



The Bank of Tokyo Trust Company

Member Federal Deposit Insurance Corporation

MAIN OFFICE: 100 Broadway, New York, N. Y. 10005
Tel: (212) 766-7917 Cable: TOKYOTRUST NEWYORK Telex: (WUD) 126365, (RCA) 222967

February 14, 1978

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

8-046A012

RECORDATION NO. 8235 Filed & Recorded

FEB 15 1978

FEB 15 1978 - 8 45 AM

RECEIVED
FEB 15 8 43 AM '78
CERTIFICATION UNIT

Dear Sir:

50 INTERSTATE COMMERCE COMMISSION

Enclosed please find ~~the original~~ of that certain Security Agreement dated as of December 1, 1977 (the "Security Agreement") between Shintech Incorporated and The Bank of Tokyo Trust Company as agent for certain banks and, for retention in the files of the Interstate Commerce Commission pursuant to 49 U.S.C. 20c and the rules and regulations of the Interstate Commerce Commission, two executed counterparts of the Security Agreement. I also enclose a check in the amount of \$50 to cover the recordation fee.

Under the Security Agreement, Shintech Incorporated has granted to The Bank of Tokyo Trust Company, as agent for The Bank of Tokyo Trust Company and The Mitsubishi Bank, Ltd., New York Branch, a security interest in 70 100-ton CF 5701 Center-Flow covered hopper cars, manufactured by the AMCAR Division of ACF Industries Incorporated and lettered ROIX and numbered 56993 through 57062 by Shintech Incorporated.

The address of Shintech Incorporated is Suite 210, 3800 Buffalo Speedway, Greenway Plaza, Houston, Texas 77098 and the address of The Bank of Tokyo Trust Company, as agent, is 100 Broadway, New York, New York 10005.

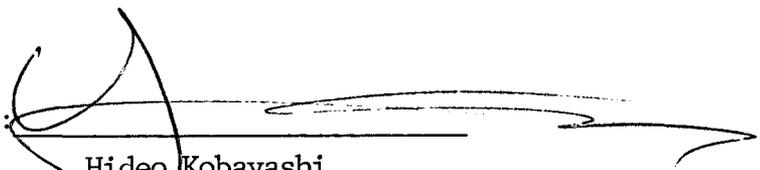
Robert A. Schatz
Chairman

The original of the Security Agreement should be returned to Donald Sonnenborn, Esq., at Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005.

Very truly yours,

THE BANK OF TOKYO TRUST COMPANY

By:



Hideo Kobayashi
Banking Officer

Interstate Commerce Commission
Washington, D.C. 20423

2/15/78

OFFICE OF THE SECRETARY

Donald Sonnenborn, Esq.
Milbank, Tweed, Hadley & McCloy
1 Chase Manhattan Plaza
New York, New York 10005

Dear Sir:

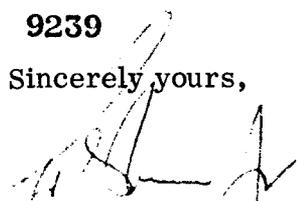
The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,

49 U.S.C. 20(c), on 2/15/78 at 8:45am

and assigned recordation number(s)

9239

Sincerely yours,


H. G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

RECORDATION NO. 9239 Filed & Recorded

FEB 15 1978 -8 45 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT, dated as of December 1, 1977, between SHINTECH INCORPORATED, a Delaware corporation (herein called the "Debtor"), and THE BANK OF TOKYO TRUST COMPANY, a New York banking corporation, as agent for the Banks referred to below (herein, in such capacity, called the "Secured Party").

W I T N E S S E T H :

WHEREAS, the Debtor plans to acquire approximately 70 hopper cars (herein referred to individually as "unit" and collectively as "units");

WHEREAS, Debtor has entered into a Loan Agreement dated as of December 1, 1977 (herein called the "Loan Agreement") with The Bank of Tokyo Trust Company, The Mitsubishi Bank, Ltd., New York Branch (herein collectively called the "Banks") and The Bank of Tokyo Trust Company as agent for the Banks thereunder, pursuant to which the Banks have agreed, on the terms and conditions set forth in the Loan Agreement, to make loans to the Debtor in the aggregate principal amount of \$2,660,000, such loans to be evidenced by the promissory notes referred to in the Loan Agreement (herein collectively called the "Notes") of the Debtor;

WHEREAS, the Debtor, pursuant to the Loan Agreement, has made, or is about to make, the loans thereunder in the principal amount of \$2,660,000, evidenced by the Notes, payable to the order of the Banks; and

WHEREAS, pursuant to the Loan Agreement, the commitment of the Banks to make the loans thereunder is subject to the condition precedent that the Debtor shall have executed and delivered this Security Agreement for the purposes herein set forth;

NOW, THEREFORE, in consideration of the premises and in order to secure the prompt payment of the principal of, and interest on, the Notes and any extensions and renewals thereof and in order to secure the performance and observance by the Debtor of all other obligations, agree-

ments, covenants and provisions contained in the Loan Agreement and herein (all amounts so payable under the Notes and all such other obligations, agreements, covenants and provisions of the Debtor being herein collectively called the "Indebtedness"), the Debtor does hereby grant a SECURITY INTEREST to the Secured Party in

(1) the units of equipment described in Schedule A hereto and any similar units hereafter acquired in substitution for any thereof;

(2) all equipment, attachments and accessories, and replacement and added parts, whether now owned or hereafter acquired, which may be used or held for use with or placed on the units of equipment referred to in clause (1) above, installed therein or attached thereto (all such units of equipment referred to in clause (1) above and all such additional equipment, attachments, accessories and parts referred to in this clause (2) being herein collectively called the "Secured Equipment");

(3) any rights, claims or causes of action which the Debtor may have against any manufacturer (herein collectively called the "Manufacturer") in respect of any defect in the Secured Equipment or for the installation, maintenance or service thereof, whether under any agreement between the Debtor and the Manufacturer or otherwise;

(4) any and all accounts, contract rights, general intangibles, chattel paper, instruments and documents relating to or arising out of the Secured Equipment and all rents, issues, profits, revenues and other income of the Secured Equipment, together with any claims or causes of action with respect to the Secured Equipment or arising out of any loss of or damage to any Secured Equipment; and

(5) any and all proceeds of any and all of the foregoing;

such Secured Equipment, such proceeds, such rights, claims or causes of action, and such accounts, contract rights, general intangibles, chattel paper, rights, titles, interests, rents, issues, profits, revenues and other income referred to above being herein collectively called the "Collateral";

PROVIDED, HOWEVER and these presents are on the condition that, if the Debtor or its successors or assigns shall pay or cause to be paid to the Banks all of the Indebtedness in accordance with its terms, as provided in the Loan Agreement and in the Notes, and if the Debtor shall well and faithfully perform and observe all of the agreements, covenants, and provisions hereof and thereof at the time and in the manner specified, then this Security Agreement and rights herein and hereby granted shall cease to be binding and shall be of no further force and effect, otherwise the same shall be and remain in full force and effect, and further provided that unless an Event of Default, as defined in Section 9 hereof, shall have happened and be continuing, the Debtor shall be entitled to possess, manage, operate, use and enjoy and to remain in the actual and undisturbed possession of the Collateral and to receive, take and use the rents, income and profit thereof;

AND the Debtor hereby represents, warrants, covenants, and declares, for itself and its successors and assigns, unto the Secured Party, and the Debtor and the Secured Party hereby agree, for themselves and for their respective successors and assigns, that the terms upon which the Collateral shall be held by the Secured Party are as follows:

Section 1. (a) The Debtor shall own and shall continue to own the Collateral free and clear of and from any ownership interest and any other interest, security interest, claim, lien, charge or encumbrance of whatever nature except as herein provided, and the Secured Equipment shall remain so free and clear.

(b) No financing statement, continuation statement, security agreement, mortgage or other instrument or document has been filed or recorded with respect to the Debtor or any predecessor in interest pursuant to any law in any jurisdiction, which contains a description encompassing or describing any of the Collateral and which is presently of record in any public office; and no such statement shall be so filed, except such as shall show the Secured Party as secured party.

(c) The Debtor shall promptly pay and discharge any and all taxes, levies and other impositions on or with respect to the Collateral except those being contested in good faith.

(d) (i) The Debtor will at all times keep or cause to be kept the Collateral insured against loss or damage

by fire, accident, theft and from other causes customarily insured against by similar companies and as the Secured Party may reasonably require and in such relative amounts as are usually insured against by such companies and as is satisfactory to the Secured Party. The Debtor will also at all times maintain or cause to be maintained adequate insurance against loss or damage from such hazards and risks to the person and property of others as are usually insured against by companies owning property similar to the Collateral and as is satisfactory to the Secured Party.

Such insurance shall in any event be maintained in amounts sufficient to prevent the Debtor from becoming a co-insurer within the terms of the applicable policies and in the case of property insurance not less than 80% of the then full insurable value of such property. All such insurance shall be carried in responsible insurance companies satisfactory to the Secured Party, and all policies or other contracts for such insurance shall be in such form and contain such provisions (including, without limitation, the loss payable clause and the designation of named assureds) as the Secured Party may approve.

(ii) All policies or other contracts for insurance with respect to any part of the Collateral shall contain provisions to the effect that (1) the Debtor, without the consent of the Secured Party, may not cancel such insurance or obtain the return of unearned premiums therefor or mortgage, pledge, hypothecate, sell, assign or transfer its interest in such insurance; (2) if the insurers cancel such insurance for any reason whatever, such insurers will promptly notify the Secured Party of such cancellation, and such cancellation shall not be effective as to the Secured Party for 30 days after receipt of such notice (or such lesser period as the Secured Party may approve with respect to any such policy or contract); and (3) the insurers shall promptly notify the Secured Party in the event that any premium shall not be paid when due.

(iii) The Debtor will (1) promptly notify the Secured Party if any such insurance shall not be renewed at the expiration thereof and (2) furnish to the Secured Party, within 60 days after the end of each fiscal year, a certificate containing a detailed statement of the policies of insurance outstanding and in force upon the Collateral or any part thereof, including the names of the insurance companies which have issued the policies,

the payee or payees thereunder, the amounts thereof and all of the property covered thereby and further stating that the insurance then in force complies with the covenants of this Section.

(e) The Debtor shall defend the Collateral against any and all claims and demands of all persons.

(f) The Debtor shall permit the Secured Party or its agents at all reasonable times and upon reasonable notice to inspect the Collateral.

(g) The chief place of business of the Debtor and the office where its records concerning the Collateral are kept is located in Texas. The Debtor agrees that it will promptly notify the Secured Party of any change in location of the Debtor's chief place of business or where its records concerning the Collateral are kept.

Section 2. (a) All Secured Equipment acquired by the Debtor after the date hereof shall immediately and without the execution of any further security agreement or other instrument become subject to the security interest created by this Security Agreement as fully as though now owned by the Debtor and specifically described herein. Nevertheless, whenever the Debtor shall have so acquired any units of Secured Equipment the Debtor shall if requested by the Secured Party forthwith deliver to the Secured Party a duly executed instrument in form and substance satisfactory to the Secured Party, confirming the Secured Party's security interest with respect thereto.

(b) The Debtor, at its own expense, will take all action required in order that the security interest of the Secured Party hereunder will be perfected, maintained and protected against all third parties whomsoever, to the maximum extent permitted by law. Without limiting the generality of the foregoing, the Debtor will execute, acknowledge, witness and deliver such financing and continuation statements, notices and additional security agreements, and amendments and supplements hereto, make such notations on its records, make or cause to be made a notation upon any certificate of title, and take such other action, all to such extent and in such manner as the Secured Party may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of the Secured Party, and the Debtor will, at its own expense, cause this Security Agreement and each such financing and continuation statement, notice, and additional security agreements and amendments and supplements hereto to be filed

or recorded, and such notation to be made upon any certificates of title in such manner and in such places as may be required (or as the Secured Party may reasonably request) for such purpose and furnish the Secured Party evidence thereof.

(c) The Debtor will cause each unit of the Secured Equipment to be kept numbered with the identifying number of the Debtor as set forth in Schedule A hereto, and the Debtor will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c" and other appropriate words if designated by the Secured Party, with appropriate changes thereof and additions thereto, as from time to time may be required by law in order to protect the Secured Party's interest in the Secured Equipment and its rights under this Security Agreement. The Debtor may also mark each unit to identify the Debtor's interest in such unit. The Debtor will replace or will cause to be replaced promptly any such markings which may be removed, defaced or destroyed. The Debtor will not permit the identifying number of any unit of the Secured Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Secured Party and filed, recorded and deposited by the Debtor in all public offices where this Security Agreement shall have been filed, recorded and deposited.

Section 3. The Debtor will at all times maintain, preserve and keep the Secured Equipment in good operating condition and will promptly or, in the case of any loss or damage to any of the Secured Equipment, as promptly as possible after the occurrence thereof, make or cause to be made, all repairs, renewals, replacements, additions and improvements in connection therewith which are needful or desirable to such end. The Debtor will promptly furnish or cause to be furnished to the Secured Party a statement respecting any substantial loss or damage to the Secured Equipment. In addition, the Debtor will comply, and will cause every user of the Secured Equipment to comply, in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Secured Equipment) with all laws of the jurisdictions in which its or such user's operations involving the Secured Equipment may extend, with the interchange rules of the Association of American Railroads, and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or

judicial body exercising any power or jurisdiction over the Secured Equipment, to the extent that such laws and rules are reasonably interpreted as being applicable to, or affecting, the title, operation or use of the Secured Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any unit of the Secured Equipment, the Debtor will conform therewith at its own expense; provided, however, that the Debtor may, in good faith, contest the validity or application of any such law or rule in any reasonable manner.

Section 4. The Secured Party and its agents shall have at all times the right, insofar as the Debtor can grant such right, to enter into and upon any premises where any of the Secured Equipment is located for the purpose of inspecting the same or otherwise protecting the security interest of the Secured Party therein.

Section 5. The Secured Party may, from time to time, at its option, perform any obligation to be performed by the Debtor hereunder which the Debtor shall fail to perform and take any other action which the Secured Party may deem necessary for the maintenance or preservation of any of the Secured Equipment or its security interest in the Collateral or any interest therein. All moneys advanced by the Secured Party in connection with the foregoing, together with interest at the rate then in effect on the Notes, shall be repaid by the Debtor to the Secured Party, upon the latter's demand, and shall be secured hereby prior to any other indebtedness or obligation secured hereby; but the making of such advance by the Secured Party shall not relieve the Debtor of any default hereunder until the full amount of all moneys so advanced and interest thereon is repaid by the Debtor and such default is otherwise cured.

Section 6. The Debtor agrees that, upon request from the Secured Party, it will furnish to the Secured Party, within 10 days after receipt of such request, a schedule showing the location of each unit of Secured Equipment as of the date of such schedule.

Section 7. The Debtor agrees that, without the prior written consent of the Secured Party, it will not:

- (a) permit the Collateral to be levied upon under any legal process or to fall under any other lien whatever, except for statutory workmen's or suppliers' liens securing obligations that are not delinquent or that are ~~not~~ being contested in good faith;

(b) to the best of its ability permit anything to be done which may impair the value of the Collateral or the security interest intended to be granted hereby; or

(c) mortgage, pledge, or otherwise encumber any of the Collateral, or suffer or permit any other secured party to perfect any security interest (whether for purchase money or otherwise) in any of the Collateral.

Section 8. The Debtor shall not sell, lease or otherwise dispose of all or any unit of the Secured Equipment without the prior written consent of the Secured Party. No sale, lease or other disposition of all or any unit of the Secured Equipment by the Secured Party pursuant to Section 10 hereof shall be deemed to relieve the Debtor of all or any part of its obligations hereunder except insofar as cash proceeds thereof are applied by the Secured Party to the Indebtedness. The Debtor shall not enter into any agreement in respect of the use of any unit of the Secured Equipment without the prior written consent of the Secured Party.

Section 9. The following events shall constitute events of default (herein called "Events of Default") hereunder:

(a) Any Event of Default under and as defined in the Loan Agreement shall have occurred and be continuing.

(b) The Debtor shall fail to perform and observe any obligation, covenant, condition or agreement contained in Sections 1(d), 6, 7(a), 7(c), 11 and 15 to be performed or observed by it.

(c) The Debtor shall fail to perform any obligation, covenant or agreement contained in Section 17 to be performed by it and such failure shall be continuing and not remedied.

(d) The Debtor shall fail to perform and observe any other obligation, covenant, condition or agreement to be performed or observed by it hereunder for 15 days after such failure shall have become known to the Debtor and such failure shall be continuing and not remedied.

(e) Any representation or warranty made by the Debtor herein or in any document or certificate furnished to the Secured Party hereunder shall prove to have been incorrect when made in any material respect.

Section 10. Upon the occurrence and during the continuance of any Event of Default but subject always to any mandatory requirements of any applicable law then in effect, the Secured Party may, at its option, do one or all of the following, as the Secured Party in its sole discretion shall then elect:

(a) exercise all the rights and remedies granted to secured parties by the provisions of the New York Uniform Commercial Code or other applicable law;

(b) institute legal proceedings to foreclose upon and against the security interest granted in and by this Security Agreement, to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any of the Collateral;

(c) institute legal proceedings for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted;

(d) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(e) institute legal proceedings for the appointment of a receiver or receivers pending foreclosure hereunder or the sale of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;

(f) personally, or by agents or attorneys, enter upon any premises where the Collateral or any part thereof may then be, and take possession of all or any part thereof or render it unusable; and the Secured Party may, without being responsible for loss or damage (except loss or damage arising from the willful misconduct or gross negligence of the Secured Party), hold, store, keep idle, use, lease, operate, or otherwise use or permit the use of the same or any part thereof for such time and upon such terms as the Secured Party may deem to be in its best interest, and may demand, collect, and retain all hire, earnings, and all other sums due and to become due in respect of the same from any person whomsoever, accounting only for net earnings, if any, arising from such use and charging against all receipts from the use of the same or from the sale thereof, by court proceedings or pursuant to subsection (g) next following, all other costs,

expenses, charges, damages, or losses by reason of such use; or

(g) personally or by agents or attorneys, enter and take possession of any part or all of the Collateral at any time, wherever the same may be, with or without process of law and without being responsible for loss or damage (except loss or damage arising from the willful misconduct or gross negligence of the Secured Party), and sell or dispose of all or any part of the same, free from any and all claims of the Debtor or of any other party claiming by, through, or under the Debtor, at law or in equity, at one or more public or private sales in such place or places, at such time or times, and upon such terms as the Secured Party may fix, with or without any previous demand or notice to the Debtor or advertisement of any such sale or other disposal except as herein provided; and for the aforesaid purpose, all notice of sale, advertisement, and other notice or demand and right or equity or redemption otherwise required by or available to the Debtor under applicable law are hereby waived by the Debtor to the fullest extent permitted by applicable law.

The power of sale hereunder shall not be exhausted by one or more sales, and the Secured Party may from time to time adjourn any sale to be made pursuant to this Section 10.

If the Secured Party shall demand possession of the Collateral or any part thereof pursuant to this Security Agreement, the Debtor shall, at its own expense, forthwith cause the Collateral or any part thereof designated by the Secured Party to be assembled and made available and/or delivered to the Secured Party at any place reasonably designated by the Secured Party.

In the event that any mandatory requirement of applicable law shall obligate the Secured Party to give prior notice to the Debtor of any of the foregoing acts, the Debtor hereby covenants and agrees that a notice sent to it, by telex to its telex number TWX 9108816262 Shintech Hou, confirmed in writing, by certified United States mail, return receipt requested, at Suite 210, 3800 Buffalo Speedway, Greenway Plaza, Houston, Texas 77098, at least five business days before the date of any such act, shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of any public sale hereunder and reasonable notification of

the time after which any private sale or other intended disposition to be made hereunder is to be made.

The proceeds from the sale of the Collateral pursuant to any of the provisions of this Section 10 shall be applied as follows: first, to the payment of the costs and expenses (including reasonable attorneys' fees and legal expenses and reasonable compensation paid for services rendered to the Secured Party) in enforcing any remedies granted in, or realized against the security of, this Security Agreement or any other security for the Notes and all other sums payable by the Debtor hereunder and not referred to in clauses second and third below; second, to the pro rata payment of principal of and accrued interest on the Notes, without priority of any Note over another; third, to the payment of any other Indebtedness; and the balance of such funds shall be paid to the Debtor.

Section 11. To the fullest extent that it may lawfully so agree, the Debtor shall not at any time insist upon, claim, plead, or take the benefit or advantage of any appraisal, valuation or redemption law now or hereafter in force in order to prevent, delay, or hinder the enforcement of this Security Agreement or the absolute sale of any part or all of the Collateral or the possession thereof by any purchaser at any sale held under Section 10 above; and the Debtor, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may do so, hereby waives the benefit of all such laws.

Section 12. At any sale made pursuant to Section 10 hereof, the Secured Party or either Bank or the agent of any of them may bid for or purchase the Collateral offered for sale, may make payment on account thereof as hereinafter in this Section provided, and, upon compliance with the terms of sale, may hold, retain, and dispose of such property without further accountability herefor. In any such sale to the Secured Party or either Bank, it may, for the purpose of making payment for the Collateral or any part thereof so purchased, use any claim for any Indebtedness then due and payable to it, as a credit against the purchase price.

Section 13. The Secured Party makes no representations or warranties as to the Collateral or any part thereof, and the Secured Party shall not be chargeable with any of the obligations or liabilities of the Debtor. The Debtor agrees that it will settle any and all claims with respect to the Collateral, and that the Secured Party shall

have no liability or obligation arising out of any of such claims.

Section 14. Each right, power, and remedy herein specifically given to the Secured Party or otherwise existing shall be cumulative and shall be in addition to every other right, power, and remedy herein specifically given or now or hereafter existing at law, in equity, or otherwise; and each right, power, and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time and as often and in such order as may be deemed expedient by the Secured Party; and the exercise of any right, power, or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power, or remedy. No delay or omission by the Secured Party in the exercise of any right or power, or in the pursuance of any remedy, shall impair any such right, power, or remedy or be construed to be a waiver of any default on the part of the Debtor or to be an acquiescence therein. No waiver by the Secured Party of any breach or default by the Debtor under this Security Agreement or the Loan Agreement shall be deemed a waiver of any other previous breach or default or any thereafter occurring.

Section 15. This Security Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party, and their respective successors and assigns, except that the Debtor may not assign or transfer its rights hereunder without the prior written consent of the Secured Party.

Section 16. Upon the occurrence of a default as defined in the Loan Agreement the Debtor does hereby constitute the Secured Party, its successors and assigns, the Debtor's true and lawful attorney, irrevocably, with full power (in the name of the Debtor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for money due and to become due under or arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or advisable.

Section 17. At any time and from time to time, upon the request of the Secured Party and at the expense of the Debtor, the Debtor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Secured Party may deem

desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, (i) the filing or recording of this Security Agreement (or any schedule, amendment or supplement hereto), or a financing or continuation statement with respect hereto or thereto in accordance with the laws of any applicable jurisdictions and with Section 20c of the Interstate Commerce Act and (ii) the taking of such further action as the Secured Party may deem desirable to protect fully its interest hereunder or under the Loan Agreement and the Notes in accordance with the Uniform Commercial Code of any state or any other applicable law. The Debtor hereby authorizes the Secured Party to effect any such filing or recording as aforesaid (including the filing of any such financing statements or amendments thereto without the signature of the Debtor), and the Secured Party's reasonable costs and expenses with respect thereto shall be payable by the Debtor on demand.

Section 18. The Debtor will not take or omit to take any action, the taking or omission of which might result in an alteration or impairment of the Collateral or of this Security Agreement or of any of the rights created by this Security Agreement.

Section 19. The Debtor does hereby further represent and warrant that it has not assigned or pledged, and hereby covenants that (i) it will not assign or pledge, so long as this Security Agreement shall remain in effect, any of its right, title or interest under, in or to the Collateral, to anyone other than the Secured Party, its successors or assigns, (ii) without the prior written consent of the Secured Party, it will not settle or compromise any claims arising or affecting the Collateral involving in the aggregate an amount in excess of \$133,000, or submit or consent to the submission to arbitration of any dispute, difference or other matter arising under or in respect of the Collateral, and (iii) it will promptly notify the Secured Party of any action or claim arising from or which will affect the Collateral.

Section 20. This Security Agreement shall be deemed to be a contract under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance with the laws of said state. This Security Agreement is intended to comply with the laws of the jurisdiction where it is to be enforced, and any provisions not so complying should be deemed to be modified accordingly in the manner and to the extent which shall best effect the intentions and purposes reflected in and contem-

plated by this Security Agreement. This Security Agreement shall be binding upon the Debtor and its successors, and shall inure to the benefit of the Secured Party and its successors and assigns.

Section 21. The Secured Party agrees to act hereunder upon the following further terms and conditions:

(a) The Secured Party may execute any of its duties or powers hereunder by or through agents or employees, and shall be entitled to retain counsel and to act upon the advice of such counsel concerning all matters pertaining to the performance of its functions hereunder. The Debtor agrees to reimburse the Secured Party for all reasonable expenses incurred by the Secured Party and the counsel, attorneys, agents and employees of the Secured Party in acting hereunder, including any counsel fees and compensation paid for services rendered to the Secured Party in connection with the performance of its functions hereunder. The Debtor agrees to indemnify and save harmless the Secured Party against and from any liability or damages which the Secured Party may incur or sustain in the exercise and performance of any of the Secured Party's powers and duties hereunder, except such liability or damages which result from the willful misconduct or gross negligence of the Secured Party. For such reimbursement and indemnity, the Secured Party shall be secured under this Security Agreement prior to the Notes.

(b) Any and all moneys held by the Secured Party under any provision of this Security Agreement, until required to be paid out conformably herewith, may be treated by the Secured Party as a deposit, without any liability for interest, save such as the Secured Party may from time to time allow on deposits of a similar character or as the Debtor and the Secured Party may from time to time agree upon.

(c) Information obtained by the Secured Party under this Security Agreement which the Debtor deems to be proprietary information shall be treated by it in a confidential manner, provided that the Secured Party may divulge such information to auditors and appropriate examining authorities and as required by appropriate law.

IN WITNESS WHEREOF, the Debtor and the Secured Party have, by their respective officers thereunto duly authorized, executed and delivered this Security Agreement as of the day and year first above written.

SHINTECH INCORPORATED
(Debtor)

By *Samuel P. Hunter*
Title: *Treasurer & Controller*

THE BANK OF TOKYO TRUST COMPANY
(Secured Party)

By *T. Kanaguchi*
Title: *VICE PRESIDENT*

STATE OF TEXAS)
 : ss.:
COUNTY OF HARIS)

On this ^{8th} day of February, 1978, before me personally appeared Larry Burton, to me personally known, who being by me duly sworn, says that he is the Treasurer and Controller of Shintech Incorporated, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]


Notary Public
My commission expires _____

BONNALEE JEAN ACQUARD
Notary Public in and for Harris County, Texas
My Commission Expires October 20, 1979
Bonded by Alexander Lovett, Lawyers Surety Corp.

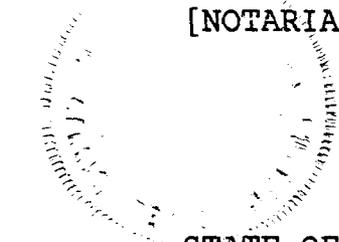
STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this ^{14th} day of February, 1978, before me personally appeared **T. KAWAGUCHI**, to me personally known, who being by me duly sworn, says that he is a Vice President of The Bank of Tokyo Trust Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]


Notary Public
My commission expires MARCH 30, 1978

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JOSEPH R. SANTINI
Notary Public, State of New York
No. 8731640
Qual. in Bronx County
Commission Expires March 30, 1978



Units of Equipment

<u>Quantity</u>	<u>Description</u>	<u>Manufacturer</u>	<u>Debtor's Car Numbers</u>
70	100-ton CF5701 Center-Flow covered hopper cars	ACF Industries Incorporated AMCAR Division	ROIX56993-57062