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RECORDATION NO. 24971 FILED

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SURFACE TRANSPORTATION BOARD



May 25, 2004

**VIA OVERNIGHT MAIL**

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW, Room 715  
Washington, DC 20423-0001

Dear Secretary Williams:

Enclosed please find one (1) original and four (4) fully executed and notarized counterparts of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

This document is a Rolling Stock Security Agreement, a primary document, dated December 31, 2003 (the "Security Agreement").

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

HIGH RIVER LIMITED PARTNERSHIP, a Delaware partnership, not in its individual capacity, but solely as U.S. collateral agent for the Exit Lender  
c/o Icahn Associates Corp. and Affiliates  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, NY 10153

HIGH RIVER LIMITED PARTNERSHIP, a Delaware partnership, not in its individual capacity, but solely as U.S. collateral agent for the Secured PIK/Term Lenders  
c/o Icahn Associates Corp. and Affiliates  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, NY 10153

One Financial Center  
Boston, Massachusetts 02111  
617.856.8200  
fax 617.856.8201  
www.brbrudnick.com

1001 Broadway, Suite 1000, New York, NY 10018



May 25, 2004

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BARBERRY CORPORATION, a Delaware corporation, not in its individual capacity, but solely as Canadian collateral agent for the Exit Lender  
c/o Icahn Associates Corp. and Affiliates  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, NY 10153

BARBERRY CORPORATION, a Delaware corporation, not in its individual capacity, but solely as Canadian collateral agent for the Secured/PIK Term Lenders  
c/o Icahn Associates Corp. and Affiliates  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, NY 10153

PHILIP SERVICES CORPORATION, a Delaware corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PHILIP METALS (NEW YORK), INC., a New York corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PSC METALS, INC., an Ohio corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

CAPPCO TUBULAR PRODUCTS USA, INC., a Georgia corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

21ST CENTURY ENVIRONMENTAL MANAGEMENT, INC. OF NEVADA, a Nevada corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

21ST CENTURY ENVIRONMENTAL MANAGEMENT, INC. OF  
RHODE ISLAND, a Rhode Island corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

ALLWASTE TANK CLEANING, INC., a Georgia corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

ALLWORTH, INC., an Alabama corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

BURLINGTON ENVIRONMENTAL INC., a Washington corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

CHEM-FREIGHT, INC., an Ohio corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

CHEMICAL RECLAMATION SERVICES, INC., a Texas corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

CHEMICAL POLLUTION CONTROL, INC. OF FLORIDA – A 21ST  
CENTURY ENVIRONMENTAL MANAGEMENT COMPANY, a  
Florida corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

CHEMICAL POLLUTION CONTROL, INC. OF NEW YORK – A 21ST  
CENTURY ENVIRONMENTAL MANAGEMENT COMPANY, a New  
York corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

COUSINS WASTE CONTROL CORPORATION, an Ohio corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

CYANOKEM INC., a Michigan corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

LUNTZ ACQUISITION (DELAWARE) CORPORATION, a Delaware  
corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

NORTHLAND ENVIRONMENTAL, INC., a Delaware corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

NORTRU, INC., a Michigan corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PHILIP ENVIRONMENTAL SERVICES CORPORATION, a Missouri  
corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PHILIP TRANSPORTATION AND REMEDIATION, INC., a California  
corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PHILIP RECLAMATION SERVICES, HOUSTON, INC., a Texas  
corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PSC ENVIRONMENTAL SERVICES, INC., a Delaware corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PSC INDUSTRIAL OUTSOURCING, INC., a Delaware corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PSC INDUSTRIAL SERVICES, INC., a Delaware corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

REPUBLIC ENVIRONMENTAL RECYCLING (NEW JERSEY), INC.,  
a New Jersey corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

REPUBLIC ENVIRONMENTAL SYSTEMS (PENNSYLVANIA), INC.,  
a Pennsylvania corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

REPUBLIC ENVIRONMENTAL SYSTEMS (TRANSPORTATION  
GROUP), INC., a Pennsylvania corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

RESOURCE RECOVERY CORPORATION, a Washington corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

RHO-CHEM CORPORATION, a California corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

REPUBLIC ENVIRONMENTAL SYSTEMS (TECHNICAL SERVICES  
GROUP), INC., a New Jersey corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

SOLVENT RECOVERY CORPORATION, a Missouri corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

THERMALKEM, INC., a Delaware corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

D&L, INC., a Pennsylvania corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

ACE/ALLWASTE ENVIRONMENTAL SERVICES OF INDIANA,  
INC., an Illinois corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

INTERNATIONAL CATALYST, INC., a Nevada corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

JESCO INDUSTRIAL SERVICE, INC., a Kentucky corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PHILIP SERVICES/NORTH CENTRAL, INC., an Iowa corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PSC RECOVERY SYSTEMS, INC., a Georgia corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PSC INDUSTRIAL OUTSOURCING OF MICHIGAN, INC.  
5151 San Felipe, Suite 1600  
Houston, TX 77056

SERV-TECH EPC, INC., a Nevada corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

SERV-TECH EPC SUBSIDIARY, INC., a Louisiana corporation  
5151 San Felipe, Suite 1600  
Houston, TX 77056

PSC ANALYTICAL SERVICES, INC., a New Brunswick corporation  
519 Parkdale Avenue North  
Hamilton, Ontario L8H 5Y6  
Canada

PSC INDUSTRIAL SERVICES CANADA, INC., a New Brunswick  
corporation  
519 Parkdale Avenue North  
Hamilton, Ontario L8H 5Y6  
Canada

PSC SERVICES HOLDINGS INC., a New Brunswick corporation  
519 Parkdale Avenue North  
Hamilton, Ontario L8H 5Y6  
Canada

Please index the Security Agreement under each and every above-listed party to the Security Agreement.

A description of the equipment covered by the Security Agreement is as follows:

All present and hereafter acquired railroad cars, locomotives, and other rolling stock, wherever located, including all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, including, without limitation, the rolling stock described on Exhibit A hereto; and all products and proceeds of the foregoing.

A fee of \$30.00 is enclosed. Please return the stamped original and three (3) stamped counterparts of the document in the enclosed Federal Express envelope to:

Brown Rudnick Berlack Israels, LLP  
One Financial Center  
Boston, MA 02111  
Attn: S. Ryan Black

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

**ROLLING STOCK SECURITY AGREEMENT**, dated December 31, 2003 made by Philip Services Corporation, a Delaware corporation, and each of Philip Services Corporation's subsidiaries identified on the signature pages of the Rolling Stock Security Agreement, in favor of **HIGH RIVER LIMITED PARTNERSHIP**, a Delaware partnership, not in its individual capacity, but solely as collateral agent for the lenders identified in the Rolling Stock Security Agreement, and **BARBERRY CORPORATION**, a Delaware corporation, not in its individual capacity, but solely as collateral agent for the lenders identified in the Rolling Stock Agreement; and covering all present and hereafter acquired railroad cars, locomotives, and other rolling stock, wherever located, including all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, including, without limitation, the rolling stock described in Exhibit A; and all products and proceeds of the foregoing.

Thank you for your assistance with this matter. If you have any questions, please contact me.

Very truly yours,

**BROWN RUDNICK BERLACK ISRAELS LLP**

By:   
S. Ryan Black

Enclosures

cc: Katherine Haffner, Esq. (w/o encl)

SCHEDULE A

**PSC METALS INC  
OWNED RAIL CARS**

<b>Line</b>	<b>Legal Entity</b>	<b>Car ID</b>
1.	PSC Metals Inc	KNOX 1200
2.	PSC Metals Inc	KNOX 1295
3.	PSC Metals Inc	KNOX 1546
4.	PSC Metals Inc	KNOX 1579
5.	PSC Metals Inc	KNOX 1625
6.	PSC Metals Inc	KNOX 1704
7.	PSC Metals Inc	KNOX 1722
8.	PSC Metals Inc	KNOX 1817
9.	PSC Metals Inc	KNOX 1874
10.	PSC Metals Inc	KNOX 1883
11.	PSC Metals Inc	KNOX 5507
12.	PSC Metals Inc	KNOX 5509
13.	PSC Metals Inc	KNOX 5527
14.	PSC Metals Inc	KNOX 5540
15.	PSC Metals Inc	KNOX 5550
16.	PSC Metals Inc	KNOX 5582
17.	PSC Metals Inc	KNOX 5589
18.	PSC Metals Inc	KNOX 5594
19.	PSC Metals Inc	KNOX 5634
20.	PSC Metals Inc	KNOX 5637
21.	PSC Metals Inc	KNOX 5666
22.	PSC Metals Inc	KNOX 5669
23.	PSC Metals Inc	KNOX 5673
24.	PSC Metals Inc	KNOX 5680
25.	PSC Metals Inc	KNOX 5698
26.	PSC Metals Inc	KNOX 5699
27.	PSC Metals Inc	KNOX 5701
28.	PSC Metals Inc	KNOX 5716
29.	PSC Metals Inc	KNOX 5735
30.	PSC Metals Inc	KNOX 5750
31.	PSC Metals Inc	KNOX 5762
32.	PSC Metals Inc	KNOX 5763
33.	PSC Metals Inc	KNOX 5774
34.	PSC Metals Inc	KNOX 5795
35.	PSC Metals Inc	LUBX 4000
36.	PSC Metals Inc	LUBX 4001
37.	PSC Metals Inc	LUBX 4002

38.	PSC Metals Inc	LTZ 6250
39.	PSC Metals Inc	LTZ 6251
40.	PSC Metals Inc	LTZ 6252
41.	PSC Metals Inc	LTZ 6253
42.	PSC Metals Inc	LTZ 6254
43.	PSC Metals Inc	LTZ 6255
44.	PSC Metals Inc	LTZ 6256
45.	PSC Metals Inc	LTZ 6257
46.	PSC Metals Inc	LTZ 6258
47.	PSC Metals Inc	LTZ 6259
48.	PSC Metals Inc	LTZ 6260
49.	PSC Metals Inc	LTZ 6261
50.	PSC Metals Inc	LTZ 6262
51.	PSC Metals Inc	LTZX 27652
52.	PSC Metals Inc	LTZX 133302
53.	PSC Metals Inc	LTZX 477796

**ROLLING STOCK SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

This **ROLLING STOCK SECURITY AGREEMENT** (this "Agreement"), dated as of December 31, 2003, is made by **PHILIP SERVICES CORPORATION**, a Delaware corporation ("Parent") and each of Parent's Subsidiaries identified on the signature pages hereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Debtor" and individually and collectively, jointly and severally, "Debtors"), in favor of **HIGH RIVER LIMITED PARTNERSHIP**, a Delaware partnership (together with its successors and assigns, in its individual capacity "HIGH RIVER"), not in its individual capacity, but solely as collateral agent for the Exit Lender pursuant to the Loan Agreement (the "Exit Loan Collateral Agent"); and **HIGH RIVER**, not in its individual capacity, but solely as collateral agent for the Secured PIK/Term Lenders (the "PIK/Term Collateral Agent") (the Exit Loan Collateral Agent and the PIK/Term Collateral Agent, are referred to collectively as the "Collateral Agents").

**WHEREAS**, each Borrower is a party to that certain Loan Agreement (the "Loan Agreement"), of even date herewith, with **HIGH RIVER** (the "Exit Lender") and **HIGH RIVER** as the Exit Loan Collateral Agent, pursuant to which the Exit Lender has agreed to make certain financial accommodations to Borrowers;

**WHEREAS**, Parent is party to that certain Amended and Restated Credit Agreement (the "Secured PIK/Term Credit Agreement"), of even date herewith, with the Persons party to the Secured PIK/Term Credit Agreement as lenders ("Secured PIK/Term Lenders"), and **HIGH RIVER** as administrative agent for the Secured PIK/Term Lenders (in such capacity, together with its successor, if any, in such capacity, "Secured PIK/Term Agent"), and **HIGH RIVER** as PIK/Term Collateral Agent for the PIK/Term Agent (the Secured PIK/Term Lenders, the Secured PIK/Term Agent and the PIK/Term Collateral Agent, collectively, the "Secured PIK/Term Lender Group");

**WHEREAS**, Parent has agreed to issue new PIK/Term Notes ("New PIK/Term Notes") in favor of Secured PIK/Term Agent evidencing Parent's remaining Secured PIK/Term Obligations (as defined herein) owing to the Secured PIK/Term Lender Group under the Secured PIK/Term Credit Agreement;

**WHEREAS**, each Borrower (other than Parent) has executed that certain PIK/Term Guaranty (the "New PIK/Term Guaranty"), of even date herewith, in favor of Secured PIK/Term Agent respecting certain obligations of Parent owing to the Secured PIK/Term Lender Group under the Secured PIK/Term Credit Agreement;

**WHEREAS**, each Canadian Guarantor identified therein severally (and not jointly or jointly and severally) (the "Canadian Guarantors") has executed that certain Canadian Guaranty (the "Canadian Guaranty"), of even date herewith in favor of the Canadian Collateral Agent respecting, inter alia, certain obligations of the Borrowers owing

to the Exit Lender under the Loan Agreement and in favor of the Secured PIK/Term Agent respecting, inter alia, certain obligations of the Parent owing to the Secured PIK/Term Lender Group under the Secured PIK/Term Credit Agreement;

**WHEREAS**, the Canadian Guarantors are contemporaneously herewith entering into that certain Security Agreement, dated as of the date hereof (the "Canadian Security Agreement"), with the Canadian Collateral Agent pursuant to which each Canadian Guarantor has granted to the Canadian Collateral Agent, a security interest in certain of their respective properties and assets;

**WHEREAS**, Parent and certain of its Subsidiaries (including certain of the Debtors) identified therein are contemporaneously herewith entering into that certain Security Agreement, dated as of the date hereof (the "Security Agreement"), with Collateral Agents, pursuant to which Parent and each such Subsidiary has granted to each of the Collateral Agents (acting individually and not jointly), a security interest in (among other things) all of its Equipment;

**WHEREAS**, to induce the Exit Lender to make the financial accommodations provided to Borrowers pursuant to the Loan Agreement and to induce the Secured PIK/Term Agent to accept the New PIK/Term Notes evidencing the remaining Obligations under the Secured PIK/Term Credit Agreement, the Debtors have agreed to execute and deliver this Agreement to the Collateral Agents, acting individually and not jointly, for filing with the Surface Transportation Board and with any other relevant recording systems in any domestic or foreign jurisdiction, and as further evidence of the existing security interests of each of the Collateral Agents (acting individually and not jointly) in the Rolling Stock (as defined herein); and

**WHEREAS**, (i) the Borrower and the Subsidiaries of the Borrower identified on the signature pages thereto (in their capacities as "Debtors" thereunder, the Exit Lender, the Administrative Agent, the D&O Agent and the Borrower (in its capacity as the lender under the Intercompany Loan Documents) and (ii) the Collateral Agent, Exit Loan Collateral Agent, D&O Collateral Agent and Intercompany Collateral Agent (including in their capacity as Canadian Collateral Agent) entered into that certain Collateral Agency, Subordination, and Intercreditor Agreement dated as of December 30, 2003 hereof (the "Collateral Agency, Subordination, and Intercreditor Agreement").

**NOW, THEREFORE**, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, Debtors and Collateral Agents hereby agree as follows:

1. Definitions; Interpretation.

(a) Certain Defined Terms. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement. As used in this Agreement, the following terms shall have the following meanings:

“Agreement” shall have the meaning ascribed thereto in the preamble to this Agreement.

“Bankruptcy Code” means the United States Bankruptcy Code (11 U.S.C. §101 et seq.), as amended, and any successor statute.

“Canadian Collateral Agent” shall have the meaning ascribed to it in the Collateral Agency, Subordination and Intercreditor Agreement.

“Canadian Debtors” shall mean the Canadian Guarantors, as defined in the Loan Agreement.

“Canadian Guarantors” shall mean any or all of PSC Analytical Services Inc.; PSC Industrial Services Canada Inc. and PSC Services Holdings Inc.

“Canadian Guaranty” shall have the meaning set forth in the recitals to this Agreement.

“Canadian Security Agreement” shall have the meaning set forth in the recitals to this Agreement.

“Closing Date” shall have the meaning set forth in the Loan Agreement.

“Collateral Agency, Subordination, and Intercreditor Agreement” has the meaning ascribed thereto in the preamble to this Agreement.

“Collateral Agents” has the meaning set forth in the preamble to this Agreement.

“Collateral Agents’ Liens” means the liens granted herein or in any of the other Credit Documents (A) to the Exit Loan Collateral Agents for the benefit of the Exit Loan Lender, and (B) to the PIK/Term Collateral Agents for the benefit of the Secured PIK/Term Lender Group.

“Credit Documents” shall mean, collectively, the Loan Documents and the Secured PIK/Term Documents.

“Debtor” and “Debtors” shall have the meaning ascribed thereto in the preamble to this Agreement.

“Event of Default” shall have the meaning ascribed thereto in the Security Agreement.

“Exit Lender” shall have the meaning set forth in the recitals to this Agreement.

“Exit Loan Collateral Agent” shall have the meaning set forth in the recitals to this Agreement.

“Lien” means any pledge, security interest, assignment, charge or encumbrance, lien (statutory or other), or other preferential arrangement (including any agreement to give any security interest).

“Loan Documents” means the Loan Agreement, the Canadian Guaranty, the Canadian Security Agreement, any Control Agreement, the Copyright Security Agreement, the Hypothec, the Mortgages, the Patent Security Agreement, the Security Agreement, the Stock Pledge Agreement, the Suretyship Agreement, the Trademark Security Agreement, this Agreement and any other agreement entered into, now or in the future, by any Debtor and the Exit Lender or Exit Loan Collateral Agent in connection with this Agreement.

“Loan Obligations” means all loans, the Term Loan, debts, principal, interest (including any interest that, but for the provisions of the Bankruptcy Code, would have accrued), premiums, liabilities (including all amounts charged to Debtors’ Loan Account pursuant hereto), obligations, fees, charges, costs, or Exit Lender Expenses (including any fees or expenses that, but for the provisions of the Bankruptcy Code, would have accrued), guaranties, covenants, and duties owing by Obligors to the Exit Lender of any kind and description pursuant to or evidenced by the Loan Documents, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all Exit Lender Expenses that Obligors are required to pay or reimburse by the Loan Documents, by law, or otherwise.

“Material Adverse Change” shall have the meaning set forth in the Loan Agreement.

“New PIK/Term Guaranty” shall have the meaning set forth in the recitals to this Agreement.

“New PIK/Term Notes” shall have the meaning set forth in the recitals to this Agreement.

“Non-Canadian Debtors” shall mean the Obligors, other than the Canadian Debtors.

"Obligations" means, collectively, the Loan Obligations and the Secured PIK/Term Obligations.

"Obligors" shall have the meaning set forth in the Loan Agreement.

"Permitted Dispositions" shall have the meaning set forth in the Loan Agreement.

"Permitted Protest" shall have the meaning set forth in the Loan Agreement.

"Person" means and includes natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Proceeds" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Rolling Stock Collateral, including "proceeds" as defined in the UCC, and all proceeds of proceeds. Proceeds shall include (i) any and all accounts, chattel paper, instruments, general intangibles, cash and other proceeds, payable to or for the account of Debtor, from time to time in respect of any of the Rolling Stock Collateral, (ii) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of Debtor from time to time with respect to any of the Rolling Stock Collateral, (iii) any and all claims and payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Rolling Stock Collateral by any Person acting under color of governmental authority, and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Rolling Stock Collateral or for or on account of any damage or injury to or conversion of any Rolling Stock Collateral by any Person.

"Rolling Stock" means all of the Debtors' present and hereafter acquired railroad cars, locomotives, and other rolling stock, wherever located, including all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing.

"Rolling Stock Collateral" means (a) all Rolling Stock; and (b) all products and Proceeds of Rolling Stock.

"Secured PIK/Term Agent" shall have the meaning set forth in the recitals to this Agreement.

"PIK/Term Collateral Agent" shall have the meaning set forth in the recitals to this Agreement.

“Secured PIK/Term Credit Agreement” shall have the meaning set forth in the recitals to this Agreement.

“Secured PIK/Term Documents” shall mean the Secured PIK/Term Credit Agreement and any other agreement entered into, now or in the future, by any Obligor and the Secured PIK/Term Agent in connection with the Secured PIK/Term Credit Agreement, including but not limited to the New PIK/Term Notes, the Canadian Guaranty, the New PIK/Term Guaranty, the Canadian Security Agreement, any Control Agreement, the Hypothec, the Mortgages, the Patent Security Agreement, the Security Agreement, the Copyright Security Agreement, the Trademark Security Agreement, the Stock Pledge Agreement, the Suretyship Agreement, this Agreement and any other agreement entered into, now or in the future, by any Debtor and the Secured PIK/Term Agent or PIK/Term Collateral Agent in connection with this Agreement.

“Secured PIK/Term Lender Group” shall have the meaning set forth in the recitals to this Agreement.

“Secured PIK/Term Lenders” shall have the meaning set forth in the recitals to this Agreement.

“Secured PIK Obligations” shall mean the “Obligations” (as defined in the Secured PIK/Term Credit Agreement) owing by any Obligor to the Secured PIK/Term Lender Group, arising out of, or outstanding under, advanced or issued pursuant to, or evidenced by the Secured PIK/Term Documents.

“Surface Transportation Board” shall mean the United States Surface Transportation Board and any successor thereto.

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

“United States” and “U.S.” each mean the United States of America.

(b) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings ascribed to them in the UCC.

(c) Terms Defined in the Loan Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

(d) Interpretation. In this Agreement, except to the extent the context otherwise requires:

(i) Any reference to a Section or a Schedule is a reference to a section hereof, or a schedule hereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears.

(ii) The words “hereof,” “herein,” “hereto,” “hereunder” and the like mean and refer to this Agreement as a whole and not merely to the specific Section, subsection, paragraph or clause in which the respective word appears.

(iii) The meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined.

(iv) The words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation.”

(v) References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto.

(vi) References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to.

(vii) Any captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

(viii) In the event of a direct conflict between the terms and provisions of this Agreement, the Secured PIK/Term Credit Agreement and the Loan Agreement, it is the intention of the parties hereto that all such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of the Loan Agreement shall control and govern; provided, however, that the inclusion herein of additional obligations on the part of the Debtor and supplemental rights and remedies in favor of any Collateral Agent (whether under New York law or applicable federal law), in each case in respect of the Rolling Stock Collateral, shall not be deemed a conflict with the Loan Agreement or the Secured PIK/Term Credit Agreement. The provisions of this Agreement shall be subject to the express terms of the Collateral Agency, Subordination, and Intercreditor Agreement.

## 2. Security Interest.

### (a) Grant of Security Interest.

(i) Each Canadian Debtor severally (and not jointly or jointly and severally) and each Non-Canadian Debtor, jointly and severally, in order to secure the prompt payment of all of such Debtor's Obligations owing to the Collateral Agents, the Exit Lender, and the Secured PIK/Term Lender Group, hereby sells, assigns, conveys, mortgages, pledges, hypothecates and transfers to Collateral Agents, hereby grants to Collateral Agents, for the benefit of the Exit Lender and the Secured PIK/Term Lender Group, continuing security interests in all of each Debtor's right, title and interest in, to and under all currently existing and hereafter acquired or arising Rolling Stock Collateral. This grant of a security interest is in addition to, and supplemental of, any security interest previously granted by each Debtor to or for the benefit of the Collateral Agents, the Exit Lender or Secured PIK/Term Lender Group and shall continue in force and effect applicable to all Obligations and to any future advances made by the Exit Lender to or on behalf of each Debtor, until the Obligations are paid in full and the Exit Lender has no further obligation to make loans under the Loan Agreement and the Secured PIK/Term Lender Group has no further obligations under the Secured PIK/Term Credit Agreement.

(ii) The priority of, and other rights with respect to, the Liens granted by the Debtors hereto are subject to the Collateral Agency, Subordination, and Intercreditor Agreement.

(iii) The security interests in the Rolling Stock Collateral granted herein to Collateral Agents shall attach to all Rolling Stock Collateral without further act on the part of the Collateral Agents or Debtors.

(iv) The security interests granted herein shall not extend or apply to any personal property which is used or bought for use primarily for personal, family or household purposes.

(v) Except as expressly set forth in this Agreement, the Collateral Agency, Subordination, and Intercreditor Agreement or, with respect to the Exit Lender, the Loan Agreement or with respect to the Secured PIK/Term Lender Group, the Secured PIK/Term Credit Agreement, no Debtor has any authority, express or implied, to dispose of any item or portion of the Rolling Stock Collateral.

(b) Continuing Security Interest. Each Debtor agrees that this Agreement shall create continuing security interests in the Rolling Stock Collateral which shall remain in effect until terminated in accordance with Section 17. Each debtor authorizes the Collateral Agents to execute all financing statements, continuation financing statements and any and all documents and instruments that any Collateral Agent in good faith deems necessary to perfect and continue perfected such Collateral Agent's security interests in the Rolling Stock Collateral.

(c) Incorporation into Security Agreements.

(i) This Agreement shall be fully incorporated into the Security Agreement and, with respect to each Debtor that is a party to the Security Agreement, all understandings, agreements and provisions contained in the Security Agreement shall be fully incorporated into this Agreement. Without limiting the foregoing, the Rolling Stock Collateral described in this Agreement shall constitute part of the Collateral in the Security Agreement.

(ii) This Agreement shall be fully incorporated into the Canadian Security Agreement and, with respect to each Debtor that is a party to the Canadian Security Agreement, all understandings, agreements and provisions contained in the Canadian Security Agreement shall be fully incorporated into this Agreement. Without limiting the foregoing, the Rolling Stock Collateral described in this Agreement shall constitute part of the Collateral in the Canadian Security Agreement.

(d) Right to Inspect. Collateral Agents (through any of its officers, employees, or agents) shall have the right, from time to time hereafter, to inspect Debtors' Books and to check, test, and appraise the Rolling Stock Collateral in order to verify Debtors' financial condition or the amount, quality, value, condition of, or any other matter relating to, the Rolling Stock Collateral.

(e) Unassigned Agreements. If any agreement, right license or permit which is to be subject to the security interests granted herein is not capable of being subject to such security interests because (i) the grant of such security interests therein requires the consent of the other party or parties thereto and such consent has not been obtained as of the date hereof; (ii) the grant of such security interests therein requires compliance with stated conditions which have not been satisfied; (iii) such agreement, right, license or permit contains an express prohibition against the grant of a security interest or because the remedies for the enforcement of such agreement would not, as a matter of law, pass to the Collateral Agents as an incidence of the security interests granted herein or (iv) the grant of such security interests would otherwise constitute a breach or permit the acceleration or termination of such agreement, right license or permit (collectively the "Unassigned Agreements"), the applicable Debtor's beneficial interest in such Unassigned Agreement shall, until such consent to such grant, compliance with such conditions or waiver of such express prohibition, breach or right to accelerate or terminate has been obtained, not be subject to the security interests granted herein, and in any event shall to the fullest extent permitted by law be held in trust for the Collateral Agents by such Debtor and the said beneficial interest and all benefits derived under such Unassigned Agreement shall be for the account of the Collateral Agents, subject to the terms of this Agreement. Upon the security interests becoming enforceable, in order that the full value of the beneficial interest in every Unassigned Agreement may be realized for the benefit of the Collateral Agents, the applicable Debtor shall, at the request and under the direction of the Collateral Agents, in the

name of such Debtor, take all such action and do or cause to be done all such things as are desirable in order that the obligations of such Debtor under such Unassigned Agreement may be performed in such manner that the beneficial interest in such Unassigned Agreement shall be preserved and shall enure to the benefit of the Collateral Agents or as the Collateral Agents may direct in writing and the collection of any monies due and payable and to become due and payable shall be facilitated and such Debtor will promptly pay over to the Collateral Agents or as the Collateral Agents may direct in writing all Collateral collected by, paid to or otherwise received by such Debtor in respect of the beneficial interest in every such Unassigned Agreement.

3. Further Assurances; Appointment of Collateral Agents as Attorney-in-Fact. Each Debtor at its expense shall execute and deliver, or cause to be executed and delivered, to any Collateral Agent any and all documents and instruments, in form and substance satisfactory to such Collateral Agent, and take any and all action, which such Collateral Agent may reasonably request from time to time, to perfect and continue perfected, maintain the priority of or provide notice of such Collateral Agents' Liens in the Rolling Stock Collateral and to accomplish the purposes of this Agreement. If any Debtor refuses to execute and deliver, or fails timely to execute and deliver, any of the documents it is requested to execute and deliver by any Collateral Agent in accordance with the foregoing, each Collateral Agent shall have the right to, in the name of such Debtor, in the name of such Collateral Agent, or otherwise, without notice to or assent by any Debtor, and each Debtor hereby irrevocably constitutes and appoints each Collateral Agent, acting severally and not jointly, (and any of such Collateral Agent's officers or employees or agents designated by such Collateral Agent) as such Debtor's true and lawful attorney-in-fact with full power and authority for the purpose of carrying out the terms of this Agreement, (i) to sign the name of such Debtor on all or any of such documents or instruments, and perform all other acts, that such Collateral Agent deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of such Collateral Agents' Liens in the Rolling Stock Collateral, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of such Debtor, which such Collateral Agent may deem necessary or advisable to maintain, preserve and protect the Rolling Stock Collateral and to accomplish the purposes of this Agreement, including (A) upon the occurrence and during the continuance of any Event of Default, to defend, settle, adjust or institute any action, suit or proceeding with respect to the Rolling Stock Collateral, and (B) upon the occurrence and during the continuance of any Event of Default, to execute any and all applications, documents, papers and instruments for such Collateral Agent to use the Rolling Stock Collateral, and to assign, convey or otherwise transfer title in or dispose of the Rolling Stock Collateral. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable so long as this Agreement shall not have terminated in accordance with Section 17.

4. Representations and Warranties. Each Debtor represents and warrants with respect to itself as follows:

(a) No Other Rolling Stock. A true and correct list of all Rolling Stock owned by such Debtor, in whole or in part, is set forth in Schedule A.

(b) No Prior Encumbrances. Each Debtor has rights in, good title to and the power to transfer its Rolling Stock Collateral. With respect to the Rolling Stock Collateral shown on Schedule A hereto as owned by it, such Debtor is the sole and exclusive owner thereof, free and clear of any Liens and rights of others (other than the Collateral Agents' Liens and Permitted Liens).

(c) Powers. Such Debtor has the unqualified right, power and authority to grant each of the Collateral Agents' Liens in all of such Debtor's Rolling Stock Collateral pursuant to this Agreement, and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person except as already obtained.

(d) Reliance by Collateral Agents; Cumulative. The warranties, representations, and agreements set forth herein shall be conclusively presumed to have been relied upon by each Collateral Agent, the Exit Lender and the Secured PIK/Term Lender Group, and shall be cumulative and in addition to any and all other warranties, representations, and agreements which Debtors shall now or hereinafter give or cause to be given, to each Collateral Agent, the Exit Lender or the Secured PIK/Term Lender Group.

5. Affirmative Covenants. Each Canadian Debtor severally (and not jointly or jointly and severally) and each Non-Canadian Debtor, jointly and severally, covenants that so long as this Agreement shall be in effect, such Debtor shall do all of the following:

(a) Material Adverse Effect on Rolling Stock. A Debtor will advise each Collateral Agent promptly, in reasonable detail, (i) of any lien or claim made or asserted against any of the Rolling Stock Collateral, (ii) of any material change in the composition of the Rolling Stock Collateral, (iii) of all disputes involving amounts in excess of \$1,000, and (iv) the occurrence of any event that could have a material adverse effect on any of such Debtor's Rolling Stock Collateral.

(b) Title to Rolling Stock. Upon any Collateral Agent's request, immediately deliver to such Collateral Agent, properly endorsed, any and all certificates of title to any of the Rolling Stock and any and all additional documents that evidence such Debtor's interest in any of the Rolling Stock.

(c) Maintenance of Rolling Stock. Maintain its Rolling Stock in good operating condition and repair (ordinary wear and tear excepted), and make all necessary replacements thereto so that the value and operating efficiency thereof shall at all times be maintained and preserved, except where Debtor determines that to do so would not be economic and where the failure to do so is not reasonably likely to result in a Material

Adverse Change. Each Debtor will not sell, transfer, lease or otherwise dispose of any of its interest in the Rolling Stock, or attempt, offer or contract to do so, except for the disposition in the ordinary course of business of Rolling Stock that has become worn out or obsolete.

(d) Taxes. Cause all assessments and taxes due or payable by, or imposed, levied, or assessed against such Debtor or any of its Rolling Stock to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that the validity of such assessment or tax shall be the subject of a Permitted Protest. Each Debtor will make timely payment or deposit of all tax payments and withholding taxes required of it by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish any Collateral Agent with proof satisfactory to such Collateral Agent indicating that such Debtor has made such payments or deposits. Upon the request of any Collateral Agent, each Debtor shall deliver satisfactory evidence of payment of applicable excise taxes in each jurisdiction in which (a) such Debtor conducts business or is required to pay any such excise tax, (b) where such Debtor's failure to pay any such applicable excise tax would result in a Lien on the properties or assets of such Debtor, or (c) where such Debtor's failure to pay any such applicable excise tax would constitute a Material Adverse Change.

(e) Collateral Agent Expenses. Immediately and without demand reimburse Collateral Agents for all reasonable fees and expenses (including reasonable attorneys fees) expended by Collateral Agents in connection with this Agreement and other Credit Documents. Debtors hereby authorize and approve all such advances and payments made by any Collateral Agent. Notwithstanding the foregoing, each of the Debtors agrees to indemnify each of the Collateral Agents, the Exit Lender and the Secured/PIK Term Lender Group from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of such Person) which may be imposed on, incurred by or asserted against a Collateral Agent, the Exit Lender or the Secured/PIK Term Lender Group and arising by reason of any action (including any action referred to in this Agreement or any Credit Document) or inaction or omission to do any act legally required by such Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Obligations of such Debtor and the Liens from such Debtor.

(f) Protect Rights of Collateral Agents. Each Debtor will, upon the Collateral Agent's written request, defend the right, title and interest of the Collateral Agent in and to any of the Collateral against the claims and demands of all Persons whomsoever

(g) Maintenance of Insurance. Each Debtor will maintain with financially sound and reputable companies insurance policies (i) insuring the Rolling Stock against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the same or similar businesses and (ii) insuring the Debtor and the Collateral Agents against liability for personal injury and property damage relating to the

Rolling Stock, such policies to be in such form and in such amounts and coverage as may be reasonably satisfactory to the Collateral Agents, with losses payable, in the case of casualty policies, to the Debtor and the Collateral Agents as their respective interests may appear. All insurance policies with respect to the Rolling Stock shall (i) contain a "Collateral Agents' Loss Payable" endorsement which shall provide that in respect of the interests of the Exit Lender in such policy the insurance shall not be invalidated by any action or inaction of the Debtor or any other Person (other than a Collateral Agents) and shall insure the interests of the Collateral Agents as they appear, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by the Debtor or any other Person (other than a Collateral Agents); (ii) provide that no cancellation, reduction in amount or change in coverage thereof shall be effective until at least thirty (30) days after receipt by the Collateral Agents of written notice thereof; (iii) waive any right of subrogation of the insurer against, or any right of set-off, counterclaim or any other deduction in respect of any liability of, the Collateral Agents to such insurer; (iv) provide that the Collateral Agents shall receive promptly copies of any notices to the Debtor of any default or other act or omission by the Debtor which might invalidate or render unenforceable, in whole or in part, such policy or result in the lapse thereof, in whole or in part; and (v) be otherwise satisfactory in all respects to the Collateral Agents. Each liability policy carried in accordance with this subsection shall be primary without right of contribution from any other insurance policy which is carried by the Debtors or the Collateral Agents to the extent that such other insurance policy provides the Debtors or the Collateral Agents with contingent or excess liability insurance with respect to its interest in the insured property and shall expressly provide that all of the provisions thereof, except the limits on liability, shall operate in the same manner as if there were a separate policy covering each insured. The Debtors shall, if so requested by the Collateral Agents, deliver to the Collateral Agents as often as the Collateral Agents may reasonably request a report of a reputable insurance broker with respect to the insurance on the Rolling Stock. All such insurance proceeds received by the Collateral Agents may be applied by the Collateral Agents in its discretion to the satisfaction of the Obligations or to repair or replacement of any property which sustained the casualty, except as otherwise required by applicable law.

(h) Perfection Issues. Each Debtor will preserve its corporate existence and not: (i) in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets; (ii) change the state of its incorporation; or (iii) change its corporate name without providing Collateral Agents with 30 days' prior written notice.

6. Negative Covenants. Each Canadian Debtor severally (and not jointly or jointly and severally) and each Non-Canadian Debtor, jointly and severally, covenants that so long as this Agreement shall remain in effect, such Debtor shall not do any of the following without Collateral Agent's prior written consent:

(a) Liens. Create, incur, assume, or permit to exist, directly or indirectly, any Lien on or with respect to any of the Rolling Stock, whether now owned or hereafter acquired, or any income or profits therefrom, except for the Collateral Agents' Liens and Permitted Liens (including Liens that are replacements of Permitted Liens to the extent that the original indebtedness is refinanced under Section 6.1(e) of the Loan Agreement and so long as the replacement Liens secure only those assets or property that secured the original indebtedness).

(b) Disposal of Rolling Stock. Other than pursuant to Permitted Dispositions or as otherwise expressly permitted by the Credit Documents, sell, lease assign, transfer, or otherwise dispose of any of the Rolling Stock.

7. Future Rights. If and when any Debtor shall obtain an interest in any new Rolling Stock, the provisions of this Agreement shall automatically apply thereto and such Debtor shall give to each Collateral Agent prompt notice thereof. Each Debtor shall do all things deemed reasonably necessary or advisable by any Collateral Agent to ensure the validity, perfection, priority and enforceability of Collateral Agents' Liens in such future acquired Rolling Stock. Each Debtor hereby authorizes each Collateral Agent to modify, amend or supplement the Schedules hereto and to re-execute this Agreement from time to time on such Debtor's behalf and as its attorney-in-fact to include any future Rolling Stock which are or become Rolling Stock Collateral and to cause such re-executed Agreement or such modified, amended or supplemented Schedules to be filed with the Surface Transportation Board.

8. Remedies. Upon the occurrence and during the continuance of an Event of Default, each Collateral Agent shall have all rights and remedies available to it under the Security Agreement, the Canadian Security Agreement, the other Credit Documents, and applicable law (which rights and remedies are cumulative) with respect to the security interests in any of the Rolling Stock Collateral or any other collateral. Each Debtor agrees that such rights and remedies include the right of each Collateral Agent as a secured party to sell or otherwise dispose of its Rolling Stock Collateral after default, pursuant to the UCC. In addition to and without limiting any of the foregoing, upon the occurrence and during the continuance of an Event of Default, each Collateral Agent shall have the right but shall in no way be obligated to bring suit, or to take such other action as such Collateral Agent deems necessary or advisable, in the name of any Debtor, such Collateral Agent, or otherwise, to enforce or protect any of the Rolling Stock Collateral, in which event each Debtor shall, at the request of any Collateral Agent, do any and all lawful acts and execute any and all documents required by such Collateral Agent in aid of such enforcement. To the extent that no Collateral Agent shall elect to bring suit to enforce such Rolling Stock Collateral, upon the occurrence and during the continuation of an Event of Default, each Debtor, in the exercise of its reasonable business judgment, agrees to use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violations thereof by others and for that purpose agrees diligently to

maintain any action, suit or proceeding against any Person necessary to prevent such infringement, misappropriation or violation.

9. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by each Debtor, each Collateral Agent, and their respective successors and assigns.

10. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Security Agreement.

11. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, except to the extent that the validity or perfection of the security interests hereunder in respect of the Rolling Stock Collateral are governed by federal law, in which case such choice of New York law shall not be deemed to deprive the Collateral Agents of such rights and remedies as may be available under federal law.

12. Entire Agreement; Amendment. This Agreement and the Security Agreement, and the Canadian Security Agreement, together with the Schedules hereto and thereto, contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties, as provided in the Security Agreement.

13. Severability. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

14. Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

15. Security Agreement. Each Debtor acknowledges that the rights and remedies of each Collateral Agent with respect to the security interest in the Rolling Stock

Collateral granted hereby are more fully set forth in the Security Agreement, the Canadian Security Agreement, and the other Credit Documents and the Collateral Agency, Subordination, and Intercreditor Agreement and all such rights and remedies are cumulative.

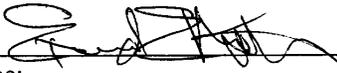
16. Several Agreement. This Agreement shall be construed as a separate agreement with respect to each Debtor and may be amended, modified, supplemented, waived or released with respect to any Debtor, or any representations, agreements, contracts, indemnities, liabilities or obligations of, or the security interests from, any other Debtor under this Agreement.

17. Termination. Upon the full and final payment of all of the Obligations and the irrevocable termination of any obligation of the Exit Lender and the Secured PIK/Term Lender Group to provide any additional credit or obligations under the Credit Documents, this Agreement shall terminate, the security interests granted hereunder with respect to the Obligations shall be released and each Collateral Agent shall execute any documents, instruments or agreements, and shall take any other action, necessary to effect such termination or release. Furthermore, (i) upon the full and final payment of all of the Secured PIK/Term Obligations and the irrevocable termination of any obligation of Secured PIK/Term Lender Group to provide any additional credit under the Credit Documents, this Agreement shall terminate with respect to the PIK/Term Collateral Agent, the security interests granted hereunder to the PIK/Term Collateral Agent shall be released and the PIK/Term Collateral Agent shall execute any documents, instruments or agreements, and shall take any other action, necessary to effect such termination or release, and (ii) upon the full and final payment of all of the Loan Obligations and the irrevocable termination of any obligation of the Exit Lender to provide any additional credit under the Loan Documents, this Agreement shall terminate with respect to the Exit Loan Collateral Agent, the security interests granted hereunder to the Exit Loan Collateral Agent shall be released and the Exit Loan Collateral Agent shall execute any documents, instruments or agreements, and shall take any other action, necessary to effect such termination or release.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

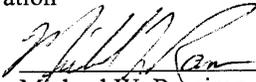
**HIGH RIVER LIMITED PARTNERSHIP**, a  
Delaware limited partnership, not in its individual  
capacity, but solely as Exit Loan Collateral Agent  
By: Barberrry Corp., its General Partner

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HIGH RIVER LIMITED PARTNERSHIP**, a  
Delaware limited partnership, not in its individual  
capacity, but solely as PIK/Term Collateral Agent  
By: Barberrry Corp., its General Partner

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PHILIP SERVICES CORPORATION**, a Delaware corporation

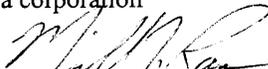
By:   
Michael W. Ramirez  
Senior Vice President and CFO

**PHILIP METALS (NEW YORK), INC.**,  
a New York corporation

**PSC METALS, INC.**,  
an Ohio corporation

By:   
Michael W. Ramirez  
Vice President and Treasurer  
of each of the foregoing companies

**CAPPCO TUBULAR PRODUCTS USA, INC.**, a  
Georgia corporation

By:   
Michael W. Ramirez  
Vice President

**21<sup>st</sup> CENTURY ENVIRONMENTAL  
MANAGEMENT, INC. OF NEVADA**, a Nevada  
corporation

**21<sup>st</sup> CENTURY ENVIRONMENTAL  
MANAGEMENT, INC. OF RHODE ISLAND**, a  
Rhode Island corporation

**ACE/ALLWASTE ENVIRONMENTAL  
SERVICES OF INDIANA, INC.**, an Illinois  
corporation

**ALLWASTE TANK CLEANING, INC.**, a  
Georgia corporation

**ALLWORTH, INC.**, an Alabama corporation

**BURLINGTON ENVIRONMENTAL INC.**, a  
Washington corporation

**CHEM-FREIGHT, INC.**, an Ohio corporation

**CHEMICAL POLLUTION CONTROL, INC.  
OF FLORIDA – A 21<sup>st</sup> CENTURY  
ENVIRONMENTAL MANAGEMENT  
COMPANY**, a Florida corporation

**CHEMICAL POLLUTION CONTROL, INC.  
OF NEW YORK – A 21<sup>st</sup> CENTURY  
ENVIRONMENTAL MANAGEMENT  
COMPANY**, a New York corporation

**CHEMICAL RECLAMATION SERVICES,  
INC.**, a Texas corporation

**COUSINS WASTE CONTROL  
CORPORATION**, an Ohio corporation

**CYANOKEM INC.**, a Michigan corporation

**INTERNATIONAL CATALYST, INC.**, a  
Nevada corporation

**JESCO INDUSTRIAL SERVICE, INC.**, a  
Kentucky corporation

**LUNTZ ACQUISITION (DELAWARE)  
CORPORATION**, a Delaware corporation

**NORTHLAND ENVIRONMENTAL, INC.**, a  
Delaware corporation

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**NORTRU, INC.**, a Michigan corporation

**PHILIP ENVIRONMENTAL SERVICES CORPORATION**, a Missouri corporation

**PHILIP RECLAMATION SERVICES, HOUSTON, INC.**, a Texas corporation

**PHILIP SERVICES/NORTH CENTRAL, INC.**, an Iowa corporation

**PHILIP TRANSPORTATION AND REMEDIATION, INC.**, a California corporation

**PSC ENVIRONMENTAL SERVICES, INC.**, a Delaware corporation

**PSC INDUSTRIAL OUTSOURCING OF MICHIGAN, INC.**, an Ohio corporation

**PSC INDUSTRIAL OUTSOURCING, INC.**, a Delaware corporation

**PSC INDUSTRIAL SERVICES, INC.**, a Delaware corporation

**PSC RECOVERY SYSTEMS, INC.**, a Georgia corporation

**REPUBLIC ENVIRONMENTAL RECYCLING (NEW JERSEY), INC.**, a New Jersey corporation

**REPUBLIC ENVIRONMENTAL SYSTEMS (PENNSYLVANIA), INC.**, a Pennsylvania corporation

**REPUBLIC ENVIRONMENTAL SYSTEMS (TECHNICAL SERVICES GROUP), INC.**, a New Jersey corporation

**REPUBLIC ENVIRONMENTAL SYSTEMS (TRANSPORTATION GROUP), INC.**, a Pennsylvania corporation

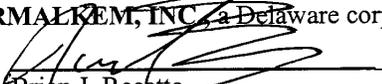
**RESOURCE RECOVERY CORPORATION**, a Washington corporation

**RHO-CHEM CORPORATION**, a California corporation

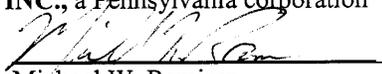
**SOLVENT RECOVERY CORPORATION**, a Missouri corporation

Missouri corporation

**THERMALKEM, INC.**, a Delaware corporation

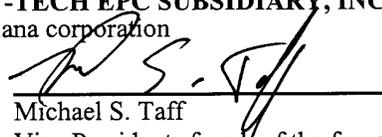
By:   
Brian J. Recatto  
President of each of the foregoing  
companies

**D&L, INC.**, a Pennsylvania corporation

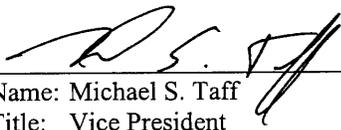
By:   
Michael W. Ramirez  
Vice President of Finance and Treasurer

**SERV-TECH EPC, INC.**, a Nevada corporation

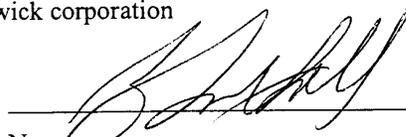
**SERV-TECH EPC SUBSIDIARY, INC.**, a  
Louisiana corporation

By:   
Michael S. Taff  
Vice President of each of the foregoing  
companies

**RMF INDUSTRIAL CONTRACTING,  
INC., a Michigan corporation**

  
Name: Michael S. Taff  
Title: Vice President

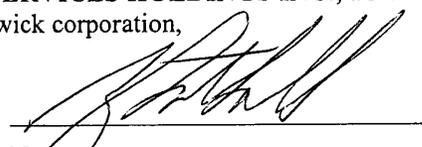
**PSC ANALYTICAL SERVICES, INC.** a New Brunswick corporation

By:   
Name:  
Title:

**PSC INDUSTRIAL SERVICES CANADA INC.,** a New Brunswick corporation,

By:   
Name:  
Title:

**PSC SERVICES HOLDINGS INC.,** a New Brunswick corporation,

By:   
Name:  
Title:

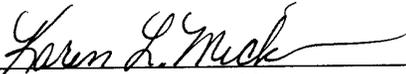
State of Texas )  
 ) ss  
County of Harris )

On this 23rd day of December, 2003, before me, Karen L. Mickelson, Notary Public, personally appeared Michael W. Ramirez, to me personally known, who being by me duly sworn, says that (s)he is the corporate officer of the signing corporation(s) as indicated on the signature pages hereto, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

WITNESS my hand and official seal.

[SEAL]



  
Signature of Notary Public  
My Commission expires March 9, 2006

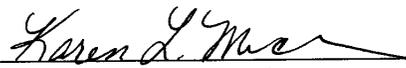
State of Texas )  
 ) ss  
County of Harris )

On this 23rd day of December, 2003, before me, Karen L. Mickelson, Notary Public, personally appeared Michael S. Taff, to me personally known, who being by me duly sworn, says that (s)he is the corporate officer of the signing corporation(s) as indicated on the signature pages hereto, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

WITNESS my hand and official seal.

[SEAL]



  
Signature of Notary Public  
My Commission expires March 9, 2006

S-1

State of Texas )  
 ) ss  
County of Harris )

On this 23rd day of December, 2003, before me, Karen L. Mickelson, Notary Public, personally appeared Brian J. Recatto, to me personally known, who being by me duly sworn, says that (s)he is the corporate officer of the signing corporation(s) as indicated on the signature pages hereto, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

WITNESS my hand and official seal.

[SEAL]



*Karen L. Mickelson*  
\_\_\_\_\_  
Signature of Notary Public  
My Commission expires March 9, 2006

State of \_\_\_\_\_ )  
 ) ss  
County of \_\_\_\_\_ )

On this \_\_ day of \_\_\_\_\_, before me \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that (s)he is the \_\_\_\_\_ of \_\_\_\_\_, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

WITNESS my hand and official seal.

[SEAL]

*[Signature]*  
\_\_\_\_\_  
Signature of Notary Public  
My Commission expires \_\_\_\_\_

SCHEDULE A

**PSC METALS INC  
OWNED RAIL CARS**

<b>Line</b>	<b>Legal Entity</b>	<b>Car ID</b>
1.	PSC Metals Inc	KNOX 1200
2.	PSC Metals Inc	KNOX 1295
3.	PSC Metals Inc	KNOX 1546
4.	PSC Metals Inc	KNOX 1579
5.	PSC Metals Inc	KNOX 1625
6.	PSC Metals Inc	KNOX 1704
7.	PSC Metals Inc	KNOX 1722
8.	PSC Metals Inc	KNOX 1817
9.	PSC Metals Inc	KNOX 1874
10.	PSC Metals Inc	KNOX 1883
11.	PSC Metals Inc	KNOX 5507
12.	PSC Metals Inc	KNOX 5509
13.	PSC Metals Inc	KNOX 5527
14.	PSC Metals Inc	KNOX 5540
15.	PSC Metals Inc	KNOX 5550
16.	PSC Metals Inc	KNOX 5582
17.	PSC Metals Inc	KNOX 5589
18.	PSC Metals Inc	KNOX 5594
19.	PSC Metals Inc	KNOX 5634
20.	PSC Metals Inc	KNOX 5637
21.	PSC Metals Inc	KNOX 5666
22.	PSC Metals Inc	KNOX 5669
23.	PSC Metals Inc	KNOX 5673
24.	PSC Metals Inc	KNOX 5680
25.	PSC Metals Inc	KNOX 5698
26.	PSC Metals Inc	KNOX 5699
27.	PSC Metals Inc	KNOX 5701
28.	PSC Metals Inc	KNOX 5716
29.	PSC Metals Inc	KNOX 5735
30.	PSC Metals Inc	KNOX 5750
31.	PSC Metals Inc	KNOX 5762
32.	PSC Metals Inc	KNOX 5763
33.	PSC Metals Inc	KNOX 5774
34.	PSC Metals Inc	KNOX 5795
35.	PSC Metals Inc	LUBX 4000
36.	PSC Metals Inc	LUBX 4001
37.	PSC Metals Inc	LUBX 4002

38.	PSC Metals Inc	LTZ 6250
39.	PSC Metals Inc	LTZ 6251
40.	PSC Metals Inc	LTZ 6252
41.	PSC Metals Inc	LTZ 6253
42.	PSC Metals Inc	LTZ 6254
43.	PSC Metals Inc	LTZ 6255
44.	PSC Metals Inc	LTZ 6256
45.	PSC Metals Inc	LTZ 6257
46.	PSC Metals Inc	LTZ 6258
47.	PSC Metals Inc	LTZ 6259
48.	PSC Metals Inc	LTZ 6260
49.	PSC Metals Inc	LTZ 6261
50.	PSC Metals Inc	LTZ 6262
51.	PSC Metals Inc	LTZX 27652
52.	PSC Metals Inc	LTZX 133302
53.	PSC Metals Inc	LTZX 477796