

9-073A003

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16236
REGISTRATION NO. FILED 1429

MAR 14 1989 - 8 50 AM

INTERSTATE COMMERCE COMMISSION

HERBERT FENSTER
MICHAEL J. FERRARA
OF COUNSEL

March 9, 1989

Date 3/14/89
Fee \$ 13.00

Our File
CC Washington, D.C. No. 11393

Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Attn: Mildred Lee, Room 2303

Re: National Westminster Bank NJ to
Reagent Chemical & Research, Inc.

Dear Ms. Lee:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Loan and Security Agreement, a primary document, dated March 8, 1989.

The names and addresses of the parties to the document are as follows:

Lender: National Westminster Bank NJ
One Exchange Place
Jersey City, New Jersey 07302

Borrower: Reagent Chemical & Research, Inc.,
a Delaware Corporation
Principal Place of Business:
124 River Road
Middlesex, New Jersey

MAR 14 8 49 AM '89
NOTICE OPERATING UNIT

Interstate Commerce Commission
March 9, 1989
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A description of the equipment covered by the document is as follows:

All Rail Tank Cars, now owned or hereafter acquired by the Borrower.

All goods, instruments, documents of title, policies and certificates of insurance, securities, chattel paper, deposits or other property, tangible and intangible, owned by the Borrower or in which it has an interest which are now or may hereafter be in the possession or control of the lender by documents of title or otherwise.

All existing warranties, documents of title and certificates of insurance, with respect to any of the Collateral.

Proceeds and products of all the above.

A fee of \$13.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Gallo, Geffner, Fenster, Farrell, Turitz & Harraka, 235 Main Street, Hackensack, New Jersey 07601, attorneys for the Lender.

A short summary of the document to appear in the index follows:

Loan and Security Agreement between the Lender, National Westminster Bank NJ, One Exchange Place, Jersey City, New Jersey, and the Borrower, Reagent Chemical & Research, Inc., 124 River Road, Middlesex, New Jersey, dated March 8, 1989, and covering all rail tank cars, now owned or hereafter acquired by the Borrower; all goods, instruments, documents of title, policies and certificates of insurance, securities, chattel paper, deposits or other property, tangible and intangible, owned by the Borrower or in which it has an interest which are now or may hereafter be in the possession or control of the lender by documents of title or otherwise; all existing warranties, documents of title and certificates of insurance, with respect to any of the Collateral; and proceeds and products of all the above.

Interstate Commerce Commission
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Thank you for your prompt attention to this matter. If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

GALLO, GEFFNER, FENSTER,
FARRELL, TURITZ & HARRAKA

By: 

Lina Papalia

LP:jm
Enclosures
Certified Mail/Return Receipt Requested

Interstate Commerce Commission
Washington, D.C. 20423

3/17/89

OFFICE OF THE SECRETARY

Lina Papalia
Gallo Geffner Fenster Farrell
Turitz & Harraka
235 Main St.
Hackensack, New Jersey 07601

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 3/14/89 at 3:50pm, and assigned recordation number(s). 16236

Sincerely yours,

Nesta L. McEwen

Secretary

Enclosure(s)

MAR 14 1989 - 8 50 AM

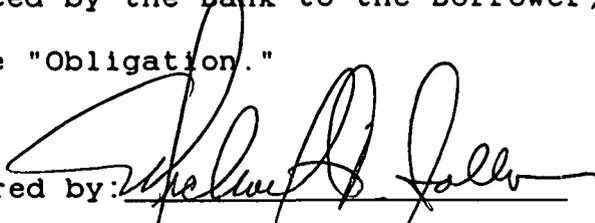
LOAN AND SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

AGREEMENT, dated this 8th day of MARCH, 1989, between REAGENT CHEMICAL & RESEARCH, INC., a Delaware Corporation (hereinafter called the "Borrower"), authorized to do business in New Jersey, having a principal place of business at 124 River Road, Middlesex, New Jersey and NATIONAL WESTMINSTER BANK NJ, (hereinafter called the "Bank"), a corporation organized under the banking laws of the United States, having an office at One Exchange Place, Jersey City, New Jersey.

1. AMOUNT AND TERMS OF LOAN

A. The Borrower agrees to borrow from the Bank and the Bank agrees to lend to the Borrower the sum of FIVE MILLION and no/100 (\$5,000,000.00) DOLLARS, upon the terms set forth in this Agreement. Said Loan shall be evidenced by Borrower's Promissory Note (the "Note") payable in accordance with said Note together with interest on the unpaid principal balance as set forth below. The loan provided for in this Agreement and the evidence thereof under the Note, including all monies due as well as all future sums of money that may be advanced by the Bank to the Borrower, is hereinafter referred to as the "Obligation."

Prepared by: 

Michael A. Gallo, Esq.

B. From the date hereof, interest on the unpaid principal balance shall be a fluctuating interest rate per annum equal at all times to ONE-HALF (1/2%) PERCENT over the rate of interest announced publicly by Bank from time to time as its Prime Rate. The Bank's Prime Rate shall be a rate that it shall set from time to time as its usual short term lending rate to its commercial borrowers. This Note shall bear such fluctuating interest from the date hereof of the term hereof until payment in full on the unpaid daily principal amount outstanding with an adjustment in the interest rate to reflect the change in the Prime Rate as designated aforesaid, and the rate change shall be adjusted as of the day of which the Prime Rate changes. Interest shall be calculated on the basis of a 360-day year for the actual number of days involved. The published Prime Rate of the Bank may or may not be the rate charged to the most credit worthy customers of the Bank.

C. The principal payments are to be paid in consecutive monthly installments of \$104,166.66 plus interest each on the first day of each month beginning with the month of May, 1989, and the unpaid principal balance and interest on the first day of April, 1993. Each of said monthly payments are to be applied first in payment of interest and the balance to unpaid principal.

D. The Borrower shall have the right to prepay the loan without penalty provided payments are made in at least \$100,000.00 increments.

2. CONDITIONS PRECEDENT TO LOANS.

The Bank's obligation to lend the sum of \$5,000,000.00 shall be subject to receipt of the following:

A. An affidavit dated the day of closing by the Borrower's President to the effect that no event of default as defined in Section 8 of this Agreement then exists and that no condition, event or act, either immediately or with the lapse of time of both, would constitute an event of default.

B. A copy of a resolution certified by the Borrower's Secretary to have been adopted by the Board of Directors, at a meeting properly called and held for the purpose of adopting said resolution, authorizing the borrowing of said \$5,000,000.00 from the Bank to be utilized for working capital.

C. The Note.

D. A first lien on all rail tank cars of Borrower as more fully described in Section 3 hereof.

E. On the date hereof, Bank shall have received the favorable written opinions, dated the date of such borrowing, addressed to Bank and in form satisfactory to Bank, from counsel for the Borrower. Said opinion must also state that said lien of Bank will not violate any Interstate Commerce Commission (ICC) regulation and that the lien of the Bank is a valid first lien upon the collateral.

F. On the date hereof, all legal matters incident to this Agreement shall be satisfactory to counsel for Bank.

G. On the date hereof, Bank shall have received (a) the appropriate certificates as to the Good Standing of the Borrower; (b) resolution adopted by the Borrower's Board of Directors authorizing the execution and delivery of this Agreement, the borrowings hereunder, and the execution and delivery of the Note required hereunder; (c) a resolution adopted by the shareholders of the Borrower authorizing the execution and delivery of this Agreement, the borrowings hereunder, and the execution and delivery of the Note required hereunder; and (d) the incumbency and specimen signatures of those officers of the Borrower who are to execute this Agreement and the other documents required hereunder.

H. On the date hereof, Bank shall have received executed originals of:

- (1) this Agreement;
- (2) the Note;
- (3) UCC-1's (the "Financing Statements") and UCC-3's, if applicable
- (4) Evidence of insurance coverage on the Collateral.

I. Such other instruments as may be deemed reasonably necessary by counsel to the Bank for the purpose of effectuating this Agreement.

3. COLLATERAL.

To secure the payment and performance of all obligations of the Borrower set forth in this Agreement, note or notes and any other obligations of the Borrower to the Bank, the Borrower grants to the Bank a security interest as set forth below (hereafter the "Collateral") including but not limited to the following:

A. All Rail Tank Cars, now owned or hereafter acquired by the Borrower.

B. All goods, instruments, documents of title, policies and certificates of insurance, securities, chattel paper, deposits or other property, tangible and intangible, owned by the Borrower or in which it has an interest which are now or may hereafter be in the possession or control of the lender by documents of title or otherwise.

C. All existing warranties, documents of title and certificates of insurance, with respect to any of the Collateral.

D. The Borrower hereby authorized the Bank in its discretion, at any time, whether or not the Collateral is deemed by it adequate, to charge the Obligation against any balance of account standing to the credit of the Borrower on the books of the Bank and to appropriate and apply upon any of the Obligations, whether or not due, any personal property of the Borrower or in which the Borrower may have an interest which is

now or may at any time hereafter come into the possession or control of the Bank or of any third party acting in its behalf, whether for the express purpose of being used by the Bank as collateral security or for safekeeping or for any other or different purpose, including such personal property as may be in transit by mail or carrier for any purpose, or covered or affected by any documents in the Bank's possession or control, or in the possession or control of any third party acting in its behalf. This agreement shall constitute full and sufficient authority to Bank under this Paragraph.

E. Proceeds and products of all the above.

4. CONTINUING PERFECTION.

The Borrower covenants and warrants that it will perform or cause to be performed any and all reasonable steps requested by Bank to create and maintain in Bank's favor a first and valid lien on or security interest in or pledge of the Collateral, including, without limitation, the execution, delivery, filing and recording of financing statements and continuation statements, supplemental security agreements, notes and any other documents necessary, in the opinion of Bank, to protect its security interest in the Collateral.

5. REPRESENTATIONS AND WARRANTIES OF THE BORROWER.

The Borrower represents and warrants as follows:

A. The Borrower is a corporation duly incorporated, validly existing and is in good standing under the

laws of the State of Delaware. The Borrower is duly qualified or will duly qualify as a foreign corporation in New Jersey and will remain in good standing in all other jurisdictions, if any, where its activities make such qualification necessary. The Borrower is duly authorized under all applicable provisions of law to carry on its business as now conducted.

B. The Borrower is duly authorized under all applicable provisions of law, its Certificate of Incorporation, and its By-Laws to enter into and perform this Agreement. The Borrower's entering into and performing this Agreement will not violate any applicable provisions of law, its Certificate of Incorporation, or its By-Laws, will not result in a breach of or a default under any agreement or instrument, which will not be satisfied or paid off out of proceeds of this loan, to which the Borrower is a party, and will not result in the creation of any security interest, lien, charge, or encumbrance upon any of the assets of the Borrower under any such agreement or instrument. This Agreement, the Note and Financing Statements, hereinafter provided for are, or upon the execution and delivery thereof will be, valid and enforceable obligations of the Borrower in accordance with their terms.

C. The Borrower has good marketable title to all assets reflected in its balance sheet, except assets sold or disposed of in the ordinary course of business since the date of said balance sheet. None of said assets is subject to any mortgages security interests, liens, pledges, charges, or encumbrances not referred to in said balance sheet.

D. The Borrower possesses all necessary patents, trademarks, trade names, copy rights, and licenses to carry on its business as now conducted without known conflict with the valid patents, trademarks, trade names, copyrights and licenses of others.

E. The Borrower is not a party to any agreement or subject to any corporate restriction (including without limitation any agreement among stockholders) that materially adversely affects its business, assets or financial condition.

F. No litigation in any court or proceeding before any commission or other administrative authority is pending or threatened against the Borrower, except as listed on Schedule A attached.

G. The Borrower has filed all required tax and similar returns and has paid or provided for the payment of all taxes and assessments due. The Borrower has no knowledge of any claims for taxes which might become a lien upon the Borrower's assets.

H. The Collateral given, or to be given, by the Borrower as set forth in Paragraph 3 of this Agreement is covered by this Agreement regardless of where same may be located.

I. This Agreement is a legal, valid and binding agreement of the Borrower enforceable against it in accordance with its terms and any other instruments or agreements required hereunder and to be executed by the Borrower hereunder are similarly valid, binding and enforceable.

J. No consent or approval of any trustee or holder of any indebtedness or obligation of the Borrower is necessary in connection with the execution and delivery of this Agreement and the Note, or other instruments or agreements required hereunder, or any transaction contemplated hereby, with the exception of any consents or approvals which may have been obtained and certified copies of which have been delivered to Bank. No consent, permission, authorization, order or license of any governmental authority is necessary in connection with the execution and delivery of this Agreement and the Note, or other instruments or agreements required hereunder, or any transaction contemplated hereby, except as may have been obtained and certified copies of which have been delivered to Bank.

K. There is no provision of any indenture or agreement, written or oral, to which the Borrower is a party or under which it is obligated which would be contravened by the execution and delivery of this Agreement or the Note or other instruments or agreements required hereunder, which will not be satisfied by proceeds of this Loan, or by the performance of any provision, condition, covenant or other term hereof or thereof. There is no statute, rule or regulation, or any judgment, decree or order of any court or agency binding on the Borrower which would be contravened by the execution and delivery of this Agreement or the Note or other instruments or agreements required hereunder, or by the performance of any provision, condition, covenant or other term hereof or thereof.

L. All financial statements of the Borrower and all written information and other written data furnished by the Borrower to Bank, are complete and correct, and such financial statements have been prepared in accordance with generally accepted accounting principles. Since such date there has been no material change in the Borrower's financial condition sufficient to impair its ability to repay the Obligation. Borrower has no contingent obligations, liabilities for taxes or other outstanding financial obligations, which are material in the aggregate, except as disclosed in such statements, information and data.

M. No employee benefit plan established or maintained, or to which contributions have been made, by the Borrower which is subject to the Title I-B of the Employee Retirement Income Security Act of 1974, as amended and in effect on the date hereof ("ERISA"), had an accumulated funding deficiency (as such term is defined in Section 302 of ERISA) as of the last day of the fiscal year of such plan ended most recently prior to the date hereof. No material liability to the Pension Benefit Guaranty Corporation (other than premiums payable to it) has been or is expected by the Borrower to be incurred by the Borrower with respect to any such plan. The execution and delivery of this Agreement and the execution of the Note pursuant hereto, will not involve any prohibited transactions within the meaning of ERISA or Section 4975 of the

Internal Revenue Code. As used in this Section, the terms "separate account" and "employee benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

N. The execution and performance of this Agreement by the Borrower will inure to the Borrower's economic benefit and is in furtherance of Borrower's corporate purposes.

6. AFFIRMATIVE COVENANTS AND AGREEMENTS OF THE BORROWER.

The Borrower covenants and agrees that until the Note and interest thereon shall have been paid in full:

A. The Borrower will promptly pay or discharge all taxes, assessments, charges or levies imposed upon the Borrower or upon any property, whether real or personal, of the Borrower and all lawful claims for labor, material or supplies which, if unpaid, might become a lien or charge upon any such property. The Borrower, after notice to the Bank, may contest by appropriate legal proceedings at the Borrower's sole cost and expense the validity or amount of any imposition; and the Borrower may defer payment thereof during the pendency of such contest, provided and upon condition that (i) such contest and/or non-payment shall not constitute a crime, misdemeanor or offense on the part of the Borrower or the Bank, (ii) such contest and/or non-payment will not result in any lien, charge,

penalty, fine or other liability of any kind against all or any part of the Collateral, (iii) such contest and/or non-payment will not prevent, preclude or bar the use of all or any part of the Collateral for the use for which the same is intended or was constructed, (iv) The Borrower shall prosecute such contest with due diligence and in good faith to a final determination by a court, department or governmental authority or body having final jurisdiction, and (v) the Borrower shall hold harmless, indemnify and defend the Bank against any and all claims, liabilities, losses, costs, expenses (including, without limitation, reasonable attorneys' fees) and damages which the Bank may sustain or incur by reason of the Borrower's contest or failure or delay in payment.

B. The Borrower will do all things necessary to preserve and keep in full force and effect the corporate existence, rights, and franchise of the Borrower.

C. The Borrower will carry insurance as is usually carried by corporations engaged in the same or similar business similarly situated, with responsible insurance companies .

D. The Borrower will maintain the premises it owns and/or occupies in good repair and condition and will make all needed renewals and replacements so that the business of the Borrower may be properly and advantageously conducted at all times. The Borrower will comply with all statutes, ordinances,

rules, regulations and orders of any Federal, State and municipal authority or official having jurisdiction over its business operations and/or the premises it occupies; provided that the Borrower may contest in good faith any statutes, ordinances, rules, regulations and orders of such bodies or officials in any reasonable manner which will not, in the Bank's opinion, adversely affect its rights under this Agreement.

E. The Borrower shall do nothing as to the premises it owns and/or occupies, and shall take any and all necessary steps to avoid same, which will cause the Spill Compensation and Control Act (N.J.S.A. 58:10-23.11 et. seq.) to be violated and shall likewise do nothing as to the premises it occupies, and shall take any and all necessary steps to avoid same, which will cause the Environmental Clean Up Responsibility Act (N.J.S.A. 13:1K-6 et. seq.) to be violated without the consent of Bank. In addition, the Borrower shall pay the cost of any soil borings or toxic waste investigations which may be reasonably required by Bank. The Borrower represents and warrants that as of the date of execution of this Agreement, no spills have taken place or other occurrences have taken place by which either of the aforesaid two acts would be applicable.

F. The Borrower shall not cause or permit to exist, as a result of an intentional or unintentional action or omission on its part, a releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of "Hazardous Substances", as such term may be defined in this State's Statutes and in Federal Statutes, Rule and Regulations as

defined in the Resource Conservation and Recovery Act of 1976, 42 U.S.C. S6901 et seq.; Hazardous and Solid Waste Amendments of 1984, P.L. 98-616; Superfund: Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. S9601 et seq.; and Superfund Amendments and Reauthorization Act of 1986, into waters of this State or onto lands from which it might flow or drain into said waters or into waters outside the jurisdiction of this State where damage may have resulted to the lands, waters, fish, shellfish, wildlife, biota, air and other resources owned, managed, held in trust or otherwise controlled by this State unless said release, spill, leak and so forth, is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal or state government authorities.

G. In the event that there shall be filed a lien against the premises the Borrower owns and/or occupies by the New Jersey Department of Environmental Protection, pursuant to and in accordance with the provision of N.J.S.A. 58:10-23.11f(f), as a result of the chief executive of the New Jersey Spill Compensation Fund having expended monies from said fund to pay for "Damages", as such term is defined in N.J.S.A. 58:10-23.11g, and/or "Cleanup and Removal Costs", as such term is defined in N.J.S.A. 58:10-23.11b(d), arising from an intentional or unintentional action or omission of the Borrower, resulting in the releasing, spilling, leaking, pumping, pouring,

emitting, emptying or dumping or "Hazardous Substances" as such term is defined in N.J.S.A. 58:10-23.11b(k), into waters, of the State of New Jersey or onto lands from which it might flow or drain into said waters then the Borrower shall, within thirty (30) days from the date that the Borrower is given notice that the lien has been placed against the Premises it owns and/or occupies or within such shorter period of time in the event that the State of New Jersey has commenced steps to cause the premises it owns and/or occupies to be sold pursuant to the lien, either (1) pay the claim and remove the lien from the premises it owns and/or occupies; or (2) furnish (i) a bond satisfactory to the Title Insurance Company and the Bank in the amount of the claim out of which the lien arises, (ii) a cash deposit in the amount of the claim out of which the lien arises, or (iii) other security or assurances reasonably satisfactory to the Bank in an amount sufficient to discharge the claim out of which the lien arises.

H. In the event the Borrower shall breach any of the Bank's obligations under the Environmental Cleanup Responsibility Act, N.J.S.A. 13:1k-6 or the Spill Compensation and Control Act (N.J.S.A. 58:10-23.1) or in any way conduct its operations of the premises it owns and/or occupies or permit the premises it owns and/or occupies to be used or maintained so as to subject the Borrower or any tenant of the premises it owns and/or occupies to a claim or violation, the Borrower shall immediately remedy and fully cure such condition at its own cost and expense or cause such condition to be cured

and shall indemnify and save harmless the Bank from any and all damages, remedial orders, judgments, or decrees, and all costs and expenses related thereto or arising therefrom, including removal and restoration costs, and lost rentals. The Borrower shall cause all tenants, if any, to comply with Environmental Cleanup Responsibility Act (ECRA) and Spill Compensation and Control Act. The Borrower shall notify the Bank of any termination of any lease or the closing or termination and any operation at the premises it owns or occupies and shall provide evidence of compliance with the provisions of ECRA and the Spill Compensation and Control Act in the event of said lease termination or cessation of operations.

I. The Borrower will and at all times keep proper books of record and account in accordance with generally accepted accounting principles and the Borrower will furnish to the Bank: .

i. Within 90 days after the close of its fiscal year ending December 31, a balance sheet truly representing the financial condition of the Borrower as of the close of such fiscal year and statements of profit and loss and surplus truly representing the results of operations of the Borrower for such fiscal year, all prepared in accordance with generally accepted accounting principles consistently applied and fully audited and certified by independent certified public accountants acceptable to the Bank.

ii. Within 60 days after the end of each quarter, Borrower will furnish quarterly financial statements signed by the Chief Financial Officer of the Borrower, truly representing the financial condition of the Borrower as of the close of such fiscal quarterly period and unaudited statements of profit and loss and surplus truly representing the results of operations of the Borrower for such fiscal quarterly period.

iii. Simultaneously with each delivery to the Bank of the annual certified statement referred to in subparagraph (1) above, a certificate of the independent certified public accountants who certified said annual report stating that in making the examination necessary to said certification of the annual report they have obtained no knowledge of any default by the Borrower in the performance of any of the covenants, conditions, agreements or warranties under this Agreement, the Note or the Financing Statements, or, if they shall have obtained any knowledge of any default, the nature thereof. The Borrower's accountant shall also simultaneously provide compliance and ratio certificates.

iv. Simultaneously with each delivery to the Bank of the quarterly financial statements referred to in subparagraph (ii) above, a non-default certificate, compliance and ratio certificates, signed by the Chief Financial Officer of the Borrower.

v. With reasonable promptness upon the written request of the Bank, such further information regarding the business affairs and financial conditions of the Borrower as the Bank may reasonably request.

J. The Borrower will at all times keep proper books and accounts in a manner satisfactory to Bank. Borrower hereby authorizes Bank to make or cause to be made, at Borrower's expense and in such manner and at such times as Bank may require (a) inspections and audits of any books, records and papers in the custody or control of Borrower or others, upon notice to Borrower, relating to Borrower's financial or business conditions, including the making of copies thereof and abstracts therefrom, and (b) inspections and appraisals of any of Borrower's assets.

Said inspections, audits and the like may, at the discretion of the Bank, be conducted by outside accountants, selected by Bank, and said fees for same shall be paid by Borrower.

K. The Borrower will promptly notify the Bank upon the occurrence of any event of default, as provided in this Agreement, of which the Borrower has knowledge.

L. The Borrower agrees to reimburse the Bank for any and all reasonable out-of-pocket expenses incurred by the Bank in connection with the making of this Agreement, the Note, and Financing Statements, or in connection with the enforcement thereof, including reasonable counsel fees, searches for prior liens, recording and filing fees.

M. The Borrower shall maintain, during the term of this Agreement starting January 1, 1989, a minimum net worth of \$22,500,000.00. Thereafter the net worth must be increased annually by \$1,000,000.00 as of the 31st day of December and maintained at its new level until the following December 31st, when the net worth shall increase again by \$1,000,000.00.

N. The Borrower shall maintain, during the term of this Agreement, a minimum debt to tangible net worth ratio of 1 to 1. Tangible Net Worth Ratio shall mean: Total consolidated liabilities to tangible net worth. Tangible Net Worth is defined as the net worth of the Borrower less intangible assets as defined by general accounting principles.

O. The Borrower shall maintain, during the term of this Agreement, a current ratio of 1.5 to 1.0. Current Ratio shall mean net current assets divided by net current liabilities.

P. The Borrower agrees to do whatever may be necessary to perfect and continue the Bank's security interest in the collateral, all at Borrower's expense.

Q. The Borrower shall maintain, during the term of this Agreement, debt service coverage ratio of 1.1 to 1, on a quarterly basis, sufficient to service debt, both principal and interest. Debt service coverage ratio is net income after taxes and before depreciation and other non-cash expenses for the previous four quarters to principal payments required to be made on four succeeding quarters.

R. The Borrower shall submit to the Bank on or before the fifteenth day after the close of the fiscal quarter, an Accounts Receivable Aging Report signed by a Chief Financial Officer.

7. NEGATIVE COVENANTS AND AGREEMENTS OF THE BORROWER.

The Borrower covenants and agrees that until the Note and the interest thereon shall have been paid in full, without the prior written consent of the Bank:

A. The Borrower will not suffer or permit any event of default to occur under this Agreement, the Note, the Financing Statements, or any other document executed herewith.

B. The Borrower will not create, assume, incur, or in any manner become liable to any person or persons, directly or indirectly, for an indebtedness representing money

borrowed, other than the loan provided for herein, and for purchase money acquisitions up to \$500,000.00 in the aggregate for the term of the Loan, and except for loan facility currently existing with Somerset Trust Company, and except for renewals and extensions on any loan facilities existing on the date of this Agreement (except Citicorp which is being paid simultaneously herewith), and provided that same does not increase the amount due on said loan facilities.

C. The Borrower will not guarantee the obligations of any person, firm or corporation, except endorsement of negotiable instruments for deposit or collection in the ordinary course of its business. The Borrower will not lend money to any persons, except to employees in an amount of less than \$50,000.00 per employee and in the aggregate not to exceed \$500,000.00 over the term of the loan, firms or corporations, or invest in any other business or in the securities of any other corporations. The investments of the Borrower will be limited to investments in United States government obligations and bank certificates of deposit, except that Borrower may maintain current investments in existence on the date of this Agreement.

D. The Borrower will not pledge or otherwise create or suffer the imposition of any liens, security interest, charges, or encumbrances upon any assets, accounts receivable and inventory of the Borrower, whether now owned or hereafter acquired, except pledges, security interests, liens, charges, or encumbrances specifically provided for in the agreement, except as permitted in paragraph B of this section.

E. The Borrower will not consolidate with or merge into any other corporation. The Borrower will not sell, or otherwise dispose of all or any substantial part of the assets of the Borrower, or sell and leaseback any of its equipment, machinery, fixtures, rolling stock and the like, to any other person, firm or corporation. A substantial part of assets shall mean not in excess of \$5,000,000.00 in aggregate during the term of this Agreement.

F. The Borrower will not change the general character of its business as conducted on the date hereof or engage directly or indirectly in any other type of business.

g. The Borrower will not issue any additional shares of its common stock.

H. The Borrower shall not obtain working capital on the basis of a loan secured by the Collateral set forth herein from anyone other than the Bank.

I. The Borrower shall not permit substantial changes in the stock ownership of the Borrower, except for intra-family transfers.

J. The Borrower shall not permit substantial changes in the management of the Borrower.

K. The Borrower shall not dispose of any its patents or assign the interest or proceeds in said patents.

L. The Borrower shall not pay its stockholders, any dividends or distribution, in excess of amount required for taxes due on the payment of income taxes by stockholders attributable to the inclusion of a borrower's net income in the stockholder's gross income, unless the Borrower has satisfactorily performed all requirements of this Agreement and has complied with debt service coverage ratio of 1.1 to 1.

8. EVENTS OF DEFAULT.

Any one or more of the following shall constitute an event of default:

A. Failure to pay any part of the principal or interest on the Note when due and payable.

B. Default under any provision of the Note, this Agreement, Financing Statements or any other document executed herein.

C. Failure on the part of the Borrower to pay or cause to be paid all premiums when due on the insurance policies pursuant to this Agreement; failure to take such other action as may be required by the Borrower in order to keep said policies of insurance in full force and effect until the entire indebtedness represented by the Note, and interest thereon, has been paid in full.

D. Any false representation or warranty of the Borrower contained in this Agreement; any false statement,

certificate, report, representation, or warranty made or furnished by the Borrower or any officer thereof in connection with the making or the performance of this Agreement, the Note or other documents used in connection with this transaction.

E. Except for actions covered by insurance, entry of final judgment for the payment of money in excess of \$25,000.00 against the Borrower and failure to discharge such judgment or to have it stayed pending appeal within sixty (60) days from the entry thereof or, if such judgment shall be affirmed on appeal, failure to discharge such judgment within sixty (60) days from the entry of such affirmance.

F. Voluntary suspension of all or a substantial part of its business as a going concern by the Borrower; insolvency of the Borrower; filing by the Borrower, under any Act of Congress relating to bankruptcy, a voluntary petition seeking reorganization or effectuation of an arrangement with creditors, or an answer admitting the jurisdiction of the court and the material allegations of an involuntary petition; an assignment for the benefit of creditors by the Borrower; application for or consent to the appointment of any receiver or trustee for the Borrower of all or any substantial portion of the property of the Borrower.

G. Entry of an order, pursuant to any Act of Congress relating to bankruptcy, approving an involuntary petition seeking a declaration that the Borrower is bankrupt or

seeking reorganization of the Borrower. Entry of an order of any court appointing a receiver or trustee for the Borrower of all or any substantial portion of the property of the Borrower. Issuance of a writ or warrant of attachment or similar process against all or any substantial portion of the property of the Borrower and failure to have such writ or similar process released or bonded within sixty (60) days after its issuance.

H. Any default shall occur under any other loan agreement involving either the borrowing of money or the advance of credit to which the Borrower may be a party as borrower and such default results in the acceleration of the money owing under such other loan agreement.

I. Any breach, default or violation shall occur under any of the terms, conditions, representations, warranties or covenants contained in any Note or other instrument or agreement required hereunder, or any such document, instrument or agreement becomes ineffective.

J. The Borrower shall fail to obtain and deliver to Bank any other documentation required to be signed or obtained as part of this Agreement or shall have failed to take any reasonable action requested by Bank to perfect or protect the security interests provided for herein.

K. Any other event occurs or condition exists which in the reasonable opinion of Bank constitutes a material adverse change in the business condition or financial status of

the Borrower or which in the reasonable opinion of Bank impairs the ability of the Borrower to discharge its obligations hereunder or which impairs the rights of Bank in such collateral.

L. Failure by the Borrower to keep, observe or perform any provision under the terms of any provisions of this Agreement or any other agreement between the Borrower and the Bank.

M. If any liens are revealed from the Interstate Commerce Commission search conducted and not received at the time of the signing of this Agreement.

N. In the event the Interstate Commerce Commission searches are not completed within ninety (90) days of the day of the signing of this Agreement.

9. REMEDIES OF BANK ON DEFAULT.

Upon the happening of any event of default:

A. The Obligation or any future obligations of the Borrower shall immediately become due and payable.

B. The Bank shall have the rights with respect to any outstanding notes of Borrower, any and all collateral which the Bank has a security interest by this Agreement or otherwise, provided in the notes, this Agreement and the Uniform Commercial Code.

C. The Bank shall have the right, immediately and without notice or other action, to set off against the Obligation or any future obligations to the Bank any money owed by the Bank in any capacity to the Borrower.

D. The Bank shall have a security interest in any other property, tangible or intangible, owned by or in which the Borrower has an interest which is or may hereafter be in the possession of the Bank.

E. The Bank may require the Borrower to assemble the collateral and make it available at a designated place.

F. Declare all other loans, sums and obligations owed to Bank under any other agreement or loan between Bank and the Borrower together with all accrued interest and all other lawful and proper charges thereon to be forthwith due and payable, whereupon all such sums shall forthwith become immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower.

G. Assign, transfer and deliver at any time or from time to time the whole or any portion of the collateral or any rights or interests therein in accordance with the Uniform Commercial Code, and without limiting the scope of Bank's rights thereunder, sell such Collateral at a public or private sale, or in any other manner, at such price or prices as Bank may deem best, and either for cash or credit, or for future delivery, at the option of Bank, in bulk or in parcels and with or without

having such Collateral at the sale or other disposition. Bank shall have the right to be the purchaser at any public sale. In the event of a sale of such collateral, or any other disposition thereof, Bank shall apply all proceeds first to all costs and expenses of disposition, including attorneys' fees, and then to the Obligations of the Borrower to Bank.

H. Elect to retain the Collateral or any part thereof in satisfaction of the Obligation or any future obligations upon notice of such proposed election to Borrower and to any other party as may be required by the Uniform Commercial Code, and the regulations of the Interstate Commerce Commission.

I. Add to the Obligation or any future obligations, the Bank's reasonable expenses to obtain or enforce payment of the Obligation hereunder and the enforcement or liquidation of any debt hereunder shall include reasonable attorneys' fees, plus other reasonable legal expenses incurred by Bank.

J. The Borrower shall remain liable for any deficiency resulting from a sale, lease, foreclosure or other disposal of the Collateral and shall pay any such deficiency forthwith on demand, together with per annum interest thereon at the rate set forth in this Agreement.

K. The rights of Bank under this paragraph are in addition to all other remedies, statutory and otherwise,

which are available to it under law or otherwise or under the terms of any note or other instrument or agreement required hereunder.

10. CROSS COLLATERALIZATION AND CROSS DEFAULT.

A default under the terms of any security agreement and/or note or notes between the Bank and the Borrower, shall constitute a default under this Loan & Security Agreement and shall entitle the Bank to exercise all rights and remedies under said agreement.

11. GENERAL.

A. The Borrower waives demand, presentment, notice of dishonor or protest of any instruments of Borrower.

B. The Borrower consents:

i. To any extension, postponement of time of payment, indulgence or to any substitution, exchange or release of Collateral;

ii. To the addition to or release of any party or person primarily or secondarily liable, or acceptance of partial payments on any accounts or instruments and the settlement, compromising or adjustment thereof.

C. The Bank shall have no duty:

i. To collect or protect the Collateral or any proceeds.

ii. To preserve rights of Borrower or others against prior parties.

iii. To realize on the Collateral in any particular manner or seek reimbursement from any particular source.

D. Bank shall not be deemed to have waived any of its rights under this or any other agreement or instrument signed by the Borrower unless the waiver is in writing signed by the Bank. No delay in exercising its rights shall be a waiver nor shall a waiver on one occasion operate as a waiver of such right on a future occasion.

E. Each demand, notice or other communication shall be served or given by mail or telegraph addressed to the party at its address set forth herein or as changed by written notice to the other party, or by personal service upon the party or its proper officer. Reasonable notice, when notice is required, shall be deemed to be five (5) business days after mailing.

F. All the terms herein and the rights, duties and remedies of the parties shall be governed by the law of New Jersey.

G. Any part of this agreement contrary to the law of any state having jurisdiction shall not invalidate any other part of this agreement in that state.

12. SUCCESSORS AND ASSIGNS.

This Agreement, the Note, the Financing Statements and all other documents used in conjunction with this Agreement are binding upon and for the benefit of the respective successors and assigns of the parties.

13. JURY TRIAL.

Borrower agrees to waive all rights to trial by jury of any issues raised under this or any other agreement or instrument signed by the Borrower.

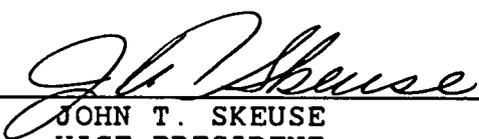
IN WITNESS WHEREOF, the parties hereof have caused this instrument to be executed by their duly authorized officers and their corporate seals to be hereunto affixed as of the day and year first above written.

ATTEST:

REAGENT CHEMICAL & RESEARCH,
INC.

By: 

STEPHEN T. FINNEY
SECRETARY/TREASURER

By: 

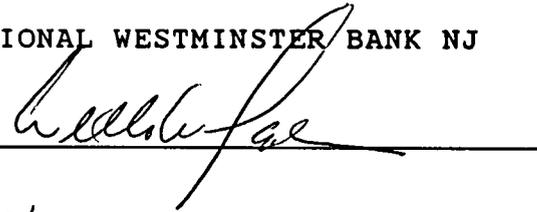
JOHN T. SKEUSE
VICE PRESIDENT

ATTEST:

NATIONAL WESTMINSTER BANK NJ

By: 

JAMES VAN HORN

By: 

STATE OF NEW JERSEY, COUNTY OF BERGEN SS:

I CERTIFY that on March 8th, 1989,

Stephen T. Finney, personally came before me, and this person acknowledged under oath, to my satisfaction, that:

(a) this person is the Secretary/Treasurer of Reagent Chemical & Research, Inc., the corporation named in this document;

(b) this person is the attesting witness to the signing of this document by the proper corporate officer who is the Treasurer of the corporation;

(c) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors;

(d) this person knows the proper seal of the corporation which was affixed to this document; and
(e) this person signed this proof to attest to the truth of these facts.

Signed and sworn to before me on
March 8th, 1989.


MARIE R. FINNIGAN
~~Attorney at Law of New Jersey~~
My Commission Expires Sept. 5, 1989


Stephen T. Finney,
Secretary/Treasurer

STATE OF NEW JERSEY, COUNTY OF Hudson SS:

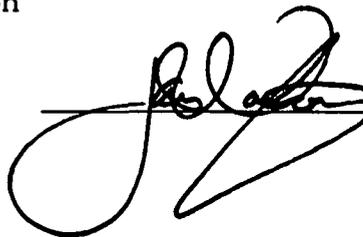
I CERTIFY that on March 8, 1989,

JAMES VAN HORN personally came before me, and this person acknowledged under oath, to my satisfaction, that:

- (a) this person is the assistant secretary of National Westminster Bank NJ, the corporation named in this document;
- (b) this person is the attesting witness to the signing of this document by the proper corporate officer who is the Vice President of the corporation;
- (c) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors;
- (d) this person knows the proper seal of the corporation which was affixed to this document; and
- (e) this person signed this proof to attest to the truth of these facts.

Signed and sworn to before me on
March 8, 1989.


~~Attorney at Law of New Jersey~~
ELIZABETH A. CAREY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Oct. 27, 1991


JAMES VAN HORN
SECRETARY

Reagent Chemical & Research, Inc.

Litigation List

1. Hardage/Criner.

This is an action pending in the United States District Court in Oklahoma. The EPA has instituted an action against numerous defendants charging unlawful dumping at the Hardage/Criner site. Reagent was not one of the originally named defendants since Reagent was a de minimus party. However, Reagent initially joined the defense group so as to avoid the filing against it of a third party complaint by the original defendants. Reagent contributed approximately \$6,000 to the defense group. Subsequently, Reagent opted out of the defense group by reason of its dissatisfaction with the group's treatment of de minimus parties. Thereafter, Reagent was sued by the defense group as a third party defendant. Reagent is now a member of the third party defense group.

Reagent denies that it contributed any hazardous substances to the Hardage/Criner site. The occurrence in question took place in 1978. A Reagent truck carrying hydrochloric acid was involved in an accident in Oklahoma. As a result of the accident, a portion of the acid spilled on to the roadway and off into the soil in a nearby ditch. At the request of environmental officials, the affected soil was treated to neutralize the acid. At the direction of these officials, the soil was then transported to the Hardage/Criner site. Based upon these facts, Reagent asserts that it has no liability in the matter.

Reagent has also requested that its carrier at the time, National Union, defend and indemnify Reagent with respect to this matter. The carrier is disputing the question of coverage; however, the carrier is currently defending Reagent but has reserved its rights with respect to ultimate coverage and indemnification. In addition, the carrier is asserting that other Reagent carriers (at other times) may be liable for the loss.

2. Bayou/Sorrel.

This is another action involving Reagent's alleged discharge of hazardous substances at the Bayou/Sorrel site in Louisiana. Reagent was a de minimus party. In 1987/1988, Reagent entered into a settlement agreement with the main defense group and other de minimus parties pursuant to which Reagent, for a consideration of \$7,700, was indemnified by the main defense group for substantially all liabilities arising out of the matter.

3. Gary Acid Spill.

This action arises out of the spill of Reagent's hydrochloric acid which took place in April 1987. The acid was being stored in storage tanks owned and operated by Montgomery Tank Lines and/or Gary Products. As a result of the spill, a class action suit was instituted in Gary against Montgomery, Gary Products, certain individuals of Montgomery and Gary products, and Reagent. In addition, inquiries and investigations were being made by various governmental agencies regarding the spill.

In December 1987, Reagent entered into a settlement agreement with Montgomery regarding the acid spill. Pursuant to the agreement, Reagent paid Montgomery \$130,000 in exchange for the assumption by Montgomery of and Montgomery's indemnification of Reagent against all liabilities, claims, judgments, clean up costs and losses arising out of or in connection with any and all civil and administrative proceedings relating to the acid spill.

4. Uwaezuoke.

This matter involves a suit instituted in 1988 in Louisiana by Steven Uwaezuoke, a Burger King employee. Mr. Uwaezuoke alleges that over a period of time he was exposed to Reagent's Magnesol as a result of which he suffered eye injury. Notice of the claim was submitted to Reagent's captive insurance carrier Somerset Montpelier. Reagent has engaged local counsel in Louisiana and is actively defending the matter. It is Reagent's position that its Magnesol product is not hazardous and that Mr. Uwaezuoke's exposure to the product did not cause the injuries alleged. Early discovery would seem to indicate that Uwaezuoke's injuries are not substantial.

5. Garrett/Gorman.

This matter involves a motor vehicle accident which occurred in 1985 involving a Reagent truck and another automobile operated by Cedric Gorman, in which Theron Garrett was also a passenger. Messrs. Gorman and Garrett died as a result of injuries sustained from the accident. Two separate suits were commenced against Reagent with respect to the accident. Reagent's carrier defended both actions subject to an exclusion for any claim for punitive damages against Reagent.

The action instituted by Garrett has been settled and therefore Reagent has no exposure for liability in this matter. The claim for punitive damages in the Gorman matter has been dismissed and accordingly the claim for compensatory damages is covered by insurance.

6. Kin-Buc.

This is an action pending before the United States District Court for the District of New Jersey which arose as a result of an investigation of the Kin-Buc landfill in Edison, New Jersey by the United States Environmental Protection Agency. Reagent is alleged to have contributed to the pollution at the landfill. Although Reagent denies any knowledge of the cause of the pollution problems at the landfill or that Reagent in any way contributed to those problems, Reagent has paid approximately \$6,000 and is one of many defendants who have entered into a consent order as of means of avoiding greater liability or legal expenses which may result from the continued prosecution of this matter by the United States. The consent order would release Reagent for substantially all liability. The parties are currently awaiting approval by the Court of the consent order by which formal action against Reagent will be terminated.

7. Clairmont Transfer Co.

This is a matter pending in the United States Bankruptcy Court for the Western District of Michigan (Northern Division) in which Reagent and many other companies similarly situated are being sued by a debtor-corporation for failure to pay alleged delivery charges established in accordance with regulations of the Interstate Commerce Commission. Reagent is alleged to owe about \$7,000. Reagent has joined a consortium of defendants represented by Midwest counsel who have defended against action on grounds that defendants have paid those charges as to which there were agreements with plaintiff; and that plaintiff should be estopped from collecting any other charges.

8. Rhone-Poulenc.

This matter arises from an action instituted by Reagent in the Superior Court of New Jersey, Chancery Division-Middlesex County against Rhone-Poulenc, Inc., a predecessor in title to the Factory Lane premises owned by Reagent in Middlesex, New Jersey. An investigation of the subject premises by the New Jersey Department of Environmental Protection in the early 1970s disclosed the presence of concentrated amounts of arsenic. After Reagent cooperated and assumed much of the cost associated with D.E.P. investigation of the premises, the D.E.P. determined that Rhone-Poulenc as predecessor in title, was responsible for further investigatory and remedial measures. The D.E.P. thereafter issued a release from liability to Reagent. Reagent instituted action in the Superior Court against Rhone-Poulenc to recover damages for the diminution in value of the property and Reagent's inability to utilize all of the property because of the ongoing D.E.P. investigation. A settlement of this action with Rhone-Poulenc was reached by which Reagent was paid \$175,000 by

Rhone-Poulenc. Rhone-Poulenc is continuing to pursue a remedial plan of clean up on the subject premises under the direction of the D.E.P.