

FILING OFFICE: REGISTER OF DEEDS OF DOUGLAS COUNTY, NEBRASKA

COLLATERAL ASSIGNMENT OF REAL ESTATE LEASE

1. PARTIES.

THIS COLLATERAL ASSIGNMENT OF REAL ESTATE LEASE (the "Collateral Assignment"), dated as of November 1, 1986, is made and entered into by and among CHIX, INC. ("Chix"), a Nebraska corporation, LORO INVESTMENT COMPANY ("Landlord"), a Nebraska corporation, and R.J. REYNOLDS CREDIT CORPORATION ("Lender").

2. RECITALS.

A. Chix has heretofore leased from Landlord certain real property legally described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Premises") pursuant to the terms of a lease, dated November 1, 1967 (the "Lease").

B. Lender has agreed to make a loan (the "Loan") to Rigel/Chix, Inc. ("Rigel"), a Nebraska corporation, in the original principal amount of \$5,200,000, the proceeds of which will be used by Rigel to acquire 100% of the outstanding capital stock of Chix.

C. The Loan is primarily for the benefit of Chix and Rigel, but will also benefit Landlord in that the proceeds of the Loan are to be used for the benefit of the business conducted on the Premises.

D. The Lender has required, as a condition to making the Loan, that the Landlord and Chix enter into this Collateral Assignment.

NOW, THEREFORE, in consideration of \$1.00 paid by Lender to Chix and Landlord, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Chix, with the consent of Landlord, hereby transfers, assigns, conveys and sets over unto Lender and its successors and assigns, all right, title and interest of Chix in, to and under the Lease, and all modifications, renewals or extensions thereof, for the purpose of securing repayment of the Loan, including any extensions or renewals thereof, and the performance and discharge of each and every obligation, covenant and agreement of Rigel and/or Chix under the documents evidencing or securing the Loan.

AND TO PROTECT THE SECURITY OF THIS COLLATERAL ASSIGNMENT, THE PARTIES AGREE AS FOLLOWS:

1. Performance of Lease. Chix agrees to faithfully abide by, perform and discharge each and every obligation, covenant and agreement under the Lease to be performed by the tenant thereunder; to observe and comply with all provisions of law applicable to the operation of the Premises; not to amend or

modify the Lease without the prior consent of the Lender; and not to terminate the Lease or surrender the Premises except by reason of the expiration of the stated term of the Lease.

2. Title to Premises. Landlord represents and warrants to Lender that Landlord is the owner of fee simple title to the Premises and that Landlord has full power and authority to enter into this Collateral Assignment and to perform the obligations of Landlord hereunder.

3. Representations and Warranties. Landlord and Chix hereby jointly and severally represent and warrant to Lender, as follows:

(a) The Lease has been duly executed and unconditionally delivered by the parties thereto and is valid, subsisting and in full force and effect;

(b) Neither the Landlord nor Chix has executed or granted any modifications or amendments of the Lease, either orally or in writing;

(c) There are no defaults now existing under the Lease and no event has occurred which with the delivery of notice or the passage of time or both would constitute a default or which would entitle Landlord or Chix to cancel the Lease or otherwise avoid their respective obligations thereunder;

(d) Landlord has not accepted advance rent under the Lease; and

(e) Except for this Collateral Assignment, Chix has not executed an assignment of the Lease or of its right, title and interest therein.

4. Landlord's Rights Upon Default. In the event of a default by Chix under the terms of the Lease, Landlord shall have all rights and remedies reserved to Landlord under the Lease; provided, however, that prior to the exercise of any such right or remedy Landlord shall give notice to Lender of such default and shall give Lender ten days to cure any default involving the payment of money to Landlord and shall give Lender 45 days to cure any other default.

5. Default in Payment of Loan. In the event of a default by Chix and/or Rigel in the performance of any obligation under any of the documents evidencing the Loan, Lender may, at its option and without notice to any other party, so long as the peace is not breached, enter and take possession of the Premises and do any one or more of the following:

(a) Except for leasehold improvements which by the terms of the Lease revert to Landlord upon termination of the Lease,

remove all property of Chix and/or Rigel which is pledged as collateral for the Loan from the Premises;

(b) Sell the property described in Section 4(a); or

(c) Subject to the prior approval of Landlord, which approval may not be unreasonably withheld, assume the obligations of Chix under the Lease and thereafter, and from time to time, transfer and assign the Lease and all rights therein to a third party.

In the event Lender undertakes the option contained in either Section 5(a) or 5(b), Lender agrees to perform all obligations of Chix under the Lease, including, but not limited to, the payment of rent accruing during its possession of the Premises.

6. No Liability of Lender. Except as specifically provided to the contrary in Section 5; Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Lease; this Collateral Assignment shall not operate to place responsibility for the control, care, management or repair of the Premises upon the Lender, nor for the carrying out of any of the terms and conditions of the Lease; and this Collateral Assignment shall not operate to make the Lender responsible or liable for any waste committed on the Premises by Chix or any other party, or for any dangerous or defective condition of the Premises, or for any negligence in the management, upkeep, repair or control of the Premises resulting in loss, injury or death to the Landlord or any licensee, employee or stranger.

7. No Merger. The fact that the Lease or the leasehold estate created thereby might be held directly or indirectly by or for the account of any person or entity which might have an interest in any other estate in the Premises will not, by operation of law or otherwise, merge the Lease or the leasehold estates created thereby with any other estate in the Premises so long as the Loan remain unpaid, unless the Lender consents in writing to such merger.

8. Lender Attorney-in-Fact. Chix hereby irrevocably appoints the Lender and its successors and assigns as its agent and attorney-in-fact to execute and delivery during the term of this Collateral Assignment such further instruments as the Lender may deem necessary to make this Assignment of Rents and any further assignment effective.

9. Remedies Not Exclusive. This Collateral Assignment shall in no way operate to prevent Lender from pursuing any remedy which it now has or hereafter may have under the terms or conditions of any document evidencing or securing the Loan, or by law.

10. Notices. All notices, demands, consents or requests which are either required or desired to be given or furnished hereunder shall be in writing and shall be deemed to have been properly given if either delivered personally or sent by United States registered or certified mail, postage prepaid, addressed as follows:

If to the Landlord: Loro Investment Company
c/o M.A. Chiodo - 9718 W. Center Road
Omaha, Nebraska 68124

If to Chix: Chix, Inc.
c/o Rigel/Chix, Inc.
7545 Pacific Street
Omaha, Nebraska 68124

If to the Lender: R.J. Reynolds Credit
Corporation
1100 Reynolds Blvd.
2-A World Headquarters
P.O. Box 2959
Winston-Salem, NC 27102

A duplicate copy of each notice, certificate, request or other communication given hereunder to one party shall also be given to the other. Any person may, by notice given hereunder, specify any further or different addresses to which subsequent notices, certificates, request or other communications shall be sent.

11. Amendments. This Collateral Assignment may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

12. Successors And Assigns. This Collateral Assignment and each and every covenant, agreement and other provision hereof shall be binding upon Landlord and Chix and their successors and assigns, including, without limitation, each and every record owner from time to time of the Premises or any other person having an interest therein, and shall inure to the benefit of the Lender and its successors and assigns.

13. Severability. The unenforceability or invalidity of any provision hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

14. No Mortgagee in Possession. Nothing herein contained, and no action taken pursuant to this Collateral Assignment, shall be construed as constituting the Lender as a "mortgagee in possession".

IN WITNESS WHEREOF, the parties have each executed this Collateral Assignment of Real Estate Lease, all as of the day and

year first above written, at the place and on the date specified below.

Executed at Omaha, Nebraska on November 19, 1986

CHIX, INC., a Nebraska corporation ("Chix")

By [Signature]
Vice President

Executed at Omaha, Nebraska on November 12, 1986

LORO INVESTMENT COMPANY, a Nebraska corporation ("Landlord")

By M. a. Chiodo
Vice President

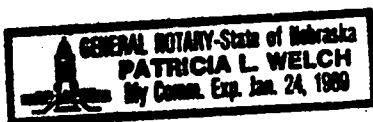
Executed at Winston-Salem, North Carolina on November 21, 1986

R.J. REYNOLDS CREDIT CORPORATION ("Lender")

By Robert Bennett, Jr.

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

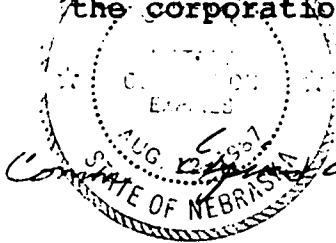
The foregoing instrument was acknowledged before me on November 19, 1986, by [Signature], President of Chix, Inc., a Nebraska corporation, on behalf of the corporation.



[Signature]
Notary Public

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

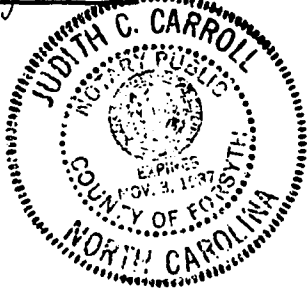
The foregoing instrument was acknowledged before me on November 12, 1986, by [Signature] Vice President of Loro Investment Company, a Nebraska corporation, on behalf of the corporation.



[Signature]
Notary Public

STATE OF NC)
COUNTY OF Forsyth) ss.

The foregoing instrument was acknowledged before me on November 21, 1986, ~~1986,~~ by Robert Bennett, Jr., ~~President~~ of R.J. Reynolds Credit Corporation, a Delaware corporation on behalf of the corporation.



Judith C. Carroll
Notary Public

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EXHIBIT "A"
TO
COLLATERAL ASSIGNMENT OF REAL ESTATE LEASE

Legal Description of the Premises

That part of Lot 8 and the East 80.73 feet of Lot 9, in Block 1, in BEVERLY HILLS, an Addition to the City of Omaha, as surveyed, platted and recorded, in Douglas County, Nebraska, lying South of Highway 30A.

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GEORGE J. HIGLEWICZ
REGISTER OF DEEDS
DOUGLAS COUNTY, NEBR.

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