

Arent Fox Kintner Plotkin & Kahn

2-308A004

John D. Hushon
202/857-6290

November 3, 1992

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

RECORDATION # 15489K FILED 1423

NOV 3 1992 9 30 AM

Re: File No. 15489, and following

INTERSTATE COMMERCE COMMISSION

NOV 3 9 25 AM '92

Dear Sir:

I enclose for your recordation in accordance with 49 U.S.C. §11303 two executed and notarized copies of a Third Amendment to Amended and Restated Security Agreement, dated October 29, 1992. The original Security Agreement is dated January 22, 1988, and was filed with your office on February 1, 1988 and assigned File No. 15489. Amendments have previously been filed with your office and assigned to the same file. The names and addresses of the parties to the above document are as follows:

Grantor:

PLM International, Inc.
One Market Plaza
Steuart Street Tower, Suite 900
San Francisco, California 94111
Attention: General Counsel

Secured Parties:

Bank of America National Trust and Savings Association, for
itself and as agent for:
CIBC, Inc.
Harris Trust and Savings Bank
Manufacturers Hanover Trust Company
Chemical Bank
Global Agency Unit No. 5596
315 Montgomery Street
San Francisco, California 94104

Collateral Covered:

The Equipment and the Leases described in the Third Amended and Restated Security Agreement dated October 30, 1992 and the amendments thereto.

1050 Connecticut Avenue, NW
Washington, DC 20036-5339

Telephone: 202/857-6000
Cable: ARFOX
Telex: WU 892672
ITT 440266
Facsimile: 202/857-6395

8000 Towers Crescent Drive
Vienna, Virginia 22182-2733

7475 Wisconsin Avenue
Bethesda, Maryland 20814-3413

45 Rockefeller Plaza
New York, New York 10111

Arent/Fox Europe
Budapest, Hungary

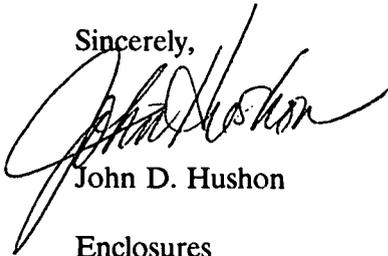
*Country Club
Kahn A. Wohl*

Secretary
November 3, 1992
Page 2

The Amendment amends the definition of the Collateral and amends the list of Secured Parties.

A filing fee is enclosed. I would appreciate your filing one counterpart of the foregoing two documents under the provisions of 49 U.S.C. §11303 and stamping the additional copy 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.

Sincerely,

A handwritten signature in cursive script, appearing to read "John D. Hushon". The signature is written in black ink and is positioned above the printed name.

John D. Hushon

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

11/3/92

OFFICE OF THE SECRETARY

John D. Hushon

Arent Fox Kintner, Plotkin & Kahn

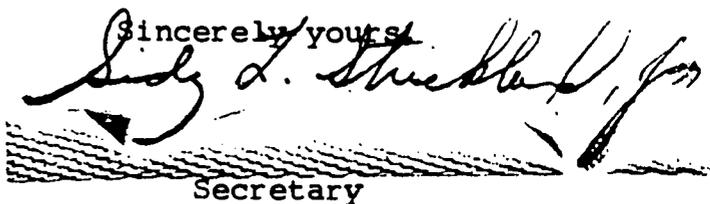
1050 Connecticut Avenue N.W.

Washington D.C. 20036-5339

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 11/3/92 at 9:30am, and assigned re-
recording number(s). 15489-K

Sincerely yours,



Secretary

SIDNEY L. STRICKLAND, JR.

Enclosure(s)

SE-30
(7/79)

15489-K

NOV 2 1992 10:30 AM

INTERSTATE COMMERCE COMMISSION

THIRD AMENDED AND RESTATED SECURITY AGREEMENT

This THIRD AMENDED AND RESTATED SECURITY AGREEMENT ("Agreement") dated as of October 28, 1992, is made by PLM INTERNATIONAL, INC., a Delaware corporation ("Grantor"), in favor of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent (solely in such capacity, "Agent") for the financial institutions listed on attached Schedule 1 and such other financial institutions as shall from time to time become parties to the Loan Agreement referred to below (such entities, together with their respective successors and assigns, being collectively referred to as the "Lenders").

RECITALS

A. Security Pacific National Bank ("SPNB") and Citicorp North America, Inc. ("CitiNA") (collectively, the "Original Lenders"), entered into a Loan Agreement with Grantor dated as of January 15, 1988, (the "Original Loan Agreement"), pursuant to which the Original Lenders made certain loans to or for the benefit of Grantor (the "Original Loans").

B. Pursuant to a Security Agreement (the "Original Security Agreement") dated as of January 22, 1988, by and between the Original Lenders and Grantor, Grantor granted to the Original Lenders a security interest in certain collateral to secure Grantor's obligations under the Original Loan Agreement. An executed original of the Original Security Agreement was recorded with the Interstate Commerce Commission (the "ICC") on February 1, 1988 under File No. 15489.

C. The Original Loan Agreement and the Original Security Agreement were subsequently modified on several occasions as follows:

(1) Note Purchase Agreement. On February 2, 1989, SPNB and CitiNA entered into a Note Purchase Agreement pursuant to which SPNB purchased all of CitiNA's interest in the Original Loans. In connection therewith, the Original Lenders assigned their interest in the Original Security Agreement to SPNB;

(2) Restated Agreement. On May 17, 1989, Bank of America National Trust and Savings Association ("BofA"), Harris Trust and Savings Bank, Manufacturers Hanover Trust Company and Osterreichische Landerbank

(collectively, the "Prior Lenders"), SPNB, as agent, Grantor, and certain other parties entered into an amendment and restatement of the Original Agreement (the "Restated Agreement") pursuant to which (a) the Original Loans were modified and restated as a senior revolving credit facility in the aggregate maximum principal amount of \$102,600,000 (the "Restated Loans") and (b) SPNB sold certain interests in the Restated Loans to the Prior Lenders. In connection therewith, Grantor executed and delivered (1) an Amended and Restated Security Agreement, dated as of May 19, 1989 (as amended, the "Restated Security Agreement"), in favor of SPNB, for itself and as agent for the Prior Lenders and (2) a Collateral Assignment of Beneficial Interest, dated as of May 17, 1989 (the "Assignment") in favor of SPNB, for itself and as agent for the Prior Lenders, with respect to certain beneficial interests of Grantor in aircraft. An executed original of the Restated Security Agreement was recorded with the ICC on May 19, 1989 under File No. 15489;

(3) Second Restated Agreement. On July 26, 1991, SPNB, as agent, the Prior Lenders, CIBC Inc. ("CIBC") and Grantor, entered into a second amendment and restatement of the Original Agreement (as amended, the "Second Restated Agreement"), pursuant to which (a) the Restated Loans were modified and converted into a revolving credit facility that would thereafter convert into amortizing term loans (the "Existing Loans") and (b) Landerbank and certain other parties assigned certain interests in the Existing Loans to CIBC. In connection therewith, Grantor executed and delivered (1) a Second Amended and Restated Security Agreement dated as of July 26, 1991 (as amended, the "Second Restated Security Agreement"), in favor of SPNB, for itself and as agent for the Lenders and (2) an Amendment and Restatement of the Assignment, dated as of July 26, 1991 (the "Restated Assignment"), in favor of SPNB, for itself and as agent for the Lenders. An executed original of the Second Restated Security Agreement was recorded with the ICC on July 26, 1991 under File No. 15489-J; and

(4) Letter Agreement. Grantor executed a letter agreement, dated as of April 16, 1992 (the "Letter Agreement"), with SPNB, for itself and as agent for the Lenders, with respect to the establishment of a cash collateral account and providing for the deposit therein by Borrower of certain amounts therein, as additional Collateral for, and as defined in, the Second Restated Agreement.

D. BofA is the successor by merger to SPNB.

E. Grantor, Agent and the Lenders now desire to amend and restate the Second Restated Agreement pursuant to a Third Amended and Restated Loan Agreement dated as of October 28, 1992 (as the same may from time to time be further amended, modified, supplemented, restated or renewed, the "Loan Agreement"), between Grantor, Agent and the Lenders, for the purpose, without limitation, of modifying and converting the Existing Loans into amortizing term loans in the aggregate principal amount of \$91,250,000.

F. The execution and delivery by Grantor of this Agreement and the filing of this Agreement with the ICC is a condition precedent to the effectiveness of the Loan Agreement.

G. All terms used herein without definition shall have the meanings given to them in the Loan Agreement or, if not defined therein, in Division 9 of the California Uniform Commercial Code.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to enter into the Loan Agreement, Grantor and Agent hereby do amend and restate the Second Restated Security Agreement, the Restated Assignment and the Letter Agreement, each in their entirety as follows:

SECTION 1. Grant of Security. Grantor hereby assigns, pledges and grants to Agent, for itself and for the benefit of the Lenders, a lien on and security interest in (and with respect to the Property described in subsection (d) below, Grantor hereby makes a first priority collateral assignment for security purposes of) all Grantor's right, title and interest in and to the following described Property:

(a) Transportation Equipment. All equipment, including, without limitation, (i) aircraft (regardless of the jurisdiction of registration) and related aircraft appliances, avionics, engines and propellers, engine and propeller appliances, and aircraft logs, (ii) railcars and other rolling stock including, without limitation, the hopper cars, flatbeds, Ortner cars, tanker cars and other rolling stock listed in attached Schedule 2, (iii) road vehicles, including, without limitation, tractors, intermodal trailers, over-the-road trailers, refrigerated trailers and related chassis, generator sets, containers (collectively, "Trailers"), and (iv) marine vessels, ships

and related engines, machinery, boats, tackle, outfits, spare gear, fuel, consumables, and other stores, belongings and appurtenances, whether on board or ashore, including those which may hereafter be put on board or become appurtenant to or intended to be used for such a vessel or ship if on shore (all of the foregoing, collectively, the "Transportation Equipment") together with all attachments, additions, accessories and accessions thereto, now existing or hereafter acquired by Grantor, all replacements, substitutions, improvements, accessions and additions therefor or thereto and all proceeds thereof, and any interest in any of the foregoing;

(b) Leases. All leases, marine vessel or ship charters (including, without limitation, Marine Container Pooling Arrangements and Marine Vessel Pooling Arrangements), contracts, rental agreements, purchase and sale agreements, warranty agreements, maintenance agreements, insurance policies and other agreements and any amendments, extensions, or supplements thereto (collectively, the "Leases," which term shall include all "Leases" as defined in the Loan Agreement) with respect to Transportation Equipment, all subsequent, new or renewal Leases, and all rental payments, lease payments, and deposits thereunder and all proceeds thereof;

(c) Accounts and General Intangibles. All accounts, and all general intangibles, including, without limitation, (i) any interest of Grantor in any Joint Venture, including as a partner of any partnership or limited partnership (including any general or limited partnership interest of Grantor in any Growth Fund), (ii) any interest of Grantor constituting a Residual Interest, and (iii) any beneficial interest of Grantor under any trust, including, without limitation, each of the trusts described in attached Schedule 3, now existing or hereafter acquired by Grantor, (such accounts, general intangibles, and moneys due and to become due, collectively "Accounts");

(d) Intangible Personal Property. All intangible personal property of Grantor, whether now owned or hereafter acquired, including, without limitation, all (i) patents and patent applications (together with any reissues, divisions, continuations, continuations-in-part, renewals, or extensions thereof, collectively, "Patents"), (ii) copyrights, copyright registrations and applications for copyright registrations (together with any renewals or extensions thereof, collectively, "Copyrights"), (iii) trade names, trademarks and service marks, logos, trademark and service mark registrations (together with, in each case, the product lines and goodwill of the business connected with

the use of, and symbolized by, each such tradename, trademark and service mark, and any renewals or extensions thereof, collectively, "Trademarks"), (iv) trade secrets, know-how or other proprietary or confidential information and (v) all licenses, income, royalties, damages and payments now or hereafter due or payable under and with respect to any of the foregoing, including without limitation, all rights to recover for all past present and future infringements, and all other rights of any kind whatsoever accruing or pertaining to same, whether in each case under the laws of the United States or any other foreign jurisdiction (collectively, "Intellectual Property");

(e) Instruments. All instruments, documents, chattel paper, and letters of credit of or in favor of Grantor evidencing, representing, arising from, or existing in respect of, relating to, securing, or otherwise supporting the payment of, any of the Accounts, including, without limitation, promissory notes, drafts, bills of exchange, trade acceptances, and any instruments (including letters of credit ("Letters of Credit")) evidencing any Guaranty Obligation with respect to Transportation Equipment (collectively, "Instruments");

(f) Deposit Accounts. All deposit accounts, cash and cash equivalents of Grantor, including without limitation, all amounts deposited in any Cash Collateral Account or Recovery Cash Collateral Account;

(g) Permits. All approvals, permits, licenses, franchise agreements, authorizations or certificates of any Governmental Agency now or hereafter required or used in connection with the ownership, operation and maintenance of any Transportation Equipment (collectively, "Permits");

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

(i) Personal Property. All other personal Property of Grantor of any kind whatsoever, now owned or hereafter acquired, including, without limitation, notes, accounts receivable, inventory, and securities (other than shares of Stock of any Special Subsidiary or shares of Stock that are subject to the Pledge Agreement made by Grantor in favor of Agent as of the date hereof), and all other chattel paper and contracts;

(j) Books and Records. All books, records, and other documentation in whatever form maintained now or hereafter by or for Grantor in connection with the ownership of its Properties or the conduct of its business, including, without limitation, ledgers; records indicating, summarizing, or evidencing Grantor's Properties (including, without limitation, Transportation Equipment, Leases and Accounts), business operations or financial condition; computer programs and software; computer discs, tapes, files, manuals, spreadsheets; computer printouts and any other computer prepared information and equipment of any kind; and all documents, accounts, general intangibles and other rights now or hereafter arising out of any contract or agreement between Grantor and any service bureau or computer or data processing company charged with preparing or maintaining any of Grantor's books or records, including with regard to Grantor's Transportation Equipment, Leases and Accounts (collectively, "Documents");

(k) Insurance. All insurance, including, without limitation, with respect to Transportation Equipment or other Property and all renewals and replacements for the same, all claims, return premiums and other moneys and claims for moneys due under or with respect to such insurance, and all other rights of Grantor with respect to such insurance; and

(l) Proceeds. 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 Grantor, including, without limitation, all payments under insurance whether or not Agent or the Lenders is a 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 (collectively, "Proceeds").

All of the Property described in subsections (a) through (l) above is herein collectively called the "Collateral"; provided, however, that notwithstanding anything contained in this Section 1, there shall be excluded from such definition of "Collateral" and the grant hereunder by Grantor of a Lien thereon in favor of Agent, any and all Property constituting "Cash Collateral," as defined in the ESOP Term Loan Agreement, to the extent of the aggregate principal amount of the Obligations outstanding at any time under the ESOP Term Loan Agreement.

SECTION 2. Security for Obligations.

(a) Obligations Secured. The security interest in the Collateral secures the full and indefeasible payment and performance of the "Obligations" as defined in the Loan Agreement, now existing or hereafter arising, including, without limitation, the payment in full when due (whether at stated maturity, by acceleration, or otherwise) of the principal of and interest on the Loans and all other amounts, liabilities, and indebtedness (whether for principal, interest, reimbursement, fees, charges, indemnification, or otherwise) now or in the future owed to Agent or any of the Lenders by Grantor under the Loan Agreement, any other Loan Document, and any renewals, extensions, or modifications of any of the foregoing, in each case strictly in accordance with the terms thereof.

(b) Continuation and Grant of Security Interests. Pursuant to the Second Restated Security Agreement, the Restated Assignment and the Letter Agreement, Grantor granted or caused to be granted to Agent, for the benefit of Agent and the Lenders, pledges, assignments, conveyances, mortgages and other security interests in and to the Collateral (as defined therein, hereafter referred to as the "Existing Collateral") to secure the timely and full payment of Borrower's obligations under the Second Restated Agreement (as defined therein, hereafter referred to as the "Existing Obligations"). Grantor hereby acknowledges and agrees that the Second Restated Security Agreement, the Restated Assignment and the Letter Agreement, as amended and restated by this Agreement: (a) are and shall continue to be in full force and effect, without offset or counterclaim; (b) are and shall continue to be valid and enforceable; and (c) are not and shall not be impaired or affected in any respect by the execution and delivery of this Agreement or by the execution and delivery of, or the consummation of the transactions contemplated by, the Loan Agreement and the Loan Documents, the execution of which shall not be deemed a satisfaction, cancellation, or novation of any obligations of the Grantor under the Second Restated Agreement, the Second Restated Security Agreement, the Restated Assignment, the Letter Agreement or the other Loan Documents (as defined in the Second Restated Loan Agreement). Grantor hereby restates, reaffirms and continues the Liens with respect to the Existing Collateral created pursuant to the Second Restated Security Agreement, the Restated Assignment and the Letter Agreement. To the extent that the Collateral includes Property not included in the Existing Collateral, Grantor intends to grant and shall grant to Agent a security interest in and to that Property as of the date hereof.

SECTION 3. Liability under Leases. Anything herein to the contrary notwithstanding, (a) Grantor shall remain liable under each Lease 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 Agent of any of the rights hereunder shall not release Grantor from any of its duties or obligations under any Lease, and (c) neither Agent nor any Lender shall have any obligations or liability under any Lease by reason of this Agreement, nor shall Agent or any Lender be obligated to perform any of the obligations or duties of Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. Grantor hereby represents, warrants and covenants to Agent, for the benefit of Agent and the Lenders, as follows:

(a) No Consents. No consent, authorization, approval or other action by, and no notice to or filing with, any Governmental Agency, lessee or other Person, other than such as have been obtained, is required either (i) for the grant by Grantor of the Lien granted hereby or for the execution, delivery or performance of this Agreement by Grantor or (ii) for the perfection or exercise by Agent of its rights and remedies hereunder.

(b) Ownership of Collateral. Grantor owns the Collateral free and clear of any Lien except for (i) the Lien created by this Agreement, (ii) the interests of the lessees under the Leases, and (iii) Permitted Liens. Grantor has paid or caused to be paid all invoice prices, transportation and delivery costs, taxes and Charges relating to the Transportation Equipment. Each item of Transportation Equipment the ownership of which, under applicable law, is or should be evidenced by a certificate of title, is properly titled in the name of Grantor. Each item of Transportation Equipment, other than goods that are mobile and of the type normally used within more than one jurisdiction within the meaning of Section 9-103 of the California Uniform Commercial Code, are located in the state of California. Grantor has all necessary authority to encumber and grant the Lien on the Collateral created hereby.

(c) Security Interest in Favor of Agent. This Agreement is effective to grant to Agent, for the benefit of Agent and the Lenders, a valid first priority security interest in the Collateral (subject only to the Liens expressly referred to in Section 4(b) hereof). All action, including, without limitation, (1) the filing of

UCC financing statements, amendments and other security perfection documentation in all appropriate jurisdictions, and (2) the proper notation on each certificate of title covering Transportation Equipment of the lien and security interest of Agent, for the benefit of Agent and the Lenders, has been taken that is necessary or appropriate to perfect Agent's security interest in (A) the Existing Collateral and (B) the Collateral. The execution and delivery of this Agreement and the Loan Documents will not affect the perfection or priority of the security interest of Agent in the Existing Collateral.

(d) Leases. Each Lease constitutes a valid and enforceable obligation of the lessee thereunder, enforceable against such lessee in accordance with its 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 and by general principles of equity. Each item of Transportation Equipment subject to a Lease has been delivered to, and accepted by, the lessee under such 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 or Potential 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. All legal and beneficial rights of the lessor under any Lease are held by Grantor.

(e) Principal Place of Business, Etc. The principal place of business and chief executive office of Grantor and the office where Grantor keeps its records and files concerning the Leases and its copies of the Leases are located at the address for Grantor set forth on the signature page to this Agreement. An executed original of each of the Leases has been delivered to Agent, and all of 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, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION FOR ITSELF AND OTHER FINANCIAL INSTITUTIONS. 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 BANK
OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION.

(f) Certain Trailers. Each of the Trailers described in Schedule B of the opinion of Perkins, Thompson, Hinckley & Keddy dated as of the Closing Date is and has been registered in the State of Maine continuously since the date of filing of the Application for Certificate of Title upon which the Certificate of Title mentioned in Paragraph II.A of such opinion was issued, and bears and has continuously borne since such date, registration plates issued by the State of Maine.

(g) Intangible Personal Property. Schedule 5.19 of the Loan Agreement lists all trademarks, trade names, copyrights and patents, including, without limitation, all licenses with respect thereto, held by Grantor or used by Grantor in connection with its business. Grantor has no pending applications for any patents, trademarks or copyrights except those disclosed on Schedule 5.19.

(h) Investments. Grantor has no interest in any trust, partnership or Joint Venture or any Residual Interest in Transportation Equipment that is evidenced by (i) a certified or uncertified security (as defined in Section 8-102 of the California Uniform Commercial Code) or (ii) an instrument, except such interests with respect to which Grantor has provided an opinion of counsel, in form and substance satisfactory to the Requisite Lenders, that Agent holds a duly perfected first priority security interest in such interest for the benefit of the Lenders.

(i) Letters of Credit. As of the Closing Date, the aggregate face amount of all Letters of Credit with a face amount of under \$125,000 does not exceed \$750,000.

(j) Disclosure. All information furnished or to be furnished Agent or the Lenders by or on behalf of Grantor in connection with the Collateral and the Obligations is or will be complete and accurate. Grantor shall defend and hold harmless Agent and the Lenders, and each of them, against all Persons whomsoever claiming the Collateral or any part thereof.

SECTION 5. Documentation.

(a) Grantor shall from time to time, at the expense of Grantor, promptly execute and deliver all further

instruments and documents, and take all further action, that may be necessary or desirable, or that Agent may reasonably request, in its discretion or as requested by the Requisite Lenders, in order to perfect with first priority and otherwise protect the Lien granted or purported to be granted hereby (subject only to the Liens expressly referred to in Section 4(b) hereof) or to enable Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Grantor shall upon Agent's request: (i) promptly after the execution thereof, deliver to Agent the executed originals of each new or renewal Lease or other agreement included in the Leases, (ii) mark conspicuously each of its copies of each 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(e), (iii) ensure that each certificate of title covering any Transportation Equipment, and each registration without certification of title covering any Transportation Equipment, identifies Agent as "lien holder," "legal owner," or as otherwise appropriate to perfect the security interest created hereby, and promptly deliver the original of such certificate of title to Agent, (iv) file an executed counterpart of this Agreement with the ICC in order to perfect Agent's Lien on the rolling stock forming part of the Collateral under the provisions of 49 U.S.C.A. Section 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 and filings, as may be necessary or desirable, or as Agent may request, in order to perfect and preserve the Lien 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 Transportation Equipment.

(b) Pursuant to Section 6.1 of the Loan Agreement and in connection with any examinations, inspections, audits and appraisals conducted pursuant to Section 6.6 of the Loan Agreement, Grantor shall furnish to Agent 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 Agent may request, all in reasonable detail.

SECTION 6. Transportation Equipment. Grantor shall:

(a) Cause each item of Transportation Equipment to be kept in jurisdictions where all action required by Section 5 has been taken with respect thereto; provided, however, that a lessee may use or keep Transportation Equipment constituting goods that are mobile and of the type normally used within more than one jurisdiction within the meaning of Section 9-103 of the California Uniform Commercial Code in such other locations as are permitted under the Lease and the Estoppel Agreement delivered by such lessee to Agent.

(b) Cause each lessee to maintain and preserve the Transportation Equipment subject to a Lease strictly in accordance with the terms and provisions thereof and otherwise to perform in a timely manner all obligations of the lessee thereunder. Without limitation of the foregoing, Grantor shall cause the Transportation 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 Transportation 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. Grantor shall promptly furnish to Agent a statement describing, in reasonable detail, any loss or damage to any of the Transportation Equipment.

(c) Pay promptly when due, or cause to be so paid in accordance with the Leases, all Charges imposed upon or in respect of the Transportation Equipment or this Agreement and all claims, including claims for labor, materials and supplies, against the Transportation Equipment.

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

(e) Mark each car of the rolling stock forming part of the Collateral appropriately to show 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 renumbered or to be marked so as to

indicate (1) ownership in any other party or (2) a Lien thereon allegedly held by any party other than Agent, for itself and for the benefit of the Lenders.

(f) At the request of Agent, at Grantor's own cost and expense, cause each item of the Transportation 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 of Agent hereunder. 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, Grantor shall promptly cause such plate, disk or other marking or serial number to be promptly replaced.

(g) If any trailer or 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 Agent in the Collateral and furnish Agent, upon its request, with an opinion of Canadian or Mexican counsel, as the case may be, acceptable to the Requisite Lenders to the effect that the action taken by Grantor is all that is necessary to protect the right, title and interest of Agent in such Transportation Equipment.

SECTION 7. Insurance.

(a) Grantor shall cause each lessee under a Lease to maintain insurance on the Transportation Equipment subject thereto strictly in accordance with the terms and provisions of the applicable Lease. Without limitation of the foregoing, Grantor shall at its own expense maintain such additional insurance with respect to the Transportation Equipment, in such amounts, against such risks, in such form and with such insurers as shall be requested by the Requisite Lenders from time to time, and shall maintain such insurance, in each case with financially sound and reputable insurance companies (excluding in any event Transportation Equipment Indemnity Company, Ltd. and all other Affiliates of Grantor except to the extent of Permitted Affiliate Insurance). 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 Agent, for itself and for the benefit of the Lenders, and

Grantor as their respective interests may appear and (ii) if for property damage insurance, provide for all losses to be paid directly to Agent for the benefit of Agent and the Lenders. Each such policy shall in addition (A) name Agent and the Lenders, as insured parties, and Agent as loss payee thereunder, without any representation or warranty by or obligation upon Agent or any Lender, as their interests may appear; (B) contain an agreement by the insurer that any loss thereunder shall be payable to Agent notwithstanding any action, inaction or breach of representation or warranty by Grantor or any lessee under the Leases including, without limitation, improper or illegal operation of the Transportation Equipment; (C) provide that there shall be no recourse against Agent or any Lender for payment of premiums or other amounts with respect thereto; (D) waive any rights of subrogation and any rights of setoff, counterclaim or deduction against each named insured; and (E) provide that at least thirty (30) days' prior written notice of cancellation, change, nonrenewal, expiration or lapse shall be given to Agent by the insurer. Grantor shall ensure that notice of the foregoing provisions of this Section 7(a) shall be duly given to all companies providing insurance and that, where the consent of any Person is required pursuant to any of the insurance policies subject hereto, that such consent shall be obtained and evidence thereof shall be given to Agent, and that there shall be duly endorsed upon all slips, cover notes, policies, certificates of entry or other instruments issued or to be issued in connection with the insurance subject hereto such clauses as to named assured or loss payees as Agent may require or approve. In addition to the foregoing Grantor shall, if so requested by Agent, deliver to Agent original or duplicate policies of such insurance and, as often as provided under the Loan Agreement, a report of a reputable insurance broker with respect to such insurance. Further, Grantor shall, at the request of the Requisite 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 Transportation Equipment when Section 7(c) is not applicable, Grantor shall make or cause to be made, by the lessee or otherwise, the necessary repairs to or replacements of such Transportation Equipment, and any

proceeds of insurance maintained pursuant to this Section 7 shall be paid to 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 (including, without limitation, any Event of Default) under any document or instrument evidencing or relating to any of the Obligations or (ii) upon the actual or constructive total loss of any Transportation Equipment, all insurance payments in respect of such Transportation Equipment shall be paid to and applied by Agent as specified in Section 13(c) except, with respect only to clause (i), insofar as the Lease covering such Transportation Equipment provides for the insurance payments to be paid to the lessee for purposes of repairing the Transportation Equipment.

SECTION 8. Leases.

(a) 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 (including its copies of the Leases) and the Transportation Equipment and other Collateral, other than railcars and other rolling stock referred to in Section 1(a)(ii) hereof, at the location specified in Schedule 5.12 of the Loan Agreement or, upon thirty (30) days' prior written notice to Agent, at another location in a jurisdiction where all action required by Section 5 shall have been taken with respect to the Leases or such Transportation Equipment and other Collateral. Grantor shall hold and preserve such records and files concerning the Leases and shall permit representatives of Agent 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), Grantor shall continue to collect, at its own expense, all amounts due or to become due Grantor under the Leases. In connection with such collections Grantor may take, and at Agent's direction, at the direction or with the consent of the Requisite Lenders, shall take, such action as Grantor or Agent may deem necessary or advisable to enforce collection of the Leases. If an Event of Default shall have occurred and be continuing, Agent will have the right at any time at the direction or with the consent of the Requisite Lenders (i) to direct the lessees under the Leases to make payment of all amounts due or to become due thereunder directly to Agent and, upon such direction and at the expense of Grantor, to enforce collection of any of the

Leases in the same manner and to the same extent as Grantor might have done and (ii) to require that all amounts received by Grantor in respect of the Leases be received in trust for the benefit of Agent and the Lenders hereunder and be segregated from other funds of Grantor. Any amounts so segregated shall, at Agent's request, be forthwith paid over to Agent to be held as cash collateral and either (A) released to Grantor after the full and indefeasible payment of all Obligations, or (B) if any event of default (including, without limitation, any Event of Default) shall have occurred and be continuing under any document or instrument evidencing or relating to any of the Obligations, applied as provided in Section 14(c) hereof. If Agent notifies Grantor of Agent's intention to direct lessees to make Lease payments directly to Agent or to require Grantor to segregate and hold such payments in trust, without limiting in any way Agent's rights hereunder to act in the absence of such agreements, Grantor shall enter into written agreements satisfactory to Agent and the Requisite Lenders to implement such intention.

(c) Grantor shall accept no prepayment from any lessee of amounts due under any of the Leases without obtaining the prior written consent of the Requisite 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).

(d) Grantor shall use its best efforts to modify promptly after the date hereof each Letter of Credit outstanding on the date hereof that names either SPNB or BofA as beneficiary to name Grantor as beneficiary. Grantor shall ensure that any and all Letters of Credit that are issued after the date hereof shall name Grantor as beneficiary. Grantor shall execute and deliver such documents and take such actions as Agent may deem to be necessary or desirable, in its sole discretion, to perfect or otherwise protect and maintain perfected the assignment, pledge and grant of the security interest in (1) each Letter of Credit with a face amount exceeding \$125,000 and (2) each other Letter of Credit obtained by Grantor if, at the time such Letter of Credit is issued or renewed, the aggregate total face amount of all Letters of Credit not delivered to Agent as provided below exceeds \$750,000, including, without limitation, (i) within ten (10) days after the issuance of any Letter of Credit, (A) delivering the original Letter of Credit into the physical possession of Agent, and (B) forwarding to the issuer of the Letter of Credit a notice in the form of attached Exhibit A (an "L/C Notice") notifying the issuer of Grantor's assignment to Agent of its rights in such Letter of Credit and irrevocably instructing

such issuer to pay the proceeds of any draw thereunder as directed by Agent, (ii) promptly, and in any event within ten (10) days after receipt thereof, forwarding to Agent a copy of each L/C Notice as countersigned by the issuer, and (iii) at least ten (10) days before making any draw with respect to a Letter of Credit, providing Agent with written notice of the intended draw together with a description, in reasonable detail, of the basis therefor. If no Potential Event of Default or Event of Default exists at the time of Grantor's intended draw, Agent will, at the written request of Grantor, instruct the issuer to pay the proceeds of the Letter of Credit to Grantor and, to the extent required to permit a draw by Grantor thereunder, exhibit the original Letter of Credit to the issuer thereof. If a Potential Event of Default or Event of Default exists at the time of Grantor's intended draw, Agent may, in its discretion or if so directed by the Requisite Lenders, instruct the issuer to pay the proceeds of the Letter of Credit directly to Agent. If, notwithstanding the foregoing, Grantor shall receive any amount in respect of a Letter of Credit when a Potential Event of Default or Event of Default exists under the Loan Agreement, Grantor shall hold such amount in trust for the benefit of, and shall promptly pay such amount over to, Agent (for the benefit of itself and the Lenders) for application in satisfaction of the Obligations as provided in the Loan Agreement. Grantor shall indemnify and hold harmless Agent and each of the Lenders from all liabilities, costs and expenses (including, without limitation, Attorney Costs) arising out of or related to any draw or attempted draw by Agent under any Letter of Credit that names either SPNB or BofA as beneficiary; provided, however, that, notwithstanding such indemnification, Agent shall not be obligated, under any circumstance, to make any statement in connection with any such draw or attempted draw that Agent determines, in its sole discretion or in consultation with the Requisite Lenders, may subject Agent or any Lender to any liability.

SECTION 9. Acquisitions; Dispositions; Other Liens.

(a) Future Acquisition of Certain Collateral. Upon the acquisition by Grantor of (i) any Transportation Equipment, or (ii) any interest constituting a general intangible relating to Transportation Equipment, including, without limitation, (A) any interest in any Joint Venture, including as a partner of any partnership or limited partnership (other than an interest in a Growth Fund), (B) any beneficial interest under any trust created with respect to Transportation Equipment, or (C) any Lease with a term of greater than 12 months, Grantor shall execute and

deliver to Agent a Supplement to this Agreement, substantially in the form of attached Exhibit B, and cause such further action to be taken, at Grantor's expense, as the Requisite Lenders may require to perfect Agent's security interest in such additional Collateral; provided, however, that the failure to execute such Supplement shall in no way limit the scope of the description of the Collateral, which includes all such additional Collateral in the Lien created hereby.

(b) Dispositions. Grantor shall not sell, assign (by operation of law or otherwise), lease, charter or otherwise dispose of any of the Collateral except as expressly permitted by the Loan Agreement, or as may be expressly permitted in a writing executed in accordance with the provisions of the Loan Agreement.

(c) Liens. Grantor shall not create or suffer to exist any Lien upon or with respect to any of the Collateral except for the Liens expressly referred to in Section 4(b) for so long as such Liens are permitted by the provisions of this Agreement, the Loan Agreement and the other Loan Documents.

SECTION 10. Intellectual Property. Grantor shall:

(a) take all necessary steps to preserve and maintain all rights in the Intellectual Property, including without limitation, payment of maintenance fees, filing of applications for renewal, affidavits of use, affidavits of incontestability and oppositions, filing of interference and cancellation proceedings, suing for infringement, misappropriation or dilution, and taking such other actions as are appropriate under the circumstances to protect the value of the Intellectual Property;

(b) execute and deliver such documents and take such actions as Agent may deem to be necessary or desirable (in consultation with the Requisite Lenders), to perfect or otherwise protect and maintain perfected the collateral assignment and grant of the security interest in the Intellectual Property, including, without limitation, entering into and filing conditional assignments or financing or continuation statements, or amendments thereto, and other instruments or notices, and making recordings and filings with the United States Patent and Trademark Office, the United States Copyright Office or any similar office, whether in the United States or not;

(c) make, where commercially reasonable, applications on unpatented but patentable inventions, and prosecute diligently any patent applications, whether pending as of the date of this Agreement or thereafter, and for each existing Patent, prevent any action or omission, whereby such Patent may become abandoned or the rights thereunder diminished;

(d) take appropriate actions (i) to apply for and prosecute diligently, where commercially reasonable, all Trademark registrations; (ii) to maintain all Trademarks in full force and effect, free from any claim of abandonment for non-use; (iii) to maintain the quality of products and services offered under the Trademarks; (iv) to employ Trademarks with the appropriate notice of registration; and (v) to prevent any action or omission whereby any Trademark may become invalidated;

(e) notify Agent immediately in the event Grantor knows or has reason to know that (i) Grantor possesses any Intellectual Property not listed on Schedule 5.19 of the Loan Agreement, (ii) Grantor has obtained rights to any new Intellectual Property, (iii) any Intellectual Property may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding Grantor's ownership of Intellectual Property, its right to patent or register the same (as the case may be), or to keep and maintain the same; or (iv) any Intellectual Property is infringed, misappropriated or diluted by any third party.

(f) refrain from filing, either itself or through any agent, employee, licensee or designee, an application for a Patent, or for the registration of a Trademark or Copyright, in the United States or any other country or any other political subdivision thereof, unless Grantor promptly informs Agent, and, upon request of Agent, executes and delivers any and all agreements, instruments, documents, and papers as Agent may request to evidence and perfect the Agent's security interest in such Patent, Trademark or Copyright application.

Agent shall have the right but shall in no way be obligated to bring suit in its own name to enforce any rights in the Intellectual Property, in which event, Grantor shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents required by Agent in aid of such

enforcement action and indemnify the Agent for all costs and expenses incurred by Agent in the exercise of its rights under this Section 10.

So long as no Event of Default shall have occurred and be continuing, Grantor will be permitted to exploit, use, enjoy, protect, license, sublicense, or take other actions with respect to the Intellectual Property in the Ordinary Course of Business.

SECTION 11. Attorney-in-Fact. Grantor hereby irrevocably constitutes and appoints Agent as Grantor's true and lawful attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Agent or otherwise, from time to time in Agent's discretion, or as required by the Requisite Lenders, for the purpose of carrying out the terms of this Agreement to take any action and to execute any document or instrument which Agent may deem necessary or desirable, or may be required by the Requisite Lenders, to protect and perfect the rights and interests of Agent in the Collateral or otherwise to accomplish the purposes of this Agreement. Without limiting the generality of the foregoing, Grantor hereby gives Agent the power and right, on behalf of Grantor, without notice or assent by Grantor to do the following:

(a) to obtain and adjust insurance required to be paid to Agent, for itself and for the benefit of the Lenders, pursuant to Section 7;

(b) to receive, endorse and collect any drafts or other instruments and documents in connection with the preceding clause (a);

(c) 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 Grantor where permitted by law; and

(d) to take the following actions upon the occurrence and during the continuation of an Event of Default:

i. ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due in respect of any Collateral and, in the name of Grantor or its own name or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments of the payment of moneys due in respect of any Collateral and file any claim or take any other action or proceeding in any court of law

or equity or otherwise deemed appropriate by Agent, or as required by the Requisite Lenders, for the purpose of collecting any and all such moneys due in respect of any collateral whenever payable;

ii. pay or discharge taxes, Charges, or Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof; and

iii. (A) notify, or direct Grantor to notify, any party liable for any payment under any of the Collateral, including, without limitation, under any Lease or Letter of Credit, of the rights of Agent or the Lenders hereunder and direct such party to make payment of any and all moneys due, and to become due thereunder, directly to Agent or as Agent shall direct, or as may be requested or required by the Requisite Lenders;

(B) receive payment of and receipt for any and all moneys, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral;

(C) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents constituting or relating to the Collateral;

(D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(E) defend any suit, action or proceeding brought against Grantor with respect to any Collateral;

(F) settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, give such discharges or releases as the Requisite Lenders may deem appropriate; and

(G) generally sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Agent were the absolute owner thereof for all purposes, and do, at Agent's option and Grantor's sole expense, at any

time, or from time to time, all acts and things which Agent reasonably deems necessary, or the Requisite Lenders may request or require, to protect, preserve or realize upon the Collateral and Lien therein for the benefit of Agent and the Lenders in order to effect the intent of this Agreement, all as fully and effectively as Grantor might do.

SECTION 12. Agent May Perform. If Grantor fails to perform any agreement contained herein, then Agent may perform, or cause performance of, such agreement, and the costs and expenses of Agent (including, without limitation, Attorney's Costs) incurred in connection therewith shall be payable by Grantor under Section 14.

SECTION 13. Agent's Duties. The powers conferred on Agent hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Agent will 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 14. Remedies. If any Event of Default shall have occurred and be continuing, then Grantor shall be deemed in default of this Agreement and, in addition to all other rights and remedies as may be granted or available to Agent or the Lenders under this Agreement, the Loan Agreement or any of the other Loan Documents:

(a) Agent, 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 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 Agent to enforce any right under this Agreement, Agent will be entitled as a matter of right against 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 Grantor.

(b) Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (as defined in the Loan Agreement) and also may (i) require Grantor to, and Grantor hereby agrees that at its expense and upon request of Agent it shall forthwith, assemble all or part of the Collateral as directed by Agent and make it available to Agent at such places reasonably convenient to all parties as Agent 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 Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as Agent may deem commercially reasonable. Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to 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. Agent will not be obligated to make any sale of Collateral regardless of notice of sale having been given. Agent 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 which it was so adjourned.

(c) All cash proceeds received by Agent 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, without limitation, compensation to the agents, contractors and attorneys of Agent;

ii. Second, to the payment of all other Obligations, as provided in Section 10.13(b) of the Loan Agreement; and

iii. Third, the remainder, if any, to Grantor or to whomever may be lawfully entitled to receive such remainder; provided, however, that Grantor shall remain liable to Agent and the Lenders, as applicable, for any deficiency in the Obligations remaining after the application of such proceeds as provided in this Section 14(c); and, provided further, that nothing herein contained shall in any way limit or restrict the Lenders'

rights to proceed directly against Grantor without first causing Agent to exhaust, or in any manner to exercise its rights in respect of, the Collateral.

(d) The Lenders, or any of them, shall have the right to become the purchaser at any public sale made pursuant to the provisions of this Section 14 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 Obligations and advertisement and conduct of such sale in the manner provided herein. Grantor does hereby ratify and confirm all legal acts that Agent may do in carrying out the provisions of this Agreement.

(e) Any sale of the Collateral or any part thereof pursuant to the provisions of this Section 14 shall operate to divest all right, title, interest, claim and demand of Grantor in and to the Property sold and shall be a perpetual bar against Grantor. Nevertheless, if requested by Agent so to do, 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 Agent to have physically present or constructively in its possession any of the Collateral at any such sale, and 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. Grantor agrees that if Grantor retains possession of the Property or any part thereof subsequent to such sale, Grantor shall be considered a tenant at sufferance of the purchaser and shall, if 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 Grantor.

(f) Subject to any requirements of applicable law, Grantor agrees that neither 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 administration of estates of decedents, appraisal, valuation, stay, extension or

redemption now or hereafter in force in order to prevent or hinder the rights of Agent or any purchaser of the Collateral or any part thereof under this Agreement, and Grantor, to the extent permitted by applicable law, hereby waives the benefit of all such laws.

(g) Upon any sale made under the powers of sale herein granted and conferred, the actual receipt of Agent 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, transferees, and assigns thereof shall not, after paying such purchase money and receiving such receipt of Agent, be obliged to see to the application thereof or be in anywise answerable for any loss, misapplication or nonapplication thereof.

(h) Each and every right, power or remedy hereby granted to Agent or the Lenders is in addition to, and not in derogation of, any right, power or remedy granted by the Loan Agreement or any of the other Loan Documents 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 Agent, 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 Agent or 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 an instrument in writing executed in accordance with the provisions of the Loan Agreement, be waived to such extent and in such manner as set forth in such written instrument, but no such waiver shall ever affect or impair Agent's or any Lender's rights hereunder, except to the extent specifically stated in such written instrument.

(i) Notwithstanding the foregoing, Agent and the Lenders agree not to interfere with a lessee's quiet enjoyment of Transportation Equipment under a Lease approved by the Lenders, 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 15. Expenses. Grantor hereby agrees to pay costs and expenses (including, without limitation, Attorney Costs), incurred or paid by Agent or the Lenders in

connection with, the collection of the Obligations and the enforcement of the rights of Agent or the Lenders hereunder, which costs and expenses shall constitute Obligations secured by the Collateral hereunder.

SECTION 16. Continuing Security Interest; Etc.

This Agreement shall create a continuing Lien on the Collateral and shall (i) remain in full force and effect until the full and indefeasible payment of the Obligations and performance in full of all of Grantor's obligations hereunder and under any documents or instruments evidencing or relating to any of the Obligations; (ii) be binding upon Grantor, its successors and assigns; provided, however, that Grantor shall not have the right to assign its rights or obligations hereunder or any interest herein except as provided in a writing executed in accordance with the Loan Agreement; and (iii) inure to the benefit of Agent and the Lenders and their respective successors, transferees, assigns and participants. Upon full and indefeasible payment of the Obligations and performance of all of Grantor's obligations hereunder and under any documents or instruments evidencing or relating to any of the Obligations, the Lien granted hereby shall terminate and all rights to the Collateral shall revert to Grantor. Upon any such termination, Agent will, at Grantor's expense, execute and deliver to Grantor such documents as Grantor shall reasonably request to evidence such termination.

SECTION 17. Reinstatement. Notwithstanding

any termination pursuant to the foregoing Section 16 or any provision of any Loan Document to the contrary, the liability of Grantor hereunder shall be reinstated and revived and the rights of Agent and the Lenders shall continue if and to the extent that for any reason any payment by or on behalf of Borrower, Grantor, or any Guarantor is rescinded or must be otherwise restored by Agent or the Lenders, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid. The determination as to whether any such payment must be rescinded or restored shall be made by the Lenders in their sole discretion. If the Lenders choose to contest any such matter at the request of Grantor, Grantor agrees to indemnify and hold harmless Agent and the Lenders, and each of them, from all costs and expenses (including, without limitation, Attorney Costs) related to such request.

SECTION 18. Releases. No release from the Lien of

this Agreement of any part of the Collateral by Agent or the Lenders shall in any way alter, vary or diminish the force,

effect or Lien of this Agreement on any Collateral not expressly subject to such release.

SECTION 19. 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 20. Notices, Etc. Any notice or other communication herein required or permitted to be given shall be in writing and may be delivered in person, with receipt acknowledged, or sent by telex, telecopy, computer transmission or by United States mail, registered or certified, return receipt requested, postage prepaid and addressed as set forth on the signature pages to this Agreement or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. All such notices and communications shall, when transmitted by overnight delivery, telegraphed, telecopied by facsimile, telexed or cabled, be effective when delivered for overnight delivery or to the telegraph company, transmitted by telecopier, confirmed by telex answerback or delivered to the cable company, respectively, or if delivered, upon delivery. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

SECTION 21. Governing Law. This Agreement shall be binding upon and inure to the benefit of Grantor, Agent and the Lenders and their respective successors and assigns, except that Grantor shall not have the right to assign its rights hereunder or any interest herein unless authorized by a writing executed in accordance with the provisions of the Loan Agreement. Except as otherwise expressly provided herein or in any of the other Loan Documents, in all respects, including all matters of construction, validity and performance, this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, and any applicable laws of the United States of America.

SECTION 22. Entire Agreement; Construction; Amendments and Waivers.

(a) Entire Agreement. This Agreement, the Loan Agreement, the other Loan Documents and the documents required to be executed and delivered hereunder and thereunder, taken together, constitute and contain the entire agreement among the parties and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof; provided, however, that the representations and warranties and the indemnities of Grantor expressly set forth in the Original Security Agreement, the Restated Security Agreement and the Second Restated Security Agreement shall survive the execution and delivery of this Agreement.

(b) Construction. This Agreement and each of the other Loan Documents is the result of negotiations between and has been reviewed by each of Grantor, Agent and the Lenders and their respective counsel; accordingly, this Agreement shall be deemed to be the product of the parties hereto, and no ambiguity shall be construed in favor of or against Grantor, Agent or the Lenders. Grantor, Agent and the Lenders agree that they intend the literal words of this Agreement and the other Loan Documents and that no parol evidence shall be necessary or appropriate to establish Grantor's, Agent's or any Lender's actual intentions.

(c) Interpretation. The terms of this Agreement shall be interpreted in accordance with the provisions of Section 1 of the Loan Agreement, provided, however, that (a) any reference to a "Section," "Exhibit" or "Schedule" shall refer to the relevant Section, Exhibit or Schedule to this Agreement, unless specifically indicated to the contrary and (b) the words "herein," "hereof" and "hereunder" and other words of similar import (including, without limitation, in Section 1 of the Loan Agreement) shall refer to this Agreement as a whole, including the Exhibits and Schedules hereto, all of which are by this reference incorporated into this Agreement, as the same may from time to time be amended, modified or supplemented, and not to any particular section, subsection or clause contained in this Agreement.

(d) Amendments; Waivers. No amendment, modification, discharge or waiver of, or consent to any departure by Grantor from, any provision of this Agreement or any of the other Loan Documents shall be effective unless the same shall be in writing and signed by Agent with the written consent of the Requisite Lenders, and then such

waiver shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 23. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid, legal and enforceable under the applicable law of any jurisdiction. Without limiting the generality of the foregoing sentence, in case any provision of this Agreement shall be invalid, illegal or unenforceable under the applicable law of any jurisdiction, the validity, legality and enforceability of the remaining provisions, or of such provision in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 24. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

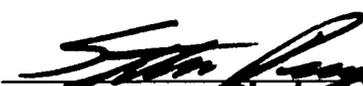
SECTION 25. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of Grantor, Agent, the Lenders, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. Neither Agent nor any Lender shall have any obligation to any Person not a party to this Agreement or other Loan Documents.

SECTION 26. Time. Time is of the essence as to each term or provision of this Agreement and each of the other Loan Documents.

SECTION 27. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

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., as Grantor

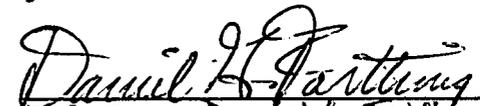
By: 
Printed Name: Stephen Peary
Title:

Notice to be sent to:

PLM International, Inc.
One Market Plaza
Steuart Street Tower
Suite 900
San Francisco, CA 94105
Att'n: Chief Financial Officer
Tel: 415/974-1399
Fax: 415/905-7256

AGREED TO AND ACCEPTED
AS OF THE DATE FIRST
WRITTEN ABOVE:

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION,
as Agent

By: 
Printed Name: Daniel G. Farthing
Title: Senior Agency Officer

Notice to be sent to:

Bank of America National Trust and
Savings Association
Global Agency #5596
315 Montgomery Street
San Francisco, CA 94104
Attention: Daniel G. Farthing
Senior Agency Officer
Telephone: (415) 953-0849
Facsimile: (415) 622-4894

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

On this 30th day of October, 1992, before me, a Notary Public in and for said State, duly commissioned and sworn, personally appeared Stephen Peary, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Vice President of PLM INTERNATIONAL, INC., a Delaware corporation, the officer executing the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors, and acknowledged to me that he subscribed his name on the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date in this certificate first above written.

Sheila McDonald

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

Notary Public
SHEILA MC DONALD
COMM. #969779
Notary Public-California
SAN FRANCISCO COUNTY
My comm. expires JUL 20, 1996

On this 30th day of October, 1992, before me, a Notary Public in and for said State, duly commissioned and sworn, personally appeared Daniel G. Farthing, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Senior Agency Officer of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, the officer executing the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors, and acknowledged to me that he subscribed his name on the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date in this certificate first above written.

Sheila McDonald

Notary Public

SHEILA MC DONALD
COMM. #969779
Notary Public-California
SAN FRANCISCO COUNTY
My comm. expires JUL 20, 1996

SCHEDULE 1

Third Amended and Restated
Security Agreement

(Lenders)

Bank of America National Trust
and Savings Association

CIBC Inc.

Harris Trust and Savings Bank

Chemical Bank

SCHEDULE 2

Third Amended and Restated
Security Agreement

(Rolling Stock)

marked red in -L Release

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98	513360	837

FINAL TOTALS
COUNT 408

*** END OF REPORT ***

14:49

SCHEDULE 3

Third Amended and Restated
Security Agreement

(Trust Agreements)

(1) Trust Agreement dated as of June 25, 1985, between PLMI as successor in interest, by assignment, to PLM Transportation Equipment Partners VIIA 1985 Income Fund, a California Limited Partnership ("TEP VIIA"), and Capitol Bank of Commerce (now known as CapitolBank, Sacramento) and Gerald G. Gomez, as Trustee, pursuant to which Grantor holds an undivided 19.65% beneficial interest in a Fairchild Metro III model SA227-AC aircraft bearing manufacturer's serial number AC-599 and U.S registration number N31168, two Garrett AiResearch engines, model number TPE 331-11U-611G, bearing manufacturer's serial numbers P44327 and P44331, and two Dowty Rotol propellers, model number (c)R321/4-82-F/8, bearing manufacturer's serial numbers DRI/DRG 1373/84 and DRI/DRG 1374/84rcraft") and in, to and under any and all Leases with respect thereto

(2) Tenancy In Common Agreement dated as of December 30, 1985 between PLMI as successor in interest, by assignment, to PLM Transportation Equipment Partners VIIA 1985 Income Fund and PLM Transportation Equipment Partners VIIC 1985 Income Fund, a California Limited Partnership ("TEP VIIC").

EXHIBIT A

[Date]

[Issuing Bank _____]

Re: Your Letter of Credit No. _____, dated as
of _____ - Notice of Assignment.

Ladies & Gentlemen:

We refer to the above-described letter of credit (the "Letter of Credit") issued by you for the account of _____ in favor of PLM International, Inc. ("PLMI").

We hereby notify you that, pursuant to a Security Agreement dated as of July 26, 1991, as amended, by and among PLMI, Bank of America National Trust and Savings Association, as agent ("Agent"), and certain bank signatories thereto (such bank signatories, the "Lenders"), PLMI has (1) granted to Agent, for the benefit of itself and the Lenders, a security interest in the Letter of Credit and the proceeds thereof, and (2) delivered the original Letter of Credit into the physical possession of Agent.

We hereby irrevocably authorize and instruct you to pay the proceeds of any draw under the Letter of Credit as directed by Agent.

Please sign this letter in the place indicated below to confirm your receipt of notice of the matters described above and your agreement to act in accordance with the terms of preceding paragraph. After executing this letter, please forward the original executed letter to Agent

at Bank of America National Trust and Savings Association,
Global Agency Unit, 315 Montgomery Street, San Francisco, CA
94104, Att: _____ retaining a copy for your records.

PLM INTERNATIONAL, INC.

By: _____

Its: _____

ACCEPTED AND AGREED TO
AS OF THE DATE FIRST WRITTEN ABOVE:

By: _____

Its: _____

EXHIBIT B

SUPPLEMENT TO THIRD AMENDED
AND RESTATED SECURITY AGREEMENT

This SUPPLEMENT TO THIRD AMENDED AND RESTATED SECURITY AGREEMENT ("Supplement") is made as of _____, 19__ by PLM INTERNATIONAL, INC., a Delaware corporation ("Grantor"), in favor of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (solely in such capacity, the "Agent"), as agent for the financial institutions described in the Third Amended and Restated Security Agreement referred to below (such entities, together with their respective successors and assigns, being collectively referred to as the "Lenders").

RECITALS

A. Grantor and Agent have entered into a Third Amended and Restated Security Agreement, dated as of October 28, 1992 (the "Security Agreement"), which provides for the grant of a first priority security interest (subject only to the Liens expressly referred to in Section 4(b) thereof) in favor of Agent, for the benefit of Agent and the Lenders, in Collateral (as defined therein).

B. Section 9 of the Security Agreement provides that, upon the acquisition by Grantor of (i) any Transportation Equipment, or (ii) any interest constituting a general intangible relating to Transportation Equipment, including, without limitation, (A) any interest in any Joint Venture, including as a partner of any partnership or limited partnership (other than a Growth Fund), (B) any beneficial interest under any trust created with respect to Transportation Equipment, or (C) any Lease with a term of greater than 12 months (any of the foregoing, "Equipment Collateral"), Grantor shall, among other things, execute and deliver to Agent a Supplement to the Security Agreement substantially in the form of this Supplement; and

C. Grantor has acquired the Equipment Collateral described in attached Schedule 1 (the "Acquired Property");

NOW, THEREFORE, in consideration of the foregoing premises, Grantor and Agent hereby agree as follows:

SECTION 1. Grant of Security.

A. Grant of Security Interest with Respect to Additional Collateral. As additional security for the full and indefeasible payment and performance of the "Obligations" (as described in Section 2 of the Security Agreement) Grantor hereby assigns, pledges and grants to Agent (for the benefit of Agent and the Lenders) a first priority security interest in, the Acquired Property together with any and all Leases, Accounts, Permits, Claims, and Documents relating thereto, whether now existing or hereafter acquired, and all Proceeds of any of the foregoing (collectively, the "Additional Collateral"). Without limiting the foregoing in any respect: (a) the Additional Collateral is and shall be subject to a security interest which is granted in favor of Agent, for the benefit of Agent and the Lenders pursuant to the Security Agreement, (b) Grantor represents and warrants to Agent that each of the matters set forth in Section 4 of the Security Agreement (including, without limitation, the representations expressly incorporated therein by reference) are true with respect to the Additional Collateral and the execution of this Supplement by Grantor as of the date hereof, and (c) all other covenants of Grantor, rights and powers of Agent and other provisions set forth in the Security Agreement shall apply with respect to the Additional Collateral to the same extent that such provisions apply to the Collateral.

B. Security Interest in Favor of Agent. This Supplement is effective to grant to Agent, for the benefit of Agent and the Lenders, a valid first priority security interest in the Additional Collateral (subject only to the Liens expressly referred to in Section 4(b) of the Security Agreement). All action, including, without limitation, (1) the filing of UCC financing statements, amendments and other security perfection documentation in all appropriate jurisdictions, and (2) the proper notation on each certificate of title covering Transportation Equipment of the lien and security interest of Agent, for the benefit of Agent and the Lenders, has been taken that is necessary or appropriate to perfect Agent's security interest in the Additional Collateral. The execution and delivery of this Supplement and the documents referred to in the preceding sentence will not affect the perfection or priority of the security interest of Agent in the Collateral or the Existing Collateral.

SECTION 2. Definitions; Interpretation. All capitalized terms used herein without definition shall have the meanings given to them in the Security Agreement. This