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Brae Corporation
Three Embarcadero Center
San Francisco, California

NOV 20 1978

110-EP

November 16, 1978

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Washington, D. C.

H. G. Homme Jr.
Acting Secretary
Interstate Commerce Commission
Washington, D. C. 20423

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Dear Sir:

Enclosed for filing and recordation pursuant to Section 20c of the Interstate Commerce Act are the following documents relating to the railroad equipment described and marked in accordance with Schedule I attached hereto:

- (1) Loan and Security Agreement dated as of September 12, 1978 between BRAE Corporation ("Debtor") and Manufacturers Hanover Leasing Corporation ("Lender"); Supplement No. 1 thereto dated as of November 15, 1978.
- (2) Lease Agreement dated as of April 3, 1978 between BRAE Corporation and Oregon, California & Eastern Railway Co., including Equipment Schedule No. 1 ("OCE Lease").

The Loan and Security Agreement acts as an assignment to the Lender of the Debtor's interest in the OCE Lease and in the Lease Agreement dated as of March 27, 1978 between BRAE Corporation and Columbia & Cowlitz Railway Company ("CLC Lease"), which was filed and recorded with the ICC on November 20, 1978 under Recordation No. 9845. Such assignment is effective, however, only as the OCE Lease and the CLC Lease relate to the railroad equipment described in Schedule I hereto. The CLC Lease also relates to additional railroad equipment not described in Schedule I hereto and the Debtor's interest in such additional railroad equipment has not been assigned to the Lender.

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The names and addresses of the parties to the above transactions are as follows:

(1) Loan and Security Agreement

- (a) Lender: Manufacturers Hanover Leasing Corporation
30 Rockefeller Plaza
New York, New York 10020
- (b) Debtor: Brae Corporation
Three Embarcadero Center
San Francisco, California 94111

(2) OCE Lease

- (a) Lessor: Brae Corporation
Three Embarcadero Center
San Francisco, California 94111
- (b) Lessee: Oregon, California & Eastern Railway Co.
P. O. Box 1088
Klamath Falls, Oregon 97601
- (c) Assignee: Manufacturers Hanover Leasing Corporation
30 Rockefeller Plaza
New York, New York 10020

(3) CLC Lease

- (a) Lessor: Brae Corporation
Three Embarcadero Center
San Francisco, California 94111
- (b) Lessee: Columbia & Cowlitz Railway Company
P. O. Box 188
Longview, Washington 98632
- (c) Assignee: Manufacturers Hanover Leasing Corporation
30 Rockefeller Plaza
New York, New York 10020

BRAE Corporation, a California corporation, the corporation which originally executed the Loan and Security

H. G. Hoome, Jr.

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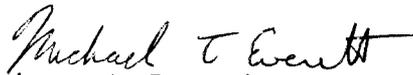
Agreement and the Leases, was on September 27, 1978 merged into its wholly owned subsidiary, Brae Corporation, a Delaware corporation formerly called BraeLease Corporation. Pursuant to such merger, Brae Corporation assumed all of the rights and obligations of BRAE Corporation. Accordingly, Brae Corporation, as the successor to BRAE Corporation, is now party to the Loan and Security Agreement and the Leases.

Please file and record the enclosed documents and cross-index them under the names of, in the case of the Loan and Security Agreement, the Lender and the Debtor (Brae Corporation, BraeLease Corporation and BRAE Corporation) and, in the case of each Lease, the Lessor (Brae Corporation, BraeLease Corporation and BRAE Corporation), the Lessee and the Assignee.

Also enclosed is our check payable to the order of the Interstate Commerce Commission in the amount of \$110, the prescribed fee for filing and recording the enclosed documents.

Return to the person presenting this letter, together with your letter confirming such filing and recordation and your fee receipt therefor, all counterparts of the enclosed documents not required for filing.

Very truly yours,


Assistant Secretary

SUPPLEMENT

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INTERNATIONAL COMMERCE COMMISSION

Supplement No. 1 to Loan and Security Agreement ("Agreement") dated as of September 12, 1978 between BRAE CORPORATION, a California corporation, ("BRAE"), which has since been merged into Brae Corporation, a Delaware corporation formerly known as BraeLease Corporation ("Company"), and MANUFACTURERS HANOVER LEASING CORPORATION ("Lender").

1. This Supplement is executed and delivered pursuant to the Agreement in order more particularly to identify certain of the Collateral in which the Company has granted a lien and security interest to the Lender, and to confirm the lien and security interest created by the Agreement on such Collateral. Any term defined in the Agreement and used herein shall have its defined meaning herein.

2. The Company has assigned, conveyed, mortgaged, pledged and transferred to the Lender and granted to the Lender a security interest in, and does hereby assign, convey, mortgage, pledge and transfer to the Lender and grant to the Lender a security interest in, the following Collateral:

- (a) The Box-cars described in Schedule I attached hereto and any Proceeds thereof;
- (b) A Lease Agreement dated as of March 27, 1978 between BRAE, as lessor, and Columbia & Cowlitz Railway Company, as lessee, and all rentals and Proceeds thereunder and thereof, but only to the extent that such Lease Agreement covers the Box-cars identified in paragraph (a) above;
- (c) A Lease Agreement dated as of April 3, 1978 between BRAE, as lessor, and Oregon, California & Eastern Railway Co., as lessee, and all rentals and Proceeds thereunder and thereof, but only to the extent that such Lease Agreement covers the Box-cars identified in paragraph (a) above.

3. All the terms and conditions of the Agreement are hereby incorporated in this Supplement and made a part hereof. By their execution and delivery of this Supplement the

parties hereto hereby reaffirm all of the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplement No. 1 as of November 15, 1978.

BRAE CORPORATION

By Lawrence W. Buswell
Vice President

MANUFACTURERS HANOVER LEASING
CORPORATION

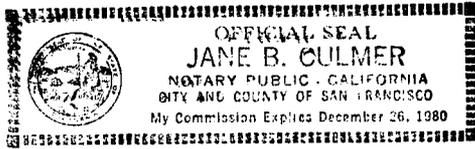
By [Signature]
Vice President

SCHEDULE I

<u>Quantity</u>	<u>Type</u>	<u>Identifying Numbers (Both Inclusive)</u>	<u>Markings</u>
250	100-Ton Box cars, AAR Class XM	CLC 3101 - CLC 3350	"Mortgaged to a Financial Insti- tution under a Security Agreement filed under the Interstate Commerce Act, Section 20c"
150	100-Ton Box cars, AAR Class XM	OCE 3351 - OCE 3500	"Mortgaged to a Financial Insti- tution under a Security Agreement filed under the Interstate Commerce Act, Sectrion 20c"

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On this 14th day of November, 1978, before me personally appeared Lawrence W. Briscoe to me personally known, who being by me duly sworn, says that he is the Vice President - Finance of BRAE CORPORATION, that said instrument was signed on behalf of said corporation 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 corporation.



Jane B. Culmer

Notary Public

My commission expires: *December 26 1980*

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On this 10th day of November, 1978, before me personally appeared George F. Fingerman to me personally known, who being by me duly sworn, says that he is the Vice President of MANUFACTURERS HANOVER LEASING CORPORATION, that said instrument was signed on behalf of said corporation 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 corporation.

Christine A. Smith
Notary Public

My commission expires:

CHRISTINE A. SMITH
Notary Public, State of New York
No. 31-4506346
Qualified in New York County
Commission Expires March 30, 1979