

# Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.  
Washington, D.C. 20036-5339

John D. Hushon  
(202) 857-6290

January 3, 1989

JDH-89/01  
INTERSTATE COMMERCE COMMISSION

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

JAN 3 1989 - 12:20 PM  
RECORDATION NO. 15489-E  
FORM 1425

ICC OFFICE OF THE SECRETARY  
JAN 3 12 14 PM '89  
MOTOR OPERATING UNIT  
9-0034040  
No. \_\_\_\_\_  
Date JAN 3 1989  
Fee \$ 13.00  
ICC - Washington, D.C.

Re: File No. 15489, and following

Dear Madam:

I enclose for your recordation in accordance with 49 U.S.C. §11303 executed and notarized copies of Amendment No. 5 to Security Agreement dated as of December 29, 1988 to a certain Security Agreement dated January 22, 1988, which was filed with your office on February 1, 1988 and assigned File No. 15489. Amendments have also been filed with your office and assigned to the same file. The names and addresses of the parties to the above document are as follows:

**Grantors:**

PLM International, Inc.  
655 Montgomery Street, Suite 1200  
San Francisco, California 94111  
Attention: Robert S. Leichtner  
Vice President and General Counsel

**Secured Parties:**

Citicorp North America  
601 Midland Avenue  
Rye, New York 10580  
Attention: Aircraft/Special Projects

Security Pacific National Bank  
1 Embarcadero Center  
San Francisco, California 94111

**Collateral Covered:** See Schedule 1-A

and the Lease with respect thereto attached as Exhibit A to the Amendment.

*Counterpart - John D. Hushon*

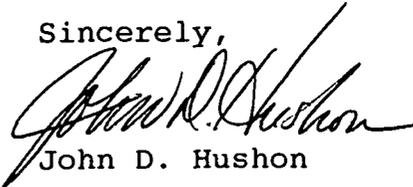
Secretary  
January 3, 1989  
Page 2

The Railroad Cars covered by this amendment have been the subject of previous ICC filings which have been released: ICC # 14884 (filed January 22, 1986) and 14884-B (filed August 14, 1986).

A filing fee is enclosed. I would appreciate your filing one counterpart of the foregoing three documents under the provisions of 49 U.S.C. §11303 and stamping the additional copies of each of the documents for return to the parties involved in the transaction. We would also appreciate your returning to us a stamped copy of this transmittal letter, which is enclosed.

The undersigned certifies that he is acting as special ICC counsel in this transaction, that he has reviewed the above described documents and that the summary description contained in this transmittal letter is accurate.

Sincerely,



John D. Hushon

Enclosures

EXHIBIT "A"  
TO  
PARTIAL RELEASE OF  
SECURITY INTERESTS AND LIENS

## Covered Hopper Railcars

<u>Reporting Marks</u>		<u>Specifications</u>
PLMX	11155	4,750 cu. ft. capacity
PLMX	11156	100 ton covered hopper
PLMX	11157	cars
PLMX	11158	
PLMX	11159	
PLMX	11160	
PLMX	11161	
PLMX	11162	
PLMX	11163	
PLMX	11164	
PLMX	11081	

AMENDMENT NO. 5 TO SECURITY AGREEMENT

COMMERCE COMMISSION  
JMM -12-20PM  
REGISTRATION NO. 15489-E  
FORM 1425

This AMENDMENT NO. 5 TO SECURITY AGREEMENT ("Amendment") dated as of December 29, 1988, is made by PLM INTERNATIONAL, INC., a Delaware corporation ("Grantor"), to CITICORP NORTH AMERICA, INC., a Delaware corporation ("CitINA") and SECURITY PACIFIC NATIONAL BANK, a national banking association ("SPNB") (CitINA and SPNB are referred to hereinafter collectively as the "Lenders"), and amends that certain Security Agreement dated as of January 22, 1988, between the Grantor and the Lenders.

RECITALS

A. Pursuant to a Security Agreement (as amended, the "Security Agreement") dated as of January 22, 1988, between the Grantor and the Lenders, the Grantor has granted to the Lenders a security interest in certain rolling stock, and in Grantor's interest in any lease thereof. The Grantor desires to acquire additional rolling stock ("New Rolling Stock") with certain collateral ("Collateral") in which the Lenders have previously been granted a security interest. The Lenders have agreed to release their security interest in the Collateral so that the Grantor may acquire the New Rolling Stock, provided that the Lenders shall have been granted a security interest in the New Rolling Stock and in Grantor's interest in any lease ("Lease") of the New Rolling Stock.

B. The Grantor and the Lenders desire to amend the Security Agreement in order to make the New Rolling Stock and all Leases a part of the collateral covered by the Security Agreement and subject to all the terms and conditions contained therein.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to release their security interest in the Collateral, the Grantor and the Lenders hereby agree as follows:

1. Grant of Security

Schedule I to the Security Agreement is hereby amended by adding to said Schedule the New Rolling Stock listed in Schedule I-A hereto and the Lease attached as Exhibit A thereto.

2. Express Amendment

Except as specifically provided herein, the Security Agreement shall continue in full force and effect.

3. Counterparts

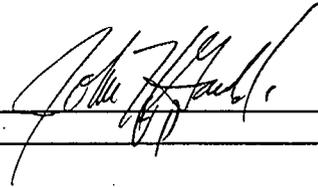
This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

GRANTOR:

PLM INTERNATIONAL, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_



LENDERS:

CITICORP NORTH AMERICA, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_

SECURITY PACIFIC NATIONAL BANK

By \_\_\_\_\_  
Title: \_\_\_\_\_

3. Counterparts

This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

GRANTOR:

PLM INTERNATIONAL, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_

LENDERS:

CITICORP NORTH AMERICA, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_ *J.P.*

SECURITY PACIFIC NATIONAL BANK

By \_\_\_\_\_  
Title: \_\_\_\_\_

3. Counterparts

This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

GRANTOR:

PLM INTERNATIONAL, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_

LENDERS:

CITICORP NORTH AMERICA, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_

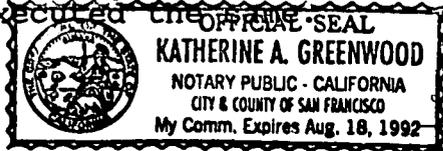
SECURITY PACIFIC NATIONAL BANK

By \_\_\_\_\_  
Title: \_\_\_\_\_  
*[Handwritten Signature]*  
*[Handwritten Title: V.P.]*

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

On December 28 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared J. Herbert Gaul, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as Vice President of PLM International, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL



Katherine A. Greenwood  
NOTARY PUBLIC

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as \_\_\_\_\_ of Citicorp North America, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

\_\_\_\_\_  
NOTARY PUBLIC

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

On \_\_\_\_\_ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as \_\_\_\_\_ of Security Pacific National Bank, the national banking corporation therein named and acknowledged to me that said national banking association executed the same.

NOTARY SEAL

\_\_\_\_\_  
NOTARY PUBLIC

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

On \_\_\_\_\_ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as \_\_\_\_\_ of PLM International, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF New York )  
 ) SS  
COUNTY OF Westchester )

On December 27, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Edward A. Jaekel, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as Vice President of Citicorp North America, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

THOMAS A. MATAMOROS  
Notary Public, State of New York  
No. 31-4723452  
Qualified in New York County  
Cert. Filed in Westchester County  
Commission Expires November 30, 1990

Thomas A. Matamoros  
NOTARY PUBLIC

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

On \_\_\_\_\_ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as \_\_\_\_\_ of Security Pacific National Bank, the national banking corporation therein named and acknowledged to me that said national banking association executed the same.

NOTARY SEAL

\_\_\_\_\_  
NOTARY PUBLIC

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

On \_\_\_\_\_ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as \_\_\_\_\_ of PLM International, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) ss

On \_\_\_\_\_ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as \_\_\_\_\_ of Citicorp North America, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

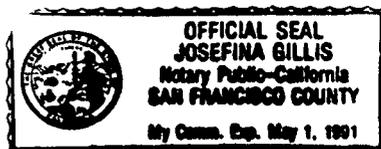
NOTARY SEAL

\_\_\_\_\_  
NOTARY PUBLIC

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

On 29 December 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Milton Anderson, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as Vice President of Security Pacific National Bank, the national banking corporation therein named and acknowledged to me that said national banking association executed the same.

NOTARY SEAL



Josefina Gillis  
NOTARY PUBLIC

SCHEDULE I-A

COVERED HOPPER RAILCARS

<u>Reporting Marks</u>		<u>Specifications</u>
PLMX	11155	4,750 cu. ft. capacity 100 ton covered hopper cars
PLMX	11156	
PLMX	11157	
PLMX	11158	
PLMX	11159	
PLMX	11160	
PLMX	11161	
PLMX	11162	
PLMX	11163	
PLMX	11164	
PLMX	11081	

LEASE AGREEMENT FOR  
RAILROAD CARS

This Lease Agreement dated as of the 2nd day of January, 1988 (the "Agreement"), by and between PLM Investment Management, Inc. ("IMI"), a California corporation (with its principals, collectively, for convenience, "Lessor"); and San Luis Central Railroad Company, a Colorado corporation ("Lessee"), with its principal place of business at Monte Vista, Colorado.

IDENTITY OF LESSOR

The parties hereto recognize and acknowledge that IMI may be acting under management agreements as agent for certain principals which shall be identified to Lessee by IMI from time to time. Such principals shall, from time to time, be set forth in a rider to this Agreement. IMI at any time, and from time to time, shall have the right to add principals (and amend or supplement a rider to include such principals) and upon so doing shall notify Lessee; provided, however, that notwithstanding the date of such notification, such principal(s) shall be deemed a Lessor hereunder, effective as of the date the cars owned by such principal and managed by IMI are delivered to Lessee. Any amended or supplemented rider shall, from time to time, be delivered to Lessee. Lessee agrees to cooperate with IMI and any principal for the purpose of complying with any reasonable requirements of any lender, the Interstate Commerce Commission or the provisions of Article 9 of the Uniform Commercial Code provided such cooperation does not materially affect the rights or liabilities of Lessee hereunder. Except as otherwise provided, this Agreement shall be administered by IMI or such other third person or entity as IMI may from time to time identify; provided, however, that any such assignment to such third person or entity shall not be effective against Lessee until Lessee is so notified of such assignment.

WITNESSETH:

1. Lease. Lessor agrees to furnish and lease to Lessee, and Lessee agrees to accept and use upon the terms and conditions herein set forth, the cars covered by the riders attached hereto and such additional riders as may be added hereto from time to time by agreement of the parties, and any and all other cars delivered to and accepted by Lessee. Each such rider shall set forth the number of cars, the rental rate, term of use, car numbers, and other pertinent information that may be desired by both parties. All cars leased pursuant to such riders, or otherwise delivered to and accepted by Lessee, are subject to the terms of this Agreement.

2. Delivery. Lessor agrees to deliver the cars to Lessee at such point or points as may be agreed to by the parties. Lessor's obligation as to such delivery shall be excused during the pendency of delays resulting from causes beyond its control. Lessee agrees to use the cars exclusively in its own service, except as hereinafter provided, and none of the cars shall be shipped beyond the boundaries of Canada or the United States except with the prior written consent of Lessor.

### 3. Rent.

(a) Lessee agrees to pay the rental charges with respect to each of the cars from the date of delivery thereof and until such car is returned to and accepted by Lessor. Each monthly rental charge shall be paid in advance on the first day of the month, prorating, however, any period which is less than a full month on the basis of a month of thirty (30) days. Lessee acknowledges and agrees that the obligation of Lessee to make payments hereunder shall be absolute and unconditional under any and all circumstances, regardless of any right of abatement, recoupment, set off, counterclaim, defense, suspension, deferment, diminution, reduction or any other right of Lessee or the lack of any conflicting notice from Lessor, provided, however, nothing herein contained shall limit Lessee's right to claim damages from Lessor. Such rental charges shall be paid to Lessor at the address set forth in the riders to this Agreement.

(b) Within a reasonable period of time after the end of each calendar year of the term hereof, and upon termination of this Agreement, Lessor shall, on the basis of mileage reported by railroads, determine the total number of miles that each car traveled during the calendar year or the portion thereof just ended, loaded and empty. If it is determined that any car traveled more than the number of miles set forth in a rider during such period or a pro rata portion thereof for a period of usage of less than twelve (12) full calendar months, Lessee, upon notice by Lessor, shall pay to Lessor, within fifteen (15) days of receipt of such notice, as additional rent for such car for such period, an amount equal to the additional usage rental set forth in a rider multiplied by the number of miles in excess of the product of (i) the number of miles set forth in a rider and (ii) the number of days during such year for which rent accrued divided by 365.

4. Acceptance. Each of the cars shall be subject to Lessee's inspection upon delivery to Lessee. Failure to report any defect in the car within a reasonable time after delivery of the car or the loading of each such car by Lessee or at its direction shall constitute acceptance thereof by Lessee and shall be conclusive evidence of the fit and suitable condition thereof for the purpose of transporting the commodities then and thereafter loaded therein or thereon.

5. Records. Lessor agrees to keep records pertaining to the movement of the cars, and Lessee agrees to promptly furnish Lessor with complete reports of the car movements, including dates received, loaded and shipped, commodity, destination and full junction routing, and all information which Lessee may receive from railroad companies or other sources which may be of use to Lessor. Lessor shall collect the mileage earned by the cars, and, subject to all rules of the tariffs of the railroads, Lessor shall credit to Lessee's rental account such mileage as and when received from the railroads, but in no event shall the aggregate amount of mileage credited exceed the aggregate monthly rentals for the term of this Agreement.

6. Mileage. Lessee agrees to reimburse Lessor for any payment Lessor may be required to make to any railroad, due to mileage equalization where applicable, resulting from excess empty mileage incurred by the cars on such

railroad. For the purpose of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein. In addition, if Lessor is required to make any payments to a railroad resulting from the empty movement of any of the cars while they are in Lessee's service, Lessee agrees to reimburse Lessor for such payments.

7. Loss or Damage. Lessee shall promptly notify Lessor upon receipt by Lessee of knowledge of any damage to any of the cars. Lessor shall, at its expense, perform, arrange, and pay for all maintenance and repairs made necessary by ordinary wear and tear, or otherwise necessary to keep the cars in good condition and repair under the Interchange Rules. Lessee shall not repair, or authorize the repair of, any of the cars without Lessor's prior written consent, except that running repairs (as specified in the Association of American Railroads rules for Interchange and the Canadian Transport Commission regulations) may be performed without prior written consent. The amount Lessor will pay for such running repairs shall not be in excess of the basis, in effect at the time the repair is made, provided by the Association of American Railroads. If any car becomes unfit for service and requires repairs, other than repairs made by railroads, rental charges will cease five (5) days after receipt of such car at a shop authorized by Lessor, provided that Lessee has notified Lessor prior to the time the car is routed to shop. In the event Lessee fails to so notify Lessor, rental charges shall cease five days after receipt by Lessor of notification of the arrival of the car at a shop authorized by Lessor. In all cases, after a car has been repaired, rental charges will resume on the date the car is available for forwarding to Lessee. It is understood that no rental credits will be issued for cars in a shop for repairs which are Lessee's responsibility.

8. Removal from Service. In the event the physical condition of any car shall become such that the car cannot be operated in railroad service as determined by Lessor and Lessor elects to permanently remove such car from Lessee's service, the rental with respect to such car shall terminate upon the removal of such car. Lessor shall have the right, but shall not be obligated, to substitute for any such car another car of the same type and capacity and the rental in respect to such substituted car shall commence upon delivery of such substituted car to Lessee.

9. Lessee Responsibility. Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from the loss or destruction of, or damage to, the cars or any parts thereof, during the term; provided, however, Lessee shall not be responsible to the extent the then-prevailing Interchange Rules place responsibility upon a railroad subscribing to the Interchange Rules; and provided, further, that Lessee shall not be responsible if such loss, destruction, or damage to the cars or parts thereof was caused by the sole active negligence or willful misconduct of Lessor. Notwithstanding anything contained herein to the contrary, Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from the loss or destruction of, or damage to, a car or any part thereof during the term of this Agreement which shall (i) be occasioned by the misuse or negligence of Lessee, its consignee, agent or sublessee, (ii) occur while such car is on the tracks of Lessee or any private siding or track, or at the loading or unloading facility

of Lessee or its consignee, agent or sublessee, or on the track of any railroad that does not subscribe to the Interchange Rules or any private or industrial railroad or (iii) be caused by any commodity which may be transported or stored in or on such car.

Lessee shall notify Lessor of the loss or destruction of any of the cars within two (2) days of the date of such event. The amount of loss resulting from the loss or destruction of a car shall be measured by its replacement value as determined immediately prior to the time of such loss or destruction. The "replacement value" shall equal the amount payable by a railroad subscribing to the Interchange Rules for the car if the car had been in the service of such railroad.

10. Loss or Damage to Lading. Lessor shall not be liable for any loss of or damage to commodities, or any part thereof, loaded or shipped in or on the cars, and Lessee agrees to assume financial responsibility for, to indemnify Lessor against, and to save it harmless from any such loss or damage, unless caused by the sole negligence of Lessor.

11. Appliances. Lessee, at its own expense, shall either replace or reimburse Lessor for the cost of replacing any appliance or removable part, if destroyed, damaged, lost, removed or stolen, unless the railroads transporting the cars have assumed full responsibility for such loss or damage, or unless such loss or damage results from the negligence or omission of Lessor, its agents or employees.

12. Linings. The application, maintenance, and removal of interior protective lining in any of the cars is to be performed by and at the expense of Lessee unless otherwise specifically provided for in the applicable rider.

13. Claims. Lessee agrees to indemnify and hold Lessor harmless from and against any loss, liability, claim, damage or expense (including, unless Lessee assumes the defense, the reasonable cost of investigating and defending against any claim for damages) arising out of or in connection with the use of the cars during the term of this Agreement, excepting, however, any loss, liability, claim, damage, or expense which accrues with respect to any of the cars (i) while such car is in a repair shop undergoing repairs; (ii) which is attributable to the negligence or omission of Lessor, its agents or employees; or (iii) for which a railroad or railroads have assumed full responsibility, including investigating and defending against any claim for damages.

14. Marks. Other than the restoration of Lessor's marks on the cars, no lettering or marking of any kind shall be placed upon any of the cars by Lessee except with the prior written consent of Lessor.

15. Load Limits. Lessee agrees not to load any of the cars in excess of the load limit stenciled thereon.

16. Charges. Lessee shall be liable for any demurrage, truck storage or detention charge imposed in connection with any of the cars as well as loss of or damage to any car while on any private siding or track or on any private or industrial railroad or in the custody of any carrier not subject to the

Association of American Railroads Rules for Interchange or the Canadian Transport Commission regulations.

17. Sublease and Assignment. Lessee shall make no transfer or assignment of its interest under this Agreement in and to the cars without Lessor's prior written consent, and any attempted transfer or assignment without such consent shall be void, except that Lessee may sublease any of the cars to its customers for single trips consistent with its normal merchandising methods; provided, however, that notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Agreement. No right, title, or interest in any of the cars shall vest in Lessee by reason of this Agreement or by reason of the delivery to or use by Lessee of the cars, except the right to use the cars in accordance with the terms of this Agreement. Lessee shall keep the cars free of any lien or encumbrance created by or through Lessee and agrees to indemnify Lessor and hold Lessor harmless from any cost or expense, including attorneys' fees, with respect to such a lien or encumbrance.

18. Default. If Lessee defaults in the payment of any sum of money to be paid under this Agreement and such default continues for a period of three (3) days after notice to Lessee of such default; or if Lessee fails to perform any covenant or condition required to be performed by Lessee which failure shall not be remedied within ten (10) days after notice thereof from Lessor to Lessee; or if Lessee shall dissolve, make or commit any act of bankruptcy, or if any proceeding under any bankruptcy, or insolvency statute or any laws relating to relief of debtors is commenced by Lessee, or if any such proceeding is commenced against Lessee and same shall not have been removed within thirty (30) days of the date of the filing thereof; or if a receiver, trustee, or liquidator is appointed for Lessee or for all or a substantial part of Lessee's assets with Lessee's consent, or if without Lessee's consent the same shall not have been removed within thirty (30) days of the date of the appointment thereof; or if an order, judgment or decree be entered by a court of competent jurisdiction and continue unpaid and in effect for any period of thirty (30) consecutive days without a stay of execution; or if a writ of attachment or execution is levied on any car and is not discharged within ten (10) days thereafter, Lessor may exercise one or more of the following remedies with respect to the cars;

(a) Immediately terminate this Agreement and Lessee's rights hereunder;

(b) Require Lessee to return the cars to Lessor at Lessee's expense, and if Lessee fails to so comply, Lessor may take possession of such car without demand or notice and without court order or legal process;

(c) Lease the cars to such persons, at such rental and for such period of time as Lessor shall elect. Lessor shall apply the proceeds from such leasing, less all cost and expenses incurred in the recovery, repair, storage, and renting of such cars, toward the payment of Lessee's obligations hereunder. Lessee shall remain liable for any deficiency, which, at Lessor's option, shall be paid monthly, as suffered, or immediately, or at the end of the term as damages for Lessee's default;

(d) Bring legal action to recover all rent or other amounts then accrued or thereafter accruing from Lessee to Lessor under any provision hereunder; or

(e) Pursue any other remedy which Lessor may have.

Each remedy is cumulative and may be enforced separately or concurrently. If Lessee fails to perform any of its obligations hereunder, Lessor, at Lessee's expense, and without waiving any rights it may have against Lessee for such nonperformance, may itself render such performance. Further, Lessee shall reimburse Lessor for all costs and expenses including reasonable attorneys' fees expended by Lessor in the enforcement of its rights and remedies hereunder, and Lessee shall pay interest on any amount owing to Lessor from the time such amount becomes due hereunder at a monthly rate of one and one-half percent (1-1/2%); such rate to be reduced, however, to the extent it exceeds the maximum rate permitted by applicable law. In addition, Lessee shall, without expense to Lessor, assist Lessor in repossessing the cars and shall, for a reasonable time if required, furnish suitable trackage space for the storage of the cars.

If applicable, Lessor shall be entitled to the remedies of a Lessor under Section 1168 of the U.S. Bankruptcy Code.

19. Return Provisions. Upon the termination of each rider, Lessee agrees, subject to the provision of paragraph 8 above, to return the cars to Lessor at a point or points designated by Lessor, in the same or as good condition as received, ordinary wear and tear excepted, free and clear from all accumulations or deposits from commodities transported in or on the cars while in the service of Lessee. If any car is not returned to Lessor free from such accumulations or deposits, Lessee shall reimburse Lessor for any expense incurred in cleaning such car.

20. Taxes. All federal, state, provincial, and local taxes levied or assessed against the cars furnished Lessee under this Agreement, payable on account of the ownership of such cars, shall be paid by Lessor, and all returns and reports in connection therewith shall be made by Lessor. All taxes payable on account of or measured by the rental paid or the use of such cars (excluding any tax which is based solely upon or measured solely by Lessor's net income) shall be the responsibility of Lessee. In the event any taxes or assessments, other than those payable on account of ownership, are levied against the cars or the rental paid for the use of the cars covered by any rider to this Agreement by any federal, state, provincial or local authority, in addition to those taxes or assessments in effect on the effective date of such rider, Lessee agrees to pay to Lessor, in addition to any other amounts due, a sum equal to the amount of any such taxes or assessments.

In order to avoid recapture of any tax benefit claimed by Lessor with respect to the cars, including, but not limited to any deduction allowable under Section 168 and related Sections of the Internal Revenue Code of 1986 (the "Code"), Lessee shall (i) use the cars predominantly within the

continental United States within the meaning of the Code, (ii) shall cause third parties having control over their use to use the cars predominantly within the continental United States, in accordance with the Code and (iii) shall not take any action that will cause the cars to be considered tax-exempt use property within the meaning of the Code.

If Lessor (or any owner of a partnership or beneficial interest of Lessor) shall lose by disallowance, recapture or otherwise, any portion of said tax benefits as the result of any act committed by Lessee or Lessee's failure to take any act, Lessee agrees to pay Lessor or such owner a sum which, after deduction of all taxes required to be paid by Lessor or such owner in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to the amount of the tax benefits so lost by Lessor or such owner, which sum shall be payable on written demand made at any time after payment of the tax attributable to the portion of the tax benefits lost; provided, however, that Lessee shall be under no obligation to indemnify Lessor for the amount of any tax benefits lost with respect to any car for which Lessee has paid to Lessor the replacement value set forth in Section 9 hereof.

21. Mortgages; Liens. Lessor may, without notice to Lessee, pledge or assign its rights under the Lease and to the Equipment and assign to another ("Mortgagee"), including but not limited to Citicorp North America, Inc. and Security Pacific National Bank, any monies due or becoming due to Lessor hereunder. Lessee agrees on the request of Lessor to execute such documents as may be reasonable required to it in furtherance of the pledge or assignment to Mortgagee. Lessee acknowledges notice of any pledge or assignment hereunder which is filed under Section 11303 of the Interstate Commerce Act of the United States of America. Lessee hereby waives the right to assert against Mortgagee any claim, defense, counterclaim or setoff that it could assert against Lessor in action brought by the Lessor on this Lease. Furthermore, following notice of the assignment of this Lease to Mortgagee, and until Mortgagee notifies Lessee that the indebtedness secured by the assignment of this Lease has been discharged, Lessee agrees that the terms and provisions of this Lease may not be altered nor modified, or waived without the prior written consent of Mortgagee, nor may any sum due Lessor under this Lease be prepaid without the prior written consent of Mortgagee. Lessee agrees to execute an estoppel or attornment agreement substantially in the form attached to this Lease as Schedule 2-1 and to execute all documents reasonably requested by Lessor in order to secure the credit of this Lease or to perfect the security interest of Mortgagee in this Lease or in the Equipment, or both.

22. Notices. Any notice, demand or request required or permitted to be made, given or served by either party to or upon the other hereunder, shall be in writing and shall be deemed to have been made when deposited in the United States or Canada mail, certified or registered mail, postage prepaid and addressed to Lessor or Lessee at the address set forth in a rider to this Agreement.

23. Successors. This Agreement shall be binding upon the parties hereto, their respective successors, assigns and legal representatives; and shall remain in full force and effect from the date hereof until the completion of the leasing arrangement shown on attached riders of the last car or cars hereunder, and all such cars are returned to Lessor.

24. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

25. Insurance. Lessee shall, at all times prior to the return of the cars to Lessor in accordance with the terms of this Agreement and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the cars against the risks and in the amounts, if any, customarily insured against by Lessee in respect to similar equipment owned or leased by it. Notwithstanding anything to the contrary in this paragraph 25, Lessee shall be permitted to provide for customary deductibles and/or self insurance.

26. Additional Provisions. Additional provisions of this Agreement may be set forth in a rider, which, if executed by Lessor and Lessee, is incorporated herein by this reference.

27. Representations and Warranties of Lessee. Lessee represents and warrants that, as of the date of this Agreement:

(a) Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and is either duly qualified to do business and is in good standing in such other jurisdictions in which the business and activities of Lessee require such qualification, or its failure to so qualify in such other jurisdiction will not have a material adverse impact on this Agreement.

(b) Lessee has full corporate power to enter into this Agreement.

(c) The Agreement had been duly authorized, executed, and delivered by Lessee, and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms.

(d) No approval is required by Lessee from any governmental or public body or authority with respect to the entering into or performance of this Agreement.

(e) The entering into and performance of this Agreement will not conflict with, or result in a breach of, the terms, conditions, or provisions of (i) any law, or any regulation, order, injunction, permit, franchise, or decree of any court or governmental instrumentality, and (ii) any indenture, agreement, or other instrument to which Lessee is party or by which it or any of its property is bound.

(f) Lessee is neither an organization described in Section 48(a)(4) nor a governmental unit described in Section 48(a)(5) of the Internal Revenue Code of 1986.

28. Modifications. In the event the U.S. Department of Transportation, or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that Lessor add, modify, or in any manner adjust the cars subject to this Agreement in order to qualify them for operation in railroad interchange, Lessee agrees to pay an additional monthly charge of \$1.75 per car for each \$100 expended by Lessor on such car, or such other monthly charge in lieu thereof, as may be provided for modifications, in any rider hereto, in any case, effective as of the date the car is released from the shop after application of such additions, modifications or, adjustments (hereinafter the "Modifications"). No rental credits will be issued on cars entering the shop for any Modifications for the first thirty (30) days. In the event Lessor, in its sole discretion, determines, prior to making any Modifications, that the cost thereof is not economical to expend in view of the estimated remaining useful life of such car, and Lessor elects to permanently remove such car from Lessee's service rather than have such car taken to a car shop for such Modifications, the rental with respect to such car shall terminate upon the date specified in writing by Lessor, provided that such date must be prior to the date the Modifications are so required to be made.

29. Captions. Captions to any provision of this Agreement are for ease of reference only and are not to be construed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement (such execution may be by two or more counterparts, each of which shall be deemed an original) the day and year first above written.

LESSEE:

SAN LUIS CENTRAL RAILROAD COMPANY

By: 

Title: Assistant to President

LESSOR:

PLM INVESTMENT MANAGEMENT, INC.

By: 

Title: S. V. P.

RMC-014

RIDER 1-1

LEASE DATED JANUARY 2, 1988

SAN LUIS CENTRAL RAILROAD COMPANY

I. NUMBER OF CARS:

One hundred (100)

II. DESCRIPTION OF CARS:

4750 cubic feet covered hopper cars  
Car numbers per the Certificate of Acceptance - Rider 1-3

III. TERM:

January 2, 1988 to December 31, 1988

IV. RENTAL RATE:

\$330.00 per car per month

V. ANTICIPATED DELIVERY PERIOD:

Cars in Lessee's possession

VI. PLACE OF DELIVERY:

Cars already in place - Monte Vista, Colorado

VII. MILEAGE ALLOWANCE AND ADDITIONAL USAGE RENTAL:

\$0.02 per mile in excess of 40,000 miles.

VIII. THE CARS MAY BE USED ONLY FOR THE TRANSPORTATION OF THE FOLLOWING TYPES OF COMMODITIES:

Grain

XI. OTHER:

All mileage earned shall be for the account of the Lessee.

RIDER 1-1

LEASE DATED JANUARY 2, 1988

SAN LUIS CENTRAL RAILROAD COMPANY

X. Sale of NINE CARS:

Lessor retains the sole right to sell the following nine cars currently under lease to Lessee, at any time throughout the term of this lease:

PLMX	11002	PLMX	12452
	11023		12479
	11153		12484
	11165		
	12442		
	12451		

This lease shall terminate with respect to any cars sold pursuant to this Rider 1-1, Section IX and the monthly rent due with respect to such cars shall be prorated as of the date upon which cars are returned to Lessor by Lessee according to the terms of this lease.

XI. ADDRESSING OF NOTICES:

Lessee to Lessor

PLM Investment Management, Inc.  
655 Montgomery Street, Ste. 1200  
San Francisco, California 94111

Lessor to Lessee

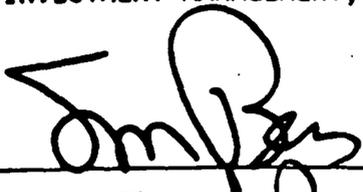
San Luis Central Railroad Company  
P.O. Box 1249  
Evanston, Illinois 60204

Lessor:

PLM INVESTMENT MANAGEMENT, INC.

Lessee:

SAN LUIS CENTRAL RAILROAD COMPANY

By: 

Title: S.V.P.

By: 

Title: Assistant to President

RIDER 1-2

LEASE DATED JANUARY 2, 1988

SAN LUIS CENTRAL RAILROAD COMPANY

IDENTIFICATION OF PRINCIPAL

RMI Covered Hopper Railcar Management  
Program 79-1

PLMX	11002	PLMX	11651
	11003		11652
	11004		11653
	11005		11654
	11006		11655
	11007		11656
	11008		11657
	11010		11658
	11011		11659
	11012		11660
	11013		12436
	11014		12437
	11015		12438
	11017		12439
	11018		12440
	11019		12441
	11020		12442
	11021		12443
	11022		12444
	11023		12445
	11024		12446
	11025		12447
	11026		12448
	11043		12449
	11151		12450
	11152		12451
	11153		12452
	11154		12453
	11155		12454
	11156		12455
	11157		12456
	11158		12457
	11159		12458
	11160		12459
	11161		12460
	11162		12461
	11163		12462
	11164		12463
	11165		12464
			12465
			12466
			12467

RIDER 1-2 (Continued)  
LEASE DATED AS OF JANUARY 2, 1988  
SAN LUIS CENTRAL RAILROAD COMPANY

IDENTIFICATION OF PRINCIPAL

RMI Covered Hopper Railcar Management	PLMX 12468
Program 79-1	12469
	12470
	12471
	12472
	12473
	12474
	12475
	12476
	12477
	12478
	12479
	12480
	12481
	12482
	12483
	12484
	12485
PLM International, Inc.	PLMX 487045

RIDER 1-3

LEASE DATED AS OF JANUARY 2, 1988

SAN LUIS CENTRAL RAILROAD COMPANY

CERTIFICATE OF ACCEPTANCE OF  
RAILROAD CAR

This Certificate relates to the railroad cars listed below leased by PLM Investment Management, Inc. to San Luis Central Railroad Company under a Lease Agreement for Railroad Cars dated January 2, 1988 (the "Lease") into which this Certificate is incorporated (by Section 4 thereof).

RAILROAD CAR NUMBERS

SEE ATTACHED RIDER 1-2

Lessee hereby certifies its acceptance of the railroad cars.

Lessee hereby certifies that the representations and warranties of Lessee contained in the Lease are true and correct on the date hereof.

Executed: July 9, 1988

SAN LUIS CENTRAL RAILROAD COMPANY

By: E. B. [Signature]

RMC-014