BANQUE DE L'UNION EUROPÉENNE

NEW YORK BRANCH

One Citicorp Center
153 East 53rd Street
New York, N. Y. 10022
Tel. (212) 758-3488

13280
RECORDATION NO. ..... Filed 1425

OCT 20 1981 - 11 00 AM

INTERSTATE COMMERCE COMMISSION

Management Offices

No.
OCT 20 1981
Date.....
Fee $..50.00

ICC Washington, D. C.

September 25, 1981

Interstate Commerce Commission
Room 2303
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20243

Attention: Ms. Mildred Lee

Security Agreement Covering 50 Hopper Cars Owned by C.K. Industries, Inc.

Gentlemen:

Enclosed herewith for recordation are three copies of a Security Agreement dated as of November 15, 1980 between C.K. Industries, Inc., Banque de l' Union Europeenne, New York Branch and Banque de l'Union Europeenne, Cayman Islands Branch (the "Agreement"), one of which has been executed and acknowledged, and two of which are certified conterparts.

Also enclosed is a check payable to the order of the Commission in the amount of $50.00 in payment of the required recordation fee.

The names and addresses of the parties to the loan secured pursuant to the Agreement are as follows:

Debtor: C.K. Industries, Inc., P.O. Box 15160, Plantation, Florida 33318

Guarantor: Diversified Investments S.A. c/o C.K. Industries, Inc., P.O. Box 15160, Plantation, Florida 33318

Secured Parties: Banque de l'Union Europeenne, New York Branch, One Citicorp Center, 153 East 53rd Street, New York, New York, 10022

OCT 20 10 54 AM '81

Counterpart - Print & Tool

and

Banque de l'Union Europeenne,
Cayman Islands Branch, c/o Banque
de l'Union Europeenne, New York Branch,
One Citicorp Center, 153 East 53rd Street,
New York, New York 10022

The equipment covered by the Agreement consists of fifty 4,750 cubic foot, 100 ton covered hopper cars, serial numbers 410051 through 410100, owned by C.K. Industries, Inc.

The undersigned is an executive officer of Banque de l'Union Europeenne, New York Branch, one of the parties to, and having knowledge of, the matters set forth herein.

Please acknowledge receipt of this letter and the enclosures by stamping the enclosed, duplicate copy of this letter and returning it to our messenger, together with the stamped original copy of the Agreement.

Very truly yours,

Joseph J. Savarese, Jr.
Vice President

JJS:cb
Enclosure

Interstate Commerce Commission

Washington, D.C. 20423

10/20/81

OFFICE OF THE SECRETARY

Joseph J. Savarese,Jr.
Vice President
Banque del'Union Europeenne
One Citicorp Center
153 East 53rd Street
New York, N.Y. 10022

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 10/20/81 at 11:00am , and assigned re-recordation number(s). 13280

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

13280

RECORDATION NO. ..... Filed 1425

OCT 20 1981 -11 00 AM

INTERSTATE COMMERCE COMMISSION

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

I HEREBY CERTIFY that I have compared the attached document with the original copy of such document and that the attached document is a true and correct of the original document in all respects.

WITNESS my hand and official seal in the county and state last aforesaid this 1st day of October 1981.

[Notarial Seal] William Shannon Eakins

WILLIAM SHANNON EAKINS
Notary Public, State of N. Y. No. 31-4692381
Qualified in New York County
Commission Expires March 30, 1983

My Commission Expires: 3/30/83

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of November 15, 1980, between C.K. INDUSTRIES, INC., a Florida corporation (the "Owner"), and BANQUE DE L'UNION EUROPEENNE, New York Branch, and BANQUE DE L'UNION EUROPEENNE, Cayman Islands Branch (collectively, the "Secured Party").

IN CONSIDERATION of the mutual covenants and undertakings hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

The following terms shall have the following meanings unless the context shall otherwise require:

Equipment: the units of railroad equipment set forth in Schedule A hereto, together with all additions, modifications or improvements thereto or replacements thereof as contemplated by Section 2.

Indebtedness: all amounts outstanding from time to time under the Loan Agreement.

Loan Agreement: the loan agreement dated as of November 15, 1980, between the Owner and the Secured Party, in the principal amount of $1,200,000.

Lien: any mortgage, pledge, lien, charge, encumbrance, retention of title, security interest or claim.

Manufacturer: Pullman Standard, a division of Pullman Incorporated, a Delaware corporation, and its successors and assigns.

Officers' Certificate: as to any corporation, a certificate signed by the Chairman of the Board or the President or any Vice President and by any other Vice President or the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of such corporation.

Payment Date: each of the dates on which an installment of Indebtedness shall be due and payable, as set forth in the Promissory Note.

Permitted Liens: Liens of taxes, assessments or governmental charges or levies, in each case not due and delinquent; inchoate mechanics', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business and not delinquent; and the Lien created by this Agreement.

Promissory Note: the Promissory Note, dated as of the date hereof, by the Owner to the Secured Party, in the amount of $1,200,000.

Purchase Price: $48,050.84 per Unit.

Security Agreement Event of Default: any of the events or conditions defined as "Security Agreement Events of Default" in Section 13.

Unit: a unit of the Equipment.

SECTION 2. CREATION OF SECURITY INTEREST.

The Owner hereby grants the Secured Party a general lien and security interest in (a) each Unit of the Equipment, and all proceeds thereof including, without limitation, the proceeds of any insurance payable to the Owner or the Secured Party in respect thereof, to secure the payment of the Indebtedness and all other indebtedness and amounts payable by the Owner pursuant hereto, and (b) the Lease (as such term is defined in Section 9.2 hereof), and proceeds thereof, as set forth in Section 9.3 hereof.

The security interest created by this Section 2 shall extend to any and all alterations, additions, modifications or improvements to the Equipment which become the property of the Owner, and any and all replacements of the Equipment or of any part thereof shall constitute accessions to the Equipment, shall be subject to all terms and conditions of, and the security interest created by, this Agreement, and shall be included in the term "Equipment" as used in this Agreement.

SECTION 3. DENIAL OF WARRANTIES.

THE SECURED PARTY MAKES NO WARRANTY OR REPRESENTATION OF ANY KIND, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT OR AS TO THE DESIGN, CONDITION, OR QUALITY OF THE MATERIAL OR WORKMANSHIP UTILIZED IN CONNECTION WITH THE EQUIPMENT, AND SECURED PARTY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE THEREOF, OR AS TO ANY OTHER MATTER. The Owner acknowledges that it has selected the Equipment on the basis of its own

judgment and expressly disclaims any reliance upon any statements or representations made by the Secured Party. The Owner understands and agrees that neither the Manufacturer nor any agent of the Manufacturer is an agent of the Secured Party or is authorized to waive or alter any term or condition of this Agreement and no representation as to the Equipment or any other matter by the Manufacturer shall in any way affect Owner's duty to perform its obligations as set forth in the Promissory Note or this Agreement, which obligations are unconditional and absolute.

SCTION 4. RELEASE OF SECURITY INTEREST IN EQUIPMENT.

When and (except as provided in Section 5.2) only when the Owner shall have paid and the Secured party (or its assignee pursuant to Section 12.2) shall have received the full amount of the Indebtedness, together with interest and all other indebtedness and payments as provided in this Agreement and the Loan Agreement, and all the Owner's obligations contained in this Agreement shall have been performed, the Secured Party's security interest in the balance of the Equipment then subject to such security interest shall be released without further transfer or action on the part of the Secured Party, or such assignee, provided that the Secured Party, or such assignee, if so requested by the Owner at that time, will at the Owner's expense (a) execute and deliver to the Owner a bill or bills of sale for such Equipment, in form reasonably satisfactory to the Owner, releasing its security interest therein to the Owner free of all Liens created by or retained in this Agreement, (b) execute and deliver to the Owner, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the Secured Party's security interest in such Equipment and (c) pay to the Owner any money paid to the Secured Party (or such assignee) pursuant to Section 5.2 and not theretofore applied as therein provided. The Owner hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver any such bill or bills of sale or instrument or instruments or to file any such certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instrument or to file such certificate within a reasonable time after written demand by the Owner.

SECTION 5. MAINTENANCE OF EQUIPMENT; CASUALTY OCCURRENCES; INSURANCE; ALTERATIONS.

5.1 Maintenance and Repair. The Owner agrees that, at its own cost and expense, it will maintain and keep each Unit in good operating order, repair and condition.

5.2 Casualty Occurrences. (a) In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Owner or any lessee of the Owner for a period of 90 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), during a time when any of the Indebtedness remains unpaid, the Owner shall promptly and fully notify or cause to be notified (after the Owner has knowledge of such Casualty Occurrence) the Secured Party with respect thereto, setting forth in such notice the Casualty Value (as defined below in this Section 6.2) of such unit as of the Payment Date next following the date of such notice. Notwithstanding any such Casualty Occurrence, the Owner shall continue making payment of all installments of principal and interest on the Indebtedness due prior to or on such Payment Date, and on such Payment Date the Owner shall, in addition, pay to the Secured Party a sum equal to such Casualty Value. Any amounts paid to the Secured Party pursuant to this Section 6.2 shall be applied on such Payment Date (after the payment of the interest and principal due and payable on the Indebtedness on such Payment Date) to prepay in equal portions a portion of each of the remaining installments of principal of the Indebtedness then outstanding, but without premium. Upon any such payment, the Owner will promptly furnish to the Secured Party a revised schedule of payments of principal and interest thereafter to be made in respect of the remaining Indebtedness in such number of counterparts as the Secured Party may request.

The "Casualty Value" of each Unit as of any Payment Date shall be a number equal to the product of (i) the outstanding Indebtedness as of such Payment Date multiplied by (ii) a fraction, the numerator of which is one and the denominator of which is the number of Units that have not been subject to a Casualty Occurrence.

(b) Upon payment by the Owner to the Secured Party of the Casualty Value of any Unit, the Secured Party's security interest in such Unit shall be released without further transfer or action on the party of the Secured Party, except that the Secured Party, if requested by the Owner, will execute and deliver to the Owner, at the

expense of the Owner, an appropriate instrument confirming such release, in recordable form, in order that the Owner may make clear upon the public records the release of the Secured Party's security interest in such Unit, provided that, in the event of a Casualty Occurrence with respect to the last Unit still subject to this Agreement, such security interest shall not be released unless the conditions of Section 5 shall be met.

(c) The Secured Party shall be entitled to receive any insurance proceeds or condemnation payments in respect of any Unit and shall apply such proceeds or payments to prepayment of the Indebtedness as set forth in paragraph (a) above.

5.3 Insurance. The Owner agrees that it will at all times during the term of this Agreement and at its own cost and expense cause each Unit to be insured against loss by fire, windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Owner at not less than $50,000 per Unit and $1,000,000 per occurrence, and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than $10,000,000 per occurrence. Any such insurance may have applicable thereto deductible provisions to no greater extent than in effect for insurance coverage for other similar equipment owned by the Owner and in no event greater than $2,500 per occurrence, in the case of property and casualty insurance on the Units, and no deductible amount in the case of public liability insurance, and may be carried under blanket policies maintained by the Owner so long as such policies otherwise comply with the provisions of this Section 5.3. All such property and casualty insurance shall designate the Owner and the Secured Party as named insureds with respect to the Units, and shall provide that all proceeds shall be adjusted with the Owner, and shall be payable to the Secured Party (or, after receipt of notice from the Secured Party stating that the Indebtedness has been discharged, to the Owner). All such liability insurance shall designate the Owner and the Secured Party as insureds. The Owner shall furnish the Secured Party with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section 5.3 shall be effected with insurance companies

approved by the Secured Party, which approval shall not be unreasonably withheld.

The proceeds of any insurance received by the Secured Party on account of or for any loss or casualty in respect of any Unit shall be released to the Owner either (x) upon a written application signed by the President, any Vice President or the Treasurer of the Owner for the payment of, or to reimburse the Owner for the payment of, the cost of repairing or restoring the Unit which has been damaged (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repair or restoration), or (y), if this Agreement is terminated with respect to such Unit, promptly upon payment by the Owner of the Casualty Value to the Secured Party; provided that, if the Owner is at the time of the application in default in the payment of any other liability of the Owner to the Secured Party hereunder, or under the Loan Agreement, such proceeds shall be applied against such liability.

5.4 Alterations, etc. In the event that any law, rule or regulation of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment requires any alteration, replacement or modification (hereinafter collectively called "Additions") of or to any Unit or any part thereof, the Owner will comply, or cause any lessee of the Owner to comply, subject to the proviso in Section 8, with such law, rule or regulation at its own expense.

The Owner or any lessee of the Owner, at its own cost and expense, may from time to time make such Additions to the Units as the Owner or any such lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Agreement, provided that no such Addition shall be made if, in the case of an alteration or modification, the Unit cannot be readily restored to its original condition immediately prior to the time such alteration or modification was made or, in the case of an addition, the addition is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such addition not been made, assuming the Unit was then in the condition required to be maintained by the terms of this Agreement.

SECTION 6. REPORTS AND INSPECTIONS.

On or before March 31 in each year, commencing with the calendar year 1981, the Owner shall furnish or cause to be furnished to the Secured Party an accurate statement (a) setting forth as at the preceding December 31 the amount, description and number of all Units that have suffered a Casualty Occurrence during the preceding calendar year or, in the case of the first such statement, since the date of this Agreement (specifying the dates of such Casualty Occurrences) or to the knowledge of the Owner are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Secured Party may reasonably request, and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by Section 7 have been preserved or replaced. The Secured Party shall have the right, by its agents, to inspect the Equipment and the Owner's records with respect thereto at such reasonable times as the Secured Party may request during the continuance of this Agreement.

SECTION 7. MARKING OF EQUIPMENT.

(a) The Owner will cause each Unit to be kept numbered with the identifying number as set forth in Schedule A to this Agreement, or, in the case of any Unit not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following legend: "Ownership Subject to a Security Interest Filed with the Interstate Commerce Commission", or other appropriate words designated by the Secured Party (including any assignee of the Secured Party pursuant to Section 12.2), with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Secured Party's security interest in such Unit and its rights under this Agreement. The Owner will not knowingly permit any Unit to be placed in operation or exercise any control over the same until such legend shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such legend which may be removed, obliterated, defaced or destroyed. The Owner will not knowingly permit the identifying number of any Unit to be changed unless and until a statement of the new number or numbers to be

substituted therefor shall have been filed with the Secured Party and filed, recorded and deposited by the Owner in all public offices where this Agreement, or any Uniform Commercial Code financing statement or similar instrument relating thereto, shall have been filed, recorded and deposited.

(b) The Owner will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership, except as above provided and except that the Owner may allow the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by any lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of the rights of such lessee or its affiliates to use the Equipment as permitted hereunder.

SECTION 8. COMPLIANCE WITH LAWS AND RULES.

During the term of this Agreement, the Owner will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its or such lessees' operations involving any Unit may extend and with rules and regulations of any legislative, executive, administrative or judicial body excercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, provided that the Owner may, after giving written notice to the Secured Party, in good faith contest or cause to be contested the validity or application of any such law, rule or regulation in any reasonable manner which does not, in the opinion of the Secured Party, adversely affect the security interest or rights of the Secured Party in or to any Unit under this Agreement.

SECTION 9. POSSESSION AND USE, ETC.

9.1 Possession and Use. The Owner, so long as a Security Agreement Event of Default shall not have occurred and be continuing, shall be entitled to the possession of such Unit and the use thereof, but only upon and subject to all the terms and conditions of this Agreement. The owner shall not permit any lessee or user of the Equipment to use any Unit in regular use, or assign any Unit for regular use, outside of the United States of America, except as permitted in the Loan Agreement.

9.2 Equipment Subject to Lease. The parties hereto acknowledge that the Owner shall be permitted from time to time to part with possession of any Unit pursuant to a lease, sublease, usage agreement, car contract or other agreement between the Owner and a railroad, shipper or other user (hereinafter referred to as "Leases") meeting the requirements of this Section 19.2. Every such Lease shall expressly subject and subordinate the rights of the lessee thereunder to the rights of the Secured Party in respect of the Equipment covered by such Lease and include a covenant by such lessee to return the Equipment upon the happening of an Event of Default to the place or places designated by the Secured Party in accordance with the terms of this Agreement. Each such Lease shall include an acknowledgment by the lessee thereunder that the right, title and interest of the Owner under such Lease, to the extent relating to Units of Equipment, have been assigned to the Secured Party and a consent of such lessee to the effect that the right, title and interest of the Owner under such Lease, to the extent relating to railroad equipment which is not Equipment hereunder, may either be retained by the Owner or assigned to others, without impairing or offsetting the obligation to pay to the Secured Party all rentals under such Lease in respect of each Unit of Equipment.

9.3 Assignment of Leases. As further security for the payment of the Indebtedness, the Owner hereby grants to the Secured Party a general lien on and security interest in all of its right, title and interest as lessor in and to, under or in respect of each and every Lease and each and every existing and future guarantee of all or any of the obligations of any lessee under any such Lease, and in and to, under or in respect of any amendment thereof or supplement thereto, including, without limitation, the right to all rents, proceeds and other moneys now due and payable or hereafter to become due and payable and all claims, rights, remedies, powers and privileges on the part of the Owner, whether arising under the Leases or by statute or at law or in equity or otherwise, consequent on any failure on the part of any lessee under any such Lease or any guarantor under any such guarantee to perform or comply with any of the provisions of any of the Leases or guarantees to be performed or complied with by it, together with the full power and authority, in the name of the Secured Party, or the Owner or otherwise to demand, sue for, enforce, collect, receive and receipt for any and all of the foregoing, provided that (a) so long as no Security Agreement Event of Default shall have occurred and be continuing, the Owner shall be entitled to collect and receive all such rents, proceeds and moneys, (subject to Section 5(b)(ii) of the Loan Agreement) and to exercise all other rights of lessor as to the use and operation of the

Equipment, and (b) after the occurrence of any Security Agreement Event of Default, all such rents, proceeds and moneys shall be paid to the Secured Party and applied to the payment or prepayment of the principal of, and/or to the payment of interest due and owing on, the Indebtedness, pursuant to Section 5(c)(ii) of the Loan Agreement.

The foregoing assignment shall be subject to the following additional provisions:

(i) It is expressly agreed that, anything herein contained to the contrary notwithstanding, the Owner shall remain liable under the Leases to which it is a party to perform all of the obligations assumed or to be assumed by it thereunder and the Secured Party shall have no obligations or liability under any Lease by reason of or arising out of this assignment, nor shall the Secured Party be required or obligated in any manner to perform or fulfill any obligation of the Owner under or pursuant to any Lease, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any other action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled hereunder at any time or times, and the Owner shall and does hereby agree to indemnify and hold the Secured Party harmless from any and all liability, loss or damage which it might incur with respect to or arising under any Lease or this assignment (other than such as may result from its own negligent actions, negligent failure to act or wilful misconduct).

(ii) The Owner agrees to mark each executed counterpart of each Lease held by it and each executed counterpart of each Lease hereafter executed with the following:

"This lease has been assigned to the holder of the superior lien from time to time on each car as determined with reference to the filings under Section 11303 of the Interstate Commerce Act."

(iii) The Owner at its expense shall, during the first 90 days of each calendar year, cause any document confirmatory of this assignment or such other instruments which may be reasonably requested by the Secured Party, to be recorded, registered and filed in such manner and in such

places, and will pay all such recording, registration, filing or other taxes, fees and other charges, and will comply with all such statutes and regulations, as may be reasonably requested by the Secured Party for the proper protection of the security interest under this assignment, and of the rights of the Secured Party or its successors and assigns.

(iv) The Owner hereby irrevocably constitutes and appoints the Secured Party the attorney-in-fact of the Owner for the purposes of exercising, when an Event of Default hereunder shall have occurred and be continuing, all rights with respect to the Leases. Any instrument made, executed and delivered by the Secured Party on behalf of the Owner within the scope of such appointment shall be binding upon the Owner and all persons claiming by, through or under the Owner, with the same effect as if the Owner had itself made, executed and delivered the same.

SECTION 10. PROHIBITION AGAINST LIENS; IMPOSITIONS.

The Owner

(a) will not directly or indirectly create or permit or suffer to be created or to remain, and will pay or discharge any and all sums claimed by any party from, through or under the Owner or its successors or assigns which, if unpaid, might become, a Lien on or with respect to any Unit or any part thereof, or the interest of the Owner or the Secured Party therein, other than Permitted Liens, and will promptly discharge any such Lien which arises; and

(b) shall pay or cause to be paid all taxes and other governmental charges assessed against the Owner or against the Equipment, or with respect to the purchase, sale, rental, use, operation or control thereof, and with respect to the perfecting of the security interest of the Secured Party therein;

provided that the Owner shall not be required to pay or discharge any such claim or Lien or pay any such tax or governmental charge so long as (i) the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner, (ii) prompt notice of such contest is given to the Secured Party, and (iii) the nonpayment or non-discharge of such Lien thereof does not,

in the reasonable opinion of the Secured Party, materially adversely affect the interest of the Owner or the security interest or rights of the Secured Party in or to the Equipment or proceeds thereof or any other rights of the Secured Party under this Agreement. The Secured Party may, in its discretion, pay or discharge any Liens or pay any taxes or other governmental charges which have arisen or are unpaid in breach of this Section 10, and the Owner shall reimburse the Secured Party for any amounts so paid by the Secured Party. Any such amounts so paid by the Secured Party and not reimbursed shall constitute additional indebtedness of the Owner to the Secured Party under the Loan Agreement and this Security Agreement. The obligations imposed on the Owner under this Section 10 accruing prior to any termination of this Agreement shall survive such termination.

SECTION 11. INDEMNITIES AND WARRANTIES; RISK OF LOSS.

11.1 Owner's Indemnity. The Owner agrees to indemnify, protect and hold harmless the Secured Party from and against all losses, damages, injuries, liabilities, suits, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to reasonable counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance, or the enforcement of performance (whether or not suit is instituted), of this Agreement, the retention by the Secured Party of a security interest in the Equipment, the ordering, acquisition, use, operation, maintenance, condition, reconstruction, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when security title to or a security interest in the Equipment remains in the Secured Party, or the transfer of title to any Unit by the Secured Party pursuant to any of the provisions of this Agreement, excluding any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Secured Party. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the Indebtedness, and the release of the security interest in any or all Units, as provided in Section 4, or the termination of this Agreement in any manner whatsoever.

11.2 Risk of Loss on Owner. The Owner will bear the responsibility for and risk of, and shall not be

released from its obligations hereunder in the event of, any damage to or the destruction or loss of any or all of the Units.

SECTION 12. ASSIGNMENTS.

12.1 By the Owner. The Owner will not transfer the right to possession of any Lease or of any Unit, except as provided in Section 9.

12.2 By the Secured Party, etc. All or any of the rights, benefits and advantages of the Secured Party under this Agreement, including the right to receive the payments of principal of and interest on the Indebtedness and the other payments herein provided to be made by the Owner, may be assigned by the Secured Party and reassigned by any assignee at any time or from time to time. No such assignment shall relieve the Owner of its obligations to the Secured Party or diminish the rights of the Owner contained or referred to in this Agreement.

Upon any such assignment by the Secured Party, either the assignor or the assignee shall give written notice to the Owner, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and the Leases and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Owner of the notification of any such assignment, all payments thereafter to be made by the Owner under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

SECTION 13. EVENTS OF DEFAULT.

If any one or more of the following events or conditions ("Security Agreement Events of Default") shall occur and be continuing:

(a) the Owner shall fail to pay in full any sum payable by the Owner hereunder or under the Promissory Note or the Loan Agreement when payment thereof shall be due; or

(b) the Owner shall make any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any Unit or of any

Lease thereof, or shall permit any Lien to arise with respect to any Unit or of any Lease thereof in contravention of the provisions of Section 8 or shall fail to maintain insurance of the Equipment in compliance with Section 5.3; or

(c) the Owner shall, for more than 10 days after the Secured Party shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement on its part to be kept and performed, or shall fail to make provision satisfactory to the Secured Party for such compliance or, if the Secured Party has no actual knowledge of the Owner's failure to comply with such other covenant, agreement, term or provision hereof, the continuance for more than 20 days of Owner's failure to comply with such other covenant, agreement, term or provision hereof; or

(d) an Event of Default, as such term is defined in the Loan Agreement, shall have occurred and be continuing;

then upon the occurrence of any Security Agreement Event of Default and unless cured to the exclusive satisfaction of the Secured Party (which must be executed by the Secured Party in writing), the Secured Party shall have all the rights enumerated in Section 14 hereof, and may, upon written notice to the Owner and upon compliance with any legal requirements then in force and applicable to such action by the Secured Party, cause the term of any Lease immediately upon such notice to terminate (and the Owner acknowledges the right of the Secured Party to terminate the term of any such Lease), in addition to any other rights of the Secured Party hereunder or under the Loan Agreement, or otherwise.

SECTION 14. REMEDIES.

14.1 Taking Possession of Units. At any time after a Security Agreement Event of Default, the Secured Party may, upon such further notice and action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Secured Party, take or cause to be taken, by its agent or agents, immediate possession of any or all of the Equipment, without liability to return to the Owner or any lessee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 14 expressly provided, and may remove the same from possession and use of the Owner, any lessee or any other person and

for such purpose may enter upon the premises of the Owner or any such lessee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Owner or any such lessee.

14.2 Assembly and Storage. In the case the Secured Party shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Secured Party, the Owner shall, at its own expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) cause any or all such Units to be transported to such location as shall be reasonably designated by the Secured Party and there assembled;

(ii) arrange for the Secured Party to store any or all the Units on any lines of railroad or premises approved by the Secured Party at the risk of the Owner without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Secured Party; and

(iii) Cause any or all of the Units to be transported to such interchange point or points as shall be designated by the Secured Party upon any sale, lease, or other disposal thereof.

During any storage period, the Owner will, at its own cost and expense, insure, maintain and keep each such Unit in good order and repair and will permit the inspection of the Equipment by the Secured Party, the Secured Party's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Secured Party shall be entitled to a decree against the Owner requiring specific performance hereof. The Owner hereby expressly waives any and all claims against the Secured Party and its agent or agents for damages of whatever nature in connection with any retaking of any Unit in any reasonable manner.

14.3 Retention of Equipment in Satisfaction of Indebtedness. At any time after a Security Agreement Event of Default, the Secured Party (after retaking possession of the Equipment as hereinbefore in this Section 14 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire Indebtedness and make such disposition thereof as the Secured Party shall deem fit. Written notice of the Secured Party's election to retain the Equipment shall be given to the Owner by telegram or registered mail, addressed as provided in Section 20, and to any other persons to whom the law may require notice, within 30 days after the Secured Party has actual knowledge of the Security Agreement Event of Default. In the event that the Secured Party should elect to retain the Equipment, and no objection is made thereto within the 30-day period described in the subsection (ii) below, all of the Owner's rights in the Equipment shall thereupon terminate and all payments made by the Owner may be retained by the Secured Party as compensation for the use of the Equipment, provided that (i) if the Owner, before the expiration of the 30-day period described in subsection (ii) below, should pay or cause to be paid to the Secured Party the total unpaid balance of the Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement and the Loan Agreement, as well as expenses of the Secured Party in retaking possession of, removing and storing the Equipment and the Secured Party's reasonable attorneys' fees and legal expenses, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner, or (ii) if the Secured Party or any other persons notified under the terms of this Section 14.3 objects in writing to the Secured Party within 30 days from the receipt of notice of the Secured Party's election to retain the Equipment, then the Secured Party may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Secured Party shall have given no notice of intention to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Section 14.

14.4 Sale of Equipment. At any time after a Security Agreement Event of Default, the Secured Party, with or without retaking possession of any Equipment, at its election and upon reasonable notice to the Owner and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the Units thereof, free from any and all claims of the

Owner or any other party claiming from, through or under the Owner at law or in equity, at public or private sale and with or without advertisement as the Secured Party may determine, provided that if, prior to such sale and prior to the making of a contract for such sale, the Secured Party should tender full payment of the total unpaid Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement or the Loan Agreement, as well as expenses of the Secured Party in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Secured Party's reasonable attorneys' fees and legal expenses, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner. The proceeds of such sale or other disposition shall be applied as set forth in Section 14.7.

14.5 Manner of Sale, etc. Any sale hereunder may be held or conducted at such place or places and at such time or times as the Secured Party may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Secured Party may determine. The Secured Party or the Owner may bid for and become the purchase of the Equipment, or any Unit thereof, so offered for sale. The Owner shall be given written notice of such sale not less than ten days prior thereto by telegram or registered mail, addressed as provided in Section 20. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where fewer than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Owner to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Secured Party shall be the purchaser thereof, it shall not be accountable to the Owner (except to the extent of surplus money received as provided in Section 14.7), and in payment of the purchase price therefor the Secured Party shall be entitled to have credited on account thereof all sums due to the Secured Party under this Agreement. From and after the date of any such sale, the Owner shall pay to the Secured Party the per diem interchange for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

14.6 Remedies Not Exclusive; No Waiver, etc. Each and every power and remedy hereby specifically given

to the Secured Party shall be in addition to every other power and remedy hereby specifically given to the Secured Party or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Secured Party. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Secured Party in the exercise of any such power or remedy and no renewal or extension of any payments due under the Promissory Note or this Agreement shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment under the Promissory Note, the Loan Agreement or this Agreement or other indulgence duly granted to the Owner shall not otherwise alter or affect the Secured Party's rights or the Owner's obligations under the Promissory Note, the Loan Agreement or this Agreement. The Secured Party's acceptance of any payment after it shall have become due under the Promissory Note, the Loan Agreement or this Agreement shall not be deemed to alter or affect the Owner's obligations or the Secured Party's rights under the Promissory Note, the Loan Agreement or this Agreement with respect to any subsequent payments or default therein.

14.7 Application of Proceeds. All sums of money realized by the Secured Party under the remedies provided in this Section 14 or which are otherwise held by the Secured Party because of a Security Agreement Event of Default shall be applied by the Secured Party on receipt in the following order of priority:

first, so much of such payments or amounts as shall be required to reimburse the Secured Party for any tax, expense, fees or other losses incurred by it and all indemnities payable to it hereunder, to the extent not otherwise reimbursed and to the extent incurred in connection with its acting as Secured Party including any reasonable costs and expenses of the Secured Party in the Secured Party's retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale of the Equipment and the Secured Party's reasonable attorneys' fees and legal expenses, and any taxes, assessments or charges on the Equipment prior to the Secured Party's security interest which the Secured Party may consider necessary or desirable to pay;

second, so much of such payments or amounts remaining as shall be required to reimburse the Secured Party for any other indebtedness owed it pursuant hereto (other than Indebtedness) and at the time due and payable;

third, so much of such payments or amounts remaining as shall be required to pay the Secured Party in full the aggregate unpaid principal amount of the Indebtedness, and all accrued but unpaid interest thereon to the date of distribution (including interest on overdue principal and, to the extent permitted by applicable law, overdue interest); and

fourth, the balance, if any, of such payments or amounts remaining thereafter, to the Owner.

If, after applying all sums of money realized by the secured party under the remedies provided in this Section 14, there shall remain any amount due to the Secured Party under the Promissory Note, the Loan Agreement or the provisions of this Agreement, the Owner shall pay the amount of such deficiency to the Secured Party upon demand, together with interest from the date of such demand to the date of payment, and, if the Owner shall fail to pay such deficiency, the Secured Party may bring suit therefor and shall be entitled to recover a judgment therefor against the Owner.

14.8 Costs and Expenses. The Owner will pay all reasonable expenses, including attorneys' fees and legal expenses, incurred by the Secured Party in connection with the Secured Party's enforcing its remedies under the terms of this Agreement and such expenses shall constitute additional indebtedness secured hereunder. In the event that the Secured Party shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Secured Party may recover reasonable expenses, including reasonable attorneys' fees and legal expenses, and the amount thereof shall be included in such judgment.

14.9 Remedies Subject to Applicable Law. The foregoing provisions of this Section 14 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

SECTION 15. WAIVERS.

Except as otherwise provided in this Agreement, the Owner, to the full extent permitted by law, hereby

waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more Units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Secured Party's rights under this Agreement and any and all rights of redemption.

SECTION 16. ABSOLUTE AND UNCONDITIONAL OBLIGATIONS OF THE OWNER.

The Owner agrees and acknowledges that the Secured Party's rights to receive all amounts payable under the Promissory Note, the Loan Agreement and this Agreement are absolute and unconditional and shall continue without deduction, defense, set-off or counterclaim for any reason whatsoever, and the Owner waives against Secured Party any and all claims or defenses, now or hereafter existing, that it may have against the Manufacturer or any other party for any reason whatsoever.

SECTION 17. OPINIONS.

The Owner will furnish to the Secured Party, not more than three months after the anniversary in each year, commencing with the year 1981, of the first filing, registering or recording of this Agreement, an opinion of counsel satisfactory to the Secured Party stating that, in the opinion of such counsel, either (i) such action has been taken with respect to the filing or recording or the refiling or rerecording of this Agreement and each supplement and amendment hereto and each asignment hereof and each other instrument as is necessary for the proper perfection and protection in the United States of the Secured Party's interest in the Equipment and its rights under this Agreement and reciting the details of such action, or (ii) no such action is necessary for any of such purposes.

SECTION 18. FURTHER ASSURANCES; RECORDING

The Owner will cause to be done, executed, acknowledged and delivered all such further acts, conveyances and assurances as the Secured Party shall reasonably require for accomplishing the purposes of this Agreement. The Owner will take, or cause to be taken, such action with respect to the recording, filing, rerecording and refiling of this Agreement or any amendments and supplements to this Agreement, and any financing

statements, continuation statements or other instruments as is necessary, or as shall be reasonably required by the Secured Party or any holder from time to time of any of the Indebdtedness or counsel for the Secured Party or any such holder to establish, perfect, preserve and protect, so long as any Indebtedness shall remain outstanding, the security interests created by this Agreement. The Owner will, promptly after any change of name of the Owner or any successor, or any change of location of its principal place of business, the office where it keeps its records concerning the Equipment or any contracts relating thereto or its chief executive office, furnish to the Secured Party information with respect to any such change.

SECTION 19. PAYMENT OF EXPENSES.

The Owner will pay all reasonable costs and expenses incident to this Agreement and any instrument supplemental or related hereto, including all fees and expenses of counsel for the Secured Party.

SECTION 20. NOTICES.

All notices, requests, demands and other communications required or contemplated by the provisions of this Agreement shall, unless otherwise specified, be in writing or by telex or telegraph, and shall be deemed to have been given or made on the fifth business day after deposit thereof in the United States mails, certified, first-class postage prepaid, or when recieved if sent by telex or telegraph or delivered by hand, addressed as follows:

If to the Secured Party:

Banque de l'Union Europeenne, New York Branch
One Citicorp Center
153 East 53rd Street
New York, New York 10022
Attention: Banking Department

- and -

Banque de l'Union Europeenne, Cayman Island Branch
c/o Banque de l'Union Europeenne, New York Branch
One Citicorp Center
153 East 53rd Street
New York, New York 10022
Attention: Banking Department

Copy to:

Martin Eric Weisberg, Esq.
Gelberg & Abrams
711 Third Avenue
New York, New York 10017

If to the Owner:

CK Industries, Inc.
201 Northwest 131st ~~Street~~ Avenue
Plantation, Florida 33325
Attention: Mr. Claude Bigot, President

or, as to any party or any assignee of any party, to such other address as such party or such assignee may from time to time specify by notice hereunder.

SECTION 21. MISCELLANEOUS.

21.1 Severability. Any provision of this Agreement that 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 of this Agreement and any such prohibition or unenforceability in any jurisdiction shall not of itself invalidate or render unenforceable such provision in any other jurisdiction.

21.2 Waivers; Modifications. No term or provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party hereto against which enforcement of the change, waiver, discharge or termination is sought; no such instrument shall be effective unless a signed copy thereof shall have been delivered to the Owner and the Secured Party.

21.3 Binding Effect; Successors and Assigns. The terms and provisions of this Agreement and the respective rights and obligations of the parties hereunder shall be binding upon, and inure to the benefit of, their respective successors and, to the extent assignments are permitted by this Agreement, assigns.

21.4 Captions; References. The captions in this Agreement and in the table of contents are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. References herein to sections and subdivisions without reference to the document in which they are contained are references to this Agreement.

21.5 Execution. This Agreement may be executed by the parties hereto on separate counterparts and all such counterparts shall together constitute but one and the same instrument. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or

are, respectively, the date or dates stated in the acknowledgments attached hereto.

21.6 Governing Law. This Agreement is being made and delivered in, and shall be governed by and construed in accordance with the laws of, the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

C.K. INDUSTRIES, INC.

[Seal]

Attest: _____

By _____
Title: President

Title: Treasurer

BANQUE DE L'UNION ~~EUROPEENNE~~,
NEW ~~YORK~~ BRANCH

By _____
Title: SVP & GM

By _____
Title: Assistant Treasurer

BANQUE DE L'UNION ~~EUROPEENNE~~,
CAYMAN ISLAND BRANCH

By _____
Title: SVP & GM

By _____
Title: Assistant Treasurer

STATE OF FLORIDA

COUNTY OF BROWARD

SWORN TO and SUBSCRIBED before me, a notary public, by CLAUDE BIGOT, as President of C. K. INDUSTRIES, INC., this 17th day of September, 1981.

_____
Notary Public

My Commission Expires: September 11, 1982

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

I HEREBY CERTIFY that on this day before me, an officer duly authorized in the state and county aforesaid to take acknowledgments, personally appeared Ivar M. Haller/Pia L. Dinon to me known to be the person described in and who executed the foregoing instrument as S.V.P.& Gen.Mgr./Asst.Treas. of the corporation named therein, and he acknowledged before me that he executed the same as such officer in the name and on behalf of said corporation. (Banque de l'Union Europeenne-N.Y. Branch)

WITNESS my hand and official seal in the county and state last aforesaid this 24 day of September 1981.

PETER V. SIGGIA
Notary Public, State of New York
No. 01-4700276
Qualified in Kings County
Commission Expires March 30, 1983 [Notarial Seal]

Peter V Siggia

My Commission Expires: 3/30/83

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

I HEREBY CERTIFY that on this day before me, an officer duly authorized in the state and county aforesaid to take acknowledgments, personally appeared Ivar M. Haller/Pia L. Dinon to me known to be the person described in and who executed the foregoing instrument as S.V.P.&Gen.Mgr./Asst. Treasurer of the corporation named therein, and he acknowledged before me that he executed the same as such officer in the name and on behalf of said corporation. (Banque de l'Union Europeenne-Cayman Islands Branch)

WITNESS my hand and official seal in the county and state last aforesaid this 24 day of September 1981.

PETER V. SIGGIA
Notary Public, State of New York
Qualified in Kings County
Commission Expires March 30, 1983

[Notarial Seal]

Peter V. Siggia

My Commission Expires: 3/30/83

SCHEDULE A

Equipment = 4,750 Cubic Foot,
100 Ton Covered Hopper Cars

Number of Units	Serial Numbers
50	410051 through 410100