

REGISTRATION NO. 15148-G Filed 1425

DEC 28 1987 - 11 42 AM

INTERSTATE COMMERCE COMMISSION

REGISTRATION NO. 8246-N Filed 1425

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INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF SUBLEASE

This Assignment of Sublease is dated as of December 11, 1987, between Itel Rail Corporation, a Delaware corporation, successor in interest to SSI Rail Corp. (hereinafter called the "Assignor") and McDonnell Douglas Finance Corporation, a Delaware corporation (hereinafter called the "Assignee").

Assignee and Assignor have entered into an Equipment Lease Agreement dated as of March 16, 1976, as amended and supplemented to the date hereof (hereinafter referred to as the "Lease") providing for the lease by Assignee to Assignor of certain boxcars of the type and description set forth in the Lease (hereinafter collectively called the "Boxcars");

Assignor has entered into a Lease Agreement dated as of October 15, 1986 (hereinafter called the "Sublease"), with the Hartford and Slocomb Railroad Company (hereinafter referred to as the "Sublessee") providing, among other things, for the sublease by Assignor to Sublessee of forty (40) of the Boxcars identified in schedules to the Sublease, which bear the identification numbers set forth in Schedule I attached hereto and made a part hereof (hereinafter referred to as the "Subleased Boxcars"); and

As security for the prompt payment of all amounts due Assignee under the Lease and for the performance of Assignor's agreements, covenants and obligations under the Lease, Assignee has required Assignor to assign its rights under the Sublease with respect to the Subleased Boxcars.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

FOR VALUE RECEIVED, Assignor hereby assigns, transfers, mortgages and pledges to Assignee and grants to Assignee a security interest in, Assignor's right, title and interest in and to the Sublease as and to the extent that the same relates to the Subleased Boxcars, all rights, powers and authorities created, granted or conferred upon, in or to the Assignor therein as and to the extent that the same relate to the Subleased Boxcars and to all rentals and other moneys payable to Assignor under the above described Sublease and all claims for damages arising out of any breach of the Sublease as and to the extent that the same relates to the Subleased Boxcars; provided that until an Event of Default shall have occurred and be continuing under the Lease, Assignor may enjoy and exercise all such rights, powers and interests and may receive and retain all rentals and other moneys payable to Assignor under such Sublease; and provided further that Assignor hereby covenants and agrees that it will not, without the prior written consent of Assignee take any action in connection therewith if such action would have the effect of impairing the value of Assignee's interest therein or rights thereunder.

It is expressly agreed that, anything herein contained to the contrary notwithstanding, the Assignor shall remain liable under the Sublease to perform all of the obligations assumed by it thereunder and the Assignee shall have no obligation or liability under the Sublease by reason of or arising out of this Assignment, nor shall the Assignee be required or obligated in any manner to perform or fulfill any obligations of the Assignor under or pursuant to the Sublease or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment

received, or present or file any claim, or take any other payment received, or present or file any claim, or take any other action to collect or enforce the payment of any amounts which may have been assigned or to which it may be entitled, hereunder at any time or times.

The Assignor hereby ratifies and confirms the Sublease and hereby warrants and represents that (i) the Sublease is in full force and effect and the Assignor is not in default thereunder; (ii) the copy of the Sublease heretofore delivered to the Assignee by the Assignor is in the identical form of the copy thereof which was executed by the parties thereto; (iii) the Assignor has not granted a security interest in, assigned or pledged and hereby covenants that the Assignor will not grant a security interest in, assign or pledge, so long as this Agreement shall remain in effect, any of the Assignor's right, title or interest in the Sublease as and to the extent that the same relate to the Subleased Boxcars or the whole or any part of the moneys and claims hereby assigned, to anyone other than the Assignee, its successors or assigns; and (iv) the chief place of business of the Assignor and its respective records concerning the Sublease and the moneys due and to become due thereunder are located at the address for the Assignor set forth in the Sublease.

The Assignor agrees that at any time and from time to time, upon written request of the Assignee, the Assignor will promptly and duly execute and deliver any and all instruments and documents as the Assignee may deem reasonably necessary or advisable to better secure to the Assignee the rights and powers herein granted.

This Assignment is made to secure the obligations of Assignor to Assignee under the Lease.

The Assignor does hereby constitute, effective at any time after the Assignee has declared the Lease to be in default, the Assignee, its successors and assigns, the Assignor's true and lawful attorney, irrevocably, to demand, receive and enforce payments and to give receipts, releases, satisfactions for and to sue for money payable to Assignor and this may be done either in the name of Assignor or in the name of Assignee with the same force and effect as Assignor could do if this Assignment had not been made. Payments received by Assignor to which Assignee is entitled under this Assignment are received by Assignor as trustee for Assignee, and will be immediately delivered in kind to Assignee. This Assignment shall remain in effect until its release and termination in writing by Assignee or until the termination or expiration of the Lease.

This Assignment and the rights and obligations thereunder shall be construed in accordance with and governed by the internal law of the State of California. This Assignment may not be changed orally but by an instrument in writing signed by the person against whom the enforcement of any waiver, change, modification or discharge is sought. This Assignment is intended to be delivered in the State of California.

This Assignment shall be binding upon the Assignor, its successors and assigns and shall inure to the benefit of the Assignee, its successors and assigns. The obligations, covenants and agreements of the Assignor contained herein shall be enforceable by the Assignee notwithstanding any conflicting provisions of any instrument or agreement to which the Assignor is a party, and to the extent that any such provisions exist, they shall be deemed to have been waived, as far as the Assignee is concerned, to the extent of any such conflict.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Assignment of Sublease as of the date first above written.

ASSIGNOR:

ITEL RAIL CORPORATION

By *D. Hayes*
Its President

Attest:

Howard S. Chaban

ASSIGNEE:

McDONNELL DOUGLAS FINANCE CORPORATION

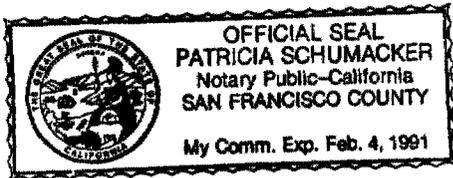
By *D. A. Rose*
Its Director - Lease Administration

Attest:

Steven B. Wolter

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

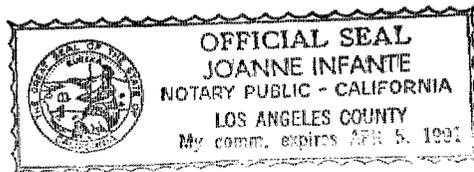
On this 25th day of November, 1987, before me personally appeared Desmond P. Hynes, to me personally known, who being by me duly sworn says that such person is President of Hel Rail Corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Patricia Schumacker
Notary Public

STATE OF)
) ss.
COUNTY OF)

On this 11th day of December, 1987, before me personally appeared D. A. Rose, to me personally known, who being by me duly sworn says that such person is Director of Lease Administration, that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Joanne Infante
Notary Public

SCHEDULE I

AAR Mech. Desig.	Description	Numbers	Dimensions	No. of Cars
XM	70 Ton, Plate B boxcar, 10" End-of Car Cushioning	HS 5058- 5097	Length: 50'6"; Inside Width: 9'6"; Height: 10'7"; Doors Width: 10' Sliding	40