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RECORDATION NO. Filed 1425

No. 0-085A035

Date MAR 25 1980

Fee \$ 60.00

ICC Washington, D. C.

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INTERSTATE COMMERCE COMMISSION

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March 6, 1980

Badische Corporation
Lease Financing Dated as of January 1, 1980
10-3/4% Secured Notes Due December 31, 2000
[CS&M Ref: 2097-022]

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of The Connecticut Bank and Trust Company, for filing and recordation, counterparts of the following:

Security Agreement dated as of January 1, 1980, between The Connecticut Bank and Trust Company as Owner Trustee and John Hancock Mutual Life Insurance Company.

Please cross-index the Security Agreement with the filings under recordation number 11059.

The addresses of the parties to the aforementioned document are:

Owner Trustee-Lessor

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115.

Number
Cravath Swaine & Moore

Secured Party-Assignee

John Hancock Mutual Life Insurance
Company
John Hancock Place
P. O. Box 111
Boston, Massachusetts 02117.

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

The equipment covered by the aforementioned agreement consists of the following:

15 26,800 gallon non-coiled, noninsulated tank cars equipped with 100-ton roller bearing trucks; AAR Mechanical Designation TM; bearing identifying numbers DBCX 201-DBCX 215, both inclusive;

26 5,200 cubic foot center-flow covered hopper cars equipped with 100-ton roller bearing trucks and 20-inch diameter Knapp hatches; AAR Mechanical Designation LO; bearing identifying numbers DBCX 308-DBCX 333, both inclusive; and

34 4,750 cubic foot aluminum covered hopper cars equipped with 100-ton roller bearing trucks and oblong hatches and gravity feed outlets; AAR Mechanical Designation LO; bearing identifying numbers DBCX 151-DBCX 184, both inclusive.

Enclosed is our check for \$60 for the required recordation fee and cross-indexing fee. Please accept for recordation one counterpart of the Agreement, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt addressed to the undersigned.

Very truly yours,

Roger D. Turner

Roger D. Turner
As Agent for The Connecticut Bank
and Trust Company

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

Encl.

Interstate Commerce Commission
Washington, D.C. 20423

3/25/80

OFFICE OF THE SECRETARY

Roger D. Turner
Cravath, Swaine, & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/25/80 at 10:30am , and assigned re-
recording number(s) . 11059-D & 11059-E , 11602

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

11602

RECORDATION NO. Filed 1425

MAR 25 1980 -10 32 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of January 1, 1980

Between

THE CONNECTICUT BANK AND TRUST COMPANY,

as Owner Trustee

and

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY

SECURITY AGREEMENT dated as of January 1, 1980, between THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely as owner trustee (the "Owner Trustee") under an Amended and Restated Owner Trust Agreement (the "Trust Agreement") dated as of November 1, 1979, between the Owner Trustee and J. P. MORGAN INTERFUNDING CORP. (the "Owner Participant"), and JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY (the "Secured Party").

WITNESSETH:

WHEREAS the Owner Trustee has acquired or proposes to acquire the items of railroad equipment described in Schedule A hereto (the "Items");

WHEREAS pursuant to a Note Purchase Agreement dated the date hereof (the "Note Purchase Agreement") among the Owner Participant, the Owner Trustee and the Secured Party, the Secured Party will finance 55% of the cost of the Items delivered to the Owner Trustee by purchasing an aggregate principal amount of the Owner Trustee's 10-3/4% Secured Notes due 2000 (the "Notes") not to exceed \$2,750,000;

WHEREAS as security for the payment of the Notes, the Owner Trustee has entered into an Assignment of Lease and Agreement dated as of the date hereof (the "Lease Assignment") with the Secured Party, assigning to the Secured Party certain of the Owner Trustee's rights in and to the Amended and Restated Lease dated as of November 1, 1979 (the "Lease"), between the Owner Trustee and Badische Corporation (the "Lessee");

WHEREAS the Lessee has consented to the Lease Assignment pursuant to a Consent and Agreement dated as of the date hereof;

WHEREAS the Owner Trustee also desires to convey, warrant, mortgage, assign, pledge, deposit and grant the Secured Party a security interest in the Items and other collateral to secure payment of the Notes.

NOW, THEREFORE, in consideration of the premises and agreements hereinafter contained and of the purchases

and acceptances of the Notes and for the sum of one dollar received by the Owner Trustee from the Secured Party and for other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

I. GRANTING CLAUSE

1.1. Granting Clause. The Owner Trustee does hereby convey, warrant, mortgage, assign, pledge, deposit and grant a security interest in and confirm unto the Secured Party, and to its successors and assigns, the following described property (herein together with the rights assigned to the Secured Party under the Lease Assignment being collectively called the "Collateral"):

(a) all the Owner Trustee's right, title and interest in and to the Items and all proceeds thereof; and

(b) all the Owner Trustee's estate, right, title and interest in and to all accessories, equipment, parts, appurtenances and other items of tangible personal property of any kind (and all proceeds thereof) acquired by the Owner Trustee in connection with its acquisition of the Items, whether acquired by the Owner Trustee at the time of its acquisition of the Items, or thereafter acquired pursuant to the provisions of the Lease or otherwise, and whether located on the Items or elsewhere, including all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Items, together with all rents, issues, income and profits therefrom; provided, however, that any railroad cars which shall not have been made the subject of financing under the Note Purchase Agreement on or prior to the earlier of (i) December 31, 1980, and (ii) the termination of the Secured Party's obligation thereunder to purchase Notes shall be excluded from this Security Agreement and not included in the term "Items".

All rights granted to the Secured Party hereunder shall be in addition to and shall in no way be construed to limit the rights of the Secured Party under the Lease Assignment.

1.2. Limitation to Security Interest. The security interest herein granted is subject to the right, title and interest of the Lessee under the Lease.

1.3. Parity of Notes. Each and every Note executed and delivered pursuant to the Note Purchase Agreement shall have the same lien, and the principal of and premium, if any, and interest on every Note shall, subject to the terms hereof, be equally and proportionately secured hereby, as if it had been made, executed, delivered, sold and negotiated simultaneously with the execution and delivery hereof.

1.4. Release of Security Interests. The Secured Party shall have and hold the Collateral forever; provided that if and when all the Notes shall have become due and payable (whether by lapse of time or by acceleration or otherwise), the Owner Trustee shall (subject to the provisions of the Note Purchase Agreement) pay or cause to be paid the full amount due for principal, interest and premium, if any, and if the Owner Trustee shall also pay or cause to be paid all other sums payable pursuant to the Note Purchase Agreement and shall observe, keep and perform all the terms, conditions, covenants and agreements herein and therein contained, then and in that case and upon the written request of the Owner Trustee this Security Agreement and all agreements herein contained and the estate hereby granted and conveyed shall cease and terminate.

II. COVENANTS AND AGREEMENTS BY THE OWNER TRUSTEE

2.1. Discharge of Liens. The Owner Trustee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Owner Trustee or its successors and assigns (other than the Secured Party) and, to the extent that it receives funds sufficient for such purpose from the Owner Participant, from, through or under the Owner Participant or its successors or assigns, not arising out of the ownership of the Items or the transactions contemplated hereby (but, to the extent that it receives funds sufficient for such purpose from the Owner Participant, including any tax liens arising out of the receipt of rentals and other payments under the Lease or the Note Purchase Agreement), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any Item thereof, or the Secured Party's interest in the Lease and the payments to be made thereunder, but the Owner Trustee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Secured Party in the Collateral or otherwise under this Agreement.

2.2. Further Assurances. The Owner Trustee will, from time to time do and perform any act and will execute, acknowledge, deliver and file, register and record any and all further instruments reasonably requested by the Secured Party for the purpose of the proper protection of the security interest of the Secured Party in the Collateral.

2.3. Notice of Default. The Owner Trustee further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an event of default under this Agreement or an Event of Default under the Lease of which an officer or employee in the Corporate Trust Department of the Owner Trustee has actual knowledge.

III. POSSESSION, USE AND RELEASE OF COLLATERAL

3.1. Possession of Collateral. So long as no event of default shall have occurred and be continuing hereunder, the Owner Trustee shall be entitled to the possession and use of the Items, and to permit the use of the Items as provided in the Lease.

3.2. Release of Property. So long as no Event of Default or Incipient Default (as defined in the Lease) under the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item with respect to which a Termination Event (as defined in the Lease) or an Event of Loss (as defined in the Lease) shall have occurred upon receipt from the Lessee of written notice designating the Item in respect of which the Lease will terminate and the receipt from the Lessee of the Termination Value (as defined in the Lease) or the Stipulated Loss Value (as defined in the Lease) for such Item, as appropriate.

3.3. Transfers Prohibited. Except as permitted by the Trust Agreement, the Owner Trustee will not sell, assign or transfer its rights under this Agreement or, except as provided in this Article III, transfer the right to possession of any Item. The Owner Trustee will not enter into any supplement, amendment or modification of the Trust Agreement except as provided in Section 10.01 thereof as in effect on the date of execution and delivery hereof.

IV. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY

4.1. Application of Rents and Other Payments.

Pursuant to the Lease Assignment the Owner Trustee has granted to the Secured Party a security interest in rentals, profits, and other sums due and to become due under the Lease constituting part of the Collateral hereunder. So long as no event of default as defined in Section 5.1 hereof (or any event which upon notice or lapse of time would constitute such an event of default) has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of rental pursuant to Section 3 of the Lease shall be applied, first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) of the Notes which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Party, and then the balance, if any, of such amounts shall promptly be paid to or upon the order of the Owner Trustee.

(b) Payments of Termination Value and Stipulated Loss Value (including all amounts of insurance or recoveries or condemnation proceeds relating to an Event of Loss with respect to such Item) from time to time received by the Secured Party in respect of any Item pursuant to Section 13(e) or 18 of the Lease shall be applied by the Secured Party as follows:

(i) first, an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to the following subparagraph (ii) shall be applied on the Notes;

(ii) second, an amount equal to the "Indebtedness" in respect of such Item shall be applied to the prepayment of the Notes (including any premium specified in Annex A hereto if such payment by the Lessee occurred pursuant to Section 13(e) of the Lease by reason of such Item having become surplus to the requirements of the Lessee) so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of such "Indebtedness" bears to the aggregate unpaid principal amount of the Notes immediately prior to the prepayment; and

(iii) third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be promptly released to or upon the order of the Owner Trustee.

For purposes of this Section 4.1(b), the "Indebtedness" in respect of any Item shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Lessor's Cost (as defined in the Lease) of such Item and the denominator of which is the aggregate Lessor's Cost of all Items originally subject to the Lease (including the Lessor's Cost of such Items in respect of which the Termination Value or Stipulated Loss Value payment shall have been made) times (B) the aggregate unpaid principal amount of the Notes outstanding immediately prior to the prepayment provided for in this Section 4.1(b) (after giving effect to all payments of installments of principal (other than prepayments) made or to be made on the date of prepayment provided for in this Section 4.1(b)).

(c) any proceeds of insurance received by the Secured Party with respect to damage to such Item which does not constitute an Event of Loss (as defined in the Lease) will be paid over to the Owner Trustee to be applied by it as provided in the Lease.

4.2. Default. If an event of default as defined in Section 5.1 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 4.1 hereof shall be applied in the manner provided for in Article V in respect of proceeds of the Collateral. If an event which upon notice or lapse of time would constitute such an event of default shall have occurred, all such amounts shall be held pending application under Section 4.1 or Article V.

V. EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. If any one or more of the following events of default shall occur and be continuing:

(a) if the Owner Trustee shall default in the payment of any installment of principal, interest or premium, if any, on any of the Notes when the same shall become due and payable, whether at maturity or at a date fixed for payment or prepayment or by acceleration or

otherwise, and such default shall continue for a period of five days; or

(b) if any representation or warranty made by or on behalf of the Owner Trustee herein, in the Lease Assignment, the Note Purchase Agreement or the Lease or any certificate delivered by it in connection with the transactions contemplated hereby, or made by the Owner Participant in the Note Purchase Agreement or any certificate delivered by it in connection with the transactions contemplated thereby, shall prove to have been false or incorrect in any material respect on the date as of which made; or

(c) if the Owner Trustee shall default in the performance of or compliance with any covenant, condition or term contained in this Agreement, the Note Purchase Agreement, the Lease or the Lease Assignment and such default shall continue for 30 days after the Owner Trustee shall have knowledge of such default; or

(d) any proceeding shall be commenced by or against the Owner Trustee or the Owner Participant for any relief which includes or might result in any modification of the obligations of the Owner Trustee hereunder or under the Note Purchase Agreement or of the Owner Participant under the Trust Agreement or the Note Purchase Agreement under any bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been and shall not continue to be duly assumed in writing within 60 days after such proceedings shall have been commenced pursuant to a court order or decree by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Owner Trustee or the Owner Participant, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers; or

(e) if an Event of Default as defined in the Lease shall occur and be continuing; provided, however, that an Event of Default specified in Section 16(a) of the Lease shall not be deemed to be an event of default hereunder, if (1) the Owner Trustee, within two days after the occurrence of such Event of Default, shall have cured the corresponding event of default hereunder and (2) no other event of default has occurred and is continuing hereunder; provided further, that the Owner Trustee shall not have the right to cure more than 6 such events of default or more than 4 such events of default consecutively pursuant to the preceding proviso;

then in every such case the Secured Party may take any one or more of the following actions:

(i) the Secured Party may by notice in writing to the Owner Trustee declare the entire unpaid principal balance of all the Notes then outstanding (if not then due and payable), together with all accrued and unpaid interest thereon, to be due and payable immediately, and upon any such declaration such principal balance of the Notes together with said accrued and unpaid interest shall become and be immediately due and payable, anything contained in the Notes or in the Note Purchase Agreement to the contrary notwithstanding; or

(ii) the Secured Party may, subject to the rights of the Lessee under the Lease,

(1) subject to compliance with any applicable mandatory legal requirements, take immediate possession of the Collateral, 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 Owner Trustee, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(2) sell, to the extent permitted by law, all and singular the Collateral, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, at one or more sales, as an entirety or otherwise, and at such time and place and upon such terms as the Secured Party may fix and specify in the notice of sale to be given to the Owner Trustee, or as may be required by law; or

(3) institute proceedings for the complete or partial foreclosure of this Security Agreement under the provisions of the laws of the jurisdiction or jurisdictions in which the Collateral or any part thereof is located, or any other applicable provision of law; or

(4) take any action which is appropriate to enforce its rights under any instrument constituting Collateral, to the extent permitted thereby; or

(5) take all steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law (for the specific performance of any covenant, condition or agreement in the Notes, the Note Purchase Agreement, the Lease, the Lease Assignment, or in this Security Agreement contained, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy) or otherwise as the Secured Party shall deem appropriate for the protection and enforcement of its rights hereunder or under the Note Purchase Agreement or the Lease Assignment.

In addition, the Secured Party shall have all the rights at the time afforded a secured party under the Uniform Commercial Code of the State of New York.

The Secured Party may conduct any number of sales from time to time. The power of sale shall not be exhausted by any one or more such sales as to any part of the Collateral remaining unsold, but shall continue unimpaired until all of the Collateral shall have been sold or the Notes and all indebtedness of the Owner Trustee hereunder and under the Note Purchase Agreement shall have been paid.

5.2. Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Owner Trustee 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 shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. 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 guarantee for the payment of the indebtedness secured under this Security Agreement 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 guarantees.

5.3. Waiver by Owner Trustee. To the extent permitted by law, the Owner Trustee covenants that it will not at any time insist upon or plead, or in any manner whatever 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, 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, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and 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 power, law or laws had been made or enacted.

5.4. Effect of Sale. 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 Owner Trustee in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Owner Trustee, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Owner Trustee, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.5. Application of Funds. The proceeds of any

sale made under or by virtue of this Article V, together with any other sums which then may be held by the Secured Party under this Security Agreement or the Lease Assignment as part of the Collateral or the proceeds thereof, whether under the provisions of this Article V or otherwise, shall be applied as follows:

FIRST: To the payment of the costs and expenses of such sale, including reasonable compensation to the Secured Party, its agents and counsel, and of any judicial proceeding wherein the same may be made, and of all expenses, liabilities and advances made or incurred by the Secured Party under this Security Agreement or the Lease Assignment, together with interest at the rate of 11-3/4% per annum on all advances made by the Secured Party, and all taxes or assessments, except any taxes, assessments or other charges subject to which the Collateral shall have been sold.

SECOND: To the payment of the whole amount then due, owing or unpaid upon the Notes for principal, interest and premium, if any, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes, then ratably according to the aggregate of such principal, interest, and premium, if any, without preference or priority as between principal, premium, if any, or interest.

THIRD: To the payment of any other sums required to be paid by the Owner Trustee pursuant to any provision of this Security Agreement, the Lease Assignment, the Note Purchase Agreement or of the Notes.

FOURTH: To the payment of the surplus, if any, to the Owner Trustee or whomever may be lawfully entitled to receive the same.

5.6. 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 for any reason or shall have been determined adversely, then and in every such case the Owner Trustee and the Secured Party shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

VI. REGISTRATION; SUBSTITUTION OF NOTES

6.1. Registration of Notes. The Owner Trustee shall cause to be kept at its office listed in Section 7.6 a register for the registration and transfer of the Notes. The names and addresses of the holders of Notes, the transfer thereof and the names and addresses of the transferees of Notes shall be registered in the register. The person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement, and the Owner Trustee shall not be affected by any notice or knowledge to the contrary.

6.2. Exchange of Notes. Upon surrender of any Note at the office of the Owner Trustee maintained pursuant to Section 6.1, the Owner Trustee, at the request of the holder thereof, will execute and deliver, at the Owner Trustee's expense (except as provided below), new Notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such person as such holder may request and shall be substantially in the form of the Note set out in Annex II to the Note Purchase Agreement. Each such new Note shall be dated and bear interest from the date to which interest has been paid on the surrendered Note or dated the date of the surrendered Note if no interest has been paid thereon. The Owner Trustee may require payment by the transferor of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any transfer.

6.3. Replacement of Notes. Upon receipt by the Owner Trustee of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of the Note is an insurance company, its own agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancelation thereof,

the Owner Trustee at its expense will execute and deliver in lieu thereof a new Note of like tenor, dated and bearing interest from the date to which interest has been paid on

such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest has been paid thereon.

VII. MISCELLANEOUS

7.1. No Personal Liability of Owner Trustee.

Notwithstanding anything in this Agreement to the contrary, each representation, warranty and agreement herein made on the part of the financial institution acting as Owner Trustee hereunder (except for the covenant set forth in Section 2.1 hereof) is made and intended not as a personal representation, warranty or agreement by said institution or for the purpose or with the intention of binding said institution personally, but is made and intended for the purpose of binding only the Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said institution (except as aforesaid) or the Owner Participant on account of any representation, warranty or agreement herein of the Owner Trustee (except as aforesaid or in the case of its own gross negligence or wilful misconduct), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Secured Party and by all persons claiming by, through or under the Secured Party; provided, however, that the Secured Party or any person claiming by, through or under the Secured Party making claim hereunder may look to said Estate for satisfaction of the same. Nothing contained in this Section 7.1 shall limit, restrict or impair the rights of the Secured Party to take all actions to enforce the rights and remedies provided for herein and to bring suit and obtain a judgment against the Owner Trustee (provided that neither the Owner Trustee nor the Owner Participant shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Estate) or to foreclose the lien and security interest created by this Agreement or otherwise realize upon the Estate, including the right to proceed against the Items or the Lessee under the Lease.

7.2. Appointment of Agent. The Secured Party may, and at or prior to the time of any transfer of less than all the Notes by the Secured Party to another person, the Secured

Party shall, at the expense of the Owner Trustee, appoint a bank or trust company located in the United States of America, having capital and surplus aggregating at least \$25,000,000 to act as agent and to hold the right, title and interest of the Secured Party under this Security Agreement and the Lease Assignment on behalf of the holders of the Notes. In such event the Secured Party shall assign, convey or transfer all of its right, title and interest under this Security Agreement and the Lease Assignment to such agent, and such agent shall become a party to this Security Agreement and the Lease Assignment and will agree to be bound by all the terms of this Security Agreement and the Lease Assignment and shall be deemed to be the "Secured Party" under this Security Agreement and the "Assignee" under the Lease Assignment. All fees and expenses of any such agent shall, subject to Section 7.1 hereof, be paid by the Owner Trustee.

7.3. Governing Law. This Security Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of New York.

7.4. Severability of Invalid Provisions. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.5. Counterpart Execution. This instrument and any amendment or supplement to this instrument may be executed in any number of counterparts and by the different parties hereto and thereto on separate counterparts, each of which, when so executed, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed sets of counterparts shall be delivered to, and retained by, the Owner Trustee and the Secured Party.

7.6. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

(a) if to the Owner Trustee, at One Constitution

Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, with a copy thereof to the Owner Participant at its address for notices under the Note Purchase Agreement; and

(b) if to the Secured Party, to Attention of Bond Department, John Hancock Place, P.O. Box 111, Boston, Massachusetts 02117;

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

7.7. Amendments. This Security Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments, in writing, executed by the parties hereto.

7.8. Release. The Secured Party shall, upon request of the Owner Trustee, release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

7.9. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto. In the event that the Secured Party shall transfer all the outstanding Notes to another person, the Secured Party may assign, convey or transfer all its right, title and interest under this Agreement and the Lease Assignment to such person, and such person shall be deemed to be the "Secured Party" under this Agreement and the "Assignee" under the Lease Assignment.

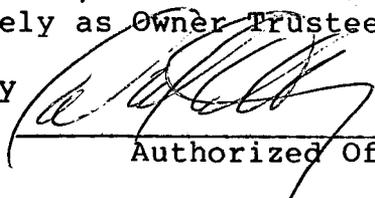
7.10. Headings. Any headings or captions preceding the text of the several Sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Owner Trustee and the Secured Party have each caused this instrument to be duly executed by their respective officers thereunto duly autho-

rized, all as of the date first set forth above.

THE CONNECTICUT BANK AND TRUST
COMPANY, not individually, but
solely as Owner Trustee,

by



Authorized Officer

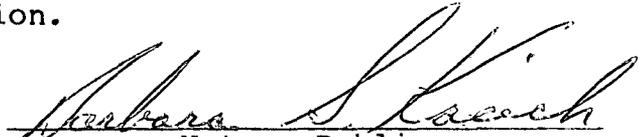
JOHN HANCOCK MUTUAL LIFE INSURANCE
COMPANY,

by

Title:

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this ^{29th} day of February 1980, before me personally appeared **DONALD E. SMITH**, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, and that said instrument was signed 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.


Notary Public

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

[Notarial Seal]

My Commission expires

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

On this _____ day of February 1980, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY, and that said instrument was signed 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.

Notary Public

[Notarial Seal]

My Commission expires

ANNEX A

PREPAYMENT PREMIUMS

If prepaid during
the 12-month period
ending with the stated
quarterly principal
payment on the Notes

Premium
(as a percentage of the
principal amount of
Notes being prepaid)

44th	5.375%
48th	4.778
52nd	4.181
56th	3.583
60th	2.986
64th	2.389
68th	1.792
72nd	1.194
76th	.597
80th	0

DESCRIPTION OF EQUIPMENT

<u>Manufacturer</u>	<u>Number of Items</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Time of Delivery</u>	<u>AAR Mechanical Designation</u>	<u>AAR Car Type Code</u>
A. <u>Equipment delivered prior to December 31, 1979:</u>						
ACF Industries Incorporated	15	DOT 111A100W1 26,800- gallon noncoiled, nonin- sulated tank cars equipped with 100-ton roller bearing trucks; for the transporta- tion of industrial alcohols.	DBCX 201 through 215, inclusive	4th quarter 1979	TM	T-000
ACF Industries Incorporated	14	5,250 cubic foot center- flow covered hopper cars equipped with 100-ton roller bearing trucks and 20-inch diameter Knapp hatches. Also equipped with No. 5130 out- lets with 5 psi in transit features; for the transporta- tion of polycaprolactum pellets.	DBCX 308 through 321, inclusive	4th quarter 1979	LO	L-354

SCHEDULE A (continued)

<u>Manufacturer</u>	<u>Number of Items</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Time of Delivery</u>	<u>AAR Mechanical Designation</u>	<u>AAR Car Type Code</u>
B. <u>Equipment to be delivered after December 31, 1979:</u>						
ACF Industries Incorporated	12	5,250 cubic foot center-flow covered <u>hopper cars</u> equipped with 100-ton roller bearing trucks and 20-inch diameter Knapp hatches. Also equipped with No. 5130 outlets with 5 psi in transit features; for the transportation of polycaprolactum pellets.	DBCX 322 through 333, inclusive	2nd quarter 1980 (estimated)	LO	L-354
(To be designated by the Lessee)	34	4,750 cubic foot aluminum covered <u>hopper cars</u> equipped with 100-ton roller bearing trucks and oblong hatches and gravity feed outlets; for transportation of fertilizers.	DBCX 151 through 184, inclusive	4th quarter 1980 (estimated)	LO	L-153

SECURITY AGREEMENT

Dated as of January 1, 1980

Between

THE CONNECTICUT BANK AND TRUST COMPANY,

as Owner Trustee

and

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY

SECURITY AGREEMENT dated as of January 1, 1980, between THE CONNECTICUT BANK AND TRUST COMPANY, not individually but solely as owner trustee (the "Owner Trustee") under an Amended and Restated Owner Trust Agreement (the "Trust Agreement") dated as of November 1, 1979, between the Owner Trustee and J. P. MORGAN INTERFUNDING CORP. (the "Owner Participant"), and JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY (the "Secured Party").

WITNESSETH:

WHEREAS the Owner Trustee has acquired or proposes to acquire the items of railroad equipment described in Schedule A hereto (the "Items");

WHEREAS pursuant to a Note Purchase Agreement dated the date hereof (the "Note Purchase Agreement") among the Owner Participant, the Owner Trustee and the Secured Party, the Secured Party will finance 55% of the cost of the Items delivered to the Owner Trustee by purchasing an aggregate principal amount of the Owner Trustee's 10-3/4% Secured Notes due 2000 (the "Notes") not to exceed \$2,750,000;

WHEREAS as security for the payment of the Notes, the Owner Trustee has entered into an Assignment of Lease and Agreement dated as of the date hereof (the "Lease Assignment") with the Secured Party, assigning to the Secured Party certain of the Owner Trustee's rights in and to the Amended and Restated Lease dated as of November 1, 1979 (the "Lease"), between the Owner Trustee and Badische Corporation (the "Lessee");

WHEREAS the Lessee has consented to the Lease Assignment pursuant to a Consent and Agreement dated as of the date hereof;

WHEREAS the Owner Trustee also desires to convey, warrant, mortgage, assign, pledge, deposit and grant the Secured Party a security interest in the Items and other collateral to secure payment of the Notes.

NOW, THEREFORE, in consideration of the premises and agreements hereinafter contained and of the purchases

and acceptances of the Notes and for the sum of one dollar received by the Owner Trustee from the Secured Party and for other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

I. GRANTING CLAUSE

1.1. Granting Clause. The Owner Trustee does hereby convey, warrant, mortgage, assign, pledge, deposit and grant a security interest in and confirm unto the Secured Party, and to its successors and assigns, the following described property (herein together with the rights assigned to the Secured Party under the Lease Assignment being collectively called the "Collateral"):

(a) all the Owner Trustee's right, title and interest in and to the Items and all proceeds thereof; and

(b) all the Owner Trustee's estate, right, title and interest in and to all accessories, equipment, parts, appurtenances and other items of tangible personal property of any kind (and all proceeds thereof) acquired by the Owner Trustee in connection with its acquisition of the Items, whether acquired by the Owner Trustee at the time of its acquisition of the Items, or thereafter acquired pursuant to the provisions of the Lease or otherwise, and whether located on the Items or elsewhere, including all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Items, together with all rents, issues, income and profits therefrom; provided, however, that any railroad cars which shall not have been made the subject of financing under the Note Purchase Agreement on or prior to the earlier of (i) December 31, 1980, and (ii) the termination of the Secured Party's obligation thereunder to purchase Notes shall be excluded from this Security Agreement and not included in the term "Items".

All rights granted to the Secured Party hereunder shall be in addition to and shall in no way be construed to limit the rights of the Secured Party under the Lease Assignment.

1.2. Limitation to Security Interest. The security interest herein granted is subject to the right, title and interest of the Lessee under the Lease.

1.3. Parity of Notes. Each and every Note executed and delivered pursuant to the Note Purchase Agreement shall have the same lien, and the principal of and premium, if any, and interest on every Note shall, subject to the terms hereof, be equally and proportionately secured hereby, as if it had been made, executed, delivered, sold and negotiated simultaneously with the execution and delivery hereof.

1.4. Release of Security Interests. The Secured Party shall have and hold the Collateral forever; provided that if and when all the Notes shall have become due and payable (whether by lapse of time or by acceleration or otherwise), the Owner Trustee shall (subject to the provisions of the Note Purchase Agreement) pay or cause to be paid the full amount due for principal, interest and premium, if any, and if the Owner Trustee shall also pay or cause to be paid all other sums payable pursuant to the Note Purchase Agreement and shall observe, keep and perform all the terms, conditions, covenants and agreements herein and therein contained, then and in that case and upon the written request of the Owner Trustee this Security Agreement and all agreements herein contained and the estate hereby granted and conveyed shall cease and terminate.

II. COVENANTS AND AGREEMENTS BY THE OWNER TRUSTEE

2.1. Discharge of Liens. The Owner Trustee will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Owner Trustee or its successors and assigns (other than the Secured Party) and, to the extent that it receives funds sufficient for such purpose from the Owner Participant, from, through or under the Owner Participant or its successors or assigns, not arising out of the ownership of the Items or the transactions contemplated hereby (but, to the extent that it receives funds sufficient for such purpose from the Owner Participant, including any tax liens arising out of the receipt of rentals and other payments under the Lease or the Note Purchase Agreement), which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any Item thereof, or the Secured Party's interest in the Lease and the payments to be made thereunder, but the Owner Trustee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Secured Party in the Collateral or otherwise under this Agreement.

2.2. Further Assurances. The Owner Trustee will, from time to time do and perform any act and will execute, acknowledge, deliver and file, register and record any and all further instruments reasonably requested by the Secured Party for the purpose of the proper protection of the security interest of the Secured Party in the Collateral.

2.3. Notice of Default. The Owner Trustee further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an event of default under this Agreement or an Event of Default under the Lease of which an officer or employee in the Corporate Trust Department of the Owner Trustee has actual knowledge.

III. POSSESSION, USE AND RELEASE OF COLLATERAL

3.1. Possession of Collateral. So long as no event of default shall have occurred and be continuing hereunder, the Owner Trustee shall be entitled to the possession and use of the Items, and to permit the use of the Items as provided in the Lease.

3.2. Release of Property. So long as no Event of Default or Incipient Default (as defined in the Lease) under the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item with respect to which a Termination Event (as defined in the Lease) or an Event of Loss (as defined in the Lease) shall have occurred upon receipt from the Lessee of written notice designating the Item in respect of which the Lease will terminate and the receipt from the Lessee of the Termination Value (as defined in the Lease) or the Stipulated Loss Value (as defined in the Lease) for such Item, as appropriate.

3.3. Transfers Prohibited. Except as permitted by the Trust Agreement, the Owner Trustee will not sell, assign or transfer its rights under this Agreement or, except as provided in this Article III, transfer the right to possession of any Item. The Owner Trustee will not enter into any supplement, amendment or modification of the Trust Agreement except as provided in Section 10.01 thereof as in effect on the date of execution and delivery hereof.

IV. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY

4.1. Application of Rents and Other Payments.

Pursuant to the Lease Assignment the Owner Trustee has granted to the Secured Party a security interest in rentals, profits, and other sums due and to become due under the Lease constituting part of the Collateral hereunder. So long as no event of default as defined in Section 5.1 hereof (or any event which upon notice or lapse of time would constitute such an event of default) has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of rental pursuant to Section 3 of the Lease shall be applied, first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) of the Notes which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Party, and then the balance, if any, of such amounts shall promptly be paid to or upon the order of the Owner Trustee.

(b) Payments of Termination Value and Stipulated Loss Value (including all amounts of insurance or recoveries or condemnation proceeds relating to an Event of Loss with respect to such Item) from time to time received by the Secured Party in respect of any Item pursuant to Section 13(e) or 18 of the Lease shall be applied by the Secured Party as follows:

(i) first, an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to the following subparagraph (ii) shall be applied on the Notes;

(ii) second, an amount equal to the "Indebtedness" in respect of such Item shall be applied to the prepayment of the Notes (including any premium specified in Annex A hereto if such payment by the Lessee occurred pursuant to Section 13(e) of the Lease by reason of such Item having become surplus to the requirements of the Lessee) so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of such "Indebtedness" bears to the aggregate unpaid principal amount of the Notes immediately prior to the prepayment; and

(iii) third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be promptly released to or upon the order of the Owner Trustee.

For purposes of this Section 4.1(b), the "Indebtedness" in respect of any Item shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Lessor's Cost (as defined in the Lease) of such Item and the denominator of which is the aggregate Lessor's Cost of all Items originally subject to the Lease (including the Lessor's Cost of such Items in respect of which the Termination Value or Stipulated Loss Value payment shall have been made) times (B) the aggregate unpaid principal amount of the Notes outstanding immediately prior to the prepayment provided for in this Section 4.1(b) (after giving effect to all payments of installments of principal (other than prepayments) made or to be made on the date of prepayment provided for in this Section 4.1(b)).

(c) any proceeds of insurance received by the Secured Party with respect to damage to such Item which does not constitute an Event of Loss (as defined in the Lease) will be paid over to the Owner Trustee to be applied by it as provided in the Lease.

4.2. Default. If an event of default as defined in Section 5.1 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 4.1 hereof shall be applied in the manner provided for in Article V in respect of proceeds of the Collateral. If an event which upon notice or lapse of time would constitute such an event of default shall have occurred, all such amounts shall be held pending application under Section 4.1 or Article V.

V. EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. If any one or more of the following events of default shall occur and be continuing:

(a) if the Owner Trustee shall default in the payment of any installment of principal, interest or premium, if any, on any of the Notes when the same shall become due and payable, whether at maturity or at a date fixed for payment or prepayment or by acceleration or

otherwise, and such default shall continue for a period of five days; or

(b) if any representation or warranty made by or on behalf of the Owner Trustee herein, in the Lease Assignment, the Note Purchase Agreement or the Lease or any certificate delivered by it in connection with the transactions contemplated hereby, or made by the Owner Participant in the Note Purchase Agreement or any certificate delivered by it in connection with the transactions contemplated thereby, shall prove to have been false or incorrect in any material respect on the date as of which made; or

(c) if the Owner Trustee shall default in the performance of or compliance with any covenant, condition or term contained in this Agreement, the Note Purchase Agreement, the Lease or the Lease Assignment and such default shall continue for 30 days after the Owner Trustee shall have knowledge of such default; or

(d) any proceeding shall be commenced by or against the Owner Trustee or the Owner Participant for any relief which includes or might result in any modification of the obligations of the Owner Trustee hereunder or under the Note Purchase Agreement or of the Owner Participant under the Trust Agreement or the Note Purchase Agreement under any bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been and shall not continue to be duly assumed in writing within 60 days after such proceedings shall have been commenced pursuant to a court order or decree by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Owner Trustee or the Owner Participant, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers; or

(e) if an Event of Default as defined in the Lease shall occur and be continuing; provided, however, that an Event of Default specified in Section 16(a) of the Lease shall not be deemed to be an event of default hereunder, if (1) the Owner Trustee, within two days after the occurrence of such Event of Default, shall have cured the corresponding event of default hereunder and (2) no other event of default has occurred and is continuing hereunder; provided further, that the Owner Trustee shall not have the right to cure more than 6 such events of default or more than 4 such events of default consecutively pursuant to the preceding proviso;

then in every such case the Secured Party may take any one or more of the following actions:

(i) the Secured Party may by notice in writing to the Owner Trustee declare the entire unpaid principal balance of all the Notes then outstanding (if not then due and payable), together with all accrued and unpaid interest thereon, to be due and payable immediately, and upon any such declaration such principal balance of the Notes together with said accrued and unpaid interest shall become and be immediately due and payable, anything contained in the Notes or in the Note Purchase Agreement to the contrary notwithstanding; or

(ii) the Secured Party may, subject to the rights of the Lessee under the Lease,

(1) subject to compliance with any applicable mandatory legal requirements, take immediate possession of the Collateral, 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 Owner Trustee, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(2) sell, to the extent permitted by law, all and singular the Collateral, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, at one or more sales, as an entirety or otherwise, and at such time and place and upon such terms as the Secured Party may fix and specify in the notice of sale to be given to the Owner Trustee, or as may be required by law; or

(3) institute proceedings for the complete or partial foreclosure of this Security Agreement under the provisions of the laws of the jurisdiction or jurisdictions in which the Collateral or any part thereof is located, or any other applicable provision of law; or

(4) take any action which is appropriate to enforce its rights under any instrument constituting Collateral, to the extent permitted thereby; or

(5) take all steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law (for the specific performance of any covenant, condition or agreement in the Notes, the Note Purchase Agreement, the Lease, the Lease Assignment, or in this Security Agreement contained, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy) or otherwise as the Secured Party shall deem appropriate for the protection and enforcement of its rights hereunder or under the Note Purchase Agreement or the Lease Assignment.

In addition, the Secured Party shall have all the rights at the time afforded a secured party under the Uniform Commercial Code of the State of New York.

The Secured Party may conduct any number of sales from time to time. The power of sale shall not be exhausted by any one or more such sales as to any part of the Collateral remaining unsold, but shall continue unimpaired until all of the Collateral shall have been sold or the Notes and all indebtedness of the Owner Trustee hereunder and under the Note Purchase Agreement shall have been paid.

5.2. Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Owner Trustee 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 shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. 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 guarantee for the payment of the indebtedness secured under this Security Agreement 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 guarantees.

5.3. Waiver by Owner Trustee. To the extent permitted by law, the Owner Trustee covenants that it will not at any time insist upon or plead, or in any manner whatever 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, 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, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and 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 power, law or laws had been made or enacted.

5.4. Effect of Sale. 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 Owner Trustee in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Owner Trustee, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Owner Trustee, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.5. Application of Funds. The proceeds of any

sale made under or by virtue of this Article V, together with any other sums which then may be held by the Secured Party under this Security Agreement or the Lease Assignment as part of the Collateral or the proceeds thereof, whether under the provisions of this Article V or otherwise, shall be applied as follows:

FIRST: To the payment of the costs and expenses of such sale, including reasonable compensation to the Secured Party, its agents and counsel, and of any judicial proceeding wherein the same may be made, and of all expenses, liabilities and advances made or incurred by the Secured Party under this Security Agreement or the Lease Assignment, together with interest at the rate of 11-3/4% per annum on all advances made by the Secured Party, and all taxes or assessments, except any taxes, assessments or other charges subject to which the Collateral shall have been sold.

SECOND: To the payment of the whole amount then due, owing or unpaid upon the Notes for principal, interest and premium, if any, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes, then ratably according to the aggregate of such principal, interest, and premium, if any, without preference or priority as between principal, premium, if any, or interest.

THIRD: To the payment of any other sums required to be paid by the Owner Trustee pursuant to any provision of this Security Agreement, the Lease Assignment, the Note Purchase Agreement or of the Notes.

FOURTH: To the payment of the surplus, if any, to the Owner Trustee or whomever may be lawfully entitled to receive the same.

5.6. 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 for any reason or shall have been determined adversely, then and in every such case the Owner Trustee and the Secured Party shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

VI. REGISTRATION; SUBSTITUTION OF NOTES

6.1. Registration of Notes. The Owner Trustee shall cause to be kept at its office listed in Section 7.6 a register for the registration and transfer of the Notes. The names and addresses of the holders of Notes, the transfer thereof and the names and addresses of the transferees of Notes shall be registered in the register. The person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement, and the Owner Trustee shall not be affected by any notice or knowledge to the contrary.

6.2. Exchange of Notes. Upon surrender of any Note at the office of the Owner Trustee maintained pursuant to Section 6.1, the Owner Trustee, at the request of the holder thereof, will execute and deliver, at the Owner Trustee's expense (except as provided below), new Notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such person as such holder may request and shall be substantially in the form of the Note set out in Annex II to the Note Purchase Agreement. Each such new Note shall be dated and bear interest from the date to which interest has been paid on the surrendered Note or dated the date of the surrendered Note if no interest has been paid thereon. The Owner Trustee may require payment by the transferor of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any transfer.

6.3. Replacement of Notes. Upon receipt by the Owner Trustee of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of the Note is an insurance company, its own agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancelation thereof,

the Owner Trustee at its expense will execute and deliver in lieu thereof a new Note of like tenor, dated and bearing interest from the date to which interest has been paid on

such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest has been paid thereon.

VII. MISCELLANEOUS

7.1. No Personal Liability of Owner Trustee.

Notwithstanding anything in this Agreement to the contrary, each representation, warranty and agreement herein made on the part of the financial institution acting as Owner Trustee hereunder (except for the covenant set forth in Section 2.1 hereof) is made and intended not as a personal representation, warranty or agreement by said institution or for the purpose or with the intention of binding said institution personally, but is made and intended for the purpose of binding only the Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said institution (except as aforesaid) or the Owner Participant on account of any representation, warranty or agreement herein of the Owner Trustee (except as aforesaid or in the case of its own gross negligence or wilful misconduct), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Secured Party and by all persons claiming by, through or under the Secured Party; provided, however, that the Secured Party or any person claiming by, through or under the Secured Party making claim hereunder may look to said Estate for satisfaction of the same. Nothing contained in this Section 7.1 shall limit, restrict or impair the rights of the Secured Party to take all actions to enforce the rights and remedies provided for herein and to bring suit and obtain a judgment against the Owner Trustee (provided that neither the Owner Trustee nor the Owner Participant shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Estate) or to foreclose the lien and security interest created by this Agreement or otherwise realize upon the Estate, including the right to proceed against the Items or the Lessee under the Lease.

7.2. Appointment of Agent. The Secured Party may, and at or prior to the time of any transfer of less than all the Notes by the Secured Party to another person, the Secured

Party shall, at the expense of the Owner Trustee, appoint a bank or trust company located in the United States of America, having capital and surplus aggregating at least \$25,000,000 to act as agent and to hold the right, title and interest of the Secured Party under this Security Agreement and the Lease Assignment on behalf of the holders of the Notes. In such event the Secured Party shall assign, convey or transfer all of its right, title and interest under this Security Agreement and the Lease Assignment to such agent, and such agent shall become a party to this Security Agreement and the Lease Assignment and will agree to be bound by all the terms of this Security Agreement and the Lease Assignment and shall be deemed to be the "Secured Party" under this Security Agreement and the "Assignee" under the Lease Assignment. All fees and expenses of any such agent shall, subject to Section 7.1 hereof, be paid by the Owner Trustee.

7.3. Governing Law. This Security Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of New York.

7.4. Severability of Invalid Provisions. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.5. Counterpart Execution. This instrument and any amendment or supplement to this instrument may be executed in any number of counterparts and by the different parties hereto and thereto on separate counterparts, each of which, when so executed, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed sets of counterparts shall be delivered to, and retained by, the Owner Trustee and the Secured Party.

7.6. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

(a) if to the Owner Trustee, at One Constitution

Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, with a copy thereof to the Owner Participant at its address for notices under the Note Purchase Agreement; and

(b) if to the Secured Party, to Attention of Bond Department, John Hancock Place, P.O. Box 111, Boston, Massachusetts 02117;

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

7.7. Amendments. This Security Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments, in writing, executed by the parties hereto.

7.8. Release. The Secured Party shall, upon request of the Owner Trustee, release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

7.9. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto. In the event that the Secured Party shall transfer all the outstanding Notes to another person, the Secured Party may assign, convey or transfer all its right, title and interest under this Agreement and the Lease Assignment to such person, and such person shall be deemed to be the "Secured Party" under this Agreement and the "Assignee" under the Lease Assignment.

7.10. 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 Owner Trustee and the Secured Party have each caused this instrument to be duly executed by their respective officers thereunto duly autho-

rized, all as of the date first set forth above.

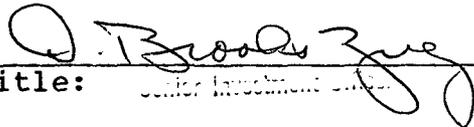
THE CONNECTICUT BANK AND TRUST
COMPANY, not individually, but
solely as Owner Trustee,

by

Authorized Officer

JOHN HANCOCK MUTUAL LIFE INSURANCE
COMPANY,

by



Title: Senior Investment Officer

STATE OF CONNECTICUT,)
) ss.:
CITY OF HARTFORD,)

On this day of February 1980, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, and that said instrument was signed 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.

Notary Public

[Notarial Seal]

My Commission expires

MASSACHUSETTS
STATE OF ~~NEW YORK~~,)
) ss.:
COUNTY OF ~~NEW YORK~~,)

On this ^{MARCH} 5th day of ~~February~~ 1980, before me personally appeared D. Brooks Zug, to me personally known, who, being by me duly sworn, says that he is a Senior Investment Officer of JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY, and that said instrument was signed 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.

Stinfred A. Knight
Notary Public

[Notarial Seal]

My Commission expires Aug. 15, 1986

ANNEX A

PREPAYMENT PREMIUMS

If prepaid during
the 12-month period
ending with the stated
quarterly principal
payment on the Notes

Premium
(as a percentage of the
principal amount of
Notes being prepaid)

44th	5.375%
48th	4.778
52nd	4.181
56th	3.583
60th	2.986
64th	2.389
68th	1.792
72nd	1.194
76th	.597
80th	0

DESCRIPTION OF EQUIPMENT

<u>Manufacturer</u>	<u>Number of Items</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Time of Delivery</u>	<u>AAR Mechanical Designation</u>	<u>AAR Car Type Code</u>
<u>A. Equipment delivered prior to December 31, 1979:</u>						
ACF Industries Incorporated	15	DOT 111A100W1 26,800- gallon noncoiled, nonin- sulated tank cars equipped with 100-ton roller bearing trucks; for the transporta- tion of industrial alcohols.	DBCX 201 through 215, inclusive	4th quarter 1979	TM	T-000
ACF Industries Incorporated	14	5,250 cubic foot center- flow covered hopper cars equipped with 100-ton roller bearing trucks and 20-inch diameter Knapp hatches. Also equipped with No. 5130 out- lets with 5 psi in transit features; for the transporta- tion of polycaprolactum pellets.	DBCX 308 through 321, inclusive	4th quarter 1979	LO	L-354

SCHEDULE A (continued)

<u>Manufacturer</u>	<u>Number of Items</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Time of Delivery</u>	<u>AAR Mechanical Designation</u>	<u>AAR Car Type Code</u>
B. <u>Equipment to be delivered after December 31, 1979:</u>						
ACF Industries Incorporated	12	5,250 cubic foot center-flow covered hopper cars equipped with 100-ton roller bearing trucks and 20-inch diameter Knapp hatches. Also equipped with No. 5130 outlets with 5 psi in transit features; for the transportation of polycaprolactum pellets.	DBCX 322 through 333, inclusive	2nd quarter 1980 (estimated)	LO	L-354
(To be designated by the Lessee)	34	4,750 cubic foot aluminum covered hopper cars equipped with 100-ton roller bearing trucks and oblong hatches and gravity feed outlets; for transportation of fertilizers.	DBCX 151 through 184, inclusive	4th quarter 1980 (estimated)	LO	L-153