

FEB 1 1988 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

~~January~~ ^{FEBRUARY} 1, 1988

8 032A018

No. ~~FEB 1~~ 1988

Date _____

Fee \$ 260.00

DA
ICC Washington, D.C.

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Sirs:

I enclose for recordation in accordance with 49 U.S.C. § 11303 executed and notarized copies of a Security Agreement dated January 22, 1988. The names and addresses of the parties to the above document are as follows:

1. Security Agreement

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

Equipment Covered:

The covered railcars are listed in Attachment "A"

Handwritten notes and signatures on the left margin, including a large signature that appears to be "D. Allen".

MOTOR CARRIER UNIT
FEB 1 11 07 AM '88
100

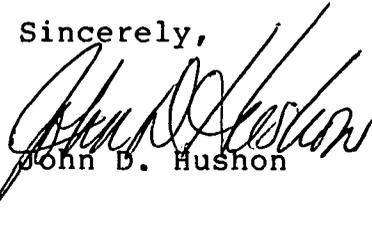
Secretary, Interstate Commerce Commission
January __, 1988
Page Two

These cars were previously covered by security agreements as indicated in Attachment "B". Please open a new file for this Agreement.

A filing fee of \$15 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

Interstate Commerce Commission

Washington, D.C. 20423

2/1/88

OFFICE OF THE SECRETARY

John B. Hushon

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/1/88 at 11:15am, and assigned recordation number(s). 15489

Sincerely yours,

Narta L. McEneaney

Secretary

Enclosure(s)

FEB 1 1988 - 11 15 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT dated as of January 22, 1988, 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 sometimes individually as a "Lender").

RECITAL

The Lenders have agreed to make certain advances to the Grantor, provided that the Lenders shall have been granted the security interest contemplated by this Agreement. All capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement referred to below.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make advances to the Grantor, the Grantor and the Lenders hereby agree as follows:

SECTION 1. Grant of Security. The Grantor hereby assigns, pledges and grants a security interest to the Lenders in all the Grantor's right, title and interest to the following described property:

(a) All of Grantor's right, title and interest in and to any leases and other agreements (collectively, the "Leases") covering aircraft of United States registry, aircraft appliances relating thereto, aircraft logs, avionics, aircraft engines and propellers and engine appliances relating thereto, rolling stock (as listed in Schedule I hereto), tractors, intermodel trailers, over-the-road trailers, refrigerated trailers, chassis, generator sets, and containers (collectively the "Equipment"), all subsequent, new or renewal Leases, and all rentals thereunder and all proceeds thereof;

(b) All of the Equipment, together with all attachments, additions, accessories and accessions thereto, now existing or hereafter acquired by Grantor, all replacements and substitutions therefor and all proceeds thereof;

(c) All claims, rights and remedies which the Grantor may now or hereafter have against any Affiliate of the Grantor including, without limitation, all such rights with respect to the maintenance and storage of the Equipment;

(d) All governmental or other approvals, permits, licenses, franchise agreements, authorities or certificates

required or used in connection with the ownership, operation and maintenance of the Equipment; and

(e) All other personal property of Grantor, now or hereafter acquired, including, without limitation, all business and farm equipment, equipment leases, deposit accounts (including, without limitation, the Collections Account and CCR Account established pursuant to the Loan Agreement), accounts receivable, cash, instruments, documents, goods, inventory, securities, chattel paper, contracts, general intangibles and any beneficial interest of Grantor under any trust created with respect to the Equipment; and

(f) All proceeds and products of the foregoing (and proceeds and products of proceeds and products), in whatever form and whether such proceeds arise before or after the commencement of any case under the Bankruptcy Code by or against the Grantor, including, without limitation, all payments under insurance whether or not either of the Lenders is the loss payee thereof, all proceeds of any governmental taking, and any indemnity, warranty, letter of credit (including the right to draw on such letter of credit) or guaranty payable by reason of any default under, loss of, or damage to or otherwise with respect to any of the foregoing.

All of the property described in subsections (a) through (f) above is herein collectively called the "Collateral".

SECTION 2. Security for Amounts Payable. This Agreement secures the payment of all amounts payable by the Grantor in connection with the repayment of advances made from time to time by the Lenders, including, without limitation, the amounts payable by the Grantor under the Loan Agreement dated as of January 15, 1988, between Grantor and the Lenders (as amended from time to time, the "Loan Agreement"), the Notes issued pursuant to the Loan Agreement and any note or notes issued in connection with the refunding or rollover of such Notes, and all amounts, whether for fees, expenses or otherwise, of the Grantor now or hereafter payable to the Lenders or any of their Affiliates under the Loan Agreement, the Notes, any other credit or loan agreement or note, the Security Documents (including this Agreement) or any other security agreement (all such amounts payable being the "Amounts Payable").

SECTION 3. Liability under Leases. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the Leases to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Lenders of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the Leases and (c) the Lenders shall not have any obligations or liability under the Leases by reason of this Agreement, nor shall the Lenders be obligated to perform any of the obligations or duties of the Grantor thereunder

or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. The Grantor represents, warrants and covenants to the Lenders as follows:

(a) The principal place of business and chief executive office of the Grantor and the office where the Grantor keeps its records and files concerning the Leases and its copies of the Leases, are located at the address specified for the Grantor in Section 17. The Grantor's executed copy of each of the Leases has been delivered to the Lenders, and all of the Grantor's photocopies of the Leases have been stamped or otherwise marked conspicuously with the following legend:

THIS WRITING IS NON-NEGOTIABLE. THIS WRITING AND THE OBLIGATIONS EVIDENCED HEREBY ARE OWNED BY, OR SUBJECT TO THE SECURITY INTEREST OF, CITICORP NORTH AMERICA, INC. AND SECURITY PACIFIC NATIONAL BANK. NO INTEREST IN THIS WRITING OR THE OBLIGATIONS EVIDENCED HEREBY MAY BE SOLD, TRANSFERRED OR ASSIGNED TO ANY OTHER PERSON WITHOUT DELIVERY OF THE EXECUTED COUNTERPART IN THE POSSESSION OF CITICORP NORTH AMERICA, INC.

(b) The Grantor owns the Collateral free and clear of any lien, security interest, charge or encumbrance, except for (i) the security interest created by this Agreement, (ii) the interests of the lessees under the Leases, (iii) liens identified in the Loan Agreement that will be released on the Closing Date, and (iv) other liens expressly permitted under the Loan Agreement. The Grantor has paid or caused to be paid all invoice prices, transportation and delivery costs, taxes and any acquisition or other fees relating to the Equipment. The Grantor has all necessary authority to encumber and grant a security interest in the Collateral.

(c) Each item of Equipment the ownership of which, under applicable law, is or should be evidenced by a certificate of title, will be properly titled in the name of the Grantor no later than the Closing Date.

(d) All information furnished or to be furnished the Lenders by or on behalf of the Grantor in connection with the Collateral and the Amounts Payable is or will be complete and accurate. The Grantor shall defend and hold harmless the Lenders against all persons whomsoever claiming the Collateral or any part thereof.

(e) This Agreement creates a valid security interest of the Lenders in the Collateral (subject to the security interests of others referred to in Section 4(b) above, for so long as such

security interests are permitted by the provisions of this Agreement), securing the payment of the Amounts Payable, and all filings and other actions necessary to perfect and protect such security interest have been duly taken, including, without limitation, the proper notation on each certificate of title covering Equipment of the security interest of the Lenders and the making of all filings against the lessees under the Leases necessary to perfect the Grantor's interest in the Equipment.

(f) No consent, authorization, approval or other action by, and no notice to or filing with, any governmental authority, regulatory body, lessee or other person or entity is required either (i) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor or (ii) for the perfection or exercise by the Lenders of their rights and remedies hereunder.

(g) The Leases constitute valid and enforceable obligations of the respective lessees thereunder, enforceable against such lessees in accordance with their terms, except as the enforceability thereof may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally. On or before the Closing Date, each item of Equipment subject to any Lease shall have been delivered to, and accepted by, the lessee under the respective Lease. No event of default or termination, and no event which with the giving of notice or lapse of time, or both, would constitute such an event, has occurred on the part of any party under any of the Leases (except such events which, in the aggregate, do not constitute an Event of Default). There does not exist in respect of any Lease any claim, offset, defense or other right on the part of the lessee thereunder to reduce in any manner the amounts payable under such Lease.

SECTION 5. Documentation.

(a) The Grantor shall from time to time, at the expense of the Grantor, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that either of the Lenders may request, in order to perfect with first priority and otherwise protect the security interest granted or purported to be granted hereby (subject to the security interests of others referred to in Section 4(b) above, for so long as such security interests are permitted by the provisions of this Agreement) or to enable the Lenders to exercise and enforce their rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor shall: (i) promptly after the execution thereof, deliver to the Lenders the original execution copies of every new or renewal Lease or other agreement included in the Leases, (ii) mark conspicuously each of its copies of every new or renewal Lease or other agreement included in the Leases and each of its records pertaining thereto with the legend set forth in Section

4(a) or another legend in form and substance satisfactory to the Lenders, (iii) duly note the security interest of the Lenders on each certificate of title covering any of the Equipment and on any registration without certification of title covering any of the Equipment, (iv) file an executed counterpart of this Agreement with the Interstate Commerce Commission in order to perfect the Lenders's lien on the rolling stock forming part of the Collateral under the provisions of 49 U.S.C.A. § 11303 (1979) (formerly Section 20c of the Interstate Commerce Act), and (v) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, and make such recordings, as may be necessary or desirable, or as either of the Lenders may request, in order to perfect and preserve the security interests granted or purported to be granted hereby, including, without limitation, execution and filing of such instruments and recordings as may be necessary under federal law relating to the creation and perfection of a security interest in any of the Equipment.

(b) To the best of its ability, the Grantor shall furnish to each of the Lenders from time to time statements and schedules further identifying and describing the Collateral (including, without limitation, the locations and condition thereof) and such other reports in connection with the Collateral as either of the Lenders may reasonably request, all in reasonable detail.

SECTION 6. Equipment. The Grantor shall:

(a) Cause the Equipment to be kept in jurisdictions where all action required by Section 5 has been taken with respect to the Equipment; provided, however, that a lessee under a Lease may use or keep Equipment in such other locations as are permitted under the Lease and the Estoppel Agreement delivered by such lessee to the Lenders.

(b) Cause each lessee under the Leases to maintain and preserve the Equipment covered by its Lease strictly in accordance with the terms and provisions thereof and otherwise to perform in a timely manner all obligations of the lessee under its Lease. Without limitation of the foregoing, the Grantor shall cause the Equipment to be maintained and preserved, by the lessee or otherwise, in the same condition, repair and working order as when delivered to the lessee, ordinary wear and tear excepted, and in accordance with any manufacturer's manual and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made, by the lessee or otherwise, all repairs, replacements and other improvements in connection therewith which are necessary or desirable to such end. The Grantor shall promptly furnish to each of the Lenders a statement respecting any loss or damage to any of the Equipment.

(c) Pay promptly when due, or cause to be so paid in accordance with the Leases, all property and other taxes, fees, assessments and governmental charges or levies imposed upon or in respect of the Equipment or this Agreement and all claims, including claims for labor, materials and supplies, against the Equipment.

(d) Perform in a timely manner all obligations of the Grantor under the Leases.

(e) Mark each car of the rolling stock forming part of the Collateral appropriately to show the Grantor's ownership and with its assigned reporting mark and number in accordance with the rules and regulations of the American Association of Railroads, and maintain and cause such rolling stock to be always so marked while this Agreement remains in effect and not cause or allow such rolling stock to be marked so as to indicate ownership in any other party or to be renumbered without the prior written consent of the Lenders, nor allow such rolling stock to be marked so as to indicate a lien thereon allegedly held by any parties other than the Lenders.

(f) At the request of the Lenders, at the Grantor's own cost and expense, cause each item of the Equipment (if not prevented by applicable law or regulations or governmental authority, and if it will not adversely affect the proper use thereof) to be legibly marked in a reasonably prominent location with such a plate, disk or other marking of customary size, and bearing such a legend, as shall be appropriate or desirable to evidence the fact that it is subject to the lien and security interest of the Lenders hereunder. The Grantor shall not remove or deface, or permit to be removed or defaced, any such plate, disk, or other marking or the identifying manufacturer's serial number, and, in the event of such removal, defacement or other disappearance thereof, the Grantor shall promptly cause such plate, disk or other marking or serial number to be promptly replaced.

(g) If any rolling stock forming part of the Collateral is used in, leased in, or permitted to be used in Canada (or any province or territory thereof) or in Mexico (or in any state or Federal District thereof), take all necessary action to protect the right, title and interest of the Lenders in the Collateral and furnish the Lenders, upon their request, with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Lenders to the effect that the action taken by Grantor is all that is necessary to protect the right, title and interest of the Lenders in such Equipment.

SECTION 7. Insurance.

(a) The Grantor shall cause the lessees under the Leases to maintain insurance on the Equipment strictly in accordance with the terms and provisions of the Leases. Without limitation of the

foregoing, the Grantor shall at its own expense maintain such additional insurance with respect to the Equipment in such amounts, against such risks, in such form and with such insurers as shall be requested by the Lenders from time to time. Each policy, whether obtained in accordance with the terms and provisions of a Lease or in accordance with this Section 7(a), shall (i) if for liability insurance, provide for all losses to be paid on behalf of the Lenders and the Grantor as their respective interests may appear and (ii) if for property damage insurance, provide for all losses to be paid directly to the Lenders. Each such policy shall in addition (i) name each of the Lenders as insured parties or loss payees thereunder, without any representation or warranty by or obligation upon the Lenders, as their interests may appear; (ii) contain an agreement by the insurer that any loss thereunder shall be payable to the Lenders notwithstanding any action, inaction or breach of representation or warranty by the Grantor or any lessee under the Leases; provided, however, that in the event of a Casualty Loss the Grantor shall make the Mandatory Prepayment, if any is required, under Section 2.04(b) of the Loan Agreement and shall thereafter be entitled to any insurance proceeds in respect of such Casualty Loss; (iii) provide that there shall be no recourse against the Lenders for payment of premiums or other amounts with respect thereto and (iv) provide that at least 30 days' prior written notice of cancellation or lapse shall be given to each of the Lenders by the insurer. The Grantor shall, if so requested by either of the Lenders, deliver to each of the Lenders original or duplicate policies of such insurance and, as often as either of the Lenders may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, the Grantor shall, at the request of either of the Lenders, duly execute and deliver confirmatory instruments of assignment of such insurance policies to comply with the requirements of Section 5 and cause the respective insurers to acknowledge notice of such assignment.

(b) Reimbursement under any liability insurance maintained pursuant to this Section 7 may be paid directly to the person who incurred liability covered by such insurance. In case of any loss involving damage to Equipment when Section 7(c) is not applicable, the Grantor shall make or cause to be made, by the lessee or otherwise, the necessary repairs to or replacements of such Equipment, and any proceeds of insurance maintained pursuant to this Section 7 shall be paid to the Grantor, the lessee or otherwise, as the case may be, as reimbursement for the costs of such repairs or replacements.

(c) (i) Upon the occurrence and during the continuance of any event of default under any document or instrument evidencing or relating to any of the Amounts Payable, or (ii) upon the actual or constructive total loss of any Equipment, all insurance payments in respect of such Equipment shall be paid to and applied by the Lenders as specified in Section 13(d) except, with respect only to clause (i), insofar as the Lease covering such Equipment provides

for the insurance payments to be paid to the lessee for purposes of repairing the Equipment and, with respect only to clause (ii), that the Grantor shall be entitled to retain any insurance proceeds in respect of the actual or constructive total loss of any Equipment in the amount and to the extent of the Mandatory Prepayment (if any is required) made by the Grantor to the Lenders in respect of such loss pursuant to Section 2.04(b) of the Loan Agreement.

SECTION 8. Leases.

(a) The Grantor shall keep its principal place of business and chief executive office and the office where it keeps its records and files concerning the Leases and its copies of the Leases at the location specified in Section 16 or, upon 30 days' prior written notice to the Lenders, at another location in a jurisdiction where all action required by Section 5 shall have been taken with respect to the Leases. The Grantor shall hold and preserve such records and files concerning the Leases and shall permit representatives of the Lenders at any time during normal business hours to inspect and make abstracts from such records and files.

(b) Except as otherwise provided in this Section 8(b), the Grantor shall continue to collect, at its own expense, all amounts due or to become due the Grantor under the Leases. In connection with such collections, the Grantor may take, and at the Lenders' direction shall take, such action as the Grantor or the Lenders may deem necessary or advisable to enforce collection of the Leases. The Lenders shall have the right at any time, upon written notice to the Grantor of their intention to do so, (i) to direct the lessees under the Leases to make payment of all amounts due or to become due thereunder directly to the Lenders and, upon such direction and at the expense of the Grantor, to enforce collection of any of the Leases in the same manner and to the same extent as the Grantor might have done and/or (ii) to require that all amounts received by the Grantor in respect of the Leases be received in trust for the benefit of the Lenders hereunder and be segregated from other funds of the Grantor. Any amounts so segregated shall, at the Lenders' request, be forthwith paid over to the Lenders to be held as cash collateral and either (A) released to the Grantor after payment in full of all Amounts Payable, or (B) if any event of default shall have occurred and be continuing under any document or instrument evidencing or relating to any of the Amounts Payable, applied as provided in Section 13(d). If the Lenders notify Grantor of the Lenders' intention to direct lessees to make Lease payments directly to the Lenders and/or to require Grantor to segregate and hold such payments in trust, Grantor shall enter into written agreements satisfactory to the Lenders to implement such intention.

(c) The Grantor shall accept no prepayment from any lessee of amounts due under any of the Leases without obtaining the prior written consent of each of the Lenders, except such amounts

as are required under any Lease to be paid in advance (including, without limitation, a security deposit or a maintenance reserve account).

SECTION 9. Transfers and Other Liens. The Grantor shall not:

(a) Except as expressly permitted by the Loan Agreement, sell, assign (by operation of law or otherwise), lease, charter or otherwise dispose of any of the Collateral without the prior written consent of each of the Lenders.

(b) Create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interests referred to in Section 4(b) above, for so long as such security interests are permitted by the provisions of this Agreement.

SECTION 10. Attorney-in-Fact. The Grantor hereby irrevocably appoints each of the Lenders, acting singly, the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, such Lender or otherwise, from time to time in such Lender's discretion, to take any action and to execute any instrument which such Lender may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of the Grantor under Section 8), including, without limitation:

(a) to obtain and adjust insurance required to be paid to the Lenders pursuant to Section 7;

(b) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) to receive, indorse and collect any drafts or other instruments and documents in connection with clauses (a) and (b) above;

(d) to file claims or take any action or institute any proceedings which the Lenders may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lenders with respect to any of the Collateral; and

(e) to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law.

SECTION 11. Lenders May Perform. If the Grantor fails to perform any agreement contained herein, either or both of the Lenders may perform, or cause performance of, such agreement, and the expenses of the Lender or Lenders, as the case may be, incurred

in connection therewith shall be payable by the Grantor under Section 14(b).

SECTION 12. Lenders' Duties. The powers conferred on the Lenders hereunder, whether jointly or individually, are solely to protect their interests in the Collateral and shall not impose any duty upon them to exercise any such powers. Except for the safe custody of any Collateral in their possession and the accounting for moneys actually received by them hereunder, the Lenders shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 13. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Lenders may, by notice to the Grantor, declare all of the Amounts Payable to be forthwith due and payable.

(b) The Lenders, in lieu of or in addition to exercising any other power hereby granted, may without notice, demand or declaration of default, which are hereby waived by the Grantor, proceed by an action or actions in equity or at law for the seizure and sale of the Collateral or any part thereof, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, for the foreclosure or sale of the Collateral or any part thereof under the judgment or decree of any court of competent jurisdiction, for the appointment of a receiver pending any foreclosure hereunder or the sale of the Collateral or any part thereof or for the enforcement of any other appropriate equitable or legal remedy; and upon the commencement of judicial proceedings by the Lenders to enforce any right under this Agreement, the Lenders shall be entitled as a matter of right against the Grantor to such appointment of a receiver, without regard to the adequacy of the security by virtue of this Agreement or any other collateral or to the solvency of the Grantor.

(c) The Lenders may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to them, all the rights and remedies of a secured party on default under the Uniform Commercial Code, whether or not the Uniform Commercial Code applies to the affected Collateral, and also may (i) require the Grantor to, and the Grantor hereby agrees that at its expense and upon request of the Lenders it shall forthwith, assemble all or part of the Collateral as directed by the Lenders and make it available to the Lenders at such places reasonably convenient to all parties as the Lenders may designate and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more sales at public or private sales, at any of the Lenders' offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Lenders may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale

shall be required by law, at least 10 days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lenders shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lenders may adjourn any public or private sale from time to time by public announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to be which it was so adjourned.

(d) All cash proceeds received by the Lenders in respect of any sale of, collection from or other realization upon all or any part of the Collateral shall be applied as follows:

(i) First, to the payment of all costs and expenses incident to the enforcement of this Agreement, including but not limited to compensation to the agents, contractors and attorneys of the Lenders;

(ii) Second, to the payment of the Amounts Payable;
and

(iii) Third, the remainder, if any, to the Grantor or to whomever may be lawfully entitled to receive such remainder; provided, however, that the Grantor shall remain liable to the Lenders for any deficiency in the Amounts Payable remaining after the application of such proceeds as provided in this Section 13(d) and, provided, further, that nothing herein contained shall in any way limit or restrict the Lenders' rights to proceed directly against the Grantor without first exhausting, or in any manner exercising its rights in respect of, the Collateral.

(e) The Lenders, or either of them, shall have the right to become the purchaser at any public sale made pursuant to the provisions of this Section 13 and shall have the right to credit against the amount of the bid made therefor the amount payable to the purchasing Lender or Lenders out of the net proceeds of such sale. Recitals contained in any conveyance to any purchaser at any sale made hereunder shall conclusively establish the truth and accuracy of the matters therein stated, including, without limitation, nonpayment of the Amounts Payable and advertisement and conduct of such sale in the manner provided herein. The Grantor does hereby ratify and confirm all legal acts that the Lenders may do in carrying out the provisions of this Agreement.

(f) Any sale of the Collateral or any part thereof pursuant to the provisions of this Section 13 shall operate to divest all right, title, interest, claim and demand of the Grantor in and to the property sold and shall be a perpetual bar against the Grantor. Nevertheless, if requested by the Lenders so to do, the Grantor shall join in the execution, acknowledgement and delivery of all proper conveyances, assignments and transfers of the property so sold. It shall not be necessary for the Lenders to

have physically present or constructively in their possession any of the Collateral at any such sale, and the Grantor shall deliver all of the Collateral to the purchaser at such sale on the date of sale and, if it should be impossible or impracticable then to take actual delivery of the Collateral, the title and right of possession to the Collateral shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered. The Grantor agrees that if the Grantor retains possession of the property or any part thereof subsequent to such sale, the Grantor shall be considered a tenant at sufferance of the purchaser and shall, if the Grantor remains in possession after demand to remove, be guilty of forcible detainer and be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages by reason thereof are hereby expressly waived by the Grantor.

(g) Subject to any requirements of applicable law, the Grantor agrees that neither the Grantor, nor any of its Affiliates under its control, shall at any time have or assert any right, under any law pertaining to the marshalling of assets, the sale of property in the inverse order of alienation, the administration of estates of decedents, appraisement, valuation, stay, extension or redemption now or hereafter in force in order to prevent or hinder the rights of the Lenders or any purchaser of the Collateral or any part thereof under this Agreement, and the Grantor, to the extent permitted by applicable law, hereby waives the benefit of all such laws.

(h) Upon any sale made under the powers of sale herein granted and conferred, the receipt of the Lenders shall be sufficient discharge to the purchaser or purchasers at any sale for the purchase money, and such purchaser or purchasers and the heirs, devisees, personal representatives, successors and assigns thereof shall not, after paying such purchase money and receiving such receipt of the Lenders, be obliged to see to the application thereof or be in anywise answerable for any loss, misapplication or nonapplication thereof.

(i) Each and every right, power or remedy hereby granted to the Lenders is in addition to, and not in derogation of, any right, power or remedy granted by the Loan Agreement and the Notes issued thereunder and shall be cumulative and not exclusive, and each and every right, power or remedy, whether specifically hereby granted or otherwise existing, may be exercised from time to time and as often and in such order as may be deemed expedient by the Lenders, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by the Lenders in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing. Any and all covenants in this instrument may from time to time by instrument in writing signed by the Lenders be

waived to such extent and in such manner as the Lenders may desire, but no such waiver shall ever affect or impair the Lenders's rights hereunder, except to the extent specifically stated in such written instrument.

(j) Notwithstanding the foregoing, the Lenders agree not to interfere with a lessee's quiet enjoyment of Equipment under a Lease approved by the Lenders pursuant to the Loan Agreement so long, but only so long, as no event of default or termination, and no event which with the giving of notice or lapse of time, or both, would constitute such an event, has occurred under such Lease.

SECTION 14. Indemnity and Expenses.

(a) The Grantor agrees to indemnify the Lenders, and each of them, from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Lenders' gross negligence or willful misconduct.

(b) The Grantor shall upon demand pay to the Lenders the amount of any and all reasonable expenses, including the reasonable fees and disbursements of their counsel and or any experts and agents, which the Lenders may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, sale of, collection from or other realization upon any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Lenders hereunder or (iv) the failure by the Grantor to perform or observe any of the provisions hereof.

SECTION 15. Amendments; Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by each of the Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 16. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopied or telex communication) and mailed or telegraphed or telecopied or delivered: if to the Grantor, at its address at 655 Montgomery Street, 12th floor, San Francisco, California, 94111, Attention: General Counsel (teletype no. (415) 433-9152); if to CitINA, at its address at 601 Midland Avenue, Rye, New York 10580, Attention: Aircraft/Special Projects Finance (teletype no. (914) 935-3425); and if to SPNB, at its address at One Embarcadero Center, San Francisco, California 94111, Attention: Milt Anderson (teletype no. (415) 445-4738) or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this section. All such notices and communications shall, when mailed, telegraphed or telecopied, be

effective on receipt or, if sent by telex, when the telex is sent and the appropriate answerback is received.

SECTION 17. Continuing Security Interest; Etc. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full of the Amounts Payable and performance in full of all of the Grantor's obligations hereunder and under any documents or instruments evidencing or relating to any of the Amounts Payable; (b) be binding upon the Grantor, its successors and assigns, provided, however, that the Grantor shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of each of the Lenders; and (c) inure to the benefit of the Lenders and their successors, transferees and assigns. Upon payment in full of the Amounts Payable and performance in full of all of the Grantor's obligations hereunder and under any documents or instruments evidencing or relating to any of the Amounts Payable, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Grantor. Upon any such termination, the Lenders shall, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 18. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of California, as applied to contracts entered into by California residents and to be performed entirely within California, except to the extent that the validity or perfection of the security interest hereunder or remedies hereunder in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of California, including federal law. Unless otherwise defined herein, terms used in Division 9 of the Uniform Commercial Code in the State of California are used herein as therein defined.

SECTION 19. Severability. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

SECTION 20. Releases. No release from the lien of this Agreement of any part of the Collateral by the Lenders shall in anywise alter, vary or diminish the force, effect or lien of this Agreement on the balance of the Collateral.

SECTION 21. Subrogation. This Agreement is made with full substitution and subrogation of the Lenders in and to all covenants and warranties by others heretofore given or made in respect of the Collateral or any part thereof.

SECTION 22. Nature of Agreement. This Agreement will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, or security agreement, and from time to time as any one or more thereof as is appropriate under applicable State law.

SECTION 23. Counterparts. This Agreement 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 Agreement.

SECTION 24. Headings. The section headings used in this Agreement are intended principally for convenience and shall not, by themselves, determine the rights and obligations of the parties to this Agreement.

SECTION 25. Entire Agreement. This Agreement, the Loan Agreement, the Promissory Notes issued pursuant to the Loan Agreement, and all documents or instruments to be delivered to the Lenders hereunder or thereunder contain all of the terms and conditions agreed upon by the parties relating to the subject matter of this Agreement and supersede any and all prior and contemporaneous agreements, negotiations, correspondence,

understandings and communications of the parties, whether oral or written, respecting that subject matter.

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

PLM INTERNATIONAL, INC.

[CORPORATE SEAL]

By: *R. P. Flomen*
Title: *TREASURER*

CITICORP NORTH AMERICA, INC.

By: *John D. Miller*
Title: *VICE PRESIDENT*

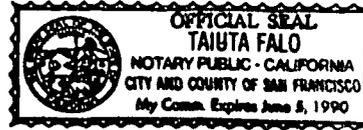
SECURITY PACIFIC NATIONAL BANK

By: *Mr. Anderson*
Title: *ASSISTANT VICE PRESIDENT*

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 22 day of JANUARY, 1988, before me, the undersigned, a Notary Public in and for said state, personally appeared RICHARD P. KRAMER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as TREASURER of PLM INTERNATIONAL, INC., one of the corporations therein named and acknowledged to me that said corporation executed it.

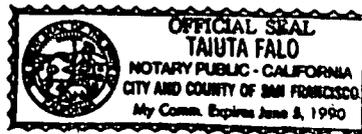
Signature: Taiuta Falo
My Commission Expires: JUNE 5, 1990



STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 22 day of JANUARY, 1988, before me, the undersigned, a Notary Public in and for said state, personally appeared ROGER P. MILLER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as VICE PRESIDENT of CITICORP NORTH AMERICA, INC., one of the corporations therein named and acknowledged to me that said corporation executed it.

Signature: Taiuta Falo
My Commission Expires: JUNE 5, 1990

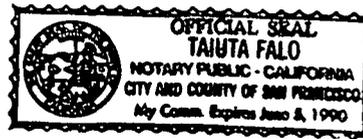


STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 22 day of JANUARY, 1988, before me, the undersigned, a Notary Public in and for said state, personally appeared MILT ANDERSON, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as ASSISTANT VICE PRESIDENT of SECURITY PACIFIC NATIONAL BANK, one of the entities therein named and acknowledged to me that said entity executed it.

Signature: *Taiuta Falo*

My Commission Expires: JUNE 5, 1990



SCHEDULE I

30 1981 Portec
covered hopper cars

Road Nos.: PLMX12091 PLMX12106
PLMX12092 PLMX12107
PLMX12093 PLMX12108
PLMX12094 PLMX12109
PLMX12095 PLMX12110
PLMX12096 PLMX12111
PLMX12097 PLMX12112
PLMX12098 PLMX12113
PLMX12099 PLMX12114
PLMX12100 PLMX12115
PLMX12101 PLMX12095
PLMX12102 PLMX12096
PLMX12103 PLMX12097
PLMX12104 PLMX12098
PLMX12105 PLMX12089

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railcars between PLM Investment Management, Inc., as lessor, and The Atchison, Topeka & Santa Fe Railway Company, as lessee, dated June 1, 1987.

13 1980 FMC
covered hopper cars

Road Nos.: PLMX12626
PLMX12627
PLMX12628
PLMX12629
PLMX12630
PLMX12639
PLMX12640
PLMX12641
PLMX12642
PLMX12644
PLMX12646
PLMX12651
PLMX12652

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railcars between PLM Investment Management, Inc., as lessor, and FMC Corporation, as lessee, dated March 1, 1987.

12 1982 North
American covered hopper cars

Road Nos.: PLMX487046
PLMX487047
PLMX487048
PLMX487049
PLMX487050
PLMX487051
PLMX487052
PLMX487053
PLMX487054
PLMX487055
PLMX487056
PLMX487057

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railcars between PLM Investment Management, Inc., as lessor, and Texasgulf Inc., as lessee, dated July 1, 1986.

65 1981 North
American covered hopper cars

Road Nos.: PLMX487038 PLMX488330 KYLE488359
PLMX487039 PLMX488331 KYLE488359
PLMX487040 PLMX488332 KYLE488360
PLMX487041 PLMX488333 KYLE488361
PLMX487042 PLMX488334 KYLE488362
PLMX487043 PLMX488335 KYLE488363
PLMX487044 PLMX488336 KYLE488364
PLMX487045 PLMX488337 KYLE488365
KYLE487058 PLMX488338 KYLE488366
KYLE487059 PLMX488339
KYLE487060 PLMX488340
KYLE487061 PLMX488341
KYLE487062 PLMX488342
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KYLE487072 KYLE488352
KYLE487073 KYLE488353
KYLE487074 KYLE488354
KYLE487075 KYLE488355
KYLE487076 KYLE488356
KYLE487077 KYLE488357

15 1982 ACF
covered hopper cars

Road Nos.

ACFX75744
ACFX75745
ACFX75746
ACFX75747
ACFX75748

ACFX72495
ACFX72496
ACFX72497
ACFX72498
ACFX72500
ACFX72503
ACFX72504
ACFX72505
ACFX72510
ACFX72512

59 1982 Trinity
covered hopper cars

Road Nos.: TIMX302200
TIMX302201
TIMX302202
TIMX302203
TIMX302204
TIMX302205
TIMX302206
TIMX302207
TIMX302208
TIMX302209
TIMX302210
TIMX302211
TIMX302212
TIMX302213
TIMX302214
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TIMX302222
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TIMX302240
TIMX302241
TIMX302242
TIMX302243
TIMX302244
TIMX302245
TIMX302246
TIMX302247
TIMX302248
TIMX302249
TIMX302250
TIMX302251
TIMX302252
TIMX302253
TIMX302254
TIMX302255
TIMX302256
TIMX302257
TIMX302258

10 1983
Union Tank Tankcars

Road Nos.: UTLX65665
UTLX65666
UTLX65667
UTLX65669
UTLX65670

UTLX65668
UTLX65671
UTLX65672
UTLX65673
UTLX65674

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railcars between PLM Investment Management, Inc., as lessor, and Union Tank Car Company, as lessee, dated March 10, 1983.

16 1983 Evans
jumbo covered hopper cars

Road Nos.: ERLX6224 ERLX6232 ERLX6241
ERLX6225 ERLX6233 ERLX6242
ERLX6226 ERLX6234
ERLX6227 ERLX6235 ERLX6244
ERLX6236 ERLX6245
ERLX6229 ERLX6237 ERLX6246
ERLX6230 ERLX6238 ERLX6247
ERLX6231 ERLX6239 ERLX6248
ERLX6240

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railcars between PLM Investment Management, Inc., as lessor, and Evans Railcar Leasing Company, as lessee, dated December 28, 1983.

15 1983 FMC
covered hopper cars

Road Nos.: PLMX17000 PLMX17008
PLMX17001 PLMX17009
PLMX17002 PLMX17010
PLMX17003 PLMX17011
PLMX17004 PLMX17012
PLMX17005 PLMX17013
PLMX17006 PLMX17014
PLMX17007

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railcars between PLM Investment Management, Inc., as lessor, and FMC Corporation, as lessee, dated August 31, 1983.

25 1984 Trinity
covered hopper cars

Road Nos.: TILX512042 TILX512056
TILX512043 TILX512057
TILX512044 TILX512058
TILX512045 TILX512059
TILX512046 TILX512060
TILX512047 TILX512061
TILX512048 TILX512062
TILX512049 TILX512063
TILX512050 TILX512064
TILX512051 TILX512065
TILX512052 TILX512066
TILX512053
TILX512054
TILX512055

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railroad Cars between PLM Investment Management, Inc., as lessor, and Trinity Industries, Inc., as lessee, dated December 17, 1984.

19 1984 Portec
covered hopper cars

Road Nos.: PLMX12700 PLMX12706
PLMX12701 PLMX12707
PLMX12702 PLMX12708
PLMX12703 PLMX12709
PLMX12704 PLMX12710
PLMX12705 PLMX12711
PLMX12712
PLMX12713
PLMX12714
PLMX12715
PLMX12716
PLMX12717
PLMX12718

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railroad Cars between PLM Investment Management, Inc., as lessor, and Portec, Inc., as lessee, dated December 20, 1984.