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RECORDATION NO. 5577

APR 12 1988 - 8 15 AM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 5577/A
FRIED 1425

APR 12 1988 - 8 15 AM (212) 820-8108

INTERSTATE COMMERCE COMMISSION March 25, 1988

No. 8-103A060

Date APR 12 1988

Fee \$ 26.00

ICC Washington, D.C.

Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary:

On behalf of our client ETI Explosives Technologies International Inc., we have enclosed four originals and two copies of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a supplemental mortgage agreement, a secondary document, dated March 15, 1988. The primary document to which this is connected has not yet been recorded and is attached as Exhibit A to the Supplemental Mortgage Agreement. Please record the documents.

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

Mortgagor: ETI Explosives Technologies International Inc., Building One, Rockwood Office Park, 501 Carr Road, Wilmington, Delaware 19809.

Mortgagee: The Toronto-Dominion Bank, as Agent, 3 First National Plaza, Suite 1900, 70 West Madison Street, Chicago, Illinois 60602.

A description of the equipment subject to this recording is attached as Supplemental Schedule I to the Supplemental Mortgage Agreement.

APR 12 1988

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

Noreta R. McGee

-2-

March 25, 1988

A fee of \$26 is enclosed. Please stamp and return at least two originals and two copies to our messenger who has been instructed to wait (or to Craig F. Miller, Esq., Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004-1980).

A short summary of the document to appear in the index follows: Security Agreement dated December 31, 1987 and Supplemental Mortgage Agreement dated March 15, 1988, between ETI Explosives Technologies International Inc., Building One, Rockwood Office Park, 501 Carr Road, Wilmington, Delaware 19809 and The Toronto-Dominion Bank, as Agent, 3 First National Plaza, Suite 1900, 70 West Madison Street, Chicago, Illinois 60602 and covering 44 hopper railroad cars.

Please call the undersigned if you have any questions.

Very truly yours,



Craig F. Miller,

SJK:lh
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

§ 4/15/88

OFFICE OF THE SECRETARY

Craig F. Miller
Fried Frank Harris, Shriver & Jacobson
One New York Plaza
New York, N.Y. 10004-1980

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 4/14/88 at 8:15am, and assigned recordation number(s). 15577 & 15577-A

Sincerely yours,

Narita L. McEe
Secretary

Enclosure(s)

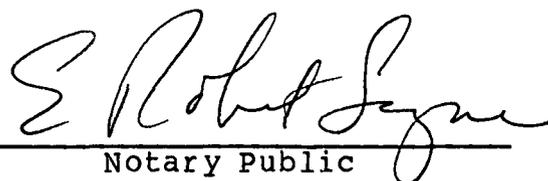
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APR 12 1988 - 8 15 AM

INTERSTATE COMMERCE COMMISSION

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

I certify that this is a true and correct copy of the Security Agreement, dated as of December 31, 1987, between ETI Explosives Technologies International Inc. and The Toronto-Dominion Bank, recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on April ~~12~~, 1988, and assigned recordation number 15577.



Notary Public

E. ROBERT LUPONE
Notary Public, State of New York
No. 4839600
Qualified in New York County
Commission Expires ~~March 30, 1987~~

February 28, 1990

RECORDED BY 15577 FILED 1988

APR 12 1988 - 8 15 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Between

ETI EXPLOSIVES TECHNOLOGIES INTERNATIONAL INC.

and

THE TORONTO-DOMINION BANK,
both in its capacity as Agent
and as a party to an Interest Rate Contract,
and as Agent on behalf of each of the Banks,
including The Toronto-Dominion Bank

Dated as of December 31, 1987

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SECURITY AGREEMENT

Dated as of December 31, 1987

In consideration of the execution and delivery by the Secured Parties of the Credit Agreement, the Secured Parties and the Pledgor hereby agree as follows (with certain terms used herein being defined in Article 6):

ARTICLE 1

SECURITY INTEREST

Section 1.01. (a) Security Interest. To secure the payment, observance and performance of the Secured Obligations, the Pledgor hereby mortgages, pledges and assigns all of the Collateral to the Secured Parties, and grants to the Secured Parties a continuing security interest in, and a continuing lien upon, all of the Collateral.

(b) Continued Priority of Security Interest. The Security Interest shall at all times be valid, perfected and enforceable against the Pledgor and all third parties, in accordance with the terms hereof, as security for the Secured Obligations, and the Collateral shall not at any time be subject to any Lien, other than a Permitted Lien, that is prior to, on a parity with or junior to such Security Interest, except that this Section 1.01(b) shall not apply to Collateral consisting of chattel paper, securities, instruments, letters of credit and documents until five Business Days (or such shorter period as the Secured Parties may specify from time to time) after the Pledgor's receipt thereof or to Collateral having an aggregate value not in excess of \$200,000.

(c) Required Action. The Pledgor shall take all action that may be necessary or desirable, or that the Secured Parties may request as being necessary or desirable, so as at all times to maintain the validity, perfection, enforceability and priority of the Security Interest in the Collateral in conformity with the requirements of Section 1.01(b), or to enable the Secured Parties to protect or preserve the Collateral or to protect, preserve, exercise or enforce its rights therein and hereunder and under the other Collateral Documents, including but not limited to (i) immediately discharging all Liens other than Permitted Liens, (ii) use its best efforts to obtain landlords' or

mortgagees' lien waivers in the forms, respectively, of Schedules 1.01(c)(ii)-A and 1.01(c)(ii)-B (it being understood that "best efforts" shall not include a requirement to pay to any such landlord or mortgagee any money not required to be paid under the lease or mortgage in question other than costs and expenses incurred by such landlord or mortgagee arising out of the request for such lien waiver), (iii) delivering to the Secured Parties, endorsed or accompanied by such instruments of assignment as the Secured Parties may specify, and stamping or marking, in such manner as the Secured Parties may specify, any and all chattel paper, securities, instruments, letters of credit and advices thereof and documents evidencing or forming a part of the Collateral, (iv) depositing such cash proceeds of Collateral as the Secured Parties may from time to time designate in bank accounts that are designated by the Secured Parties, are subject to the Security Interest and contain only such proceeds, (v) (upon Default and subject to the provisions of Sections 3.09(b) and 3.36) entering into field warehousing, lockbox, blocked account and other custodial arrangements satisfactory in all respects to the Secured Parties and which, in the case of lockbox and blocked account arrangements, shall be substantially in the forms, respectively, of Schedules 1.01(c)(v)-A and 1.01(c)(v)-B, (vi) executing and delivering, as appropriate, notices in the forms of Schedules 1.01(c)(vi)(A), (B) and (C) or, in the case of any Patents acquired by Pledgor pursuant to the Canadian Purchase and Sale Agreement, notices in the forms of Schedules 1.01(c)(vi)(A), (B) and (C) to the Borrowing Subsidiary Security Agreement and (vii) executing and delivering financing statements, instruments of pledge, mortgages, notices, instructions, proxies, stock and bond powers and other powers of attorney (in addition to that granted under Section 5.04) and assignments, in each case in form and substance satisfactory to each of the Secured Parties. The Pledgor shall mark its books and records as may be necessary or appropriate to evidence, protect and perfect the Security Interest and shall cause its financial statements to reflect such Security Interest.

(d) Authorized Action. The Secured Parties are hereby authorized to file one or more financing or continuation statements or amendments thereto without the signature of or in the name of the Pledgor. A carbon, photographic or other reproduction of this Agreement or of any financing statement filed in connection with this Agreement shall be sufficient as a financing statement.

Section 1.02. The Pledgor Remains Obligated; The Secured Parties Not Obligated. The grant by the Pledgor to the Secured Parties of the Security Interest shall not relieve the Pledgor from the performance of any term, covenant, condition or agreement on its part to be performed or observed, or from any liability to any Person, under or in respect of any of the Collateral or impose any obligation on the Secured Parties to perform or observe any such term, covenant, condition or agreement on the Pledgor's part to be so performed or observed or impose any liability on the Secured Parties for any act or omission on the part of the Pledgor relative thereto.

ARTICLE 2

CERTAIN REPRESENTATIONS AND WARRANTIES OF THE PLEDGOR

The Pledgor represents and warrants as follows:

Section 2.01. Questionnaire. The Questionnaire was, as of the date of the initial Loan under the Credit Agreement, complete and correct in all material respects.

ARTICLE 3

COVENANTS

Unless each of the Secured Parties shall otherwise consent in writing and, in each case, subject to the provisions of Section 3.35:

A. General.

Section 3.01. (a) Ownership and Defense of Collateral. The Pledgor shall at all times (i) be the owner of the Collateral free from any right, title or interest of any third Person and (ii) defend the Collateral against the claims and demands of all third Persons, except for, but for only so long as such Lien is a Permitted Lien, the interest in the Collateral and the claims and demands of a holder of a Permitted Lien.

(b) Inclusion of "Proceeds" Not Consent to Sale. The inclusion of "proceeds" of the Collateral under the Security Interest shall not be deemed a consent by the

Secured Parties to any sale or other disposition of any part or all of the Collateral not otherwise specifically permitted by the terms hereof or consented to by each of the Secured Parties in writing, which consent shall not be unreasonably withheld.

Section 3.02. (a) Chief Executive Office. The Pledgor shall maintain its chief executive office and, if different from its chief executive office, each office where the books and records relating to any Receivables or General Intangibles are kept only at, or, in the case of such books and records, in transit to, (i) a location specified in the Questionnaire or (ii) a location which is located in the District of Columbia or any State of the United States except the State of Louisiana and with respect to any Collateral located at which, or affected by the location of which, the Security Interest conforms to the requirements of Section 1.01(b) and of which the Agent has received not less than 30 days prior notice.

(b) Change of Name, Identity, etc. The Pledgor shall not change its name, identity or corporate structure without giving the Agent 30 days prior notice thereof.

(c) Trade Names; Invoices. Without giving 30 days prior notice to the Agent, (which, in the case of an invoice subject to clause (ii), shall include a copy of such invoice), the Pledgor shall not (i) do business under any name, trade name or trade style not listed on the Questionnaire or (ii) use any invoice other than one substantially in the form attached to the Questionnaire.

Section 3.03. Taxes; Compliance. The Pledgor shall (a) pay or cause to be paid when due all taxes, assessments and governmental charges levied or assessed or imposed upon or with respect to any of the Collateral except any such that is being contested in good faith by appropriate proceedings but only so long as reserves or other appropriate provision, if any, as required in conformity with Generally Accepted Accounting Principles have been made and any Lien in respect thereof that attaches to the Collateral is a Permitted Lien described in clause (a) of the definition of Permitted Liens, and (b) comply with (i) all Applicable Law relating to the Collateral, (ii) the terms and provisions of all deeds and Contracts relating to premises where Collateral is located and (iii) all license and franchise agreements pertaining to any of the Collateral.

Section 3.04. (a) Property Insurance. (i) The Pledgor shall, at his own expense, insure the Inventory and Machinery and Equipment against loss or damage by fire, theft, burglary, pilferage, loss in transit and such other risks as the Secured Parties shall from time to time specify, in amounts, with insurers and under policies, acceptable to the Secured Parties. Each such policy shall provide for all losses occurring or paid during the continuation of this Agreement (except for losses of less than \$10,000 per occurrence) to be paid directly to the Secured Parties.

(ii) Proceeds of such insurance paid to the Secured Parties shall, prior to an Event of Default, be held by the Secured Parties as Collateral and, after an Event of Default, at the option of the Secured Parties, be so held or applied as provided in Section 4.09.

(iii) The Pledgor will not use or permit the Inventory or the Machinery and Equipment to be used unlawfully or in a manner outside of any insurance coverage.

(b) Products Liability Insurance. The Pledgor shall, at its own expense, maintain products liability insurance in amounts, with insurers and under policies, acceptable to the Secured Parties. Each such policy shall provide that (i) prior to notice to the contrary from the Secured Parties, amounts payable thereunder may be made directly to whichever of the Pledgor or the Secured Parties as shall have incurred the liability covered by such insurance and (ii) and after such notice, amounts otherwise payable to the Pledgor shall be paid to the Secured Parties. The Secured Parties shall not be entitled to give such notice unless a Default has occurred and payments received by the Secured Parties pursuant to clause (b) shall, if received prior to an Event of Default, be held as cash collateral and, if received thereafter, shall be applied as provided in Section 4.09.

(c) All Insurance. (i) All insurance policies required under this Section 3.04 or under any of the other Collateral Documents shall contain loss payable clauses which shall (i) name the Secured Parties as insured party thereunder (without any representation or warranty by or obligation of the Secured Parties) as its interest may appear, (ii) contain the agreement by the insurer that any loss thereunder shall be payable to the Secured Parties notwithstanding any action, inaction or breach of representation or warranty by the Pledgor or any other

Person, (iii) provide that there shall be no recourse against any of the Secured Parties for payment of premium or other amounts with respect thereto and (iv) provide that at least 30 days' prior written notice of any modification, cancellation or lapse thereof shall be given to each of the Secured Parties by the insurers. A loss payable endorsement in the form of Schedule 3.04(c) shall be deemed to comply with the requirements of this Section 3.04(c).

(ii) The Pledgor will, upon request of the Secured Parties, (A) deliver to each of the Secured Parties original or duplicate policies of all insurance required by this Section 3.04 and, as often as the Secured Parties may reasonably request, a report of an insurance broker acceptable to the Secured Parties with respect to such insurance and (B) deliver instruments of assignment of such insurance policies and use its best efforts to cause the respective insurers to acknowledge notice of such assignments.

Section 3.05. Inspection. Each of the Secured Parties shall have the right at any time or times during normal business hours on one day's notice to Pledgor (or at any time and without notice if Default has occurred) to (a) inspect the Collateral, all records and files relating thereto and the premises upon which any of the Collateral is located, (b) subject to the proviso contained in Section 8.04 of the Credit Agreement, discuss with any Person, and each such Person is hereby authorized to discuss with the Secured Parties, the Pledgor's business, assets, liabilities, financial condition, results of operations and business prospects, (c) verify the amount, quantity, value and condition of, or any other matter relating to, any of the Collateral and (d) review, make extracts from and, if a Default has occurred, audit all records and files related to any of the Collateral. The Pledgor hereby authorizes (a) each of the Secured Parties to obtain all records and files relating to any of the Collateral from any entity (including any service bureau or the like) maintaining the same on behalf of the Pledgor and (b) each such entity to deliver the same to the Secured Parties.

Section 3.06. Maintenance. The Pledgor shall maintain all physical property that constitutes Collateral (except obsolete or worn-out items) in good condition, with reasonable allowance for wear and tear, and shall exercise proper custody over all such property.

Section 3.07. Notice of Materially Adverse Effect. The Pledgor shall give prompt notice to the Agent of any matter or event which has had, or in Pledgor's judgment may have, a Materially Adverse Effect upon Collateral having a book value, in the aggregate, in excess of \$100,000.

Section 3.08. Information. In addition to such other information as shall be specifically provided for herein, the Pledgor shall furnish to the Secured Parties such other information with respect to the Collateral as the Secured Parties may request from time to time.

Section 3.09. (a) Collection. The Pledgor shall endeavor to collect from the Collateral Debtor of each Collateral Obligation, when due, all amounts owing thereunder, and shall apply all amounts so collected to the outstanding balance of such Collateral Obligation, except that, prior to a Default, this Section 3.09 shall not require the Pledgor to take any action not in accordance with sound business judgment and customary collection practices as in effect on the Agreement Date or as approved in writing by each of the Secured Parties.

(b) Deposit and Other Accounts. At any time after an Event of Default, the Secured Parties may exercise dominion and control over, and refuse to permit further withdrawals (whether of money, securities, instruments or other property) from, deposit, custody and other accounts constituting part of the Collateral.

B. Receivables.

Section 3.10. (a) Status of Receivables. Each Receivable that is an Account (i) shall at all times represent the legal, valid and binding obligation of its Collateral Debtor and, subject to clause (ii)(A), be enforceable in accordance with its terms, except as affected by bankruptcy law, the rights of creditors in general and equitable powers of any court, (ii) shall at no time be subject to (A) any defense, set-off or counter-claim, other than ones arising in the ordinary course of business for refunds or allowances resulting from damaged or non-complying merchandise, (B) any agreement prohibiting assignment or requiring notice of or consent to assignment, or (C) any stamp or other tax, (iii) shall be genuine and in all respects what it purports to be and arise out of a bonafide transaction, (iv) shall require no further act on the part of the Pledgor or any other Person to make it payable by the Collateral Debtor, and (v) shall comply with all Applicable Law.

(b) Status of Eligible Accounts. Each Receivable included in the Borrowing Base and reflected in a Borrowing Base Certificate shall at all times while so included comply with the criteria of eligibility specified in the definition of Eligible Accounts, except for non-compliances disclosed in (i) the Borrowing Base Certificate initially including such Receivable in the Borrowing Base or (ii) whichever of (A) the Borrowing Base Certificate or (B) the schedule of Receivables contemplated by Section 3.15(a) is next required to be next delivered after the Pledgor first becomes aware of such non-compliance.

(c) Status of Receivables Related Contracts. Each Receivables Related Contract (i) shall at all times represent the legal, valid and binding obligation of the parties thereto and, subject to clause (ii)(A), be enforceable in accordance with its terms, except as affected by bankruptcy law, the rights of creditors in general and equitable powers of any court, (ii) shall at no time be subject to (A) any defense, set-off or counterclaim or (B) any agreement prohibiting assignment or requiring notice of or consent to assignment, and (iii) shall comply with all Applicable Law. The Pledgor shall deliver to the Agent complete and correct copies of each Receivables Related Contract listed on Schedule 3.10(c) and of each other Receivables Related Contract requested by the Agent.

Section 3.11. Maintenance of Records. The Pledgor shall, for not less than five years from the date on which such Receivable arose, maintain (a) complete records of each Receivable, including records of all payments received, credits granted and merchandise returned and (b) all other documentation relating thereto.

Section 3.12. (a) Performance of Terms. The Pledgor shall duly fulfill all obligations on its part to be fulfilled under or in connection with the Receivables and the Receivables Related Contracts and shall do nothing to impair the rights of any of the Secured Parties therein.

(b) Modification of Terms. (i) The Pledgor shall not rescind or cancel any obligation evidenced by any Receivable or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any dispute, claim, suit or legal proceeding relating thereto, without the prior written consent of the Secured Parties, except that, prior to a Default, the Pledgor may, with respect to any Receivable, but

only in the ordinary course of its business and in accordance with sound business judgment and customary collection practices as in effect on the Agreement Date or as approved in writing by each of the Secured Parties (i) extend the time of payment thereof, (ii) in the case of an Account, grant a refund or credit with respect thereto for returned, damaged or non-complying merchandise and (iii) settle the same for an amount less than the then unpaid balance thereof.

(ii) The Pledgor shall not, without the prior written consent of the Secured Parties, cancel, terminate, amend, modify or waive any provision of, any Receivables Related Contract listed on Schedule 3.10(c) or otherwise specified by the Secured Parties from time to time.

Section 3.13. No Dispositions of Receivables. The Pledgor shall not sell or otherwise dispose of any Receivables or any interest therein, except to the Borrowing Subsidiary pursuant to the Bill of Sale and Conveyance.

Section 3.14. Verification. The Secured Parties shall have the right at any time and from time to time, in the name of the Secured Parties, in the name and on the stationery of the Pledgor or in such name as the Secured Parties may select, to verify the validity, amount or any other matter relating to any Receivable by mail, telegraph, telephone or any other means.

Section 3.15. (a) Schedule of Receivables. The Pledgor shall deliver to each of the Secured Parties within thirty days after the last Business Day of each month a Schedule of Receivables which (i) shall be as of the last Business Day of such month, (ii) shall set forth (A) a detailed aged trial balance of all its then existing Receivables that are Accounts specifying the names and balance due for each Collateral Debtor obligated on a Receivable so listed, and (B) the respective, aggregate amounts of Receivables that are Accounts with respect to which, since the date of the most recent schedule, (1) the times of payment have been extended, (2) refunds or credits for returned, damaged or non-complying merchandise have been granted and (3) settlements for less than the unpaid balances thereof have been effected, and (iii) shall indicate (A) which Receivables shown on such schedule have been included in the Borrowing Base and (B) which of such Receivables so included can, on the basis of the information set forth in such schedule, no longer be so included.

(b) Master Address List. The Pledgor shall from time to time upon request deliver to each of the Secured Parties a master address list and an open items statement of each Collateral Debtor with respect to its Receivables.

C. General Intangibles

Section 3.16. Status of Certain General Intangibles. All Patents shall, except to the extent otherwise disclosed in writing by the Pledgor to the Secured Parties prior to the date hereof, at all times be subsisting, valid and enforceable against third Persons.

Section 3.17. (a) Performance of Terms. (i) The Pledgor shall duly fulfill all obligations on its part to be fulfilled under or in connection with the General Intangibles and shall do nothing to impair the rights of the Secured Parties therein.

(ii) Without limiting the generality of Section 3.17(a)(i), in the case of General Intangibles that constitute trademarks, the Pledgor, (either itself or through licensees) shall use the trademarks on each and every applicable trademark class of goods in order to maintain such trademarks in full force and effect free from any claim of abandonment for non-use and the Pledgor shall not (and shall not permit any licensee thereof to) do any or knowingly omit to do any act whereby any such trademark may become invalidated; except that this Section 3.17(a)(ii) shall not apply to any such trademark (i) that relates solely to any product that has been, or is in the process of being, discontinued or terminated, (ii) that is being replaced with a trademark substantially similar to such trademark that may be abandoned or otherwise become invalid, so long as such replacement trademark is subject to the Security Interest, or (iii) that is substantially the same as another trademark that is in full force and effect, so long as such other trademark is subject to the Security Interest. The Pledgor shall cause to be taken all necessary steps in any proceeding before the United States Patent and Trademark Office or, in the case of any trademarks acquired by Pledgor pursuant to the Canadian Purchase and Sale Agreement, before the Canadian Patent Office or Canadian Trade Marks Office or any similar office or agency in any other country or any political subdivision thereof, to maintain each application and registration of trademarks to which this Section 3.17(a)(ii) is applicable, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings.

(b) Modification of Terms. The Pledgor shall not rescind or cancel any obligation evidenced by any General Intangible or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any dispute, claim, suit or legal proceeding relating thereto, without the prior written consent of the Secured Parties, except that, prior to a Default, the Pledgor may, with respect to any General Intangible, but only in the ordinary course of its business and in accordance with sound business judgment and customary collection practices as in effect on the Agreement Date or as approved in writing by each of the Secured Parties (i) extend the time of payment thereof, (ii) settle the same for an amount less than the then unpaid balance thereof and (iii) amend or otherwise modify the terms thereof.

Section 3.18. No Disposition of General Intangibles. The Pledgor shall not sell or otherwise dispose of any General Intangible or any interest therein, or grant any license or sub-license thereunder, except to the Borrowing Subsidiary pursuant to the Bill of Sale and Conveyance and except that, prior to a Default, this Section 3.18 shall not apply to the grant of any license or sub-license in, and upon terms customary in, the ordinary course of its business.

Section 3.19. Verification. The Secured Parties shall have the right at any time and from time to time, in the name of the Secured Parties, in the name and on the stationery of the Pledgor or in such name as the Secured Parties may select, to verify the validity, amount or any other matter relating to any General Intangible by mail, telegram, telephone or any other means.

Section 3.20. Schedule of Certain General Intangibles. The Pledgor shall deliver to each of the Secured Parties, quarterly or with such greater frequency, in the case of (a) and (b), as the Secured Parties may specify, (a) a schedule showing as to each General Intangible that is a Collateral Obligation, (i) the name and address of the Collateral Debtor, (ii) the nature of such Collateral Obligation, (iii) whether it is (A) fixed or contingent or (B) liquidated or unliquidated and (iv) if liquidated, the amount thereof, (b) a schedule showing the identity (in the case of patents, by registered patent number and issue date, in the case of patent applications, by serial number, in the case of trademarks, by registration number and brief description of property covered, in the case of copyrights by registration number and title or brief description of

material covered and, in the case of pending copyrights, date of application and title or brief description of material covered) of each patent, patent application, service mark, trademark, trademark registration and copyright issued to, applied for or pending by the Pledgor and not previously so identified to the Secured Parties in writing and (c) promptly after granting or acquiring the same, copies, not previously delivered to the Secured Parties, of all licenses and sub-licenses relating to any of the foregoing granted by or issued to the Pledgor.

D. Inventory.

Section 3.21. (a) Nature of Inventory. All Inventory (except worn-out or obsolete items) shall at all times (i) be in good condition, (ii) meet all governmental standards applicable thereto or to its use or sale, and (iii) be currently either usable or salable in the ordinary course of the Pledgor's business.

(b) Status of Eligible Selected Inventories. All Selected Inventories included in the Borrowing Base and reflected in a Borrowing Base Certificate shall at all times while so included comply with the criteria of eligibility specified in the definition of Eligible Selected Inventories, except for non-compliances disclosed in (i) the Borrowing Base Certificate initially including such Selected Inventories in the Borrowing Base or (ii) whichever of (A) the Borrowing Base Certificate or (B) the Schedule of Inventory contemplated by Section 3.26(a) is next required to be next delivered after the Pledgor first becomes aware of such non-compliance.

Section 3.22. Work in Progress. The Secured Parties' Security Interest in the Inventory shall continue through all stages of manufacture (to the extent, in the case of goods being manufactured for the Pledgor by others, of the Pledgor's interest in such goods) and shall, without further act, attach to raw materials, to work in process, to the finished goods and to the proceeds resulting from the sale or other disposition thereof and to all Inventory which is returned to the Pledgor by customers or is otherwise recovered.

Section 3.23. (a) Records. The Pledgor shall keep correct and accurate records of Inventory, itemizing and describing the kind, type, and quantity of Inventory, the Pledgor's cost therefor and a current price list for such Inventory.

(b) Physical Listings. A physical listing of all Inventory, wherever located, shall be taken at least annually (except to the extent that such physical listing is included in the Schedules referred to in 3.26(a)), and, after a Default, when requested by the Secured Parties and a copy of each such physical listing shall be delivered to the Secured Parties within five days of its completion.

Section 3.24. (a) Location of Inventory. The Pledgor shall maintain its Inventory only at, or in transit to a location for Inventory which is located in (i) the District of Columbia or any State of the United States except the State of Louisiana or (ii) in the case of any Inventory acquired by Pledgor pursuant to the Canadian Purchase and Sale Agreement, Canada and with respect to any Collateral located at which, or affected by the location of which, the Security Interest conforms to the requirements of Section 1.01(b) and of which the Secured Parties have received not less than 30 days prior notice.

(b) Inventory in the Possession of Others. If any Inventory is in the possession or control of any of the Pledgor's agents or processors, the Pledgor shall, if the aggregate book value of all such Inventory exceeds \$75,000 and, in any event, upon the occurrence of a Default, instruct such Person to hold all such Inventory subject to the instructions of the Secured Parties.

Section 3.25. (a) No Dispositions of Inventory. The Pledgor shall not sell or otherwise dispose of any Inventory (except obsolete or worn-out items) or any interest therein, except to the Borrowing Subsidiary pursuant to the Bill of Sale and Conveyance and except for sales to buyers in the ordinary course of business.

(b) Sales in Compliance with Applicable Law. All sales of Inventory will be made in full compliance with all requirements of Applicable Law.

Section 3.26. (a) Schedule of Inventory. The Pledgor shall deliver to the Secured Parties within thirty days after the last Business Day of each month a Schedule of Inventory which (i) shall be as of the last Business Day of such preceding month, (ii) shall indicate the amount thereof that constitutes (A) finished goods, (B) work in process and (C) raw materials, (iii) shall itemize and describe the amount, type and quantity of Inventory included within each such category and the Pledgor's respective costs thereof and (iv) shall indicate (A) which Inventory shown on such schedule has been included as Eligible Selected Inventories

in the Borrowing Base and (B) which of such Inventory so included can, on the basis of the information set forth in such schedule, no longer be so included.

(b) Price List. The Pledgor shall from time to time upon request deliver to the Secured Parties a current price list for so much of its Inventory as constitutes finished goods.

E. Machinery and Equipment.

Section 3.27. (a) Nature of Machinery and Equipment. All Machinery and Equipment shall at all times (i) be in good operating condition and repair (normal wear and tear excepted), and (ii) comply and be operated in compliance with all Applicable Law.

(b) Maintenance. The Pledgor (i) shall make all necessary replacements of and additions to Machinery and Equipment from time to time so that the value and operating efficiency of the Machinery and Equipment shall at all times be maintained and preserved at levels substantially equivalent to those obtaining on the Agreement Date, subject to ordinary wear-and-tear and depreciation, and (ii) shall not, without the prior written consent of each of the Secured Parties, permit any Machinery and Equipment acquired after the Agreement date to become a fixture to any real estate, or an accession to any other personal property, in either case not constituting part of the Collateral, if the greater of the depreciated book or fair market value thereof, when aggregated with the greater of the depreciated book or fair market value of all other such Machinery and Equipment which has become such a fixture or accession, would exceed \$125,000.

Section 3.28. Location of Machinery and Equipment. The Pledgor shall maintain its Machinery and Equipment only at, or in transit to, a location which is in (i) the District of Columbia or any State of the United States except the State of Louisiana or (ii) in the case of any Machinery and Equipment acquired by Pledgor pursuant to the Canadian Purchase and Sale Agreement, Canada and with respect to any Collateral located at which, or affected by the location of which, the Security Interest conforms to the requirements of Section 1.01(b) and of which the Secured Parties have received not less than 30 days prior notice.

Section 3.29. Intentionally Omitted.

Section 3.30. Evidence of Ownership of Machinery and Equipment. The Pledgor shall, upon request by the Secured Parties, deliver to each of the Secured Parties evidence of ownership of any of the Machinery and Equipment including, but not limited to, certificates of title and bills of sale.

F. Securities and Instruments.

Section 3.31. Status of Securities and Instrument Collateral. (a) All Securities and Instrument Collateral shall have been duly authorized and validly issued and, in the case of capital stock, shall be fully paid and non-assessable.

(b) The Pledgor shall have the unrestricted right to vote all Securities and Instrument Collateral in accordance with the terms thereof and, as of the Agreement Date, Securities and Instrument Collateral listed on Schedule 3.31(b) that constitutes shares of capital stock of or ownership interests in a Person represents the percentage thereof set forth on such Schedule.

Section 3.32. Certain Duties of Pledgor. Subject to Section 3.33, the Pledgor will (a) receive and hold all Distributions (other than Ordinary Distributions that the Secured Parties have released pursuant to the provisions of Section 3.33(c)) and other Distribution Collateral in trust for the Secured Parties, not commingle the same with any of its other funds or property and immediately deliver the same to the Secured Parties in the identical form received with any necessary endorsements or with appropriate stock or bond powers duly executed in blank, and (b) give each of the Secured Parties copies of all material notices and other communications received by the Pledgor with respect to any Securities and Instrument Collateral registered in the name of the Pledgor.

Section 3.33. Certain Rights of Secured Parties and Pledgor. (a) If an Event of Default shall have occurred, the Secured Parties may and are hereby authorized to transfer into or register in their name or the name of their nominee any or all of the Securities and Instrument Collateral.

(b) The Secured Parties may, with respect to any of the Securities and Instrument Collateral, upon a Default, receive and, upon an Event of Default, retain all Distributions, other than Ordinary Distributions that the Secured Parties have released pursuant to Section 3.33(c).

(c) (i) Prior to an Event of Default, the Pledgor may, with respect to any of the Securities and Instrument Collateral collect and receive for its own use all Ordinary Distributions (and, for such purpose and to that extent, the Secured Parties hereby release each such Distribution from the Collateral, such release to be effective in the case of each Ordinary Distribution at the time thereof); and (ii) prior to any acceleration of Secured Obligations pursuant to Section 6.02 of the Credit Agreement, vote and give consents, ratifications and waivers with respect thereto, except to the extent that any such would (A) be for a purpose that would constitute a Default or an Event of Default or (B) in the sole judgment of the Secured Parties, detract from the value thereof as Collateral, and from time to time, upon request from the Pledgor, the Secured Parties shall deliver to the Pledgor suitable assignments, orders and proxies so that the Pledgor may receive such Distributions and cast such votes, consents, ratifications and waivers. Each such request from the Pledgor shall constitute a Representation and Warranty by the Pledgor hereunder that no Default or Event of Default exists or would result therefrom.

(d) (i) Should an Event of Default at any time occur, the Secured Parties may, by notice to the Pledgor, terminate the Pledgor's rights under Section 3.33(c)(i) (in which case the Secured Parties' release pursuant to such Section of any and all Ordinary Distributions shall thereupon be automatically revoked); and, (ii) should there be any acceleration of Secured Obligations pursuant to Section 6.02 of the Credit Agreement, the Secured Parties may, by notice to the Pledgor, terminate the Pledgor's rights under Section 3.33(c)(ii) and in their own or the Pledgor's name, exercise any and all rights (including any voting rights), powers and privileges with respect to the Securities and Instrument Collateral with the same force and effect as could the Pledgor.

Section 3.34. No Amendments, Etc., of the Securities and Instrument Collateral. Except as provided in Section 3.33(c), the Pledgor shall not make or consent to any amendment or other modification or waiver with respect to any of the Securities and Instrument Collateral or enter into or permit to exist any restriction with respect to any rights under the Securities and Instrument Collateral other than restrictions arising under any of the Loan Documents or set forth on Schedule 3.34.

G. Material Qualifications

Section 3.35. Requirement of Materially Adverse Effect. Prior, in the case of any particular Section or subsection, to a Default, Sections 3.03 (other than clause (a) thereof), 3.06, 3.12, 3.16, 3.18, 3.21 and subsections 3.09(a), 3.10(a), 3.10(c), 3.17(a), 3.25(b) and 3.27(a) shall not apply in any circumstances where noncompliance, together with all other noncompliances with this Agreement, will not have a Materially Adverse Effect on, in the case of Sections 3.03, 3.06, 3.16, 3.18 and subsections 3.09(a), 3.17(a) and 3.27(a), the Collateral (but only, in the case of Section 3.06, that that constitutes physical property) taken as a whole, in the case of subsections 3.10(a), 3.10(c), 3.12(a), or 3.12(b), on the Receivables (but only, in the case of subsection 3.10(a), those that are Accounts) taken as a whole, and in the case of Section 3.21 or Section 3.25(b), on Inventory taken as a whole.

H. Pre-Event of Default

Section 3.36. Pre-Event of Default Rights with respect to Collateral Obligations. If a Default shall have occurred, the Secured Parties may, by notice to the Pledgor, direct it to, and thereupon the Pledgor shall, receive all monies, checks, notes, drafts and other payments relating to or constituting Collateral or proceeds of Collateral Obligations in trust for the Secured Parties, not commingle the same with any other property or funds of the Pledgor and, unless the Secured Parties shall have otherwise instructed the Pledgor, deliver or cause to be delivered all such payments in the exact form received, together with any necessary endorsements, to the Secured Parties, to be held by the Secured Parties as cash Collateral and (a) so long as no Event of Default shall have occurred, to be released by the Secured Parties to the Pledgor upon request (each such request constituting a Representation and Warranty by the Pledgor that no Event of Default has occurred), and (b) if an Event of Default shall have occurred, to be applied as provided in Section 4.09.

ARTICLE 4

EVENT OF DEFAULT

I. Remedies

If any Event of Default shall have occurred, then and in each such case:

A. Collateral Obligations.

Section 4.01. Notification. The Secured Parties may notify, or request the Pledgor to notify, in writing or otherwise, (i) each Collateral Debtor to make payment directly to, and (ii) each Person maintaining a lockbox or similar arrangement to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to, the Secured Parties. If, notwithstanding the giving of any notice, any such Person shall make payments to the Pledgor, the Pledgor shall hold all such payments it receives in trust for the Secured Parties, without commingling the same with other funds or property of such Person, and shall deliver the same to the Secured Parties immediately upon receipt by the Pledgor in the identical form received, together with any necessary endorsements.

Section 4.02. Enforcement by Secured Parties. The Secured Parties may, without notice to the Pledgor and at such time or times as the Secured Parties in their sole discretion may determine, exercise any and all of Pledgor's rights in, to and under, or in any way connected with or related to, any or all of the Collateral Obligations, including but not limited to (a) demanding and enforcing payment and performance of, and exercising all of the Pledgor's rights and remedies with respect to the collection, enforcement or prosecution of, any or all of the Collateral Obligations, in each case by legal proceedings or otherwise, (b) settling, adjusting, compromising, extending, renewing, discharging and releasing any or all of, and any legal proceedings brought to collect or enforce any or all of, the Collateral Obligations, (c) preparing, filing and signing the name of the Pledgor on (i) any proof of claim or similar document to be filed in any bankruptcy or similar proceeding involving any Collateral Debtor and (ii) any notice of lien, assignment or satisfaction of lien, or similar document in connection with any Collateral Obligation, and (d) using the information recorded on or contained in any data processing equipment and computer hardware and software relating to the Collateral Obligations or any of them to which the Pledgor has access.

Section 4.03. Adjustments. The Secured Parties may settle or adjust disputes and claims directly with Collateral Debtors for amounts and on terms which the Secured Parties consider advisable and in all such cases only the net amounts

received by the Secured Parties in payment of such amounts, after deduction of out-of-pocket costs and expenses of collection, including reasonable attorney's fees, shall be subject to Section 4.08. The Pledgor shall have no further right under Sections 3.12(b), Section 3.17(b) or otherwise to make any such settlements or adjustments or to accept any returns of merchandise.

B. Inventory and Machinery and Equipment.

Section 4.04. (a) Entry. The Secured Parties may enter upon any premises in which any Inventory or Machinery and Equipment may be located and take physical possession of any or all thereof and maintain such possession on such premises or move the same or any part thereof to such other place or places as the Secured Parties shall choose.

(b) Assembly. Upon the request of the Secured Parties, the Pledgor shall assemble the Inventory and the Machinery and Equipment and maintain or deliver it into the possession of the Secured Parties or of any other Person designated by the Secured Parties at such place or places as the Secured Parties or such other Person may designate and as are reasonably convenient to both the Secured Parties or such other Person and the Pledgor.

C. General Intangibles.

Section 4.05. Patents. The Secured Parties may exercise any or all of the Pledgor's rights in, to and under, or in any way connected with or related to, any or all Patents, including but not limited to (a) pursuing all pending Patent applications and (b) on a worldwide or such other basis as the Secured Parties may determine, granting or issuing exclusive and non-exclusive licenses relating to any or all of the Patents.

D. Securities and Instruments.

Section 4.06. Disposition of Securities and Instrument Collateral. (a) If the Secured Parties elect to sell or otherwise dispose of any Securities and Instrument Collateral, the Pledgor will, if it controls the issuer or if it otherwise has the right to effect such registration, and if the Secured Parties deem such registration to be desirable, cause the same to be registered under the Securities Act of 1933, as amended, and take all other action, including but not limited to complying with the "blue

sky" or securities laws of the several States of the United States and delivering to the Secured Parties appropriate quantities of prospectuses, necessary or appropriate so as to permit the public sale or other disposition thereof by the Secured Parties in such jurisdictions as the Secured Parties may select, and indemnify, in the form then customary, all Persons who are underwriters, statutory or otherwise, in connection with such sale or disposition, such indemnity, to the extent applicable to the Secured Parties, to be in addition to and supplementary of (and not to be construed as being in derogation of) that afforded the Secured Parties under Section 8.02 of the Credit Agreement.

(b) Whether or not the Pledgor controls the issuer or otherwise has the right to effect the registrations and compliances referred to in Section 4.06(a) and as an alternative to their rights thereunder, the Secured Parties may, at their election, comply with any limitation or restriction in connection with any sale of the Securities and Instrument Collateral as they may be advised by counsel is necessary in order to avoid any violation of Applicable Law (including without limitation compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Securities and Instrument Collateral), or in order to obtain any Governmental Approval, of the sale or of the purchaser, and such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Secured Parties be liable nor accountable to the Pledgor for any discount allowed by reason of the fact that such Securities and Instrument Collateral is sold in compliance with any such limitation or restriction.

E. General.

Section 4.07. (a) Use of Premises and Patents. The Secured Parties may (i) enter any of the Pledgor's premises and, until the Secured Parties complete the enforcement of their rights in the Collateral, take possession of such premises or place custodians in exclusive control thereof, remain on such premises and use the same and any of the Pledgor's equipment for the purpose of (A) completing any work in process, preparing any Inventory and

Machinery and Equipment for disposition and disposing thereof and (B) collecting any Collateral Obligation, and (ii) in the exercise of its rights under this Agreement, use any and all of the Pledgor's Patents to the extent of the rights of the Pledgor therein, and the Pledgor hereby grants a license to the Secured Parties for such purpose, subject to the consent, if required, of any licensor, franchisor or other third Person.

(b) Directors, Officers and Employees. The Secured Parties may retain any of the Pledgor's directors, officers and employees, in each case upon such terms as the Secured Parties and any such Person may agree, notwithstanding the provisions of any employment, confidentiality or non-disclosure agreement between any such Person and the Pledgor and Pledgor hereby waives its rights under any such agreement and consents to each such retention.

Section 4.08. Power of Sale. The Secured Parties (a) may sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of its offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as it may deem commercially reasonable, (b) shall not be obligated to make any sale of Collateral regardless of notice of sale having been given, and (c) may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

II. Proceeds

Section 4.09. Application of Proceeds. All cash proceeds received by the Secured Parties upon any sale of, collection of, or other realization upon, all or any part of the Collateral and all cash held by the Secured Parties as Collateral shall be applied as follows:

First: To the payment of all out-of-pocket costs and expenses incurred in connection with the sale of or other realization upon Collateral, including attorneys' fees and disbursements;

Second: To the payment, first, of so much of the Secured Obligations as constitute such obligations payable to The Toronto-Dominion Bank as a party to an Interest Rate Contract and, second, of the balance of the Secured Obligations, in such

order as the Secured Parties may elect (with the Pledgor remaining in every case liable for any deficiency); and

Third: To the extent of the balance (if any) of such proceeds, to the Pledgor, subject to Applicable Law and to any duty to pay such balance to the holder of any subordinate Lien in the Collateral.

ARTICLE 5

MISCELLANEOUS

Section 5.01. (a) Expenses of Pledgor's Agreements and Duties. The terms, conditions, covenants and agreements to be observed or performed by the Pledgor under the Collateral Documents shall be observed or performed by it at its sole cost and expense, except as may be otherwise provided in any of the Collateral Documents.

(b) (i) Secured Parties' Right to Perform on Pledgor's Behalf. If the Pledgor shall fail to observe or perform any of the terms, conditions, covenants and agreements to be observed or performed by it under the Collateral Documents, except as may be otherwise provided in any of the Collateral Documents, the Secured Parties may (but shall not be obligated to) do the same or cause it to be done or performed or observed, either in its name or in the name and on behalf of the Pledgor, and the Pledgor hereby irrevocably authorizes the Secured Parties so to do.

(ii) Secured Parties' Right to Use Agents and to Act in the Name of the Pledgor. The Secured Parties may exercise any or all of their rights and remedies under the Collateral Documents through an agent or other designee and, in the exercise thereof, the Secured Parties or any such other Person may act in their or its own name or in the name and on behalf of the Pledgor.

(c) No Notice, Legal Process or Compensation. Except as may be otherwise provided in any of the Collateral Documents, the Secured Parties may exercise any or all of their rights and remedies under the Collateral Documents (i) without (A) resistance or interference by the Pledgor and (B) payment of any rent, license fee or compensation of any kind to the Pledgor and (ii) for the account and at the expense of the Pledgor.

(d) Limitation on Secured Parties' Liability.

(i) The Secured Parties shall not be liable to the Pledgor (A) for any loss or damage sustained by it, or (B) for any loss, damage, depreciation or other diminution in the value of any of the Collateral, that may occur as a result of, in connection with, or that is in any way related to, (X) any exercise by the Secured Parties of any right or remedy under any of the Collateral Documents or (Y) any other act of or failure to act by the Secured Parties, except for any such to the extent that the same is determined, by a judgment of a court referred to in Section 8.11 of the Credit Agreement that is binding on the Pledgor and the Secured Parties, final and not subject to review on appeal, to be the result of acts or omissions on the part of the Secured Parties constituting willful misconduct, knowing violations of law or their failure to observe any other standard applicable to them under any of the other provisions of the Collateral Documents or, but only to the extent not waivable thereunder, Applicable Law.

(ii) Except as may be otherwise provided in any of the Collateral Documents, nothing contained therein shall be construed as requiring or obligating the Secured Parties, and the Secured Parties shall not be required or obligated, to (A) make any demand, or to make any inquiry as to the nature or sufficiency of any payment received by them, or to present or file any claim or notice or take any action, with respect to any Collateral Obligation or any other Collateral or the monies due or to become due thereunder or in connection therewith or (B) notify the Pledgor of any decline in the value of any of the Collateral.

(iii) Other than the exercise of reasonable care to assure the safe custody of any of the Collateral in their actual possession, the Secured Parties shall have no duty or liability to protect or preserve any such Collateral or to preserve rights pertaining thereto and shall be relieved of all responsibility for such Collateral upon surrendering it or tendering surrender of it to the Pledgor. The Secured Parties shall be deemed to have exercised reasonable care in the custody and preservation of such Collateral if such Collateral is accorded treatment substantially equal to that which the Secured Parties accords their own property, it being understood that, notwithstanding anything to contrary contained herein or in any of the other Collateral Documents, the Secured Parties shall not have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities,

tenders, offers or other matters relating to any such Collateral, whether or not the Secured Parties has or is deemed to have knowledge or notice thereof, or (ii) taking any necessary steps to preserve rights against any prior parties with respect to any such Collateral.

(e) Amounts Payable Due on Demand; Interest Obligations. All amounts payable by the Pledgor under this Section 5.01 shall be due on demand and shall bear interest from the date due until paid at the highest rate of interest in effect during such period under the Credit Agreement.

Section 5.02. Assignment. This Agreement shall be binding upon the Pledgor and its successors and assigns and shall inure to the benefit of the Secured Parties and their respective successors, transferees and assigns. Any Secured Party may assign any or all of the Secured Obligations and may transfer therewith any or all of the Collateral therefor and the transferee shall have the same rights with respect thereto as had such Secured Party. Upon such transfer, such Secured Party shall be released from all responsibility for the Collateral so transferred. None of the rights and obligations of the Pledgor hereunder may be assigned or otherwise transferred without the prior written consent of the Secured Parties.

Section 5.03. (a) Rights of Secured Parties. Each of the Secured Parties shall, with respect to all of the Collateral, have the rights and remedies of a secured party under Applicable Law, including but not limited to, and whether or not it would otherwise apply to the Collateral in question, the Uniform Commercial Code.

(b) Certain Waivers. The Pledgor waives (A) any claim that, as to any part of the Collateral, a public sale, should the Secured Parties elect so to proceed, is, in and of itself, not a commercially reasonable method of sale for such Collateral, (B) except as otherwise provided in any of the Collateral Documents, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH THE SECURED PARTIES' TAKING POSSESSION OR DISPOSITION OF ANY OF THE COLLATERAL INCLUDING, BUT NOT LIMITED TO, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH THE PLEDGOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, AND ALL OTHER REQUIREMENTS AS TO THE TIME, PLACE AND TERMS OF SALE OR OTHER REQUIREMENTS WITH RESPECT TO THE ENFORCEMENT OF THE SECURED PARTIES' RIGHTS

HEREUNDER, and (C) all (1) rights of redemption, appraisement, valuation, stay and extension or moratorium, (2) rights to the marshalling of assets and (3) other rights the exercise of which would, directly or indirectly, prevent, delay or inhibit the enforcement of any of the rights or remedies under any of the Collateral Documents or the absolute sale of the Collateral, now or hereafter in force under any Applicable Law, and the Pledgor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waive the benefit of all such laws and rights.

(c) Place of Payment. All payments to be made to any Secured Party or which it is entitled to receive hereunder, whether such payments are to be made by the Pledgor or any other Person, shall be made to such Secured Party or to such other Person for such Secured Party's account as such Secured Party may designate at such Secured Party's office or at such other address or addresses as such Secured Party may from time to time designate.

Section 5.04. Power of Attorney. In addition to the other powers granted the Secured Parties by the Pledgor under any of the Collateral Documents, the Pledgor hereby appoints the Secured Parties, and any other person whom the Secured Parties may designate, as the Pledgor's attorney-in-fact to act, in the name, place and stead of the Pledgor in any way in which the Pledgor itself could do, with respect to each of the following: (i) endorsing the Pledgor's name on (A) any checks, notes, acceptances, money orders, drafts or other forms of payment, (B) any document, instrument, notice, freight bill, bill of lading or similar document or agreement relating to any or all of the Collateral and (C) (1) schedules and assignments of Collateral Obligations and (2) notices of assignment, financing statements and other public records; (ii) claiming for, adjusting, and instituting legal proceedings to collect, any amounts payable under insurance, and applicable loss payable endorsements, required to be maintained under any of the Collateral Documents; (iii) taking any action or exercising any right, power or privilege which the Pledgor is entitled to take or exercise and which under the terms of any of the Collateral Documents, the Secured Parties are authorized to take or exercise; (iv) doing or causing to be done all things necessary or, in the determination of the Secured Parties, desirable to observe or perform all of the terms, conditions, covenants and agreements to be observed or performed by the Pledgor under the Collateral Documents and

otherwise to carry out the provisions of the Collateral Documents; and (v) on or after the occurrence of an Event of Default, notifying the post office authorities to change the address for delivery of the Pledgor's mail to an address designated by the Secured Parties, and receiving, opening and disposing of all mail addressed to the Pledgor (with all mail not constituting, evidencing or relating to the Collateral to be forwarded by the Secured Parties to the Pledgor). The Pledgor hereby ratifies and approves all acts of the attorney done in accordance with the provisions of this Agreement. This power, being coupled with an interest, is irrevocable so long as this Agreement shall continue in full force and effect.

To induce any third Person to act under this Section 5.04, the Pledgor hereby agrees that any third Person receiving a duly executed copy or facsimile of this Agreement may act under this Section 5.04, and that the revocation or termination of this Section 5.04 shall be ineffective as to such third Person unless and until actual notice or knowledge of such revocation or termination shall have been received by such third Person, and the Pledgor, on behalf of itself and its successors and assigns, hereby agrees to indemnify and hold harmless any such third Person from and against any and all claims that may arise against such third Person by reason of such third Person having relied on the provisions of this Section 5.04.

ARTICLE 6

DEFINITIONS

Section 6.01. Interpretation:

(a) Certain Terms Defined by Reference. (i) All terms defined in Article 1, 8 or 9 of the Uniform Commercial Code, as in effect on the date of this Agreement, are used herein with the meanings therein given; such terms include but are not limited to "account", "chattel paper", "deposit account", "document", "equipment", "general intangibles", "goods", "instrument", "inventory", "money", "proceeds" and "security interest". In addition, the terms, "account", "collateral" and "security interest", when capitalized, have the meanings specified in subsection (b) below.

(ii) Except in the case of "Agreement," "Collateral Document", "Materially Adverse Effect", and "Representation and Warranty" and as otherwise specified herein, all terms defined in the Credit Agreement are used herein with the meanings therein given.

(b) Other Defined Terms. For purposes of this Agreement:

"Agreement" means this Agreement.

"Agreement Date" means the date as of which this Agreement is dated.

"Bill of Sale and Conveyance" means the Bill of Sale and the General Conveyance and Assumption of Liabilities, each dated January 22, 1988 between the Pledgor and the Borrowing Subsidiary, and related documents.

"Borrowing Subsidiary Security Agreement" means the Security Agreement between the Borrowing Subsidiary and the Secured Parties, dated as of December 31, 1987.

"Canadian Purchase and Sale Agreement" means the Purchase and Sale Agreement dated September 4, 1987 between Du Pont Canada, Inc. and the Borrowing Subsidiary, as assigned by the Borrowing Subsidiary to the Pledgor and as amended from time to time.

"Collateral" means the Pledgor's interest (WHATEVER IT MAY BE) in each of the following, IN EACH CASE WHETHER NOW OR HEREAFTER EXISTING OR NOW OWNED OR HEREAFTER ACQUIRED BY THE PLEDGOR AND WHETHER OR NOT THE SAME IS NOW CONTEMPLATED, ANTICIPATED OR FORSEEABLE, is subject to Article 8 or 9 of the Uniform Commercial Code or constitutes Collateral by reason of one or more than one of the following clauses, AND WHEREVER THE SAME MAY BE LOCATED:

- (a) all Receivables;
- (b) all General Intangibles;
- (c) all Inventory;
- (d) all Machinery and Equipment;
- (e) all Securities and Instrument Collateral;

(f) all books, records, ledgercards, files, correspondence, computer programs, tapes, disks and related data processing software (owned by Pledgor or in which it has an interest) which at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon;

(g) all of the Pledgor's right, title and interest in and to all goods and other property, whether or not delivered, (i) the sale, lease or furnishing of which gives or purports to give rise to any Receivable, including but not limited to all merchandise returned or rejected by or repossessed from customers, or (ii) securing any Receivable, including but not limited to all of Pledgor's rights as an unpaid vendor or lienor, including stoppage in transit, replevin and reclamation with respect to such goods and other properties;

(h) all documents of title, policies and certificates of insurance, securities, chattel paper, and other documents or instruments evidencing or pertaining to any and all items of Collateral;

(i) all guaranties, Liens on real or personal property, leases, and other agreements and property which in any way secure or relate to any Collateral, or are acquired for the purpose of securing and enforcing any item thereof;

(j) (i) to the extent not otherwise constituting Collateral, all money, securities, instruments and other property at any time on deposit with or held by the Secured Parties for the account of the Pledgor (whether for safekeeping, custody, pledge, deposit or custody transmission or otherwise); (ii) all accounts (whether deposit or custody, time or demand or interest or non-interest bearing) of the Pledgor with the Secured Parties, including those to which any such money, securities, instruments or other property may at any time and from time to time be credited; (iii) all investments and reinvestments (however evidenced) of amounts from time to time credited to such accounts; and (iv) all interest, dividends, distributions and other proceeds payable on or with respect to (A) such investments and reinvestments and (B) such accounts;

(k) all claims (i) to items referred to in the definition of Collateral, (ii) under warranties relating to any of the Collateral, (iii) against third parties for (A)

(1) loss, destruction, requisition, confiscation, condemnation, seizure, forfeiture or infringement of, damage to, and (2) payments due or to become due under leases, rentals or hires of, any and all of the Collateral and (B) proceeds payable under or unearned premiums with respect to policies of insurance; and

(1) all products and proceeds of such Collateral in whatever form.

"Collateral Debtor" means a Person obligated on, bound by, or subject to, a Collateral Obligation.

"Collateral Documents" means (a) this Agreement and (b) all other agreements, documents and instruments related to, arising out of, or in any way connected with, (i) this Agreement, (ii) any other agreement, document or instrument referred to in this clause (b), or (iii) any of the transactions contemplated by this Agreement or any such other agreement, document or instrument, in each case whether now or hereafter executed.

"Collateral Obligation" means an obligation, covenant, agreement, duty, right or cause of action, whether direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, and whether or not for the payment of money, constituting part of the Collateral and includes any such under any Receivables, General Intangibles and Securities and Instrument Collateral.

"Credit Agreement" means the Credit Agreement among ETI Explosives Technologies International Ltd., ETI Enterprises Inc., the Pledgor, ETI Explosives Technologies International (Canada), Ltd. and the Secured Parties, dated as of December 31, 1987.

"Distributions" means Ordinary Distributions and Extraordinary Distributions; "Ordinary Distributions" means cash dividends to the extent paid out of retained earnings, and interest paid in cash, in each case with respect to Collateral, except to the extent that any such dividend is made in connection with partial or total liquidation or a reduction of capital, or any such interest is penalty interest, or, in each case, to the extent the same is not in the ordinary course; and "Extraordinary Distributions" means all dividends, interest and distributions on or in respect of and all proceeds of such instruments and securities other than Ordinary Distributions.

"Distribution Collateral" means (a) all Distributions on or in respect of (i) the instruments and securities listed on Schedule 3.31(b) or (ii) any instruments, securities or property which constitute Distribution Collateral by virtue of any provision of this definition, including this clause (a)(ii) and (b) all other instruments or securities and other property issued with respect to or in exchange for (i) the instruments or securities listed on Schedule 3.31(b) or (ii) any instruments, securities or other property which constitute Distribution Collateral by virtue of any provision of this definition, including this clause (b)(ii) (whether, in either case, upon conversion of convertible securities included therein or through stock split, spin-off, reclassification, merger, consolidation, sale of assets, combination of shares or otherwise.)

"General Intangibles" shall have the meaning set forth in the Uniform Commercial Code, and in any event shall include (a) any and all intangible, personal property of the Pledgor of every kind, nature and description including, but not limited to, (i) rights to the payment or receipt of money or other forms of consideration of any kind at any time now or hereafter owing or to be owed to the Pledgor, (ii) claims for tax refunds, (iii) causes of action, whether sounding in tort, contract, patent infringement or otherwise and whether or not currently in litigation, (iv) judgments, (v) Patents, (vi) inventions, (vii) trade secrets, (viii) designs, (ix) goodwill, (x) licenses, (xi) franchises, (xii) customer lists and (xiii) corporate and other business records, and (b) any and all tangible, personal property, in the nature of documents, records and the like, constituting, evidencing or otherwise relating to any such intangible personal property, but excluding any property that otherwise constitutes Collateral.

"Inventory" shall have the meaning set forth in the Uniform Commercial Code and in any event shall include (a) all inventory, including (i) all goods held by the Pledgor for sale or lease or to be furnished under contracts of service or furnished under such contracts; (ii) all work in process; (iii) all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, packing, shipping, advertising, selling, leasing or furnishing of such inventory or otherwise used or consumed in the Pledgor's business; and (b) all documents evidencing and general intangibles relating to any of the foregoing.

"Machinery and Equipment" means Equipment as defined in the Uniform Commercial Code, and in any event shall include (a) all machinery, equipment, spare parts, tools, furniture, furnishings and instruments of conveyance, including aircraft and automotive vehicles, (b) all other goods except goods that constitute General Intangibles by virtue of clause (b) of the definition thereof or Inventory; and (c) all replacements and substitutions for, and all accessions to, the foregoing, in each case wherever located and whether or not the same constitutes a "fixture".

"Materially Adverse Effect" means, (a) with respect to any Person, a materially adverse effect upon such Person's business, assets, liabilities, financial condition, results of operations or business prospects; and (b) with respect to any of the Collateral, or any category of it, a materially adverse effect upon its value as Collateral, in the aggregate, or its utility in the business of the Pledgor.

"Pledgor" means ETI Explosives Technologies International Inc.

"Questionnaire" means the Questionnaire in the form attached hereto as Schedule 6.01(b) executed and delivered by the Pledgor to the Secured Parties in connection with this Agreement.

"Receivables" means any and all rights and claims to the payment or receipt of money or other forms of consideration or compensation of any kind at any time now or hereafter owing or to be owing or claimed or which could be claimed to be owing to the Pledgor (whether, if subject to the Uniform Commercial Code, classified thereunder as accounts, contract rights, chattel paper, general intangibles, instruments, securities or otherwise) including, but not limited to, any and all such rights and claims in, to and under: (a) (i) accounts, (ii) contracts, including Receivables Related Contracts and guaranties and contracts of insurance of all kinds, including credit and key-man life insurance, (iii) letters of credit, (iv) chattel paper, (v) notes, (vi) drafts, (vii) instruments, (viii) documents, (ix) acceptances, (x) tax refunds, (xi) judgments and (xii) all other debts, obligations and liabilities in whatever form now or hereafter owing to the Pledgor, and (b) all causes of action, whether sounding in tort, contract or otherwise and whether or not currently in litigation.

"Receivables Related Contract" means any Contract, whether now or hereafter existing, under which any Receivable arises or which is connected with or in any way related to any Receivable, including but not limited to the Contracts listed on Schedule 3.10(c).

"Representation and Warranty" means (a) each representation and warranty made pursuant to or under (i)(A) Article 2 or any other provision of this Agreement or (B) any of the other Collateral Documents or (ii) any amendment of or waiver or consent thereunder and (b) each statement contained in any certificate, financial statement, legal opinion or other instrument or document delivered by or on behalf of the Pledgor pursuant to or in connection with any of the Collateral Documents or any such amendment, waiver or consent.

"Secured Obligations" means all indebtedness, liabilities, obligations, covenants and duties of, and all terms and conditions to be observed by, the Pledgor due or owing to, or in favor or for the benefit of, the Secured Parties (whether for the account of the Agent, for the account of any of the Banks, including The Toronto-Dominion Bank or for the account of The Toronto-Dominion Bank as a party to an Interest Rate Contract), under the Loan Documents, or any of them, of every kind, nature and description, direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, now existing or hereafter arising, and whether or not for the payment of money or the performance or non-performance of any act.

"Secured Parties" means The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and as Agent on behalf of each of the Banks, including The Toronto-Dominion Bank.

"Securities and Instrument Collateral" means (a) all securities and instruments listed on Schedule 3.31(b), (b) all Distribution Collateral, (c) all replacements and substitutions for any Collateral that constitutes (whether by virtue of clause (a) or (b) or this clause (c)) Securities and Instrument Collateral and (d) the certificates, if any, representing the foregoing.

"Security Interest" means the mortgages, pledges and assignments to the Secured Parties of, the continuing security interest of the Secured Parties in, and the

continuing lien of the Secured Parties upon, the Collateral intended to be effected by the terms of this Agreement or any of the other Collateral Documents.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of New York.

(c) Other Definitional Provisions. (i) Except as otherwise specified herein, all references herein (A) to any Person, other than the Pledgor, shall be deemed to include such Person's successors and assigns, (B) to the Pledgor shall be deemed to include the Pledgor's successors, and (C) to any Applicable Law or Contract defined or referred to herein shall be deemed references to such Applicable Law or Contract as the same may be amended or supplemented from time to time, or, in the case of any such Contract, as the terms thereof may be waived or modified, but only in the case of each such amendment, waiver or modification, to the extent permitted by, and effected in accordance with, the terms thereof.

(ii) The words "herein", "hereof" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any provision of this Agreement, and "Section", "subsection", "Schedule" and respective references are to this Agreement unless otherwise specified.

(iii) Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

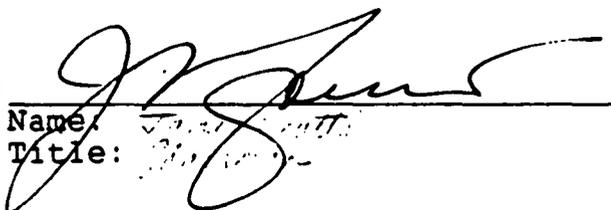
(iv) Except as otherwise specified therein, all terms defined in this Agreement shall have their defined meanings when used in any certificate or other document delivered pursuant hereto.

(v) Whenever under the terms of this Agreement any action is or may be taken or not taken, or any right, power or remedy is or may be exercised or not exercised, upon or after the occurrence of an Event of Default or a Default, the same may be taken or not taken, or exercised or not exercised, only during the continuance of such Event of Default, or during the continuance of such Default or of the Event of Default which results from it.

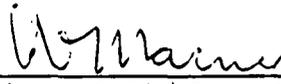
Section 6.02. Representations and Warranties. All Representations and Warranties shall be made at and as of the Agreement Date, at and as of the time of each Loan or other extension of credit under the Credit Agreement, and, in addition, in the case of any particular Representation and Warranty, at such other time or times as such Representation and Warranty is made or deemed made in accordance with the provisions of the applicable Collateral Document, except that any Representation and Warranty expressly stated to relate to a specific date shall not be deemed to be made as of any other date.

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

ETI EXPLOSIVES TECHNOLOGIES
INTERNATIONAL INC.

By: 
Name: _____
Title: _____

THE TORONTO-DOMINION BANK,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and as Agent on
behalf of each of the Banks,
including The Toronto-Dominion
Bank

By: 
Name: WALTER MACNEE
Title: MANAGER

LANDLORD'S WAIVER AND CONSENT

Dated _____, 19__

The Toronto-Dominion Bank,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank
3 First National Plaza,
Suite 1900
70 West Madison Street
Chicago, IL 60602

Attention: Manager of Credit Administration

The undersigned, _____ (the "Landlord"),
is the owner of the premises (the "Leased Premises") located
at:

[insert here address of Leased Premises]

The Leased Premises are leased by the Landlord to ETI
Explosives Technologies International Inc. (the "Tenant").

The Landlord has been informed by The
Toronto-Dominion Bank, both in its capacity as Agent and as a
party to an Interest Rate Contract, and on behalf of each of
the Banks, including The Toronto-Dominion Bank (collectively,
the "Secured Parties"), that the Secured Parties will from
time to time be making loans and other extensions of credit
to the Tenant which will be secured by certain assets of the
Tenant including but not limited to machinery and equipment,
inventory and books and records, some of which (the
"Collateral") are now or may hereafter be located at or
installed on the Leased Premises.

In consideration of the loans and other extensions
of credit made or to be made by the Secured Parties to the
Tenant, the Landlord hereby agrees with the Secured Parties
that:

(a) the Collateral may be located at or installed
on the Leased Premises from time to time, shall not be deemed
to be fixtures or to constitute part of the Leased Premises
and may be repossessed by the Secured Parties at any time and
from time to time;

(b) if the Tenant defaults under, or if for any other reason the Landlord believes that the Landlord is entitled to cancel, the lease relating to, or to take possession of, the Leased Premises, the Landlord: (i) will send written notice thereof to the Secured Parties, c/o The Toronto-Dominion Bank, 3 First National Plaza, Suite 1900, 70 West Madison Street, Chicago, IL 60602, Attention: Manager of Credit Administration, (ii) will, without accelerating any future rentals, allow the Secured Parties within thirty (30) days after they receive such notice to cure any default, and (iii) provided that the Secured Parties pay or cause to be paid any current installments of rent which will become due and payable, will not take or cause to be taken any steps to evict the Tenant from its possession of the Leased Premises for ninety (90) days after the date the Secured Parties receive such notice and will permit the Secured Parties to occupy and use the Leased Premises for such period of ninety (90) days for the purpose of exercising their rights with respect to the Collateral, including completing the manufacture of, and conducting sales of, the Collateral;

(c) the Landlord will not exercise, and hereby subordinates to any security interest, whether now in existence or hereafter existing, of each of the Secured Parties, any rights (including rights of levy or distraint for rent accrued or to accrue), assert any claim, enforce any lien or security interest, or take any other action or institute any proceedings, with respect to the Collateral and, upon the request of the Secured Parties, will either release the Collateral from or assign any such to the Secured Parties;

(d) the provisions hereof shall be irrevocable and remain in full force and effect (i) until all obligations, if any, of the Secured Parties to make loans and other extensions of credit to the Tenant shall be terminated and (ii) until the Tenant has paid and performed all of its obligations to the Secured Parties, whether now or hereafter outstanding, and 91 consecutive days shall have lapsed from the date of the payment or performance, as the case may be, of the last of such obligations without the filing by or against the Tenant of a petition under Title 11 of the United States Code; and

(e) (i) this Waiver and Consent shall be binding upon the heirs, administrators, executors, successors and assigns of the Landlord and shall inure to the benefit of the successors and assigns of each of the Secured Parties, (ii) the Landlord shall notify (A) each of the Secured Parties of

any assignment or other transfer of the Leased Premises or Tenant's lease thereof and (B) any assignee or other transferee of the Leased Premises, or of the Tenant's lease thereof, of this Waiver and Consent and (iii) all rights hereunder may be exercised by representatives of the Secured Parties and their respective successors and assigns.

[Insert here name of
Landlord]

By: _____
(Authorized Signature)

Where possible the Waiver and Consent should be in recordable form. See attached acknowledgement. If recording is possible, delete bracketed material in clause (ii).

[CORPORATE ACKNOWLEDGEMENT]

STATE OF

COUNTY OF

(Three spaces)

On this day of , before me personally came , to me known, who, being by me duly sworn, did depose and say that (s)he resides at [give street, street number, city and state]; that (s)he is [president or other officer or director] of the [name of corporation] the corporation described in and which executed the above instrument; and that the foregoing instrument was executed by order of the board of directors of said corporation and that (s)he signed his/her name thereto by like order.

Notary Public

MORTGAGEE'S WAIVER AND CONSENT

Dated _____, 19__

The Toronto-Dominion Bank,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank
3 First National Plaza,
Suite 1900
70 West Madison Street
Chicago, IL 60602

Attention: Manager of Credit Administration

The undersigned, _____ (the "Mortgagee"),
is the owner of and holder of a mortgage (the "Mortgage") on
the premises located at:

[insert here address of Mortgaged Premises]

The Mortgaged Premises are owned by ETI Explosives
Technologies International Inc. (the "Mortgagor").

The Mortgagee has been informed by The
Toronto-Dominion Bank, both in its capacity as Agent and as a
party to an Interest Rate Contract, and on behalf of each of
the Banks, including The Toronto-Dominion Bank (collectively,
the "Secured Parties"), that the Secured Parties will from
time to time be making loans and other extensions of credit
to the Mortgagor which will be secured by certain assets of
the Mortgagor, including but not limited to machinery and
equipment, inventory and books and records, some of which
(the "Collateral") are now or may hereafter be located at or
installed on the Mortgaged Premises.

In consideration of the loans and other extensions
of credit made or to be made by the Secured Parties to the
Mortgagor, the Mortgagee hereby agrees with the Secured
Parties that:

(a) the Collateral is not subject to the lien and
security interest of the Mortgage or, if it is, such lien and
security interest is hereby subordinated in all respects to
any security interest, whether now in existence or hereafter
arising, of the Secured Parties and, upon request of the
Secured Parties, the Mortgagee will either release the
Collateral from any such lien and security interest or assign
any such lien and security interest to the Secured Parties;

(b) the Mortgagee will not exercise any rights, assert any claim, enforce any lien or security interest, or take any other action or institute any proceedings, with respect to the Collateral;

(c) the Collateral may be located at or installed on the Mortgaged Premises from time to time and may be repossessed by the Secured Parties at any time and from time to time, and whether before or after foreclosure of the Mortgage;

(d) if the Mortgagor defaults under, or if for any other reason the Mortgagee believes that it is entitled to take possession of the Mortgaged Premises under, the Mortgage, the Mortgagee: (i) will send written notice thereof to the Secured Parties c/o The Toronto-Dominion Bank, 3 First National Plaza, Suite 1900, 70 West Madison Street, Chicago, IL 60602, Attention: Manager of Credit Administration, (ii) will, prior to accelerating the Mortgage debt, allow the Secured Parties within thirty (30) days after they receive such notice to cure any default, and (iii) provided that the Secured Parties pay a reasonable rental (which in no event shall be higher than the installments of principal and interest on the Mortgage coming due during such period), will, whether before or after foreclosure of the Mortgage, permit the Secured Parties to occupy and use the Mortgaged Premises for a period of ninety (90) days after the Secured Parties receive such notice for the purpose of exercising their rights with respect to the Collateral, including completing the manufacture of, and conducting sales of, the Collateral;

(e) the provisions hereof shall be irrevocable and remain in full force and effect (i) until all obligations, if any, of the Secured Parties to make loans and other extensions of credit to the Mortgagor shall be terminated and (ii) until the Mortgagor has paid and performed all of its obligations to the Secured Parties, whether now or hereafter outstanding, and 91 consecutive days shall have elapsed from the date of the payment or performance, as the case may be, of the last of such obligations without the filing by or against the Mortgagor of a petition under Title 11 of the United States Code; and

(f) (i) this Waiver and Consent shall be binding upon the heirs, administrators, executors, successors and assigns of the Mortgagee and shall inure to the benefit of the successors and assigns of each of the Secured Parties, (ii) the Mortgagee shall notify (A) the Secured Parties of

any assignment or other transfer of the Mortgage and (B) any assignee or other transferee of the Mortgage or, after foreclosure, of the Mortgaged Premises, of this Waiver and Consent and (iii) all rights hereunder may be exercised by representatives of the Secured Parties and their respective successors and assigns.

[Insert here name of Mortgagee]

By: _____
(Authorized Signature)

Where possible the Waiver and Consent should be in recordable form. See attached acknowledgement. If recording is possible, delete bracketed material in clause (ii).

[CORPORATE ACKNOWLEDGEMENT]

STATE OF

COUNTY OF

(Three spaces)

On this day of , before me personally came , to me known, who, being by me duly sworn, did depose and say that (s)he resides at [give street, street number, city and state]; that (s)he is [president or other officer or director] of the [name of corporation] the corporation described in and which executed the above instrument; and that the foregoing instrument was executed by order of the board of directors of said corporation and that (s)he signed his/her name there to by like order.

Notary Public

Lockbox Agreement

[Letterhead of the Pledgor]

, 19

[Lockbox Bank]
[Address]

Attention:

Gentlemen:

Reference is made to Lockbox No. _____, located
in _____ (the
"Lockbox") and Account No. _____ (the "Account")
maintained by ETI Explosives Technologies International Inc.
(the "Pledgor") with [Lockbox Bank] ("Bank").

The Pledgor hereby advises Bank that The
Toronto-Dominion Bank, both in its capacity as Agent and as a
party to an Interest Rate Contract, and on behalf of each of
the Banks, including The Toronto-Dominion Bank (collectively,
the "Secured Parties") have a security interest in and to all
checks, instruments and other items received into the Lockbox
on and after the opening of business on [insert the date on
which the Lockbox is opened] (the "Opening Date"), and the
proceeds thereof and any and all amounts credited to and
balances in the Account on and after such time.

1. Upon and after the Opening Date the Bank shall
promptly deposit in the Account all checks, instruments and
other items received into the Lockbox. Funds on deposit in
the Account shall be withdrawn only upon the instructions of
the Secured Parties to the Bank and, in the manner, at the
times and to the account specified by the Secured Parties to
the Bank from time to time. Until the Secured Parties notify
the Bank otherwise, the Secured Parties' instructions to the
Bank are as set forth in Exhibit A hereto. Except with
respect to the Bank's authority to pursue its rights as
specifically provided for in paragraph 2 below, the Bank
agrees not to exercise against the Account or the Lockbox any
security interests or rights of setoff, recoupment or
counterclaim which it may have against the Pledgor.

2. The Bank is authorized and directed to charge
the Account for all returned checks previously credited to
the Account. In the event the Bank chooses to re-clear an

item after its return, the Pledgor hereby so authorizes such re-clearing, and in the event of any subsequent return of such item, the Bank may charge it back again to the Account. The Bank is further authorized to charge the Account for services relating to the Account, including but not limited to wire transfer charges, returned check charges and all service charges ("Service Charges") with respect to the Account accrued pursuant to [insert here description of applicable agreement between the Pledgor and the Bank relating to the operation of the Lockbox]; provided, however, that the Bank's authorization under this paragraph 2 applies only to Service Charges for which the Bank has invoiced the Pledgor and for which the Bank has not been paid after thirty (30) calendar days after invoice. The Pledgor agrees with the Secured Parties that the Pledgor shall immediately pay to the Secured Parties an amount equal to any amount set off against the Account hereunder, and that all such obligations shall constitute Secured Obligations for purposes of, and as such term is defined in the Security Agreement dated as of December __, 1987 among the Pledgor and The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank (the "Security Agreement").

3. The Pledgor hereby agrees to notify the Secured Parties when checks or other items deposited in the Account with respect to a single account debtor having an aggregate face amount in excess of \$25,000 at any one time have been returned due to any reason including insufficiency of funds, such notice to be in the form of Exhibit B hereto. However, only checks or other items which have been returned after having been finally cleared by the Bank according to the terms of the Service Agreement shall be included in the calculation of the minimum \$25,000 amount. (Nothing in the preceding sentence shall be construed, however, to create any duty or to augment any otherwise existing duty, whether contractual or otherwise, of the Bank to notify the Pledgor that checks or other items deposited in the Account have been returned.) Notwithstanding anything to the contrary contained herein, the Bank will, upon the Secured Parties's request and at the Pledgor's expense, furnish the Secured Parties with a copy of each check or other item which has been received by the Bank for deposit in the Account and has thereafter been returned for any reason, including insufficiency of funds.

4. The Pledgor hereby pledges, assigns and transfers to the Secured Parties and grants the Secured Parties a security interest in all present and future credit balances in the Account as security for all Secured Obligations and the Pledgor and the Bank acknowledge and agree that the Bank is holding and will hold such credit balances as agent for the Secured Parties, for the sole and specific purpose of perfecting the Secured Parties' security interest therein, subject to the Bank's rights as set forth in paragraph 2 above. The Secured Parties' rights against the Pledgor under this paragraph are in addition to and not in limitation of the Secured Parties's rights under the other provisions of this letter, under the Security Agreement and under the other Collateral Documents (as such term is defined in the Security Agreement) and otherwise.

5. This Agreement may not be revoked or amended, in whole or in part, nor any requirement hereof waived, except with the prior written consent of each of the Secured Parties. The Secured Parties shall have the right at any time to direct the Pledgor to cause collections on proceeds of Collateral (as defined in the Security Agreement) to be delivered to the Secured Parties otherwise than by delivery to the Lockbox. In addition, upon five days' prior written notice to each of the other parties hereto, either the Bank or the Secured Parties may terminate this Agreement at any time, but in any such event, the Secured Parties' rights under paragraphs 1, 3 and 4 shall continue until all items in the Lockbox and balances in the Account have been transferred to the Secured Parties in accordance with the terms hereof, and the Bank's rights under paragraph 2 hereof shall, with respect to amounts transferred, survive such termination.

Very truly yours,

ETI EXPLOSIVES/TECHNOLOGIES
INTERNATIONAL INC.

By _____

Accepted and agreed to:
[Lockbox Bank]

By _____
Name:
Title:

Consented and agreed to:

THE TORONTO-DOMINION BANK,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank

By _____
Name:
Title:

Exhibit A

Instructions from the Secured Parties

Until instructed otherwise by the Secured Parties (either by written notice or otherwise), with respect to balances in the Account the Bank shall promptly carry out any and all transfer requests initiated by the Pledgor.

Exhibit B

[Letterhead of the Pledgor]

, 19

The Toronto-Dominion Bank,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank
3 First National Plaza,
Suite 1900
70 West Madison Street
Chicago, IL 60602

Attention: Manager of Credit Administration

Dear Mr. _____:

This notice is being furnished to you in accordance with Paragraph 3 of the Agreement dated as of _____, 19__ among [Lockbox] Bank (the "Bank") and ETI Explosives Technologies International Inc. (the "Pledgor") and consented and agreed to by The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank (the "Lockbox Security Agreement").

We hereby notify you we have received notice that the following checks or other items, having an aggregate face amount in excess of \$25,000, of [insert name of account debtor], have been returned after having been finally cleared by Bank in accordance with the terms of Section ___ of the _____ Agreement dated _____, 19__ between the Pledgor and the Bank:

Check number or
other identification
of returned item

Date item was
returned after
initial reclearance

Amount of
returned
item

Very truly yours,

ETI Explosives Technologies
International Inc.

By _____

Blocked Account Letter

[Letterhead of Pledgor]

, 19

[Blocked Account Bank]
[Address]

Attention:

Gentlemen:

Reference is made to Account No. (the "Account") maintained by ETI Explosives Technologies International Inc. (the "Pledgor") with [Blocked Account Bank] (the "Bank").

The Pledgor hereby advises the Bank that The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank (collectively, the "Secured Parties"), have a security interest in and to any and all amounts credited to and balances in the Account on and after the opening of business on [insert the date on which the Account is opened] (the "Opening Date").

1. Funds on deposit in the Account shall be withdrawn only upon the instructions of the Secured Parties to the Bank and in the manner, at the times and to the account specified by the Secured Parties to the Bank from time to time. Until the Secured Parties notify the Bank otherwise, the Secured Parties' instructions to the Bank are as set forth in Exhibit A hereto. Except with respect to the Bank's authority to pursue its rights as specifically provided for in paragraph 2 below, the Bank agrees not to exercise against the Account any security interests or rights of set-off, recoupment or counterclaim which it may have against the Pledgor.

2. The Bank is authorized and directed to charge the Account for all returned checks previously credited to the Account. In the event the Bank chooses to re-clear an item after its return, the Pledgor hereby so authorizes such re-clearing, and in the event of any subsequent return of such item, the Bank may charge it back again to the Account. The Bank is further authorized to charge the Account for services relating to the Account, including but not limited to wire transfer charges, returned check charges and all service charges ("Service Charges") with respect to the Account accrued pursuant to [insert here description of any contractual arrangement between the Pledgor and the Bank relating to the Account (the "Service Agreement")]; provided, however, that the Bank's authorization under this paragraph 2 applies only to Service Charges for which the Bank has invoiced Pledgor and for which Bank has not been paid after thirty (30) calendar days after invoice. The Pledgor agrees with the Secured Parties that the Pledgor shall immediately pay to the Secured Parties an amount equal to any amount set off against the Account hereunder, and that all such obligations shall constitute Secured Obligations for purposes of, and as such term is defined in the Security Agreement dated as of December __, 1987 among the Pledgor and The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank (the "Security Agreement").

3. The Pledgor hereby pledges, assigns and transfers to the Secured Parties and grants the Secured Parties a security interest in all of the present and future credit balances in the Account as security for all Secured Obligations and the Pledgor and the Bank acknowledge and agree that the Bank is holding and will hold such credit balances as agent for the Secured Parties, for the sole and specific purpose of perfecting the Secured Parties' security interest therein, subject to the Bank's rights as set forth in paragraph 2 above. The Secured Parties' rights against the Pledgor under this paragraph are in addition to and not in limitation of the Secured Parties' rights under the other provisions of this letter, under the Security Agreement and under the other Collateral Documents (as such term is defined in the Security Agreement) and otherwise.

4. This Agreement may not be revoked or amended, in whole or in part, nor any requirement hereof waived, except with the prior written consent of the Secured Parties. The Secured Parties shall have the right at any time to direct the Pledgor to cause collections on proceeds of Collateral

(as defined in the Security Agreement) to be delivered to the Secured Parties otherwise than by credit to the Account. In addition, upon five days' prior written notice to each of the other parties hereto, either the Bank or the Secured Parties may terminate this Agreement at any time but in any such event, the Secured Parties' rights under paragraphs 1 and 3 shall continue until all balances in the Account are transferred to the Secured Parties in accordance with the terms hereof, and the Bank's rights under paragraph 2 hereof shall, with respect to amounts transferred, survive such termination.

Very truly yours,

ETI EXPLOSIVES TECHNOLOGIES
INTERNATIONAL INC.

By _____

Accepted and agreed to:

[Blocked Account Bank]

By _____

Name:
Title:

Consented and agreed to:

THE TORONTO-DOMINION BANK,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank

By _____

Name:
Title:

Notice of Security Interest in Patents

United States Patent Office

Gentlemen:

Please be advised that pursuant to a Security Agreement (the "Security Agreement") dated as of December __, 1987 among ETI Explosives Technologies International Inc. (the "Pledgor") and The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank (collectively, the "Secured Parties"), the Pledgor has granted to the Secured Parties a continuing security interest in, and a continuing lien upon, all of the patents and patent applications described below:

Patents

<u>Patent Number</u>	<u>Description of Patented Item</u>	<u>Date of Patent</u>
----------------------	-------------------------------------	-----------------------

Patent Applications

<u>Patent Applications Number</u>	<u>Description of Item to be Patented</u>	<u>Date of Patent Application</u>
---------------------------------------	---	---------------------------------------

The Secured Parties' security interest in the described patents and patent applications can be terminated only in accordance with the terms of the Security Agreement.

Very truly yours,

ETI EXPLOSIVES TECHNOLOGIES
INTERNATIONAL INC.

By _____

Acknowledged by:

THE TORONTO-DOMINION BANK,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank

By _____

Notice of Security Interest in Trademarks

United States Trademark Office

Gentlemen:

Please be advised that pursuant to a Security Agreement (the "Security Agreement") dated as of December __, 1987, among ETI Explosives Technologies International Inc. (the "Pledgor") and The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank (collectively, the "Secured Parties"), the Pledgor has granted to the Secured Parties a continuing security interest in, and a continuing lien upon, all of the trademarks and trademark applications described below:

Trademarks

<u>Trademark Number</u>	<u>Description of Trademark</u>	<u>Date of Trademark</u>
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Trademark Applications

<u>Trademark Applications Number</u>	<u>Description of Trademark Applied For</u>	<u>Date of Trademark Applications</u>
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The Secured Parties' security interest in the described trademarks and trademark applications can be terminated only in accordance with the terms of the Security Agreement.

Very truly yours,

ETI EXPLOSIVES TECHNOLOGIES
INTERNATIONAL INC.

By _____

Acknowledged by:
THE TORONTO-DOMINION BANK
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank

By _____

3 First National Plaza
Suite 1900
70 West Madison Street
Chicago, Illinois 60602
Attention: Manager of Credit Administration

Notice of Security Interest in Copyrights

The Renewal and Documents Section
LM-444 Examining Division
United States Copyright Office
Library of Congress
Washington, D.C. 20559

Gentlemen:

Please be advised that pursuant to a Security Agreement (the "Security Agreement") dated as of December __, 1987 among ETI Explosives Technologies International Inc. (the "Pledgor") and The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank (collectively, the "Secured Parties"), the Pledgor has granted to the Secured Parties a continuing security interest in, and a continuing lien upon, all of the copyrights and copyright applications described below:

Copyrights

<u>Copyright Number</u>	<u>Description of Copyright</u>	<u>Date of Copyright</u>
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Copyright Applications

<u>Copyright Applications Number</u>	<u>Description of Item to be Copyrighted</u>	<u>Date of Copyright Applications</u>
--------------------------------------	--	---------------------------------------

The Secured Parties's security interest in the described copyrights can be terminated only in accordance with the terms of the Security Agreement.

Very truly yours,

ETI EXPLOSIVES TECHNOLOGIES
INTERNATIONAL INC.

By _____

Acknowledged by:

THE TORONTO-DOMINION BANK,
both in its capacity as Agent
and as a party to an Interest
Rate Contract, and on behalf
of each of the Banks, including
The Toronto-Dominion Bank

By _____

SCHEDULE OF REQUIRED CONSENTS
AND GOVERNMENTAL APPROVALS

NONE

LOSS PAYABLE ENDORSEMENT

Loss or damage, if any, under this Policy as to any insured property in which the Loss Payee now has or may hereafter acquire any interest of any kind, including a security or lien interest, shall be payable solely to the Loss Payee.

This Policy, as to the interest of the Loss Payee, shall not be invalidated by any act of omission or commission or neglect of the Named Insured, including failure to pay any required premium, nor by any foreclosure or other proceeding or notice of sale relating to the insured property, nor by any change in the title or ownership thereof or the occupation of the premises for purposes more hazardous than are permitted by the Policy, providing that, in the case of a failure by the Named Insured to pay any premium due under this Policy, the Loss Payee shall within 30 days of demand pay the same.

This Policy may be cancelled at any time by either Insurer or Named Insured as per its provisions, but in any such case this Policy shall continue in full force and effect for the benefit of Loss Payee for 30 days after notice to Loss Payee of such cancellation and shall then cease, and the Insurer shall have the right, on like notice, to cancel this Endorsement.

If the Named Insured fails to render proof of loss within the time granted in the Policy, the Loss Payee may do so and in any event may do so if the loss exceeds \$_____ in form as provided by the Policy and shall be further subject to the provisions of the Policy relating to appraisal, time of payment and of bringing suit. Loss Payee shall be notified if there is any amendment to the policy.

Whenever the Insurer shall pay the Loss Payee any sum for loss or damage under this Policy, and shall claim that, as to the Named Insured, no liability therefor existed, the Insurer shall, to the extent of such payment, be subrogated to all of the rights of the Loss Payee with respect to any collateral security held by the Loss Payee, or the Insurer, at its option, may pay Loss Payee the entire indebtedness due it by the Name Insured and shall thereupon be entitled to receive a full assignment and transfer of the indebtedness and all collateral security therefor; but such right of subrogation

shall be subject to and not impair the prior right of Loss Payee first to recover the full amount of its claim.

Loss Payee as used herein means The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank, 3 First National Plaza, Suite 1900, 70 West Madison Street, Chicago, IL 60602, Attention: Manager of Credit Administration.

Attached to and forming part of Policy No. _____ of the _____

(Name of Insurance Co.)
Agency.

_____ day of _____ 1987

SCHEDULE
OF
RECEIVABLES RELATED CONTRACTS

1. Purchase and Sale Agreement dated September 4, 1987 between E.I. Du Pont De Nemours and Company and ETI Explosives Technologies International Inc.
2. Purchase and Sale Agreement dated September 4, 1987 between Du Pont Canada Inc. and ETI Explosives Technologies International (Canada) Ltd., as assigned by the latter party to ETI Explosives Technologies International Inc.
3. Du Pont Services Agreement dated January 22, 1988 between E. I. DuPont De Nemours and Company and ETI Explosives Technologies International Inc.
4. Technology Transfer Agreement dated January 22, 1988 between ETI Explosives Technologies International Inc. and E. I. Du Pont De Nemours and Company.
5. Technology Transfer Agreement dated January 22, 1988 between ETI Explosives Technologies International Inc. and Du Pont Canada Inc.
6. Potomac River Services Agreement, dated January 22, 1988 between E. I. Du Pont De Nemours and Company and ETI Explosives Technologies International Inc.

SCHEDULE OF INITIAL SECURITIES
AND INSTRUMENT COLLATERAL

1. Certificate No. 1 representing 100 shares of common stock, without par value, of ETI Explosives Technologies International (Canada), Ltd., a Delaware corporation, being all of the issued and outstanding shares of capital stock of ETI Explosives Technologies International (Canada), Ltd.
2. Certificate No. 7 representing 100 shares of common stock, without par value, of Southern Explosives Corporation, a Kentucky corporation, being all of the issued and outstanding shares of capital stock of Southern Explosives Corporation.

SCHEDULE OF RESTRICTIONS ON SECURITIES
AND INSTRUMENT COLLATERAL

1. Securities Purchase Agreement dated as of January 22, 1988, among ETI Explosives Technologies International Ltd., ETI Enterprises Inc., ETI Explosives Technologies International Inc., ETI Explosives Technologies International (Canada), Ltd., Du Pont Canada Inc., E.I. Du Pont De Nemours and Company and Southern Explosives Corporation, and related documents.

SECURITY AGREEMENT QUESTIONNAIRE*

The undersigned ("Pledgor") is entering into a Security Agreement with The Toronto-Dominion Bank, both in its capacity as Agent and as a party to an Interest Rate Contract, and on behalf of each of the Banks, including The Toronto-Dominion Bank. In connection with the Security Agreement Pledgor is required to answer the following questions.

1. What is Pledgor's exact corporate name as it appears in its certificate of incorporation (or, if not a corporation, the Pledgor's complete name)?

2. Has Pledgor ever changed its name? If so, state each other name Pledgor has had.

3a. Does Pledgor do business under any other name? If so, state each such name.

b. Does Pledgor use or has Pledgor used any trade names or trade styles? If so, list each of them.

* If this Questionnaire is being completed in connection with a loan to the Pledgor that is to be used in connection with an acquisition, the answers to each of the following questions that relates to the location of an item, e.g., inventory, should include the locations of those items that are being acquired in that acquisition.

4. Attach hereto the forms of all invoices used by Pledgor at any time within the immediately preceding 12 months, and indicate which of such forms are currently being used.

5. Has Pledgor changed its identity or corporate structure in any way within the past four months? Changes in corporate structure would include incorporation of a partnership or sole proprietorship, reincorporation in a different state, mergers, consolidations and acquisitions. If any such change has taken place, indicate the nature of such change and give the names of each corporation or other entity that was incorporated, merged or consolidated with or acquired by Pledgor in such transaction (including each name under which each such corporation or entity has done business) and the address of each place of business of each such corporation or entity immediately prior to such incorporation, merger, consolidation or acquisition and within four months prior to the date of this Questionnaire.

- 6a. State the complete address (including the county) of Pledgor's chief executive office and, if different from its chief executive office, of the office where Pledgor keeps its books and records relating to its accounts or contract rights, specifying in each case whether such location is owned or leased by Borrower and, if leased, specifying the name and address of the landlord.

- b. If Borrower maintains any records relating to any of the Collateral with an independent computer service firm or the like specify the address (including the county) of each such Person.

7. Has Pledgor's chief executive office or office where Pledgor keeps its books and records relating to its accounts or contract rights been located at any other address (including that of any independent computer service firm or the like) during the past four months? If so, specify each such address (including the county) and whether such location was owned or leased by Borrower and, if leased, specifying the name and address of the landlord.

8. State the complete address (including the county) of each other place of business that Pledgor presently has, specifying in each case whether such location is owned or leased by Borrower and, if leased, specifying the name and address of the landlord.

9. State the complete address (including the county) of each place of business that Pledgor has had in the past four months, other than those listed in the answers to questions 6, 7, and 8, specifying in each case whether such location was owned or leased by Borrower and, if leased, specifying the name and address of the landlord.

10. State the complete address (including the county) of each location where Pledgor keeps any inventory or machinery and equipment, other than the places of business listed in the answers to questions 6, 7, and 8, specifying in each case whether such location is owned or leased by Borrower and, if leased, specifying the name and address of the landlord.

11. Has any of Pledgor's inventory or machinery and equipment been located during the past four months at any location other than the locations listed in the answers to question 6, 7, 8, 9 and 10? If so, state the complete address (including the county) of each such location, specifying in each case whether such location was owned or leased by Borrower and, if leased, specifying the name and address of the landlord.

12. Does any person or entity other than Pledgor have possession of any of Pledgor's inventory or machinery and equipment? if so, state the name and address (including the county) of each such person or entity, specifying in each case whether such location is owned or leased by Borrower and, if leased, specifying the name and address of the landlord.

13. When Pledgor purchases goods, are there any places in which such goods might in the usual course of the purchase transaction be located, even temporarily for purposes of transshipment? If so, state the complete address (including the county) of each such location.

14. Has Pledgor acquired any of its inventory or machinery and equipment otherwise than in the ordinary course of business? (For this purpose, acquisitions not in the ordinary course of business include, BUT ARE NOT LIMITED TO, acquisitions from persons other than the manufacturer.) If so, specify the nature of any such acquisition.

15a. Does Pledgor own or have an interest in any goods other than inventory or machinery and equipment, such as crops, minerals or the like? If so please describe such goods and state the complete address (including the county) where such goods are located.

b. State the respective aggregate book values of so much of Pledgor's machinery and equipment as consists of (i) airplanes, (ii) automotive equipment, (iii) ships and other vessels and (iv) railroad locomotives and rolling stock.

16a. Are any of Pledgor's accounts receivables payable by United States Government or any department or agency thereof? If so, please state the aggregate amount thereof and the percentage that those accounts receivables are of all of Pledgor's accounts receivables, in each case as of a recent, specified date.

b. Is any of Pledgor's inventory subject to a claim under any contract with the United States Government or any department or agency thereof that title to such inventory has vested in such person by virtue of progress payments? If so, please state the aggregate amount thereof and the percentage that that inventory is of all of Pledgor's inventory, in each case as of a recent, specified date.

c. Does any of the Pledgor's inventory consist of perishable agricultural commodities and products subject to the trust imposed by the Perishable Agricultural Commodities Act? If so, please state the aggregate amount thereof and the percentage that that inventory is of all of Pledgor's inventory, in each case as of a recent, specified date.

d. Does any of the Pledgor's inventory consist of live stock or meat, meat food products or live stock products derived therefrom subject to the trust imposed by the Packers and Stockyards Act? If so, please state the aggregate amount thereof and the percentage that that inventory is of all of the Pledgor's inventory, in each case as of a recent, specified date.

17a. Please supply the following information with respect to each patent and patent application in which Pledgor has any interest (whether as owner, licensee or otherwise):

Patents

<u>Nature of Interest</u> <u>(e.g., owner, licensee)</u>	<u>Registered</u> <u>Patent No.</u>	<u>Issue Date</u>	<u>Country of</u> <u>Issue</u>
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Patent Applications

<u>Nature of Interest</u> (e.g., owner, licensee)	<u>Serial</u> <u>No.</u>	<u>Filing Date</u>	<u>Country of</u> <u>Issue</u>
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b. If Pledgor's interest in any of the foregoing is otherwise than as owner, please describe the nature of such interest.

18a. Please supply the following information with respect to each registered trademark and trademark application in which Pledgor has any interest (whether as owner, licensee or otherwise):

Registered Trademarks

<u>Nature of</u> <u>Interest</u> (e.g., owner licensee)	<u>Registered</u> <u>Trademark</u>	<u>Registration</u> <u>No.</u>	<u>Property</u> <u>Covered</u>	<u>Date</u> <u>Registered</u>	<u>Docket</u> <u>No.</u>	<u>Country of</u> <u>Registration</u>
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Trademark Applications

Nature of Interest (e.g., owner, licensee)	Trademark Application relates to following Trademark:	Serial No.	Property Covered	Country of Application
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b. If Pledgor's interest in any of the foregoing is otherwise than as owner, please describe the nature of such interest.

19a. Please supply the following information with respect to each copyright and copyright application in which Pledgor has any interest (whether as owner, licensee or otherwise):

Copyrights

Nature of Interest (e.g., owner, licensee)	Copyright	Copyright No.	Property Covered	Date of Copyright	Docket No.	Country of Registration
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