



IPCC Capital Corp.

GREENWICH OFFICE PARK I, GREENWICH, CONN. 06830, PHONE 203 629-3000

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SEP 18 1980-10:50 AM
RE INTERSTATE COMMERCE COMMISSION

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FEE OPERATION DR.

Also
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0-262A028
No.

Date SEP 18 1980

Fee \$ 60.00

ICC Washington, D. C.

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Washington, DC 20423

RE: The San Diego and Arizona Eastern Transportation Company
Lease Financing Dated as of the 31st day of January, 1980
Final Rental due June 15, 1995

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. §11303 and the Commission's rule and regulations thereunder, as amended, I enclose herewith on behalf of International Paper Credit Corporation, as Lessor, for filing and recordation an original and two certified true copies of the originals of the following documents:

New Number

(1) (a) Master Lease Agreement dated as of the 31st day of January, 1980 by and between International Paper Credit Corporation, as Lessor, and The San Diego and Arizona Eastern Transportation Company, as Lessee, together with Master Lease Schedule thereto, and

-A

(b) Master Lease Agreement Amendment dated as of the 31st day of January, 1980 by and between International Paper Credit Corporation, as Lessor, and The San Diego and Arizona Eastern Transportation Company, as Lessee.

-B

(2) Letter Agreement of Assignment by International Paper Credit Corporation, as Lessor, and Assignor, of all its right, title, and interest in the above-mentioned Master Lease Agreement, as amended, together with the Schedule thereto, to IPCC Capital Corp., as Assignee.

The names and addresses of the parties to the above-mentioned Agreements are as follows:

(1) Lessor and Assignor:

International Paper Credit Corporation
51 Weaver Street
Greenwich, CT 06830

*Greenwich
A. A. H. H. H.*

(2) Lessee:

The San Diego and Arizona Eastern Transportation Company
Room 221, World Trade Center
San Francisco, CA 94111

(3) Lessor's Assignee:

IPCC Capital Corp.
51 Weaver Street
Greenwich, CT 06830

Please file and record the documents referred to in this letter and index them under the names of the Lessor and Assignor, the Lessee, and the Lessor's Assignee.

The Equipment covered by the above-mentioned documents consists of the following:

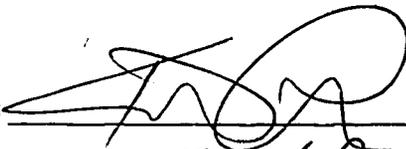
Four (4) SD & AE Locomotives numbered #101, #102, #103, and #104 consecutively.

Also enclosed is our check for \$60 payable to the Interstate Commerce Commission, for the fee for recording the Master Lease Agreement, Master Lease Agreement Amendment, and Assignment.

Please stamp the original and the two certified true copies of the enclosed documents with your official recording stamp. It is requested you then return the original set of documents to the undersigned at our address stated above in the enclosed self-addressed stamped envelope.

Respectfully,

IPCC CAPITAL CORP.

By: 

Title: SR. V.P.

Enclosures

SEP 18 1980 - 10 50 AM

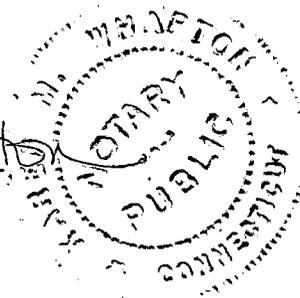
CERTIFICATE OF NOTARY PUBLIC INTERSTATE COMMERCE COMMISSION

Attached to and made a part of that certain copy of ~~Master Lease Agreement and that certain copy of~~ Master Lease Agreement Amendment, each dated as of the 31st day of January, 1980 by and between International Paper Credit Corporation, as Lessor, and The San Diego and Arizona Eastern Transportation Company.

This is to certify that I have compared the copy of the above-mentioned Master Lease Agreement and Master Lease Agreement Amendment together with the Schedules annexed thereto, to which this certificate is attached, with the originals thereof and state that the attached copies are true and correct copies thereof in all respects, of the originals thereof.

State of Connecticut)
: ss.
County of Fairfield)

Karen M. Wharton
Notary Public



KAREN M. WHARTON
NOTARY PUBLIC

My commission expires MY COMMISSION EXPIRES MARCH 31, 1983

11

MASTER LEASE AGREEMENT AMENDMENT

The Master Lease Agreement by and between International Paper Credit Corporation and The San Diego and Arizona Eastern Transportation Company of even date herewith is modified and supplemented as follows:

1. Add as Paragraph 5(c): "Lessee agrees that the Equipment will be used, or is intended for use, in connection with interstate commerce and will be used in compliance with any and all statutes, laws, ordinances, and regulations of any governmental agency, including, but not limited to, the interchange rules of the Association of American Railroads and all rules of the United States Department of Transportation and the Interstate Commerce Commission and any other legislative or administrative body exercising jurisdiction over the Equipment or an Item of Equipment applicable to the use of the Equipment and in conformity with all insurance requirements herein. In the event that such laws, rules, or requirements require any improvement, addition, modification, or replacement of, or to any Item of Equipment, the Lessee will conform therewith at its own expense. Lessee will at all times use the Equipment solely in the conduct of its business and such equipment shall be and remain in the possession and control of the Lessee within the geographic limits of the continental United States; provided, however, that Lessee may use or permit the use of each Item of Equipment (for no more than 90 days per annum in the aggregate) outside the geographical limits of the continental United States.

Lessee agrees, at its own cost and expense, to (1) cause each Item of Equipment to be kept numbered with the identification or serial number therefor as specified by Lessor and (2) maintain in a plain, visible, and conspicuous manner the such marking (as Lessor shall designate) on each Item of Equipment and such other markings as from time to time may be required by law or otherwise deemed necessary by the Lessor in order to protect title of the Lessor to such Item of Equipment and the rights of the Lessor under this Lease. The Lessee will not place any Item of Equipment in operation or exercise any control or dominion over the same until such equipment marking has been placed thereon. The Lessee will replace promptly any such equipment marking which may be removed, defaced, or destroyed."

2. Add the following sentence to Paragraph 8: "Upon payment by the Lessee and termination of this Lease with respect to the Equipment or any Item of Equipment as provided in

Paragraph 8, the Lessor agrees to, and shall, transfer, assign, and convey to Lessee title to such Equipment or Item of Equipment "as is, where is" without further warranty or representation. The Equipment so transferred shall be free and clear of all liens, encumbrances, and security interests created by Lessor.

3. Delete the first sentence in Paragraph 9 and add in its stead: "At its own expense, the Lessee will cause to be carried and maintained casualty insurance with respect to each Item of Equipment and public liability insurance, in each case in amounts and against risks customarily insured against by the Lessee on similar equipment or, if the Lessee shall have no such similar equipment, in amounts and against risks comparable to those insured against by the Lessee on other equipment owned by it, but in no event in amounts less than the amounts set forth below with respect to casualty insurance and public liability insurance:

Casualty Insurance: An amount not less than the Casualty Value of each Item of Equipment.

Public Liability: \$1,000,000.00"

4. Delete the first sentence in Paragraph 10 and substitute in its stead: "Lessee understands and agrees that the Equipment has been ordered pursuant to a Purchase Order and Rebuilding Agreement and Lessee agrees and intends to be hereby fully and irrevocably bound. Lessee hereby irrevocably appoints and designates Lessor its attorney-in-fact coupled with an interest with full power (in Lessee's name or otherwise) to accept the Equipment; provided, however, it is expressly understood and agreed that the Lessor will not accept the Equipment unless and until the firm of Janney, Montgomery, Scott, Inc., Philadelphia, PA, by its Vice President, Alexander D. Kerr, or other duly authorized representative, certifies that said Equipment complies with all warranties, agreements, representations, and specifications made by the Morrison-Knudsen Company, Inc., to Lessor and Lessee and that the Equipment meets and complies with all applicable federal, state, and local government safety and pollution standards and requirements. Subject to the foregoing, Lessee hereby warrants and agrees that Lessor's acceptance, on behalf and in the stead of Lessee, shall constitute and conclusively evidence that the Equipment is in proper operating order and appearance, conforms to the specifications and requirements of Lessee, and that, as between Lessee and Lessor, the Item was delivered in good repair and that Lessee has unconditionally accepted it as of the date of its delivery as an Item of Equipment described in this Agreement or any schedule hereof."

5. Add to Paragraph 15: "THE LESSEE AGREES THAT THE LESSOR SHALL NOT BE LIABLE TO THE LESSEE FOR ANY CLAIM CAUSED

DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF LEASED EQUIPMENT FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING, OR ADJUSTMENTS THERETO OR ANY DELAY IN PROVIDING OR FAILURE TO PROVIDE ANY THEREOF OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR ANY LOSS OF BUSINESS, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF THE LESSEE."

6. Delete the first sentence in Paragraph 7(d) and substitute in its stead: "Lessee will within 90 days of the close of its fiscal year deliver to Lessor Lessee's Annual Report to the Interstate Commerce Commission, and also that for Kyle Railways, Inc."

7. Add a paragraph 16(e): "All communications and notices provided for herein shall be in writing and shall become effective when received addressed (a) to the Lessor, at Greenwich Office Park I, Greenwich, CT 06830, and (b) to the Lessee, at Room 221, World Trade Center, San Francisco, CA 94111."

8. Add a paragraph 16(f) as follows: "If any legal action or arbitration or other proceeding is brought for the enforcement of this Lease, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Lease, the successful or prevailing party shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled."

9. Add a paragraph 17 as follows: "17. SALE OF EQUIPMENT. If Lessor determines to sell the Equipment or any Item of Equipment, Lessor shall notify Lessee of the terms under which Lessor will be willing to sell. If Lessee, within twenty (20) days after receipt of Lessor's notice, indicates in writing its agreement to purchase the Equipment or any Item of Equipment on the terms stated in Lessor's notice, Lessor shall sell and convey the Equipment or any Item of Equipment to Lessee on the terms stated in the notice. If Lessee does not indicate its agreement within twenty days, Lessor thereafter shall have the right to sell and convey the Equipment or any Item of Equipment, subject to the Master Lease Agreement, to a third party on the same terms stated in the notice. If the Lessor does not sell and convey the Equipment or any Item of Equipment within ninety (90) days, any further transaction shall be deemed a new determination by Lessor to sell and convey the Equipment or any Item of Equipment and the provisions of this Paragraph shall be applicable. If Lessee purchases the Equipment or any Item of Equipment, this Lease shall terminate on the date title vests in Lessee with respect to such Equipment or any Item of Equipment, and Lessor shall remit to Lessee all prepaid and unearned rent."

10. Add a Paragraph 18 as follows: "18. OPTION TO PURCHASE. For value received, Lessor hereby grants to Lessee an option to purchase the Equipment or any Item of Equipment at the scheduled expiration date of the Lease or any Schedule, provided that Lessee has faithfully performed all obligations under the Master Lease Agreement and is not then in default under the Lease or Schedule. The purchase price for the Equipment or any Item of Equipment shall be paid in cash and shall be its fair market value on the date of such sale, excluding any capital improvements made by Lessee in excess of \$10,000.00 to the extent such improvements can be valued separately from the Equipment or Item of Equipment. Upon such payment, Lessor will execute and deliver to Lessee a Bill of Sale covering the Equipment or any Item of Equipment purchased. The fair market value of the Equipment or any Item of Equipment shall be determined from sources external to and disinterested with respect to both Lessor and Lessee, and both the method of determination and the fair market value so determined shall be acceptable to each party. In the event an agreement as to method or value cannot be reached between Lessor and Lessee, each shall appoint one qualified appraiser. If the lower of the two resulting appraisals is less than ninety percent (90%) of the higher appraisal, the original appraisers shall appoint a third, whose determination of the fair market value shall be final. Otherwise, the fair market value shall be the mean between the two appraisals originally determined. The parties shall share equally the fees and expenses of the appraisers jointly named, but each party shall be responsible for the fees and expenses of any appraiser named solely by it. Each party shall bear its own expenses in presenting evidence to the two appraisers. In determining the purchase price, the appraisers shall consider all opinions and relevant evidence submitted to them by the parties, or otherwise obtained by them, and shall set forth their determination in writing together with their opinions and the considerations on which the opinions are based, with a signed counterpart to be delivered to each party.

All delinquent charges, any taxes due under any taxing jurisdiction, and any other amounts owed to Lessor by Lessee must be paid in full as a condition precedent to the exercise of the option. Lessee shall give written notice to the Lessor of the intent to exercise the purchase option at least ninety (90) days prior to the expiration of the lease term.

11. Delete the term "Stipulated Loss Value" throughout the Lease and substitute the term "Casualty Value" in its stead.

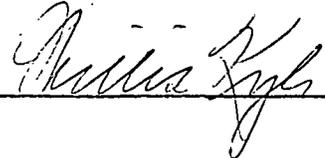
12. Except as herein modified and supplemented, the Master Lease Agreement between the parties remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of January 31, 1980.

THE SAN DIEGO AND ARIZONA EASTERN
TRANSPORTATION COMPANY

Attest:

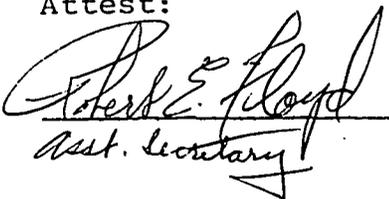


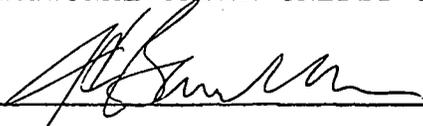
By  _____ X

Title: President

INTERNATIONAL PAPER CREDIT CORPORATION

Attest:


Asst. Secretary

By  _____

Title: Operations Manager

DELIVERY AND ACCEPTANCE CERTIFICATE

TO: International Paper Credit Corporation

We hereby acknowledge receipt and unconditional acceptance of the equipment delivered under and pursuant to that certain Lease Agreement between us dated January 31, 1980.

San Diego & Arizona Eastern
Transportation Co.

By: Charles W. Cowden

Title: Vice President

EQUIPMENT RECEIVED AND ACCEPTED:

SD&AE Locomotive #101 delivered March 23, 1980

SD&AE Locomotive #102 delivered March 28, 1980

SD&AE Locomotive #103 delivered March 29, 1980

DELIVERY AND ACCEPTANCE CERTIFICATE

TO: International Paper Credit Corporation

We hereby acknowledge receipt and unconditional acceptance of the equipment delivered under and pursuant to that certain Lease Agreement between us dated January 31, 1980.

SAN DIEGO & ARIZONA EASTERN
TRANSPORTATION CO.

By: Charles W. Conden

Title: Vice President

EQUIPMENT RECEIVED AND ACCEPTED:

SD&AE locomotive #104 delivered

April 16, 1980.

SECRETARY'S CERTIFICATE
BOARD RESOLUTION AND INCUMBENCY

Charles W. Cowden

(Name of Secretary)

Company

(Asst.: Attesting, Etc.)

Secretary of

The San Diego And Arizona Eastern Transportation, a corporation of the State of California

(Name of Corporation)

(State of Incorporation)

having its principal offices at Room 221 World Trade Center, San Francisco, CA 94111

(Street Number, City and State)

hereby certify that on the 15th day of January, 19 80, at a special meeting of the Board of Directors of this Corporation duly held, a quorum being present, the following resolution was unanimously adopted and remains unmodified and in full force and effect:

"RESOLVED, that it is in the interests of this Corporation to enter into that certain
Master Lease Agreement

(Name of Agreement)

with International Paper Credit Corporation ("IPCC") substantially in the form annexed hereto, and as it (they) may be amended, modified or supplemented, and the President, any Vice President, the Secretary or the Treasurer of this Corporation, acting singly, is hereby authorized and directed to execute and deliver such agreement(s) as it (they) may be amended, modified or supplemented, and such other and further documents or instruments whether or not contemplated thereby, including, but not limited to, Lease Schedules now attached thereto or which hereafter may become a part thereof or other documents or instruments deemed necessary or proper by IPCC in respect thereof or the ownership, interest, protection, or preservation of the equipment and collateral covered thereby or creating or evidencing obligations or indebtedness of the Corporation to IPCC, and to enter into, from time to time, such other and further agreements whether similar or dissimilar to the foregoing, all in form and substance as such signing officer may approve and as he may deem necessary or desirable to effectuate the purposes and intent hereof, his execution of such documents and instruments to be conclusive proof of his approval thereof.

"FURTHER RESOLVED, that IPCC may rely upon the preceding resolution until receipt by it of written notice of its revocation or a change therein."

I FURTHER CERTIFY that the following are the names of the duly elected officers of this Corporation now holding the respective offices as below indicated, and that the signatures set forth opposite the name of each such officer is the true and genuine signature of such officer.

Willis B. Kyle

PRESIDENT (Type Name)

Willis Kyle
(Signature)

Lynn T. Cecil

VICE PRESIDENT (Type Name)

Lynn T. Cecil
(Signature)

Flake Willis

VICE PRESIDENT (Type Name)

Flake Willis
(Signature)

Charles W. Cowden

SECRETARY (Type Name)

Charles W. Cowden
(Signature)

Willis B. Kyle

TREASURER (Type Name)

Willis Kyle
(Signature)

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of this Corporation this 31 day of

January, 19 80, in the City of San Francisco

State of California

(Corporate Seal)

Charles W. Cowden
Secretary

Annexed to and made a part of:

Master Lease Agreement Amendment dated as of the 31st day of January, 1980 by and between International Paper Credit Corporation, as Lessor, and The San Diego and Arizona Eastern Transportation Company, as Lessee.

State of CALIFORNIA)
County of SAN DIEGO) ss.

On this 29th day of July, 1980, before me personally appeared Willis Kyle, to me personally known, who being by me duly sworn, says that he is the President of The San Diego and Arizona Eastern Transportation Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed 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.

Maryann J. McKenna
Notary Public

SEAL

