

STEPTOE & JOHNSON

1250 CONNECTICUT AVENUE
RECORDATION NO. 11965
WASHINGTON, D.C. 20036

RECORDATION NO. 11965-8
Filed 1425
JUL 3 1980 -10 45 AM
INTERSTATE COMMERCE COMMISSION

CHERYL A. SKIGIN
(202) 862-2053

JUL 3 1980 -10 45 AM

INTERSTATE COMMERCE COMMISSION

No. 0-185A026

Date JUL 3 1980

July 3, 1980

Fee \$ 90.00

ICC Washington, D. C.

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Room 2215 - Office of the Secretary
Washington, DC 20423

RECORDATION NO. 11965
Filed 1425
JUL 3 1980 -10 45 AM
INTERSTATE COMMERCE COMMISSION

RECEIVED
JUL 3 10 43 AM '80
I.C.C.
FEE OPERATION BR.

Dear Ms. Mergenovich:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. § 11303 are several copies of the following documents which relate to the railroad equipment described in Schedule A to this letter:

1. Credit and Security Agreement by and among Brae Corporation and Manufacturers Hanover Trust Co. The First National Bank of Boston, Crocker National Bank, The Bank of California, N.A. and Manufacturers Hanover Trust Co., as Agent dated as of October 1, 1979;
2. First Amendment dated as of April 15, 1979 to the Credit and Security Agreement dated as of October 1, 1979; and,
3. Supplement No. 1 dated as of July 3, 1980 to the Credit and Security Agreement dated as of October 1, 1979

The names and addresses of the parties to the transactions evidenced by the documents described above are as follows:

Debtor: Brae Corporation
3 Embarcadero Center
San Francisco, CA 94111

Agent for the Banks: Manufacturers Hanover Trust Company
741 Fifth Avenue
New York, NY 10022

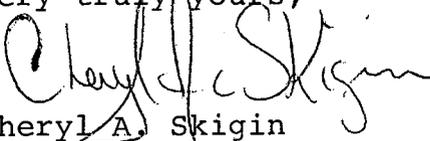
The Credit and Security Agreement functions as an assignment to the Agent of Brae Corporation's interest in the railroad equipment described in Schedule A.

Amendment
Counterpart Disc

It is requested that these documents be filed and recorded under the names of the parties set forth above. Additionally, it is requested that they be cross-indexed under the name of Texas, Oklahoma & Eastern RR Co., 810 Whittington Avenue, Hot Springs, AR 71901. An additional \$30 has been included in the filing fee to cover the cross-indexing. Check number 12678 in the amount of \$90.00 is enclosed to cover the filing fees.

Please return to the person presenting this letter your letter acknowledging the filing, a fee receipt, the enclosed copies of this letter and any copies of the document not required for recordation, all stamped to indicate appropriate filing information.

Very truly yours,


Cheryl A. Skigin

mbm

Enclosures

SCHEDULE A

<u>No. of Units</u>	<u>Description</u>	<u>AAR Designation</u>	<u>Identification Numbers</u>	<u>Name of Lessee</u>	<u>Date of Lease</u>	<u>Term of Lease</u>
111	50'6" 100-Ton	XP	TOE 3200-TOE 3202 TOE 3204-TOE 3215 TOE 3219-TOE 3229 TOE 3232-TOE 3234 TOE 3238-TOE 3240 TOE 3243-TOE 3248 TOE 3250-TOE 3259 TOE 3261-TOE 3270 TOE 3274-TOE 3286 TOE 3289-TOE 3298 TOE 3300-TOE 3320 TOE 3322-TOE 3324 TOE 3326 TOE 3330-TOE 3334	Texas, Okla- homa & Eastern RR Co.	June 2, 1980	15 Years

JUL 3 1980 - 10 45 AM

INTERSTATE COMMERCE COMMISSION

FIRST AMENDMENT as of April 15, 1980 to Credit and Security Agreement dated as of October 1, 1979 ("Credit and Security Agreement") among BRAE CORPORATION (the "Company") and MANUFACTURERS HANOVER TRUST COMPANY, THE FIRST NATIONAL BANK OF BOSTON, CROCKER NATIONAL BANK, THE BANK OF CALIFORNIA, N.A. (the "Banks") and MANUFACTURERS HANOVER TRUST COMPANY (the "Agent").

Recitals

The Company has requested that the Agent amend the Credit and Security Agreement as more completely described below. The Agent has received the written consent of the Required Banks to this Amendment.

Section 12.1 of the Credit and Security Agreement provides for amendment of the Credit and Security Agreement under such circumstances.

ACCORDINGLY, THE PARTIES AGREE AS FOLLOWS:

1. The terms used in this Amendment which are defined in the Credit and Security Agreement shall have the same meanings herein as specified therein.

2. Section 7 of the Credit and Security Agreement shall be amended as follows: The word "and" appearing on the fifth line from the bottom of page 39 shall be deleted and a comma substituted therefor. The period in the second line from the bottom of page 39 shall be deleted and a comma substituted therefor. There shall be inserted after such comma, the following:

"(viii) after the words "minority interests" appearing in the tenth line of the definition of Consolidated Net Tangible Assets on page 9 of the 1978 Agreement, there shall be added the phrase "(other than Investments)", (ix) after the word "investments" appearing in the seventh line of the definition of Consolidated Shareholders' Equity on pages 9-10 of the 1978 Agreement, there shall be added the phrase "(other than Investments)", (x) the period at the end of the definition of Generally Accepted Accounting Principles on page 12 of the 1978 Agreement shall be deleted and there shall be added the phrase "except that any Investments of the Company described in (v)

or (vi) of the definition of Investments shall be accounted for by the Company on the equity method of accounting for all purposes of this Agreement, whether or not such Investments are accounted for by the Company on the equity method of accounting for financial reporting purposes generally.", (xi) the word "and" appearing in the fourteenth line of the definition of Investments on pages 12-13 of the 1978 Agreement shall be deleted; the period at the end of such definition shall be deleted and a comma substituted therefor; and there shall be added the following clauses thereafter:

'(v) any investments in any form (including, without limitation, purchases of voting stock, non-voting stock, shares of beneficial interest in a trust, loans, guarantees of indebtedness, capital contributions or contributions to a trust estate) whether made directly or through a Subsidiary (a) in an aggregate amount not exceeding \$13,125,000 at any time in the "Leasing Company" to be organized pursuant to the Project Agreement dated February 12, 1980 between PACCAR Inc., a Delaware corporation ("PACCAR"), and Brae Rail Venture Corporation, a California corporation, which is a wholly-owned subsidiary of the Company, which Leasing Company will be owned 90% by PACCAR and 10% by the Company and will carry on no business other than owning and leasing up to 9,400 railcars and activities related thereto; and (b) in an aggregate amount not exceeding \$2,820,000 at any time in a trust in which the Company or a Subsidiary is to have a 15% beneficial interest and Ford Motor Credit Company is to have an 85% beneficial interest and which trust will carry on no business other than owning and leasing approximately 1200 railcars with an aggregate original cost of approximately \$47,000,000 and activities related thereto; provided, however, that in all cases the Company shall, at the time such investment is made, have undertaken the actual management of the railcars owned by the corporation or trust in which the Company has made such investment, whether by management contract, informal arrangement or otherwise; and

'(vi) any investments in the form of voting stock, non-voting stock, preferred stock, options, warrants, or debt instruments convertible into any of the foregoing, of any corporation engaged primarily in the transportation business; provided that any

investments pursuant to this clause (vi) shall not exceed \$40,000,000 in the aggregate at any time, and shall be expected by the Company at the commencement of purchases to result in the acquisition of not less than a 15% equity interest in such corporation.',

and (xii) the word "and" appearing in the sixth line of clause (vi) of Section 6.05(c) on pages 57-58 of the 1978 Agreement shall be deleted; the semicolon appearing at the end of clause (vii) of Section 6.05(c) shall be deleted and a comma substituted therefor; and there shall be added the following clause:

'(viii) any Lien secured by an Investment described in clauses (v) or (vi) of the definition of Investments incurred in connection with the acquisition or carrying of such Investment; provided that the debt secured thereby is permitted by Section 6.05(d);'."

3. Except as modified hereby, the Credit and Security Agreement shall remain in full force and effect.

4. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original but all of which when taken together shall constitute a single instrument.

5. The provisions of this Amendment and all rights and obligations of the parties hereunder shall be governed by the laws of the State of New York.

6. The Company shall, at its expense, cause this Amendment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303, as soon as possible.

IN WITNESS WHEREOF, the Company and the Agent have caused their names to be signed hereto by their respective officers thereunto duly authorized and their corporate seals,

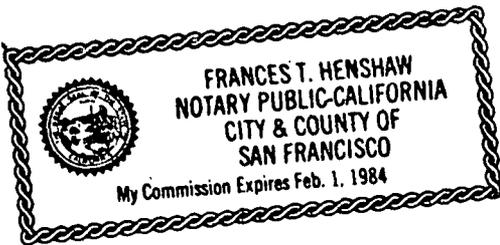
STATE OF CALIFORNIA,
City and County of San Francisco } ss.

I, Frances T. Henshaw, a Notary Public,
State of California, duly commissioned and sworn, do certify that on this 1st
day of July, 1980, I carefully compared the annexed copy of
FIRST AMENDMENT as of 4-15-80 to CREDIT AND SECURITY
AGREEMENT dtd 10-1-79, among BRAE CORP. and
MANUFACTURERS HANOVER TRUST COMPANY, Et Al,
with the original thereof,
now in the possession of Heller, Ehrman, White & McAuliffe,
of 44 Montgomery Street, S.F., State of California, and that the
same is a full, true, and exact copy of said original.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal
in the City and County of San Francisco the day and year
in this certificate first above written.

Frances T. Henshaw
Frances T. Henshaw

Notary Public, State of California.
My Commission Expires FEBRUARY 1, 1984



duly attested, to be hereunto affixed as of the date first above written.

MANUFACTURERS HANOVER TRUST COMPANY, as Agent

[Corporate Seal]

By: Richard D. Wood

RICHARD D. WOOD
VICE PRESIDENT

Attest:

Pete Frank
Secretary

BRAE CORPORATION

[Corporate Seal]

By: Lawrence W. Biscoe
Vice President - Finance

Attest:

Ernest L. Brazil
Assistant Secretary

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

ss:

On the 30 day of April, 1980, before me personally appeared Richard Wood, to me known, who, being by me duly sworn, did depose and say that he is a vice president of MANUFACTURERS HANOVER TRUST COMPANY, one of the corporations described in and which executed the above amendment; that he knows the corporate seal of said corporation; that the seal affixed to said amendment is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

David P. DeKenna
Notary Public

[Notarial Seal]

JAMES D. ALMENZA JR.
NOTARY PUBLIC - STATE OF NEW YORK
100 W. 42ND ST.
NEW YORK, N.Y. 10018
COMM. EXPIRES 12/31/81

STATE OF CALIFORNIA)
)
CITY AND COUNTY OF SAN FRANCISCO)

ss:

On the 21st day of May 1980, before me personally appeared LAWRENCE W. BRISCOE, to me known, who, being by me duly sworn, did depose and say that he is Vice President-Finance of BRAE CORPORATION, one of the corporations described in and which executed the above amendment; that he knows the corporate seal of said corporation; that the seal affixed to said amendment is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

Mirella R. Aseo
Notary Public

[Notarial Seal]

