests of the Trustee in the opinion of the Owner.

7. The Sublessee will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Trustee in order to confirm or further assure the interest of the Trustee hereunder.
8. The Trustee may assign all or any of the rights assigned to it hereby or arising under the CN Assignment Agreement, including, without limitation, the right to receive any Payments due or to become due and the power to act as the Sublessee's true and lawful attorney. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Trustee hereunder. The Trustee will give notice to the Sublessee and CN of any such assignment.
9. This Assignment of the CN Assignment Agreement shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by 49 U.S.C. §11303.
10. The Trustee hereby agrees with the Sublessee that, so long as no Event of Default, or any event which with lapse of time or notice or both would constitute such an Event of Default, by the Sublessee under the Sublease or the CN Assignment Agreement has occurred and is then continuing, the Trustee will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Sublessee to the Trustee by this Assignment of the CN Assignment Agreement, and that, subject to the terms of the CN Assignment Agreement, the Sublease, the GBW Lease and the Lease, the Sublessee may, so long as no Event of Default or event which with notice or lapse of time or both would

constitute such an Event of Default under the Sublease or the CN Assignment Agreement has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies under the CN Assignment Agreement (including the right to receive all Payments).

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.

(CORPORATE SEAL)

Attest:

Harold Benedict
Authorized Officer

McCLOUD RIVER
RAILROAD COMPANY
By *Paul A. Zales*
Authorized Officer

(CORPORATE SEAL)

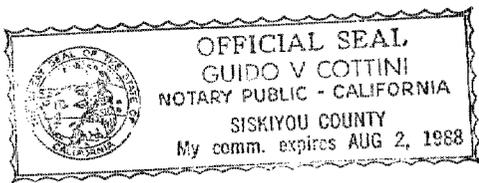
Attest:

[Signature]
Authorized Officer

THE CONNECTICUT BANK
AND TRUST COMPANY, N.A.
not in its individual capacity,
but solely as Trustee,
By *[Signature]*
Authorized Officer

STATE OF California)
COUNTY OF Siskiyou) ss.

On the 29th day of January, 1987 before me personally came Paul A. Zalec to me known, who, being by me duly sworn, did depose and say that he is the President of McCloud River Railroad Company, one of the parties described in and which executed the above instrument; that the execution of the above instrument was duly authorized by the board of directors of McCloud River Railroad Company; and that he signed his name thereto pursuant to like authority.



Guido V. Cottini
Notary Public

STATE OF **CONNECTICUT**)
COUNTY OF **HARTFORD**) ss.

On the 26 day of Feb, 1987 before me personally came Euse Amato to me known, who, being by me duly sworn, did depose and say that she is the ASSISTANT VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST CO., N.A., one of the parties described in and which executed the above instrument; that the execution of the above instrument was duly authorized by the board of directors of THE CONNECTICUT BANK AND TRUST CO., N.A.; and that she signed his name thereto pursuant to like authority.

Ruth A. Smith
Notary Public
RUTH A. SMITH
NOTARY PUBLIC
BY COMMISSION EXPIRES MARCH 31, 1989