

THE BANK OF NEW YORK

NEW YORK'S FIRST BANK - FOUNDED 1791 BY ALEXANDER HAMILTON

REGISTRATION NO. 13790 Filed 1425

SEP 13 1982-9 40 AM

48 WALL STREET, NEW YORK, N. Y. 10015

INTERSTATE COMMERCE COMMISSION

REGISTRATION NO. 13790 Filed 1425

2-256A060

Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

SEP 13 1982-9 40 AM
INTERSTATE COMMERCE COMMISSION

No. SEP 13 1982
Date
Fee \$ 100.00
ICC Washington, D. C.

Re: Lease of Railroad Equipment dated
as of June 30, 1982 between
The Bank of New York, as Lessor,
and PQ Corporation, as Lessee

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. Section 1303 and the rules and regulations thereunder, we enclose for recordation with the Interstate Commerce Commission, fully executed counterparts of the following documents:

- (1) Lease of Railroad Equipment dated as of June 30, 1982, between The Bank of New York, as Lessor, and PQ Corporation, as Lessee.
- (2) Security Agreement dated as of June 30, 1982 between The Bank of New York, as Debtor, and The Philadelphia National Bank, as Secured Party.

The names and addresses of the parties to the aforementioned Lease and Security Agreement are:

(1) Owner-Lessor:

The Bank of New York
48 Wall Street
New York, New York 10015

Attention: Leasing Department

(2) Lessee:

PQ Corporation
Valley Forge Executive Mall
Post Office Box 840
Valley Forge, Pennsylvania 19482

Attention: Mr. Russell T. Hubler

C. Overly

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SEP 13 @ 34 AM '82
FEE OPERATION RR.

THE BANK OF NEW YORK

Agatha L. Mergenvoich, Secretary
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September 1, 1982

(3) Secured Party:

The Philadelphia National Bank
Post Office Box 7681
Philadelphia, Pennsylvania 19101

Attention: Mr. Samuel Shipley

Please file and record the documents referred to in this letter and index them under the names of the Owner-Lessor, the Lessee and the Secured Party.

The Equipment subject to the Lease and Security Agreement is described in Exhibit A to the Lease and consists of pressure differential covered hopper railroad cars, 5150 cubic feet capacity with serial numbers NAHX 550233 through NAHX 550270.

Also enclosed is a check for \$100.00 payable to the Interstate Commerce Commission, representing the fee for recording the Lease and Security Agreement.

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. Please deliver the remaining counterparts to the bearer of this letter.

Very truly yours,

THE BANK OF NEW YORK

By: 

Robert B. Purcell,
Vice President

RBP:gs
Enclosures

SEP 13 1982 -9 40 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT dated as of June 30, 1982, (hereinafter called the "Security Agreement"), between THE BANK OF NEW YORK, a corporation organized under the laws of the State of New York (hereinafter referred to as the "Company"), having its principal place of business at 48 Wall Street, New York, New York, and The Philadelphia National Bank, a national banking association having its principal place of business at Broad and Chestnut Streets, Philadelphia, Pennsylvania (hereinafter referred to as the "Secured Party").

WHEREAS the Company and the Secured Party have entered into a Participation Agreement of even date herewith (the "Participation Agreement") with the PQ Corporation, wherein, among other things, the Secured Party has agreed, subject to all of the terms and conditions hereof and of the Participation Agreement, to make loans to the Company on not more than three Closing Dates (as hereinafter defined) in an amount not to exceed \$1,736,063.52; and

WHEREAS, in order to evidence such loans, the Company shall issue to the Secured Party on the first Closing Date its non-recourse secured note in the principal amount determined pursuant to Section 2 hereof together with interest as therein provided with respect to the first closing; and on each subsequent Closing Date, the Company shall issue a new non-recourse secured note to the Secured Party in the aggregate principal amount with respect to that and the prior closing or closings equal to the amount determined pursuant to Section 2 hereof (which together with all substituted or restated notes issued pursuant hereto are collectively referred to as the "Note" and which Note is substantially in the form of Schedule I attached hereto); and

WHEREAS the proceeds of the loans are to be applied to finance in part the acquisition by the Company of the Units of Equipment described in Schedule II hereto from the Builder (as hereinafter defined) on the Closing Dates; and

WHEREAS all of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument to secure the Indebtedness Hereby Secured have been done and performed.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to secure the payment of the principal and interest on the Note according to its tenor and effect, and to secure the

payment of all other Indebtedness Hereby Secured and the performance and observance of all the covenants and conditions contained in the Note, and this Security Agreement:

The Company hereby assigns to, and grants a security interest to and in favor of, the Secured Party, and its successors and assigns, in and to the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Collateral"):

The Equipment described in Schedule II hereto, (provided such Equipment has been delivered to and accepted on behalf of the Company pursuant to Section 2 of the Lease and has not been released from such security interest pursuant to the express provisions hereof) together with all accessories, equipment, parts and appurtenances appertaining or attached to said Equipment whether now owned or hereafter acquired and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations (except additions that shall be the property of the Lessee pursuant to Section 9 of the Lease) to any and all of said Equipment, together with the proceeds thereof.

All right, title and interest of the Company as Lessor in and to the Lease, and any extensions or renewals thereof (other than the indemnities of the Lessee running to the Company contained in Sections 6 and 9 of the Lease which shall be considered personal indemnities and not part of the security assignment contained herein, it being recognized that the same indemnities are separately made to the Secured Party by the Lessee in those sections) including without limitation, the immediate and continuing right to collect and receive all rentals due thereunder, insurance proceeds, Casualty Value payments, and any other payments of any kind for or with respect to the Equipment, all proceeds, revenues, and other income of any Equipment which is subjected or required to be subjected to the Security Agreement, together with all rights, powers, privileges, options, benefits, claims and demands of the Company as Lessor in and under the Lease.

TO HAVE AND TO HOLD, the Collateral unto the Secured Party, its successors and assigns, forever; upon the terms herein set forth, provided, always, however, that these presents are upon the express condition that if the Company shall pay or cause to be paid all the Indebtedness Hereby Secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Note contained, then these presents and the security interest hereby granted shall cease and this Security Agreement shall become null and void; otherwise this Security Agreement shall remain in full force and effect.

SECTION 1: DEFINITIONS

The following terms shall have the following meanings for all purposes of this Security Agreement:

"Builder" shall mean North American Car Corporation, a Delaware corporation.

"Closing Date" or "Closing Dates" shall be as follows: the first Closing Date shall be August 2, 1982 or such other date as the Lessee, the Secured Party and the Company may agree. The subsequent Closing Dates shall be determined by the Lessee upon at least ten (10) days prior written or telephonic notice followed by written confirmation thereof within 24 hours, to the Company and the Secured Party, but the third Closing Date shall not be later than December 31, 1982. There shall be no more than three Closing Dates.

"Equipment" or "Units of Equipment" shall mean the railroad equipment described in Schedule II hereto, together with any and all substitutions, renewals, replacements, accessories, appliances, equipment, parts and appurtenances, whether now owned or hereafter acquired by the Company from time to time incorporated or installed therein or thereon (except additions that shall be the property of the Lessee pursuant to Section 9 of the Lease) and "Unit of Equipment" shall mean any one of said Units of Equipment.

"Event of Default" shall mean any of the events specified in Section 9 hereof to constitute an Event of Default.

"Indebtedness Hereby Secured" shall mean the amount loaned to the Company and evidenced by the Note and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid to the Secured Party (by the Company) under the terms of the Note or this Security Agreement.

"Lease" shall mean the Lease of Equipment dated as of the date hereof, between the Company, as lessor, and the Lessee, as lessee.

"Lessee" shall mean PQ Corporation, a Pennsylvania corporation.

"Note" shall mean as of any particular time, any Note, as defined in the second "Whereas" clause herein, and extensions and renewals thereof delivered by the Company and secured hereby.

"Purchase Price" shall mean, with respect to each Unit of Equipment, that amount, as designated in Lessee's Certificate of Acceptance (as defined in the Lease) for such Unit of Equipment, including freight and storage charges, if any, and any applicable sales or use taxes.

"Rent" shall mean for any one Unit of Equipment, the aggregate rent payable, if any, for such Unit of Equipment pursuant to the Lease and for all Equipment, the aggregate of all such rents payable for all Units of Equipment subject to the Lease.

SECTION 2: PAYMENT OF LOAN PROCEEDS; PAYMENTS OF INDEBTEDNESS
HEREBY SECURED

Section 2.1 Payment of Loan Proceeds. Subject to the provisions in the Participation Agreement relating to closing conditions, specified Units of Equipment will be delivered and accepted on or before each Closing Date and a portion of the loan proceeds disbursed on such Closing Date. On each Closing Date, the Secured Party shall disburse and transfer to the Builder, or at the Secured Party's election to the Company to be paid to the Builder in accordance with Section 2 of the Participation Agreement, an amount equal to 56.894% of the Purchase Price of the relevant Units of Equipment closed for on such date.

Provided, however, that the Secured Party shall not be obligated to make loans on Equipment delivered after December 31, 1982; further provided that the aggregate amount disbursed pursuant to this Section 2 shall not exceed \$1,736,063.52.

On each subsequent Closing Date, the Secured Party shall return to the Company the Note issued to the Secured Party on the next preceding Closing Date, and the Company shall simultaneously issue to the Secured Party its restated Note in the principal amount of the aggregate loan proceeds actually disbursed on the first Closing Date and all subsequent Closing Dates less any principal repayment made.

The Company shall appoint the Lessee or an employee of the Lessee as agent on behalf of the Secured Party and the Company to inspect the Equipment and to sign a Certificate of Acceptance in the form of Exhibit B to the Lease, whereupon the Equipment so delivered shall be deemed subject to this Security Agreement.

Section 2.2 Payment of Indebtedness Hereby Secured and Interest Rate. The Indebtedness Hereby Secured shall be repayable in forty semi-annual payments together with interest as hereinafter provided as follows:

(a) One payment of interest accrued from the dates of disbursement to and including December 31, 1982 shall be payable on January 1, 1983;

(b) Forty payments of principal in amounts set forth in the Schedule attached to the Note plus accrued interest shall be payable beginning July 1, 1983 and each and every January 1 and July 1 thereafter, with the final payment unless earlier paid, due January 1, 2003.

The unpaid balance of Indebtedness Hereby Secured shall bear interest at a rate per annum equal to the rate of interest publically announced by the Secured Party adjusted from time to time as its Prime Rate (the "Prime Rate") for all periods through December 31, 1985; and thereafter as set forth below, but in any event, not in excess of the maximum interest rate allowed by law:

<u>Period</u>	<u>Rate</u>
January 1, 1986 - December 31, 1987	Prime Rate plus 1/4%
January 1, 1988 - December 31, 1988	Prime Rate plus 2%
January 1, 1989 - December 31, 1989	Prime Rate plus 2 1/4%
January 1, 1990 - December 31, 1990	Prime Rate plus 2 1/2%
January 1, 1991 - December 31, 1991	Prime Rate plus 2 3/4%
January 1, 1992 - December 31, 1992	Prime Rate plus 3%
January 1, 1993 - December 31, 1993	Prime Rate plus 3 1/4%
January 1, 1994 - December 31, 1994	Prime Rate plus 3 1/2%
January 1, 1995 - December 31, 1995	Prime Rate plus 3 3/4%
January 1, 1994 - and thereafter	Prime Rate plus 4%

The interest rates provided for herein are the ones initially agreed upon. In the event of refinancing as contemplated in Section 1 of the Participation Agreement, the interest rates herein provided may be amended as agreed upon by the parties. Not less than three (3) days before any payment due under the Note, the Secured Party shall give the Company and the Lessee notice of the amount of principal and interest payable on such payment date, which notice may be given by telephone and promptly confirmed in writing.

Interest payable under this Security Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest for the periods from the dates of disbursement through December 31, 1982 shall be calculated on the basis of the actual number of days in such periods.

SECTION 3: LEGEND ON NOTE

The Note shall contain the following legend:

"This Note is secured by a Security Agreement by and between The Bank of New York, as Debtor, and The Philadelphia National Bank, as Secured Party."

SECTION 4: COVENANTS AND WARRANTIES OF THE COMPANY

The Company covenants, warrants and agrees for the benefit of the Secured Party as follows:

Section 4.1 Warranty of Title. Upon delivery of the Equipment and its acceptance by the Company pursuant to the Participation Agreement, the Company will have good and marketable title to the Equipment, free and clear of all liens arising by or through the Company, other than liens created by this Security Agreement and the rights of Lessee under the Lease and will warrant such title, and the Company will have full right, power and authority to grant a security interest in the Collateral to the Secured Party. The Company shall not create or suffer the creation of any liens, charges or encumbrances on the Collateral during the term of this Security Agreement other than those expressly permitted in this Section 4.1, without the prior written consent of the Secured Party, provided, however, that the Company may contest such liens, charges and encumbrances in good faith and by appropriate legal proceedings so long as the nonpayment thereof does not, in the reasonable opinion of the Secured Party, materially and adversely affect the title, property or rights of the Secured Party. The Company shall not transfer its interest in the Collateral or the Security Agreement, until the successor to the Company has signed such amendments and made such filings as the Secured Party deems reasonably necessary and sufficient to maintain the lien and all other rights of the Secured Party. The Company shall not modify or amend the Lease or waive any default thereunder without the Secured Party's prior written consent.

Section 4.2 After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Company shall ipso facto, and without any further conveyance, assignment or act on the part of the Company or the Secured Party become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 4.2 contained shall be deemed to modify or change the obligation of the Company under Section 4.4 hereof.

Section 4.3 Method of Payment. All payments due on the Note or under this Security Agreement shall be made to the Secured Party by the wire transfer of immediately available funds to:

The Philadelphia National Bank
Broad and Chestnut Streets
Philadelphia, Pennsylvania
Attention: Mr. Samuel Shipley

or such other address as the Secured Party may from time to time appoint in writing to the Company and Lessee.

Section 4.4 Further Assurances. The Company will, at no expense to the Secured Party, do, execute, acknowledge and deliver all further acts, deed, conveyances, transfers and assurances as Secured Party deems reasonably necessary or proper for the

perfection of the security interest being granted in respect of the Collateral whether now owned or hereafter acquired.

Section 4.5 Recordations and Filings. The Company will cause Lessee to file this Security Agreement and all supplements or amendments hereto to file the Lease and all supplements or amendments thereto, all financing and continuation statements and similar notices required by applicable law to be recorded and filed at all times, and filed at no expense to the Secured Party, with the Interstate Commerce Commission, pursuant to 49 U.S.C. §11303, and in such other places as the Secured Party determines reasonably necessary and sufficient in order to perfect the lien of the Secured Party in the Collateral.

Section 4.6 Markings. The Company will cause each Unit of Equipment to be marked distinctly, plainly and permanently in letters not less than one inch in height as follows:

"Leased from THE BANK OF NEW YORK, and subject to a Security Interest held by THE PHILADELPHIA NATIONAL BANK and filed with the Interstate Commerce Commission."

with appropriate changes thereof and additions thereto as from time to time may be required by law to protect the lien of the Secured Party.

SECTION 5: POSSESSION, USE AND RELEASE OF EQUIPMENT

Section 5.1 Possession of the Equipment. So long as no Event of Default under the Lease shall have occurred and be continuing, the Lessee shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto.

Section 5.2 Release of Equipment Following Payment of Casualty Value or Termination Value by Lessee. So long as no Event of Default, referred to in Section 10 of the Lease, has occurred and is continuing, the Secured Party shall execute a release in respect of any Unit of Equipment which has suffered a Casualty Occurrence as defined in Section 7 of the Lease, upon receipt by the Secured Party of: (i) written notice from the Company designating the Unit of Equipment to be released from the Lease and (ii) the prepayment of the Note required by Section 7.2 hereof in respect of such Unit of Equipment.

SECTION 6: TAXES

All payments to be made by the Company hereunder will be free of expense to the Secured Party and, with respect to such payments, the Company indemnifies and holds harmless the Secured Party:

- (A) For collection or related charges; and
- (B) With respect to the amount of:
 - (i) any local, state, federal or foreign taxes, other than:
 - (a) any United States federal income tax, and
 - (b) to the extent that the Secured Party receives credit therefor against its United States federal income tax liability, any foreign income or withholding tax with respect to the payments provided for herein, and
 - (c) the aggregate of all state or local income taxes or franchise taxes measured by net income based on such payments, or gross receipts taxes based on such payments (except gross receipts taxes in the nature of sales or use taxes);
 - (ii) any license fees, assessments, charges, fines and penalties hereafter levied or imposed upon or in connection with the conveyance of a security interest under the Security Agreement;

all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions", all of which Impositions the Company assumes and agrees to pay within 15 days after demand (accompanied by a statement in reasonable detail as to the amount payable) in addition to the other payments to be made by it provided for herein. The Company will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Secured Party solely by reason of its interest in any Unit and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the interests of the Secured Party or result in a lien upon any such Unit; provided, however, that the Company shall be under no obligation to pay any Impositions of any kind so long as it is contesting them in good faith and by appropriate legal proceedings and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, adversely affect the title, property or rights of the Secured Party; and further provided, the Company shall not be required to pay any Imposition until the same is legally due and payable. If any Impositions shall have been charged or levied against the Secured Party directly and paid by the Secured Party (excluding the taxes specified in Section 6(B) hereof), Company shall promptly reimburse the Secured Party on presentation of any invoice therefor; provided, however, that the Secured Party shall not act so as unreasonably to preclude the Company's ability to contest any Imposition when either the Secured Party or the Company has a right so to contest and where there exists a

reasonable possibility of success on the merits. Secured Party shall fully cooperate with the Company in any such contest.

SECTION 7: MANNER OF PREPAYMENT OF NOTES

Section 7.1 Required Prepayments, Casualty Occurrences. The Company covenants and agrees that if any Unit of Equipment suffers a Casualty Occurrence (as defined in Section 7 of the Lease) and settlement therefor is required under the provisions of said Section 7, then on the date for such settlement provided for in said Section 7, the Company will make a principal prepayment on the Note in respect of such Unit or Units of Equipment in the amount hereinafter provided, together with the accrued interest on the amount of such principal prepayment. The principal prepayment required by this Section 7.1 in respect of each Unit of Equipment described in Schedule II attached hereto shall be determined by multiplying the unpaid principal amount of the Note immediately prior to such prepayment by a fraction in which the numerator is the original Purchase Price of such Unit of Equipment and the denominator is the aggregate Purchase Price of all Units of Equipment which are at such time subject to the Lease and this Security Agreement immediately prior to such prepayment, including the Unit that suffered such Casualty Occurrence.

In applying monies received by the Secured Party in respect of a Note prepayment pursuant to this Section 7.1, the Secured Party agrees as follows:

(a) All amounts received by the Secured Party which constitute payment by the Lessee of Casualty Value shall be applied first to accrued interest and then to principal on the Note in respect of such Casualty Occurrence in the amount as calculated in this Section 7.1 and, provided no Event of Default has occurred and is continuing, any Casualty Value payments received by the Secured Party in excess of the prepayment on the Note, as calculated in this Section 7.1, shall promptly be remitted by the Secured Party to the Company.

(b) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained pursuant to Section 8 hereof in respect of the Equipment, shall be applied by the Secured Party from time to time as follows:

(i) if such proceeds do not exceed \$500,000.00, and so long as no Event of Default has occurred and is continuing, the proceeds shall be delivered to the Lessor as soon as possible, for application in accordance with Section 17 of the Lease; or

(ii) if such proceeds exceed \$500,000.00 and so long as no Event of Default has occurred and is continuing the proceeds shall be held by the Secured Party, for application in accordance with Section 17 of the Lease.

Section 7.2 Notice of Prepayment; Partial Prepayment; Deposit of Monies. In the case of any prepayment of the Note pursuant to this Section 7, notice thereof in writing to the Secured Party shall be sent by the Company by certified or registered mail, postage prepaid, promptly after notice from the Lessee of a Casualty Occurrence or of Lessee's intent to terminate the Lease with respect to any Unit of Equipment. Such notice shall specify the date fixed for prepayment, the provision hereof under which such prepayment is being effected, and the specified amount to be paid on such date.

SECTION 8: INSURANCE TO BE MAINTAINED.

The Company will cause the Lessee to maintain and carry at all times during the term of this Security Agreement at no expense to the Secured Party (i) casualty insurance in respect of the Equipment at the time subject hereto in an amount at least equal to the Casualty Value of the Equipment, and (ii) public liability insurance with respect to third party personal and property damage. The Company will cause the Lessee to continue to carry such insurance with such deductibles (not to exceed \$50,000 per occurrence), in such amounts (which, with respect to the above-mentioned public liability insurance, shall not be less than \$5,000,000 for any single occurrence), for such risks and with such insurance companies as is consistent with prudent industry practice, but in any event with no greater deductibles and at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Equipment. The proceeds of the casualty insurance shall be payable to the Secured Party, the Company and the Lessee, as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancellation, lapse or material change in coverage to the Company and the Secured Party and (ii) name the Company and the Secured Party as additional named insureds, as their respective interests may appear and (iii) provide that, in respect of the interests of the Company and the Secured Party in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee, and shall insure the Company and the Secured Party regardless of any breach or violation of any warranty, declaration or condition contained in such policies (or in the application therefor or in any other document submitted to the insurer in connection therewith) by the Lessee. Prior to the first date of delivery of any Unit of Equipment pursuant to the Lease, and thereafter not less than 10 days prior to the expiration dates of the expiring policies required pursuant to this Section 8, the Company shall cause the Lessee to deliver to the Company and the Secured Party certificates of insurance issued by the insurers thereunder evidencing the insurance maintained pursuant to this Section 8; provided, however, that if the delivery of a certificate is delayed, the Company shall cause the Lessee to deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

SECTION 9: DEFAULTS AND REMEDIES

Section 9.1 Events of Default. Any of the following occurrences or acts shall constitute an Event of Default under this Security Agreement.

(A) (i) The Company shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Company shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or the Company shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under the Federal Bankruptcy Code (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Company in any such proceeding, or the Company shall by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

(ii) An order, judgment or decree shall be entered by any court or governmental agency of competent jurisdiction appointing, without the consent of the Company, a receiver, trustee or liquidator of the Company or of any substantial part of its property, or any substantial part of the property of the Company shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 60 days after the date of entry thereof; or

(iii) A petition against the Company in a proceeding under the Federal Bankruptcy Code or other insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within 60 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Company, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Company or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 60 days; or

(B) Default in payment of an installment of the principal of, or interest on, the Note when and as the same shall become due and payable, whether at the due date thereof, or at the date fixed for prepayment, or by acceleration or otherwise, and any such default shall continue unremedied for ten (10) days after receipt of written notice thereof, with copy of such notice to Lessee;

(C) Default on the part of the Company in the due observance or performance of any covenant or agreement to be observed or performed by it under this Security Agreement other than those provided for in the immediately preceding paragraph (B), and such default shall continue unremedied for 30 calendar days after the receipt of written notice from the Secured Party to the Company and the Lessee specifying the default and demanding the same to be remedied; provided, however, that if the Company has commenced such cure within the 30-day period and is pursuing it in good faith, such cure period shall be extended by the time reasonably necessary to complete such cure; or

(D) Any representation or warranty made by or on behalf of the Company herein or in the Participation Agreement or in any report, certificate, or other statement furnished by or on behalf of the Company in connection with this Security Agreement or the Participation Agreement or the transactions contemplated hereby and thereby shall prove to be false or misleading in any respect material to the transactions contemplated by the Participation Agreement as of the date of the issuance or making thereof; or

(E) Any claim, lien or charge arising as a result of the action of the Company (other than the lien arising hereunder or under the Lease and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 12 of the Lease) shall be asserted against or levied or imposed upon the Equipment, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after such assertion, levy or imposition; provided, however, that the Company shall not be required to pay or discharge any such claim, lien or charge so long as the validity thereof shall be contested in good faith and by any appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, materially and adversely affect the property or rights of the Secured Party in the Equipment or otherwise under this Security Agreement, nor shall it constitute an Event of Default hereunder if such claim, lien or charge arose by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case not delinquent.

(F) An Event of Default under the terms of the Lease shall have occurred and be continuing.

Section 9.2 Secured Party's Rights. The Company agrees that, subject to Sections 9.3 and 11 hereof, when any Event of Default has occurred and is continuing, the Secured Party shall, without limitation of all other rights and remedies available at law or in equity, have the rights, options, duties and remedies of a secured

party, and the Company shall have the rights and duties of a debtor, under the Uniform Commercial Code of New York (regardless of whether such Code or law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(A) The Secured Party may by notice in writing to the Company, declare the entire unpaid balance of the Note to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(B) Subject always to the then existing rights of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to terminate the Lease and all rights of possession of the Equipment, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Company or the Lessee where the Equipment is located, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same or use and operate or lease the same until sold and may otherwise exercise any and all of the rights and powers of the Company in respect thereof;

(C) Subject always to the then existing rights of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Company and the Lessee once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, either at a private sale, or at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales without further notice, and the Secured Party may bid and become the purchaser at any such sale. Also in the case of any such sale to the Secured Party, for the purpose of making settlement

for or payment of the Purchase Price, the Secured Party shall be entitled to turn in and use the Note and any claims for interest matured and unpaid thereon, in order that there may be credited as paid out of the proceeds of such sale all amounts due under the Note, including principal and interest thereon, plus the Secured Party's reasonable cost of such sale, which shall include the Secured Party's reasonable attorneys' fees.

(D) Subject always to the then existing rights of the Lessee under the Lease, the Secured Party may proceed to protect and enforce this Security Agreement and said Note, by suit or suits or proceedings in equity, at law or in bankruptcy and whether for the specific performance of any covenant or agreement herein contained, or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the obtaining of a judgment against the Company for the Indebtedness Hereby Secured or for the enforcement of any other legal or equitable remedy available under applicable law; and

(E) Subject always to the then existing rights of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Company under the Lease, and may exercise all such rights and remedies, either in the name of the Secured Party or in the name of the Company for the use and benefit of the Secured Party.

Section 9.3 Waiver by the Company. To the extent now or at any time hereafter enforceable under applicable law, the Company covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales have been fully consummated including the payment of the purchase price, or after a contract for the sale of the Collateral has become fully binding upon the Secured Party and a contract purchaser, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, all benefit and advantage of any such law or laws, and the Company covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Section 9.4 Effect of Sale. Subject to the provisions of Section 12 hereof, any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company in and to the Collateral sold and shall be a perpetual bar, both at law and in equity, against the Company and its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Company and its successors or assigns.

Section 9.5 Application of Sale Proceeds. The purchase money proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid and applied as follows:

(A) To the payment of reasonable costs and expenses of foreclosure or suit, if any, and of such sale, and of all reasonable expenses, liabilities and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior liens subject to which said sale may have been made;

(B) To the payment to the Secured Party of the amount then owing or unpaid on the Note, such proceeds to be applied first to interest on the unpaid principal balance and second to principal; and

(C) To the payment of the surplus, if any, to the Company, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

Section 9.6 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned, then and in every such case the Secured Party shall be restored to its former position and rights hereunder with respect to the Collateral subject to the security interest created under this Security Agreement.

Section 9.7 Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided therein. No remedy hereunder is intended to be exclusive of any other remedy, but each and every remedy shall be

cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

Section 9.8 Waivers, Consents and Amendments to Security Agreement and Note. Compliance with any term, covenant, agreement or condition of this Security Agreement may be waived by the Secured Party and the Company (either generally or in a particular instance and either retroactively or prospectively) and this Security Agreement and the Note may be amended from time to time by written agreement between the Company and the Secured Party, with the written consent of the Lessee, expressly waiving or amending the same, to cure any ambiguity or to correct any defective or inconsistent provisions herein or in any such amendment contained, or to make any other changes in the provisions of this Security Agreement and/or the Note.

SECTION 10: APPOINTMENT OF AGENT OR TRUSTEE FOR THE SECURED PARTY

If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which the Equipment or any thereof is located, or the Secured Party shall be advised in writing by counsel that it is so necessary or prudent in the interest of the Secured Party to appoint an agent to accept payments to be made under this Security Agreement and the Note, the Secured Party shall execute and deliver all instruments and agreements necessary or proper to appoint a bank or trust company or one or more persons approved by the Secured Party, as agent. Thereupon, the Company, after having received written notice of the creation of the agency or trust and the terms and conditions of the agency or trust shall deal with such agent or trustee as if the agent were the Secured Party. The Secured Party shall hold harmless the Company and the Lessee for dealing with such agent or trustee until such time as the Company has received from the Secured Party written notice of the termination or modification of the agency or trust agreement.

SECTION 11: LIMITATIONS OF LIABILITY OF THE COMPANY

It is expressly understood and agreed that anything in this Security Agreement, the Note, the Lease, the Participation Agreement, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, the Secured Party shall not have any claim, remedy or right to proceed (in law or equity) against the Company in its individual corporate capacity (other than

for the gross negligence or wilful misconduct of the Company) for any deficiency or any principal, interest or other sum owing on account of the indebtedness evidenced by the Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever from any source other than the Collateral, and the Secured Party by the execution hereof, and by acceptance of the Note, waives and releases any liability of the Company for and on account of such indebtedness or such liability; and the Secured Party agrees to look solely to the Collateral for the payment of said indebtedness or the satisfaction of such liability.

The obligations of the Company under Sections 4.5, 4.6, 6 and 8 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Company shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an Event of Default pursuant to Section 9 hereof, provided that the failure of the Lessee to perform such obligations shall not constitute an Event of Default hereunder unless and until the Lessee is declared to be in default under the Lease. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Company.

The Secured Party shall not have recourse to the Company or to any other assets of the Company in the event that the Collateral shall not be sufficient fully to discharge the liability of the Company, and the Secured Party agrees that (i) any money judgment taken against the Company shall, by its terms, provide that the entry and docketing thereof (and the filing of any transcript with respect thereto) shall not constitute or create a lien or be enforceable against any property of the Company other than the Collateral and (ii) the judgment creditors in respect of any such judgment shall not be entitled to any of the rights and remedies provided to a judgment creditor by law to enforce the lien of any such judgment against any property of the Company, wherever situated, other than the Collateral.

SECTION 12: ASSIGNMENT OF LEASE

In furtherance of the security interest granted by this Agreement, the Company hereby irrevocably authorizes and empowers the Secured Party, in its own name or in the name of its nominee, or in the name of the Company, or as its attorneys, to ask, demand, sue for, collect and receive any and all sums to which the Company is or may become entitled under the Lease other than payments pursuant to Sections 6 and 9 thereof, and to enforce compliance by the Lessee with all the terms and provisions of the Lease. The Company further agrees to notify the Secured Party promptly of any Event of Default under the Lease of which it has written notice or of which an officer in its Leasing Department, as referred to in Section 13.3,

has actual knowledge. This assignment, being made only as security except as otherwise expressly provided herein, shall not subject the Secured Party to, or transfer, or pass, or in any way affect or modify, the liability of the Company under the Lease, it being understood and agreed that notwithstanding this assignment, or any subsequent assignment, all obligations of the Company to the Lessee under the Lease, shall be and remain enforceable by the Lessee, its successors and assigns, against the Company. Further, the Company covenants and agrees that it will perform all its obligations to be performed under the terms of the Lease, and hereby irrevocably authorizes and empowers (but does not oblige) the Secured Party, in its own name, or in the name of its nominee, or in the name of the Company, as its attorney, on the happening of any failure by the Company to perform or cause to be performed any such obligation, after notice thereof to the Company. Upon the full discharge and satisfaction of the full amount of the Indebtedness Hereby Secured and full performance of all of the covenants herein contained, the assignment made hereby and all rights herein assigned to the Secured Party shall cease and terminate and revert to the Company.

Regardless of any breach under this Security Agreement by the Company, or of any possession or sale of all of the Equipment or any Unit of Equipment under or through this Security Agreement, the Lease and possession of the Equipment by Lessee shall not be disturbed by the Secured Party or any person claiming through the Secured Party, provided the Lessee shall continue to observe and perform its obligations thereunder, including the payment of rent to whosoever may be entitled thereto from time to time.

SECTION 13: MISCELLANEOUS

Section 13.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Company or by or on behalf of the Secured Party shall bind and inure to the benefit of the respective successors and assigns of such parties.

Section 13.2 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid, provided that nothing contained in this Section 13.2 shall be construed to amend or modify the immunities of the Company in its individual corporate capacity as provided for in Section 11 hereof, or to amend or modify any limitations or restrictions of the Secured Party or its successors or assigns under said Section 11.

Section 13.3 Notices. All notices provided for herein shall be in writing. Notices to the Company or the Secured Party shall be

deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

If to the Company:

The Bank of New York
48 Wall Street
New York, New York 10015
Attn: Leasing Department

If to the Lessee:

PQ Corporation
Valley Forge Executive Mall
Post Office Box 840
Valley Forge, Pennsylvania 19482
Attn: Mr. Russell T. Hubler
Assistant Treasurer

If to the Secured Party:

The Philadelphia National Bank
Post Office Box 7618
Philadelphia, Pennsylvania 19101
Attn: Mr. Samuel Shipley
(FC 1-3-21)

or to the Company, the Lessee or the Secured Party at such other address as the Company, the Lessee or the Secured Party may designate by notice duly given in accordance with this Section to the other parties.

Section 13.4 Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon payment of all Indebtedness Hereby Secured.

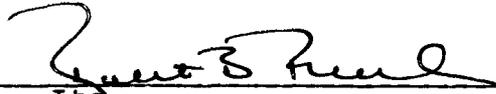
Section 13.5 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

Section 13.6 Law Governs. The provisions of this Security Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of New York.

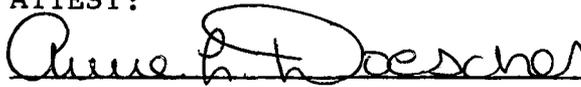
Section 13.7 Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Company and the Secured Party have caused this Security Agreement to be executed as of the day and year first above written.

THE BANK OF NEW YORK

by 
Its VICE PRESIDENT

ATTEST:



THE PHILADELPHIA NATIONAL BANK

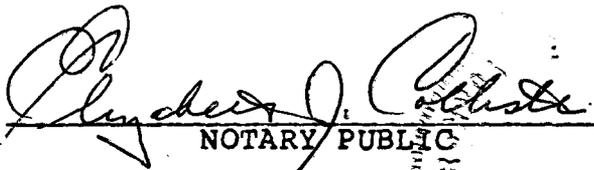
by _____
Its

ATTEST:

(SEAL)

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this 11th day of August, 1982, before me appeared Robert B. Purcell and Anne L. Doescher, personally known to me to be the Vice President and Assistant Secretary of THE BANK OF NEW YORK, respectively and personally known to me to be the same persons whose names are subscribed to in the foregoing instrument, and severally acknowledged that as such ~~Assistant~~ Vice President and Assistant Secretary, they signed and delivered the said instrument on behalf of said corporation and caused the corporate seal to be affixed thereto by the authority of its Board of Directors as the free and voluntary act of said corporation for the uses and purposes set forth.


NOTARY PUBLIC

(S E A L)

My Commission Expires: _____
ELIZABETH J. COLLISTER
Notary Public, State of New York
No. 43-4712808 Qualified in Richmond Co.
Cert. Filed in New York County
Commission Expires March 30, 1984

COMMONWEALTH OF PENNSYLVANIA)
) SS.
COUNTY OF)

On this _____ day of _____, 1982 before me appeared _____ and _____ personally known to me to be the Vice President and _____ of THE PHILADELPHIA NATIONAL BANK, respectively and personally known to me to be the persons whose names are subscribed to in the foregoing instrument, and severally acknowledged that as such Vice President and Assistant Trust Officer they signed and delivered said instrument on behalf of said corporation and caused the corporate seal to be affixed thereto by the authority of its Board of Directors as the free and voluntary act of said corporation for the uses and purposes set forth.

NOTARY PUBLIC

(S E A L)

My Commission Expires: _____

IN WITNESS WHEREOF, the Company and the Secured Party have caused this Security Agreement to be executed as of the day and year first above written.

THE BANK OF NEW YORK

by _____
Its

ATTEST:

THE PHILADELPHIA NATIONAL BANK

by S. J. Shy
Its
Via President

ATTEST:

S. W. Holt

(SEAL)

STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

On this _____ day of _____, 1982, before me appeared _____ and _____, personally known to me to be the _____ and _____ of THE BANK OF NEW YORK, respectively and personally known to me to be the same persons whose names are subscribed to in the foregoing instrument, and severally acknowledged that as such Assistant Vice President and Secretary, they signed and delivered the said instrument on behalf of said corporation and caused the corporate seal to be affixed thereto by the authority of its Board of Directors as the free and voluntary act of said corporation for the uses and purposes set forth.

NOTARY PUBLIC

(S E A L)

My Commission Expires: _____

COMMONWEALTH OF PENNSYLVANIA)
) SS.
COUNTY OF Phila)

On this 10th day of August, 1982 before me appeared Samuel Sh. pley and S. W. Holt personally known to me to be the Vice President and Counsel of THE PHILADELPHIA NATIONAL BANK, respectively and personally known to me to be the persons whose names are subscribed to in the foregoing instrument, and severally acknowledged that as such Vice President and ~~Assistant Trust Officer~~ Counsel they signed and delivered said instrument on behalf of said corporation and caused the corporate seal to be affixed thereto by the authority of its Board of Directors as the free and voluntary act of said corporation for the uses and purposes set forth.

Deborah K. Roehm
NOTARY PUBLIC

DEBORAH K. ROEHM
Notary Public, Phila., Phila. Co.
My Commission Expires June 16, 1

(S E A L)

My Commission Expires: _____

SCHEDULE I

THIS NOTE IS SECURED BY A SECURITY AGREEMENT BY AND BETWEEN THE BANK OF NEW YORK, AS DEBTOR, AND THE PHILADELPHIA NATIONAL BANK, AS SECURED PARTY.

SECURED NOTE

FOR VALUE RECEIVED, THE BANK OF NEW YORK, (the "Company"), hereby promises to pay to the order of THE PHILADELPHIA NATIONAL BANK, on or before January 1, 2003, the principal sum of _____ and /100 DOLLARS (\$ _____) with interest as set forth below, in arrears, in one (1) payment of interest only on January 1, 1983; in thirty-nine (39) semi-annual installments of principal and interest beginning July 1, 1983 and continuing on the first day of each January and July thereafter, through July 1, 2002, according to the attached schedule of amortization and one (1) payment of the remaining principal balance plus accrued interest on January 1, 2003.

The principal amount outstanding from time to time shall bear interest as follows:

- (a) from the date hereof through December 31, 1985, at an annual interest rate equal to the prime lending rate charged from time to time by Philadelphia National Bank during the period for which interest is being paid, weighted so as to reflect the actual number of days within such period that any given rate was actually in effect (hereinafter "PNB Prime");
- (b) from January 1, 1986 through December 31, 1987, at an annual interest rate one-quarter (1/4) percentage point higher than PNB Prime;
- (c) from January 1, 1988 through December 31, 1988, at an annual interest rate two (2) percentage points higher than PNB Prime;
- (d) from January 1, 1989 through December 31, 1989, at an annual interest rate two and one-quarters (2 1/4) percentage points higher than PNB Prime;
- (e) from January 1, 1990 through December 31, 1990, at an annual interest rate two and one-half (2 1/2) percentage points higher than PNB Prime;
- (f) from January 1, 1991 through December 31, 1991, at an annual interest rate two and three-quarters (2 3/4) percentage points higher than PNB Prime;

(g) from January 1, 1992 through December 31, 1992, at an annual interest rate three (3) percentage points higher than PNB Prime;

(h) from January 1, 1993 through December 31, 1993, at an annual interest rate three and one-quarter (3 1/4) percentage points higher than PNB Prime;

(i) from January 1, 1994 through December 31, 1994, at an annual interest rate three and one-half (3 1/2) percentage points higher than PNB Prime;

(j) from January 1, 1995 through December 31, 1995, at an annual interest rate three and three-quarters (3 3/4) percentage points higher than PNB Prime;

(k) from January 1, 1996 through December 31, 2002, at an annual interest rate three and four (4) percentage points higher than PNB Prime;

To permit calculation of the applicable interest rate prior to the end of any interest payment period, it is agreed that the calculation will be made by disregarding the last ten (10) days of such payment period and including the ten (10) days prior to the commencement of such payment period.

All payments in respect hereof which shall remain unpaid after the same shall become due and payable, whether by acceleration or otherwise, shall bear interest at the lesser of a rate one (1) percentage point higher than the rate charged from time to time on the principal amount hereof or the maximum rate allowed by law. All payments received will be applied first to interest on the unpaid principal balance and the remainder to principal. Said payments shall be made in immediately available funds at such address as the holder may from time to time direct in writing. All interest shall be based on a 360-day year of twelve thirty-day months; provided that interest for the period from the date hereof through December 31, 1982 shall be calculated on the basis of the actual number of days in such period.

Reference is made to said Security Agreement (the "Security Agreement") and all supplements and amendments executed pursuant to the Security Agreement for a description of the Collateral, the nature and extent of the security and rights of the Secured Party and of the Company in respect thereof.

This Note may be declared due prior to its expressed maturity and certain prepayments may be, or are required to be, made thereon, all in the events, on the terms and in the manner provided for in the Security Agreement.

Anything in this Note, the Security Agreement, the Participation Agreement, the Lease of Equipment dated as of June 30, 1982 (the

"Lease") between the Company and PQ Corporation, any certificate, opinion or other document of any nature whatsoever to the contrary notwithstanding, it is understood and agreed that the Secured Party shall have no claim, remedy, or right to proceed at law or in equity against the Company in its individual corporate capacity (except in the case of gross negligence or willful misconduct of the Company) for any deficiency or any other sum owing on account of the indebtedness evidenced by this Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever from a source other than the "Collateral" as defined in the Security Agreement; and the Secured Party by its acceptance hereof, waives and releases any liability of the Company in its individual corporate capacity (except in the case of the gross negligence or wilful misconduct of the Company) for and on account of said indebtedness or in respect of any such liability, and the Secured Party agrees to look solely to the Collateral, including the rents and other sums due and to become due thereunder, for the payment of said indebtedness (which shall include any reasonable costs of collecting sums due hereunder, including reasonable attorney's fees) or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party under the Security Agreement to accelerate the maturity of the Note upon a default hereunder and to bring suit and obtain a judgment against the Company on the Note, provided that the satisfaction thereof shall be limited to the Collateral, including the rents and other sums due and to become due thereunder, including the right to proceed against the Lessee under the Lease.

The Secured Party shall not have recourse to the Company or to any other assets of the Company in the event that the Collateral shall not be sufficient fully to discharge the liability of the Company, and the Secured Party agrees that (i) any money judgment taken against the Company shall, by its terms, provide that the entry and docketing thereof (and the filing of any transcript with respect thereto) shall not constitute or create a lien or be enforceable against any property of the Company other than the Collateral and (ii) the judgment creditors in respect of any such judgment shall not be entitled to any of the rights and remedies provided to a judgment creditor by law to enforce the lien of any such judgment against any property of the Company, wherever situated, other than the Collateral.

Every maker, endorser and guarantor of this Note waives demand, presentment for payment, notice of dishonor, protest and notice of protest.

DATE: _____

THE BANK OF NEW YORK

By: _____
Vice President

AMORTIZATION OF PRINCIPAL EXPRESSED
AS A PERCENTAGE OF INITIAL PRINCIPAL
TO BE REPAYED ON PAYMENT DATE SHOWN

<u>Basic Rent</u> <u>Payment Date</u>	<u>Principal Repayments as</u> <u>a percentage of Loan</u>
1. 7/1/83	1.10741340
2. 1/1/83	1.20154360
3. 7/1/84	1.30367480
4. 1/1/85	1.41448720
5. 7/1/85	1.53471860
6. 1/1/86	1.66516960
7. 7/1/86	1.80670910
8. 1/1/87	1.96027930
9. 7/1/87	2.04020940
10. 1/1/88	2.21305760
11. 7/1/88	2.03644360
12. 1/1/89	2.20658110
13. 7/1/89	2.03232770
14. 1/1/90	2.19972580
15. 7/1/90	2.02782830
16. 1/1/91	2.19246400
17. 7/1/91	2.02293840
18. 1/1/92	2.18478210
19. 7/1/92	2.01763600
20. 1/1/93	2.17665270
21. 7/1/93	2.01189070
22. 1/1/94	2.16804730
23. 7/1/94	2.00567220
24. 1/1/95	2.15893360
25. 7/1/95	2.07094800
26. 1/1/96	2.22786770
27. 7/1/96	2.21264730
28. 1/1/97	2.38014680
29. 7/1/97	2.36403690
30. 1/1/98	2.54283970
31. 7/1/98	2.52577940
32. 1/1/99	2.71665850
33. 7/1/99	2.69858280
34. 1/1/00	2.90236400
35. 7/1/00	2.88320350
36. 1/1/01	3.10076920
37. 7/1/01	3.08044970
38. 1/1/02	4.86217675
39. 7/1/02	7.52109571
40. 1/1/03	8.22124826

SCHEDULE II TO SECURITY AGREEMENT

EQUIPMENT DESCRIPTION LIST

<u>TYPE</u>	<u>QUANTITY</u>	<u>BUILDER</u>	<u>SERIAL NUMBERS</u>
5,500 cubic foot 100-ton capacity, pressure-differential covered hopper railroad car	38	North American Car Corporation	NAHX 550233- NAHX 550270