PLM INVESTMENT MANAGEMENT, INC.
A Subsidiary of PLM, Inc.
50 California Street, Suite 3300
San Francisco, California 94111
415/989-1860
Telex 34430
TWX 910-372-7306

13566
RECORDATION NO. ..... Filed 1425

January 26, 1982

FEB 26 1982-3 05 PM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Interstate Commerce Building
Washington, D.C. 20423

Attention: Mildred R. Lee, Room 2303

Re: Recordation of Management Agreement

Ladies and Gentlemen:

You are hereby requested to record two Management Agreements which are enclosed herewith. The recordation fee of $50.00 is included in the enclosed PLMX Special Covered Hopper Railcar Management Program 81-3 check for $500.00.

Under the Management Agreement, Dr. Richard S. Gordon, whose address is 20 Westmoreland Place, St. Louis, MO 63108, as owner, grants to PLM Investment Management Inc., a California Corporation, whose principal business address is at 50 California Street, San Francisco, California 94111, the right to manage the equipment hereinafter described in this letter, to collect amounts due to or on behalf of owner with respect to such equipment and to disburse funds of owner to pay costs, expenses and obligations of owner with respect to such equipment, all as set forth therein.

The above described agreement relates to new railway equipment consisting of one (1) 4,700 cu.ft. capacity, 100 ton covered hopper car.

When recorded, the document should be returned to: 12631

Chase Commercial Corporation
55 E. Monroe Street, Suite 3700
Chicago, Illinois 60603
Attn.: Ms. Vickie Sutera

Sincerely,

Robin L Austin

Robin L. Austin
Director of Operations

RLA;hz

Robert O'Neill

13566
RECORDATION NO. Filed 1425

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INTERSTATE COMMERCE COMMISSION

Investor represents that (i) if Investor is an individual, Investor has the legal capacity to enter into this Agreement and (ii) if Investor is a corporation or other legal entity, that the execution of this Agreement on behalf of Investor has been fully authorized and is within the legal power of Investor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of 12/31, 1981 (date of Closing; to be completed by the Manager).

INVESTOR:

_____

By_____

INVESTOR:

By_____

PLM INVESTMENT MANAGEMENT, INC. (the "Manager")

By R. L. Austin

PLM TRANSPORTATION EQUIPMENT CORPORATION ("TEC")

By_____

(NOTE: IF CARS ARE TO BE REGISTERED IN MORE THAN ONE NAME, ALL INVESTORS MUST SIGN.)

The following legend is applicable to California residents only:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

I certify that this is a true and exact copy of the original document.

Vickie A. Sutera
Notary Public

NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES APR 30 1983
ISSUED THRU ILLINOIS NOTARY ASSOC.

Serial Numbers	Reporting Marks
	PLMX 12631

EXHIBIT C

MANAGEMENT AGREEMENT

12/31/81

This Agreement is the Management Agreement referred to in the Subscription Agreement to PLMX Special Covered Hopper Railcar Management Program 81-3 and is incorporated therein by reference. PLM Investment Management, Inc. (hereinafter referred to as the "Manager") and the person(s) executing the Subscription Agreement as the "Investor" (hereinafter referred to as the "Owner") agree to be bound by this Management Agreement.

RECITALS OF FACT

Owner has, pursuant to a Purchase Contract (the "Purchase Contract") with PLM Transportation Equipment Corporation, purchased the covered hopper railcars identified therein (such car or cars are hereinafter referred to as the "Cars");

Owner shall have financed a portion of the purchase price for the Cars from the proceeds of a borrowing (hereinafter referred to as the "Loan") from an institution or other entity (hereinafter referred to as the "Lender") and repayable in the payments of principal and interest identified in and payable at designated times and in amounts, as set out in the Promissory Note and Financing Documents (Exhibit E).

The Manager is engaged in the business of managing railcars for railcar owners, and Owner desires to retain the Manager as agent for the purpose of managing the Cars on Owner's behalf, collecting amounts due to or on behalf of Owner with respect to the Cars and disbursing funds of Owner to pay costs, expenses and obligations of Owner with respect to the Cars, all on the terms and conditions set forth herein;

The Manager intends to manage 21 similar railcars and to perform for the owners thereof, services substantially identical to those which the Manager will perform for Owner hereunder, and Owner desires that the Gross Revenues (as hereinafter defined) and the Operating Expenses (as hereinafter defined) attributable to the Cars be accounted for and combined with the Gross Revenues

and Operating Expenses (the "Pool") of all cars managed by the Manager under the PLMX Special Covered Hopper Railcar Management Program 81-3 (the "Program"), all on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises made herein, Owner and the Manager hereby agree as follows:

1. Representations. By executing the Subscription Agreement, Owner represents and warrants to the Manager, the participating broker-dealer, and his agent that:

(a) Owner has been furnished a private placement memorandum, relating to Special Covered Hopper Program 81-3 (the "Memorandum") and the exhibits attached thereto.

(b) Owner meets the applicable suitability standards and/or financial requirements set forth in the Memorandum under the caption "Investor Suitability Standards."

(c) Owner has reviewed the discussion set forth in the Memorandum under the caption "Tax Aspects of Car Ownership" and understands that whether purchase of the Cars has economic substance apart from anticipated tax benefits (and, therefore, whether such tax benefits are subject to challenge) is essentially a factual question and depends in part on the subjective motivation of Owner. Owner has determined, in light of the discussion set forth in the Memorandum under the caption "The Private Railroad Car Industry -- Future Values" and other information available to Owner, that it is not unrealistic to anticipate that net cash proceeds from lease and/or sale of the Cars will equal at least investment in the Cars with some return thereon.

THERE ARE CERTAIN RISKS AND OTHER CONSIDERATIONS RELATING TO THE PURCHASE OF THE CARS AND PARTICIPATION IN THE MANAGEMENT PROGRAM, INCLUDING THE RISKS SET FORTH UNDER THE CAPTION "RISK FACTORS" IN THE MEMORANDUM.

THE "MODELS" SET FORTH IN THE MEMORANDUM UNDER THE HEADING "ANALYTIC MODELS OF CAR OPERATIONS" ARE SHOWN FOR ILLUSTRATIVE AND ANALYTIC PURPOSES ONLY, AND NO ASSURANCE CAN BE GIVEN AS TO THE ACTUAL AMOUNT OR CERTAINTY OF ANY PRESENT OR FUTURE CASH BENEFIT OR TAX CONSEQUENCES WHICH MAY FLOW FROM THE MANAGEMENT PROGRAM.

2. Engagement of the Manager. Owner hereby engages the Manager as agent of Owner to manage the Cars, collect amounts due to Owner with respect to the Cars and disburse funds of Owner to pay costs, expenses and

obligations of Owner with respect to the Cars, all on the terms and conditions set forth herein, and the Manager accepts such engagement and agrees to act as agent for Owner and perform in accordance with the terms and conditions hereof. The term of this Agreement and the agency created hereby shall commence as of the date of this Agreement, and shall continue for a period of five years thereafter; provided, however, that, except for Sections 10 and 11, which shall, notwithstanding this proviso, remain in effect with respect to any Car transferred as described in Section 11(a), this Agreement shall terminate with respect to any Car which is withdrawn pursuant to Section 12 hereof, sold, lost or totally destroyed as of the date that such withdrawal is effective, such sale is consummated, or such Car is lost or destroyed; provided further, however, that notwithstanding any termination of this Agreement, the Manager shall continue to be obligated to collect all rental payments, mileage allowances and other sums (including insurance benefits or lessee or railroad indemnity payments payable in connection with any damage to or loss or total destruction of a Car), and to pay or arrange for payment of all expenses, taxes and other charges on Cars, due for or with respect to periods prior to such termination.

3. Duties of the Manager. In consideration of the compensation to be paid to the Manager by Owner pursuant to Section 6 hereof, and subject to the agreement of Owner to reimburse the Manager pursuant to Section 7 hereof, the Manager shall provide and perform the services on behalf of Owner set forth below during the term of this Agreement:

(a) Immediately upon execution, or as soon thereafter as reasonably practicable, take possession of the Cars as agent for Owner for the purpose of managing and operating the Cars, as herein provided.

(b) Use its best efforts to insure that all steps are taken which may be necessary to have the Cars registered and accepted by all hauling carriers under the Association of American Railroads ("AAR") as required by the terms of any lease or otherwise.

(d) Use its best efforts to collect all rental payments due with respect to the Cars, identifying itself as agent for that purpose, and to account for and remit all sums due to Owner as hereinafter set forth; provided, however, that the Manager will place any funds received as mileage allowances with respect to the Cars in a segregated bank account and such funds will be deposited in the same account with mileage allowances received for cars managed by the Manager and owned by investors participating in other programs. All such funds (whether or not attributable to Cars owned by Owner or other owners of cars who are participating in this Program and other programs) will be used to make payments of mileage allowances due to lessees with respect to all cars managed by the Manager under all investor programs.

(e) In the event of a default under a lease, use its best efforts to terminate such lease and recover possession of Cars and enforce all rights of Owner with respect thereto, including the payment of all amounts owed under such leases or otherwise with respect to the Cars as shall be appropriate or necessary in the judgment of the Manager exercised in good faith; and institute and prosecute legal proceedings in the name of Owner as is permitted by applicable laws in order to terminate such leases and/or recover possession of the Cars; and, when expedient, settle, compromise and/or release such actions or suits or reinstate such leases.

(f) Use its best efforts to arrange to have the Cars maintained in good condition, which shall be equal to or greater than the higher of (i) any standard required or set forth for the Cars or cars of a similar class by the AAR, (ii) any standard set by a lessee, whether by terms of a lease or by other understanding or agreement between a lessee and the Manager, as agent for Owner, and (iii) any standard set by any insurance policy under which the Cars or any of them shall from time to time be insured, and to arrange for all alterations, modifications, improvements or additions to the Cars to comply with applicable laws or regulations or any leases or which, in the discretion of the Manager, are otherwise necessary or advisable; provided, however, that no alterations, modifications, improvements or additions of the type referred to in Section 7(d) shall be made without the consent of Owner, which consent will be deemed to have been granted if Owner shall not have objected thereto in writing within 30 days after notice to Owner thereof and of the estimated cost thereof.

(g) Use its best efforts to place in Owner's name such insurance as shall be reasonably available to protect the interest of Owner in the Cars (with the Manager, in its capacity as agent for Owner, being named in each such policy of insurance as a co-insured or additional insured), including, without limitation, insurance against (i) personal liability, including property damage and personal injury, (ii) loss of or damage to the Cars, and (iii) loss of revenues with respect to the Cars; provided, however, that if the Manager effects such insurance under a blanket insurance policy, or insurance policy covering Owner's Cars and other cars of other owners, such insurance need not be placed in Owner's name so long as Owner is named as an insured; provided further, however, that if the Manager, in its sole discretion, determines that the cost of insurance described above is unreasonably high, or cannot be obtained, the Manager need not place or acquire such insurance and shall so notify Owner so that Owner may obtain insurance on his own behalf if he so elects.

(h) Use its best efforts to pay in Owner's name all personal property taxes and other taxes, charges, assessments, or levies imposed upon or against the Cars of whatever kind or nature and, in the Manager's discretion, defend against any such charges and to seek revision or appeal from any assessment or charge deemed improper, all such actions to be in the name of Owner.

(i) Monitor and record movement of the Cars.

(j) Maintain complete and accurate records of all transactions relating to the Cars and make such records available for inspection by Owner or any of Owner's representatives during reasonable business hours.

(k) Paint the Cars such colors and with such designs as the Manager may from time to time approve and place reporting marks or other such marks, legends, or placards on the Cars as shall be appropriate or necessary to comply with any regulation imposed by the AAR.

(l) Provide Owner with advice and recommendations concerning the sale of the Cars.

(m) Use its best efforts to collect all sums due Owner, including, without limitation, insurance benefits or railroad indemnity payments, in the event of damage to, or loss or total destruction of, a Car during the term of this Agreement and to remit all sums due Owner as hereinafter provided.

(n) Furnish factual information reasonably requested by Owner in connection with federal, state, Mexican and Canadian tax returns.

(o) Pending distribution of funds to Owner, may but is not required to temporarily invest any funds held for Owner and not necessary for operation of the Management Program, in short term, highly liquid investments with appropriate safety of principal, such as U.S. Treasury Bonds or Bills, insured savings accounts, or similar investments.

(p) Perform for Owner such other services incidental to the foregoing as may from time to time be reasonably necessary in connection with the leasing and operation of the Cars.

4. Authority, and Limitations on Authority, of the Manager.

(a) It is recognized that the Manager will manage under the Program the railcars, including the Cars, purchased by investors who enter into a management agreement substantially identical to this

Agreement. It is recognized the the Manager will receive from owners of other cars in the Management Program compensation comparable to that payable by Owner hereunder. It is recognized and agreed that the Manager's services for and obligations to and rights with respect to Owner and the owners of other cars in the Management Program are several. Except as expressly provided in Section 4(b) hereof, the Manager will not act or purport to act for or in the name of the Pool, the Program or the owners of cars in the Program collectively or as an entity, it being expressly understood that any actions taken on behalf of the owners of cars in the Management Program will be taken as agent for such owners, severally and individually, either naming such owners or naming the Manager as agent for undisclosed several and individual principals. The parties hereto expressly recognize and acknowledge that this Agreement, the Management Program and the Pool are not intended to create a partnership, joint venture or venture or other entity among Owner, other owners of cars in the Management Program, the Manager and/or any affiliate of the Manager. The Manager shall not take any action or engage in any course of dealing, or permit any affiliate of the Manager to so act, which would suggest or create an inference that there is any understanding or agreement between owners of cars in the Program or that such owners are acting collectively or as an entity and the Manager shall use its best efforts to assure that no silence or failure to act on its part creates or sustains any such suggestion or inference.

(b) Notwithstanding the provisions of Section 4(a), the Owner recognizes that the Internal Revenue Service (the "IRS") might assert that there exists among the Owner and the other owners of cars in the Management Program and/or the Manager a partnership for federal income tax purposes and that, pursuant to Section 6698 of the Internal Revenue Code of 1954 (as amended), the Owner and the other owners of cars in the Management Program might be liable for a penalty for failure to file a federal information return with respect to the Management Program. Solely in order to avoid any such liability, until there shall have been an IRS or judicial determination whether pooling arrangements such as those embodied in the Management Program constitute partnerships for federal income tax purposes, the Manager is authorized and directed to file a federal information return on Form 1065 with respect to the operations of the Management Program and, solely for such purpose, the Owner consents to being identified in such return as a "partner." For the purpose of preparing and filing such information return, the Owner hereby constitutes and appoints the Manager as the agent and attorney-in-fact of the Owner and, with the consent of the other owners of Cars in the Management Program, of the Management Program for and on behalf of, and in the name, place and stead of the Management Program to prepare and sign as agent and attorney-in-fact and file federal information returns for the Management Program. In furtherance of such

designation of the Manager as agent and attorney-in-fact, the Owner will, if the Manager shall so request, execute and deliver a Power of Attorney on Form 2848 and/or an Authorization and Declaration on Form 2848-D.

(c) The Manager shall not have any authority to (i) offer for sale, contract or agree to sell or sell any Cars except as Owner may from time to time hereafter expressly request or direct; (ii) make any alterations, modifications, improvements or additions to the Cars of the type referred to in Section 7(d) without the consent [either express or inferred, as provided in Section 3(f)] of Owner; or (iii) make any loan of the funds of the Owner to itself, any affiliate, or any other person or entity.

5. Owner's Revenues, Expenses and Net Earnings.

(a) The actual Gross Revenues (as hereinafter defined) derived from the operation of the Cars and the actual Operating Expenses (as hereinafter defined) shall be accounted for and combined together with all Gross Revenues and Operating Expenses derived from and incurred by all cars managed under the Program.

(b) (i) As used in this Agreement, the term "Gross Revenues" shall mean all income to Owner (unreduced by any expenses or costs) derived from the ownership, use and/or operation of the Cars including, but not limited to, rentals and mileage charges collected under leases and mileage allowances, if any, not payable to a lessee and interest.

(ii) As used in this Agreement, the term "Operating Expenses" shall mean all expenses and costs incurred in connection with the ownership, management (specifically excluding any sums payable to the Manager under Section 6), use and/or operation of Cars, including but not limited to, maintenance; repairs, except to the extent that the cost of such repairs is the responsibility of Owner under Section 7(f); painting; costs of modifications and improvements which are not alterations, modifications, improvements or additions of the type described in Section 7(d); legal and accounting fees incurred pursuant to Section 13; legal fees incurred in connection with enforcing lease rights or repossessing Cars; insurance (and, if such insurance has been effected under a blanket insurance policy, or insurance policy covering the Cars and other cars of other owners, Owner's pro rata share of such insurance cost, it being understood that the Manager will use its best efforts to allocate to Owner's Cars only such

portion of such insurance cost as is attributable to such Cars); charges, assessments, or levies imposed upon or against Cars of whatever kind or nature; losses from liabilities which are not the responsibility of Owner under Section 7(g); and Owner's pro rata share of that portion of ad valorem, gross receipts and other property taxes which are levied against all railcars bearing "PLMX" reporting marks and determined by the Manager to be attributable to the cars in the Program (it being understood that it may not be possible to make an exact allocation of such taxes but the Manager will use its best efforts to allocate to the cars in the Program only such portion of the aggregate of such taxes as are attributable to such cars).

(iii) Gross Revenues and/or Operating Expenses attributable to a calendar quarter which are received or paid before or after such quarter shall be included in subsequent quarterly distributions and accounted for as Gross Revenues or Operating Expenses of the quarter in which such revenues were received or expenses paid; provided, however, that if such revenue is received or such expenses paid within one year of the quarter to which they relate and the amount involved exceeds $500 per Car, the items shall be accounted for with the Gross Revenues and Operating Expenses for the quarter to which such items relate; provided further that, notwithstanding the foregoing, any such item or items received or paid prior to the close of the quarter following the quarter during which the last car to be managed by the Manager under the Program is delivered to a lessee shall be accounted for with the Gross Revenues and Operating Expenses for the quarter to which such items relate.

(c) Owner's Gross Revenue and Operating Expenses for any fiscal period shall be the product of (i) Gross Revenues derived from all cars managed under the Program or Operating Expenses incurred by or with respect to all cars managed under the Program, as the case may be, multiplied by (ii) a fraction the numerator of which is the product of the number of Cars multiplied by the number of days in such fiscal period that the Car is managed under the Program (or, if the Owner owns more than one Car managed under the Program, the sum of such products computed with respect to each of the Owner's Cars) and the denominator of which is the product of the total number of Cars managed under the Program multiplied by the number of days in such fiscal period that such cars are managed under the Management Program. The number of cars (or Cars, as the case may be) managed under the Program shall be the number of cars actually managed under the Program from time to time during

such fiscal period and if any cars are destroyed, lost, sold, disposed of or withdrawn from the Program during such fiscal period, any computation under this Section 5(c) shall reflect such destruction, loss, sale, disposition or withdrawal; provided, however, that (f) notwithstanding that the owner of any cars managed under the Program shall have entered into a management agreement with the Manager, the cars owned by such owner (which may be Owner) shall not be considered to be managed under the Program until such cars shall first have been delivered to and accepted by a lessee thereof and (y) there shall not be any adjustment of computations under this Section 5(c) on account of the temporary withdrawal from service of any car for repairs, maintenance or reconstruction.

(d) As used in this Agreement, the term "Net Earnings" shall mean the Gross Revenues attributable to the Cars less the sum of (i) the amount of the Operating Expenses attributable to the Cars; (ii) all compensation paid or payable to the Manager under Section 6; (iii) such reserves as the Manager shall, in its sole discretion, have reasonably created to provide for the efficient administration of this Agreement, for payment of accrued expenses not yet due, for the management of the Cars, or for expenses relating to the Cars arising or payable after the termination or expiration of this Agreement; and (iv) any storage and transit costs payable by Owner under paragraph 6 of the Purchase Contract.

6. Compensation. As compensation to the Manager for the performance of services hereunder, Owner shall pay to the Manager the amounts set forth below, which amounts shall be payable the first day of each month for which they are due. All such fees shall be the sole responsibility of Owner and shall not constitute items of Operating Expenses.

Owner shall pay to the Manager a monthly management fee per Car equal to $50 per Car per month.

7. Distribution to Owner of Net Earnings; Payment of Costs and Expenses.

(a) Debt Service. Manager shall arrange with Lender to pay all loan interest due out of the rentals payable with respect to the Cars.

(b) Regular Distributions of Net Earnings. Subject to Section 7(i), below, within 75 days after the end of each calendar quarter, the Manager shall distribute to Owner the excess of (i) the Net Earnings attributable to the operations of the Cars during each quarter over (ii) the amount of Net Earnings, if any, for such quarter distributed for the benefit of Owner by the Manager pursuant to Section 7(a).

(c) Payment of Operating Deficits. Within ten (10) days of receipt of notice and demand from the Manager, Owner shall pay to the Manager the amount by which Net Earnings for a calendar quarter, reduced by the Net Earnings, if any, for such quarter distributed for the benefit of Owner by the Manager pursuant to Section 7(a), shall be less than zero.

(d) Payment for Special Improvements. The cost of any alterations, modifications, improvements or additions to a Car which are required by the AAR, Department of Transportation or other regulatory agency or are otherwise required to comply with applicable laws or regulations or any lease or which, in the discretion of the Manager, are otherwise necessary or advisable and are consented to by Owner shall be the sole responsibility of Owner. The Manager shall have the right to require Owner to pay the approximate cost thereof to the Manger, upon ten (10) days prior written notice. Upon completion, the Manager shall notify Owner of the exact amount of such costs, and, in the event that Owner has already paid more than such cost, the Manager shall refund the difference to Owner. If the amount already paid by Owner is less than the exact amount of such costs, Owner shall promptly pay to the Manager the amount of such difference.

(e) Payment for Additional Insurance. If the Manager determines, as provided in Section 3(g) hereof, that the cost of insurance described therein is unreasonably high, or cannot be obtained, and Owner elects to purchase such insurance to the extent obtainable, the cost thereof shall be the sole responsibility of Owner. Within ten (10) days of receipt of notice and demand from the Manager, Owner shall pay to the Manager the cost of any such insurance placed or purchased by Owner through the Manager.

(f) Payment for Certain Property Damage. The cost of repair of damage to any Car (other than the cost of repairs which the Manager determines constitute maintenance of such Cars) is the sole responsibility of Owner. Any payments, including, without limitation, insurance benefits or railroad or lessee indemnity payments, received to cover the damage to such Car (but not to cover loss or rental payment) shall be solely for the account and benefit of Owner (and shall not be included within the term "Gross Revenues"). The Manager shall have the right to require Owner to pay to the Manager, upon ten (10) days prior written notice and demand therefor, the approximate cost of the repairs which are the responsibility of Owner or, at the Manager's election, such portion of such cost as the Manager believes will not be covered by any such payments which may be received by the Manager [as co-insured or additional insured, as provided in Section 3(g)] to cover the cost of such damage (it being understood that the Manager may apply to such cost of such repair

any payments so received by the Manager to cover the cost of damage to such Car). Upon completion of such repairs and determination of the payments received by the Manager and applied to payment of the cost of such damage, the Manager shall notify Owner of the exact amount of such costs and payments, and in the event that Owner has already paid more than the amount of such costs not paid from such payments received and applied by the Manager to such repair, the Manager shall refund the difference to Owner. If the amount already paid by Owner is less than the amount of such costs not paid from such payments received and applied by the Manager to such repairs, the Owner shall promptly pay to the Manager the amount of such difference. The Manager shall promptly remit to Owner any payments to cover such damage to such Car which are received by the Manager and not applied to payment of the cost of repair of such damage.

(g) Payment of Uninsured Losses. Losses from third party liability for bodily injury or property damage caused by any Car (including attorneys' fees) which are (i) not covered by insurance and (ii) are in excess of the lesser of (x) $2,500 per occurrence per Car for liability for bodily injury and $2,500 per occurrence per Car for liablity for property damage and (y) the amount of the deductible(s) under any liability insurance for bodily injury and property damage on the Cars are the sole responsibility of Owner. Within ten (10) days of receipt of notice and demand from the Manager, Owner shall pay to the Manager the amount of such liability. Any payments, including, without limitation, railroad or lessee indemnity payments, received to compensate for the losses which are not included within Operating Expenses referred to herein shall be solely for the account and benefit of Owner (and shall not be included in within the term "Gross Revenues").

(h) Receipts and Payments as Acts of Owner; Obligations of Owner. In collecting or receiving any Gross Revenues and in paying or disbursing any Operating Expenses the Manager is acting solely as agent for Owner. The provisions of Sections 3, 5 and 7 of this Agreement shall not be understood to diminish or modify the rights of Owner to receive Gross Revenues or the obligations of Owner to pay Operating Expenses or Debt Service.

(i) Right of Offset. To the extent that Owner is obligated to the Manager in any amount, as a result of sums due under this Agreement or otherwise, the Manager may collect such sums due it by deducting appropriate amounts from Net Earnings.

8. Indemnification. Owner shall defend (if such defense is tendered to Owner), indemnify and hold the Manager harmless from and against and does hereby release the Manager from any and all claims, actions, damages,

expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against the Manager arising out of or as a result of the use, operation, possession, control, maintenance, repair or storage of the Cars, including, without limitation, claims for injury to or death of persons, loss of or damage to property (including the Cars) and economic loss due to the unavailability for use of the Cars; provided, however, that Owner shall not defend, indemnify or hold the Manager harmless from and against, and the Manager shall not be exculpated from, any claim, action, damage, expense, loss or liability directly or indirectly caused by or arising from negligence, bad faith, recklessness, or misconduct of the Manager.

9. Right of First Refusal; Exclusive Sales Agency.

(a) Right of First Refusal. During the term of this Agreement and for a period of four months thereafter, if Owner shall have received from a third party ("Offeror") a bona fide offer (the "Offer") for the purchase of any or all of the Cars, and if (i) either (x) Offeror is a competitor of the Manager or any of its affiliates in the business of originating, arranging, brokering, syndicating or dealing in leased equipment or the business of managing railcars or other railroad equipment or (y) Owner actively initiated the transaction or actively solicited the Offer and (ii) Owner desires to accept the Offer, Owner shall first obtain a copy of the Offer in writing signed by the Offeror and forward a true copy thereof to the Manager. The Manager shall in such cases (but no others), thereupon have the first option for a period not to exceed sixty (60) days after receipt of a copy of the Offer from Owner, to purchase all or any of the Cars upon the same terms and conditions set forth in the Offer. If the Manager purchases a Car from Owner pursuant to this Section 9(a) and within 90 days thereafter the Manager resells the Car to a third party [other than an affiliate (as defined in Section 9(b) of the Manager], the Manager shall pay to such Owner the excess, if any, of (i) the gross sales price of the Car over (ii) the sum of (x) the purchase price previously paid by the Manager to Owner, (y) the Manager's commission pursuant to Section 9(b) below, notwithstanding any limitations therein, and (z) any costs or expenses incurred in connection with such resale, including any commission payable to any broker-dealer; provided, however, that if the Car is sold through a broker who is an affiliate of the Manager, any commission payable to, and retained by, such affiliate shall not exceed the commission payable to the salesman employed by such affiliate.

(b) Exclusive Sales Agency. During the term of this Agreement and for a period of four months thereafter, the Manager shall have the exclusive right to sell the Cars. Except in case of any sale or other disposition of a Car to the Manager (whether pursuant to Section 9(a) or otherwise) or any of its affiliates (that is,

any company, person or firm controlling, controlled by, or under common control with, the Manager) or upon or in connection with a foreclosure, loss or destruction of a Car, Owner shall pay to the Manager upon the sale of a Car a sales incentive fee determined as follows:

The sales incentive fee shall equal 25% of the sum by which sale proceeds exceed 100 percent of the total subscription price of the Car, less reserves.

10. Subordination. This Agreement and the Manager's authority and rights hereunder are subject to the lien upon, and security interest in, the Cars and revenues generated by the Cars held by the Lender to whom Owner has granted a security interest in the Cars; provided, however, that all such liens and security interests are subject to any lease entered into during the term of this Agreement (including any rights of the lessees thereunder referred to in Section 11) and to the Manager's right to collect Gross Revenues accruing during the term of this Agreement until such time as sums due the Manager hereunder as of the later of the date of default under the terms of any security agreement or repossession of the Cars pursuant to such security agreement are paid.

11. Dealings with Lessees.

(a) Unless the lessee of the Cars shall be willing to pay rental to several lessors (and such lessee may decline, in its sole discretion, to pay rental to more than a single lessor), any purchaser, foreclosing mortgagee, donee or other transferee of any car subject to such lease (even though such car is not then managed under the Program) shall, unless otherwise provided in the appropriate financing documents, until the expiration or termination of such lease acknowledge the Manager as such purchaser's, foreclosing mortgagee's, donee's or other transferee's agent for the purpose of receiving rentals under such lease (which rentals the Manager shall remit, forthwith upon receipt, without deduction or charge); provided, however, that any foreclosing mortgagee or transferee of such foreclosing mortgagee and the Manager may select a person or entity, other than the Manager, as agent of such foreclosing mortgagee or transferee of such foreclosing mortgagee for the purpose of receiving rentals under such lease.

(b) In the event that the Manager determines, in its sole discretion, that any purchaser, foreclosing mortgagee, donee or other transferee of any car which is subject to the leases referred to in Section 11(a) and which is not managed under the Program is not capable of performing the duties and obligations of a lessor under such leases in accordance with the terms thereof, then the Manager may require the transfer to the Manager of all the right, title and

interest under such leases of such purchaser, foreclosing mortgagee, donee or transferee, without recourse, withdraw the cars of such person from such leases and, if necessary, substitute thereunder cars identical or substantially similar to the cars so withdrawn.

12. Withdrawal in Case of Special Improvements. If any alterations, modifications, improvements or additions of the type referred to in Section 7(d) shall be required and Owner shall not have consented to the making thereof, this Agreement shall be terminated and Owner shall be deemed to have withdrawn from participation in the Program with respect to the Cars from and after the earlier of (i) the effective date of any law or regulation prohibiting, limiting or otherwise affecting the leasing, use, ownership, operation, or maintenance of railway cars, such as the Cars, which have not been so altered, modified, improved or added to, or (ii) the effective date specified by the Manager in a written notice to Owner advising Owner of the termination of the Agreement with respect to the Cars. In the event of such termination and withdrawal, all costs associated with the Cars (including maintenance and storage costs) will be the sole responsibility of Owner and Owner shall receive only Gross Revenues and Net Earnings directly and actually derived from or attributed to the Cars.

13. Reports.

(a) Not later than 75 days after the end of each calendar quarter other than the fourth calendar quarter, the Manager on behalf of the Program will distribute to Owner an unaudited report showing, in reasonable detail, the Gross Revenues, Operating Expenses and Net Earnings for such quarter, including the computation and the allocation of any property taxes and the computation of Owner's pro rata share of any items. Such reports shall also show the amount of Net Earnings, if any, for such quarter distributed for the benefit of Owner pursuant to Section 7(a).

(b) Within 75 days after the close of each calendar year, the Manager on behalf of the Program will distribute to Owner a report showing for the fourth calendar quarter and such year (stated separately) the same information reported on the quarterly report distributed pursuant to Section 13(a).

(c) Not later than 75 days after the close of Owner's taxable year (which will be deemed to be the calendar year unless Owner shall otherwise notify the Manager in writing), the Manager on behalf of the Program will deliver to Owner a Schedule "K-1" relating to the operations of the Cars setting forth certain information reasonably necessary in connection with the preparation of Owner's federal income tax returns.

14. Use of Cars. The Manager shall use its best efforts to enforce the obligations of the lessees under the Leases covering the Cars so that the Cars will not be used predominantly outside the United States within the meaning of Section 48(a)(2)(A) of the Internal Revenue Code of 1954, as amended, or any successor provision thereof, and the regulations thereunder. The Manager in the leasing of Cars and in the allocation of Cars to various leases shall use its best efforts to cause each lease for the Cars entered into, or arrangements for the use of the Cars made, subsequent to the termination of any of the leases to contain provisions regarding the identity of the lessees or sublessees of the Cars and the locations of use of the Cars so as to avoid recapture of any allowable investment tax credit claimed with respect to the Cars. This provision shall not, however, require the Manager to enter into any lease which restricts the location of the use of the Cars on a fiscal year rather than a calendar year basis.

15. Notices. Any notice required or permitted hereunder shall be in writing and shall be valid and sufficient if delivered personally or dispatched in any post office of the United States by registered or certified mail, postage prepaid, addressed to the other party as follows:

If to the Manager:

PLM Investment Management, Inc.
50 California Street
San Francisco, California 94111
Attention: Director of Operations

If to Owner:

To the address set forth on the
Subscription Agreement;

and any party may change such address by notice given to the other party in the manner set forth above.

16. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed under the laws of the State of California.

(b) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Headings. Titles and headings of the sections and subsections of this Agreement are for the convenience of reference only and do not form a part of this Agreement and shall not in any way affect the interpretation hereof.

(d) Interpretations -- Parol Evidence. This Agreement constitutes the entire agreement among the parties hereto and supersedes and cancels all prior agreement, representations, warranties, or communications, whether oral or written, among the parties hereto relating to the transactions contemplated hereby or the subject matter herein. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an agreement in writing signed by the party against whom or which the enforcement of such change, waiver, discharge or termination is sought. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Agreement. Acceptance or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of this Agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. Whenever a term defined by the California Commercial Code is used in this Agreement, the definition contained in the Code is to control.

(e) Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that no assignment hereof by Owner or transfer of any of the Owner's rights hereunder whether by operation of law or otherwise shall be valid and effective as against the Manager without the prior written consent of the Manager.

(f) Force Majeure. Neither party hereto shall be deemed to be in breach or in violation of this Agreement if either is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control including and without limitation acts of God, riots, strikes, fires, storms, public disturbances, or any regulation of any federal, state or local government or any agency thereof.

(g) Other Customers of the Manager. It is expressly understood and agreed that nothing herein contained shall be construed to prevent or prohibit the Manager from providing the same or similar services to any person or organization not a party to this Agreement. In particular, the Manager shall be entitled to manage identical cars not managed under the Program under a similar management agreement with another owner.

(h) Waiver. The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of like or different nature.

(i) Severability. If any term or provision of this Agreement or the performance thereof shall to any extent be invalid or unenforceable, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and enforceable to the fullest extent permitted by law.

THIS MANAGEMENT AGREEMENT IS NOT INTENDED TO BE EXECUTED SEPARATELY. THE SUBSCRIPTION AGREEMENT CONSTITUTES ITS SIGNATURE PAGE.