19349-B

# COLLATERAL ASSIGNMENT OF LEASE

COLLATERAL ASSIGNMENT OF LEASE ("Collateral Assignment") dated as of April 1, 1995, from GATX/NLC Rail Partners, a general partnership organized under the laws of the State of Delaware, as assignor (the "Assignor"), to NationsBanc Leasing Corporation of North Carolina, a North Carolina corporation, as assignee (the "Assignee").

W I T N E S S E T H :

WHEREAS, the Assignee, and GATX Third Aircraft Corporation, a Delaware corporation ("GATX"), have entered into a Purchase and Sale Agreement of even date herewith (the "Purchase and Sale Agreement") pursuant to which GATX has agreed to sell to the Assignee or its assigns, and the Assignee has agreed to lease or cause to be leased to Assignor, the Units (as defined in the Purchase and Sale Agreement);

WHEREAS, Assignor and Assignee have entered into a Lease Agreement of even date herewith (the "Head Lease"), pursuant to which Assignee has leased the Units to Assignor;

WHEREAS, GATX has entered into a Lease Agreement dated December 1994 (the "Lease"), pursuant to which the GATX has leased the Units to the Soo Line Railroad Company, which Lease has been assigned to Assignor as lessor;

WHEREAS, for consideration hereinafter set forth, Assignor desires to grant Assignee a first priority security interest in the Lease;

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions. All capitalized terms used but not defined herein shall have the meanings given to them in the Purchase and Sale Agreement.

2. Collateral Assignment of the Lease. For and in consideration of good and valuable consideration, receipt of which is hereby acknowledged, for the purposes set forth below and subject to the terms of this Collateral Assignment:

(a) Assignor does hereby sell, assign, transfer, convey and set over unto Assignee, all the present and future privilege, estate, right, title and interest of the Assignor in, to and under (including without limitation existing and future rights of the Assignor in and to all revenues, sums and rights to payment of every kind, under and by virtue of the Lease, and all interest and investment earnings thereon, and all cash and non-cash proceeds thereof, and all other present and future rents, issues, revenues, income, profits and proceeds earned from, and all rights to the payment of money now owned or hereafter acquired by Assignor (whether due or to become due

and whether or not earned by performance) relating to, but not any of Assignor's obligations or duties under) the Lease, to the extent permitted by applicable law and provided that this grant or assignment shall be void and of no effect ab initio if the grant or assignment interferes with the effectiveness of any item so granted or assigned.

(b) This Assignment is made as collateral security for all obligations of the Assignor under the Head Lease and all related documents executed in connection therewith. For the purposes and subject to the terms set forth herein, this Collateral Assignment is absolute, unconditional and presently effective as an assignment from Assignor to Assignee. Notwithstanding the foregoing, prior to any Event of Default under the Head Lease and after each and every Event of Default under the Head Lease shall be cured, Assignor shall, subject to the terms and conditions of this Collateral Assignment, have the exclusive right to use, employ and enforce its rights under and have the right to enjoy the benefits of the Lease, including without limitation existing and future rights of the Assignor in and to all revenues, sums and rights to payment of every kind, under and by virtue of the Lease, and all interest and investment earnings thereon, and all cash and non-cash proceeds thereof, and all other present and future rents, issues, revenues, income, profits and proceeds earned from, and all rights to the payment of money now owned or hereafter acquired by Assignor (whether due or to become due and whether or not earned by performance) relating to, the Lease.

(c) The Assignor hereby irrevocably authorizes the Assignee to require and direct at any time after an Event of Default under the Lease has occurred and so long as such Event of Default shall be continuing that Assignor execute and deliver such documents and do such acts and things as may be necessary or as Assignee may request in order to transfer to Assignee full legal as well as beneficial title to, all of Assignee's right, title and interest, in the Lease, until such time as the Assignee shall notify the Assignor in writing that this Collateral Assignment has been terminated and released. The Assignor further hereby irrevocably authorizes the Assignee to exercise, at any time after an Event of Default under the Lease has occurred and so long as such Event of Default shall be continuing, any and all rights, powers and privileges of the Assignor under the Lease.

(d) While an Event of Default under the Head Lease has occurred and is continuing, the Assignor does hereby irrevocably constitute and appoint the Assignee its true and lawful attorney-in-fact with full and irrevocable power and authority in the place and stead of the Assignor and in the name of the Assignor, or in the name of the Assignee, for the purpose of carrying out the terms of this Collateral Assignment, to take any and all action and to execute any and all instruments which may be necessary to accomplish the purposes of this Collateral Assignment.

(e) The Assignor hereby represents and warrants that it has not heretofore assigned or otherwise disposed of or encumbered any estate, right, title or interest of the Assignor in, to or under the Lease or any proceeds thereof.

3. Representations, Warranties and Covenants of Assignor. Assignor represents and warrants that as of the date hereof Assignor has not made any previous assignment of, and has granted no security interest in, its rights under the Lease.

4. Covenants of Assignor. It is expressly agreed that, anything herein contained to the contrary notwithstanding: (i) the Assignor shall at all times remain liable under the Lease and to perform all of the duties and obligations of Assignor thereunder to the same extent as if this Assignment had not been executed; (ii) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations under the Lease; and (iii) the Assignee shall not have any obligation or liability under the Lease by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of the Assignor under the Lease or to make any payment or to make any inquiry as to the sufficiency of any payment received by either of them or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

5. Amendments, Encumbrances, Indemnity, Etc. Assignor agrees that after the date hereof it will (i) not assign, transfer or encumber its rights under the Lease without the prior written consent of Assignee (which shall not be unreasonably withheld), (ii) indemnify Assignee against any liabilities, losses, costs and expenses including reasonable attorneys' fees, which may be incurred by Assignee as a result of the exercise of its rights under this Assignment following an Event of Default and during the continuance thereof, and (iii) take all actions necessary to renew, extend and keep the Lease in full force and effect to the extent necessary for operation of the Facility.

6. No Recourse Against Assignee. No recourse shall be had against the Assignee in its individual capacity for any amounts payable hereunder, or for any claim based hereon or otherwise in respect hereof or based on or in respect to the Lease or any other document, agreement or instrument.

7. Further Assurances. Assignor agrees that at any time and from time to time, upon Assignee's written request, Assignor will execute and deliver such further documents and do such other acts and things as Assignee may reasonably request in order to effect further the purposes of this Assignment. In the event Assignor fails to execute and deliver such documents or to do such acts as may be required by Assignee under this Section 7, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for the Assignor and in its name, place and stead, or in the name of Assignor, to execute such documents and take such actions.

8. Binding Effect; Headings. This Assignment shall be binding upon Assignor, its successors and assigns, and shall inure to the benefit of Assignee, its successors and assigns. Paragraph and Section headings in this Assignment are for convenience only and shall be given no meaning or significance in interpreting this Assignment.

9. Assignment of Head Lease. Upon assignment of Assignor's rights and obligations under the Head Lease to the Assignor's general partners pursuant to Section 9.5

of the Head Lease, the term "Head Lease," for purposes of this Agreement shall mean each of (i) the interest in the Head Lease which is assigned to GATX, or its successor as general partner of the Assignor and (ii) the interest in the Head Lease which is assigned to NationsBanc Leasing Corporation, or its successor as general partner of the Assignor. Each such interest shall be hereinafter referred to as a "Bifurcated Head Lease." Following such assignment, each Bifurcated Head Lease shall be a separate agreement, and the rights of the Assignee hereunder with respect to each such Bifurcated Head Lease shall be limited to the Units of Equipment which are subject thereto.

10. Governing Law. This Assignment shall be governed by, and construed in accordance with, the laws of the State of New York (other than any conflict of laws rule which might result in the application of the laws of any other jurisdiction) and, to the extent applicable, federal law, and with respect to Section 2 hereof, Assignee's rights and remedies hereunder shall be governed by the Uniform Commercial Code as in effect in the State of New York.

IN WITNESS WHEREOF, Assignor has caused this Agreement to be duly executed and delivered as of the date first above written.

GATX/NLC Rail Partners,
a Delaware general partnership

By: GATX Third Aircraft Corporation
its general partner

By: Thomas C. Masil
Name:
Title:

By: NationsBanc Leasing Corporation
its general partner

By:_____
Name:
Title:

- THE ASSIGNOR -

The undersigned Assignee accepts and agrees to the foregoing Assignment on the terms and conditions therein set forth.

NationsBanc Leasing Corporation
of North Carolina,
a North Carolina corporation

By:_____
Name:
Title:

- THE ASSIGNEE -

IN WITNESS WHEREOF, Assignor has caused this Agreement to be duly executed and delivered as of the date first above written.

GATX/NLC Rail Partners,
a Delaware general partnership

By: GATX Third Aircraft Corporation
its general partner

By:_____
Name:
Title:

By: NationsBanc Leasing Corporation
its general partner

By: George L. Robinson Jr.
Name: George L. Robinson Jr.
Title: Vice President

- THE ASSIGNOR -

The undersigned Assignee accepts and agrees to the foregoing Assignment on the terms and conditions therein set forth.

NationsBanc Leasing Corporation
of North Carolina,
a North Carolina corporation

By: George L. Robinson Jr.
Name: George L. Robinson Jr.
Title: Vice President

- THE ASSIGNEE -

STATE OF California )
: ss.:
COUNTY OF San Francisco)

BEFORE ME, a Notary Public in and for said County and State, personally appeared Thomas C. Morel, to me personally known, who being duly sworn, did depose and say that such person is _____ of _____, a general partner of GATX/NLC Rail Partners, a Delaware general partnership, and that the foregoing instrument was signed on behalf of said partnership by authority of its general partners, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 6th day of April, 1995.

A.C. GAUL
COMM. # 1023528
Notary Public — California
SAN FRANCISCO COUNTY
My Comm. Expires APR 17, 1998

Name:
County of Residence:
Expiration of Commission:

STATE OF )
: ss.:
COUNTY OF )

BEFORE ME, a Notary Public in and for said County and State, personally appeared _____, to me personally known, who being duly sworn, did depose and say that such person is _____ of _____, a general partner of GATX/NLC Rail Partners, a Delaware general partnership, and that the foregoing instrument was signed on behalf of said partnership by authority of its general partners, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of April, 1995.

_____
Name:
County of Residence:
Expiration of Commission:

STATE OF North Carolina )
: ss.:
COUNTY OF Mecklenburg )

BEFORE ME, a Notary Public in and for said County and State, personally appeared Gerard L. Robinson, Jr., to me personally known, who being duly sworn, did depose and say that such person is Vice President of National Leasing Corporation, a general partner of GATX/NLC Rail Partners, a Delaware general partnership, and that the foregoing instrument was signed on behalf of said partnership by authority of its general partners, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 10th day of April, 1995.

Candace L. Dente
Name:
County of Residence: Mecklenburg
Expiration of Commission: 12/4/95

STATE OF )
: ss.:
COUNTY OF )

BEFORE ME, a Notary Public in and for said County and State, personally appeared _____, to me personally known, who being duly sworn, did depose and say that such person is _____ of _____, a general partner of GATX/NLC Rail Partners, a Delaware general partnership, and that the foregoing instrument was signed on behalf of said partnership by authority of its general partners, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of April, 1995.

_____
Name:
County of Residence:
Expiration of Commission:

STATE OF North Carolina )
: ss.:
COUNTY OF Mecklenburg )

BEFORE ME, a Notary Public in and for said County and State, personally appeared NationsBanc Leasing Corporation of North Carolina by George L. Robinson, Jr., its Vice President, who acknowledged that he did sign the foregoing instrument on behalf of said corporation and that the same is the free act and deed of said corporation and his free act and deed individually and as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 10th day of April, 1995.

Candace L Dorto
Name:
County of Residence: Mecklenburg
Expiration of Commission: 12/4/99

BALL, JANIK & NOVACK

**CERTIFICATION**

I, LOUIS E. GITOMER, have compared this copy to the original Collateral Assignment of Lease, dated as of April 1, 1995, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

Louis E. Gitomer
April 7, 1995