



RECORDATION NO. 27473 A FILED

JUL 09 '08

3-20 PM

25 Woods Lake Road, Suite 102
Greenville, SC 29607
Tel (864) 271-4384
Fax (864) 242-0863
www.accordfinancialus.com

SURFACE TRANSPORTATION BOARD

July 7, 2008

The Honorable Ann K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001



Re: Recordation No. 27473 dated 4/23/08

Dear Secretary Quinlan:

Enclosed please find an original and one copy of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is a secondary document, release of liens, dated July ~~4~~ 7, 2008.

The primary document to which this is connected is recorded under Recordation No. 27473.

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

Debtor:

Penn Specialty Chemicals, Inc.
3324 Chelsea Avenue
Memphis, Tennessee 38108

Secured Party:

Accord Financial, Inc.
P.O. Box 6704
Greenville, South Carolina 29606

A description of the equipment covered by the document is attached hereto.

A fee of \$35.00 is enclosed.

Pierre N. Abitbol, Esq.
Abitbol & Cherry LLP
545 Fifth Avenue, Suite 640
New York, New York 10017

A short summary of the document to appear in the index follows: Release of all liens of Secured Party, Accord Financial, Inc., with an address at P.O. Box 6704, Greenville, South Carolina 29606 on the assets of Debtor, Penn Specialty Chemicals, Inc.. with an address at 3324 Chelsea Avenue, Memphis, Tennessee 38108 and covering railroad equipment described as one diesel/electric locomotive. twelve 20,700 gallon tanker rail cars and thirteen 21,000 gallon tanker rail cars.

Yours Truly.



Accord Financial, Inc.
By: Sandra Sturges
Its Senior Factoring Officer

Enc: (3)

(1) General Electric Model Class B-50/50-IGE733 Diesel/Electric Locomotive, S/N 15229 (1942). 150 hp;

(8) 20,700 Gallon Tanker Railcars, S/N PNTX200; S/N PNTX206; S/N PNTX209; S/N PNTX210; S/N PNTX215; S/N PNTX216; S/N PNTX218; and S/N PNTX219;

(13) 21,000 Gallon Tanker Railcars, S/N QOTX265; S/N QOTX266; S/N QOTX267; S/N S/N QOTX268; QOTX269; S/N QOTX270; S/N S/N QOTX271; S/N QOTX272; S/N QOTX274; S/N QOTX275; S/N QOTX278 ; S/N QOTX280; and S/N QOTX281;

(4) 20,700 Gallon Tanker Railcars, S/N QOTX282; S/N QOTX283; S/N QOTX284; and S/N QOTX285.



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SURFACE TRANSPORTATION BOARD

July 1, 2008

Penn Specialty Chemicals, Inc.
3324 Chelsea Street
Memphis, Tennessee 38108

Penn A Kem LLC
c/o Abitbol & Cherry LLP
545 Fifth Avenue, Suite 640
New York, New York 10017

Re: Request of Penn Specialty Chemicals, Inc. ("Client") for Release of Assets from Liens of Accord Financial, Inc. ("Accord") in Connection with Sale of Substantially All of Client's Assets to Penn A Kem, LLC ("Purchaser")

Gentlemen:

You have requested that Accord release all of Client's assets from the liens granted to Accord (the "Released Assets"). Accord is willing to do so, subject to satisfaction of the following conditions:

- (i) Accord receives not later than July 3, 2008 (the "Closing Date") immediately available funds (x) from Client, in an amount equal to two hundred forty seven thousand seventy four Dollars and thirty six cents (\$247,074.36) for termination fees, and (y) from Purchaser, in an amount equal to five million seven hundred eighty seven thousand five hundred ninety three Dollars and nineteen cents (\$5,787,593.19) for Client's outstanding debt under all Financing Agreements (as defined below) between Client and Seller (together, the "Release Payment"); and
- (ii) Accord receives a fully executed counterpart to this letter.

Upon Accord's receipt of the executed counterparts to this letter, Accord will deliver to Abitbol & Cherry, LLP, 545 Fifth Avenue, Suite 640, New York, New York 10017 ("A&C"), which A&C shall hold in trust:

1. An original of this letter with duly executed counterpart signature pages;
2. The letter, substantially in the form attached hereto as Exhibit A (Surface Transportation Board Release) duly executed and acknowledged by an authorized officer of each of Accord and Client ("STB Release") terminating Accord's lien on the railroad equipment described therein; and



3. A UCC Termination Amendment in the form attached hereto as Exhibit B with respect to Client as Debtor terminating any and all liens of Accord on the Released Assets ("UCC Termination").

Upon receipt of the Release Payment, Accord shall (i) send written notice via facsimile to A&C, which acknowledges receipt of the Release Payment; (ii) terminate all of its security interests, financing liens and any other interest it may have in Client's assets and other rights of payment thereto, now existing or hereafter arising; and (iii) authorize Purchaser and/or A&C to file the STB Release and the UCC Termination. Accord shall, upon the request of Purchaser or A&C, execute and deliver any other document or instrument as may be necessary to effect the actions set forth in paragraphs 2 and 3 above; it being understood that the cost of doing the aforesaid, including any filing fees, shall be borne by Client. Accord further agrees to provide Client and Purchaser with a duly executed form letter, generically addressed to the account debtors (customers) of Client indicating that Client has satisfied its obligations to Accord in full. In no event shall Accord be obligated to execute and deliver any documentation that would affect anything other than its liens on assets other than Client's assets.

Accord, Client and Purchaser agree that (i) the Master Purchase and Sale Agreement and the Addendum thereto between Client and Accord, (ii) the Security Agreement between Client and Accord, (iii) Client's Revolving Note and Financing Agreement, and (iv) Client's Promissory Note, each dated as of December 10, 2007 (collectively, the "Financing Agreements"), shall be terminated by the payment of the Release Payment to Accord. Accord represents and warrants that (w) the Financing Agreements are the only agreements between Client and Accord, (x) the Release Payment constitutes full and final payment of all amounts due Accord by Client or any other party relating to the Financing Agreements, (y) upon receipt of the Release Payment, there shall exist no default of any part under the Financing Agreements, and (z) Accord has not perfected its lien on Client's intellectual property by a filing with the United States Patent and Trademark Office.

Purchaser agrees to reimburse Accord for any amounts and costs incurred in connection with any shortage that may result from any uncollected and returned check or the return of payments from account debtors pursuant to fraudulent conveyance claims after the Closing Date; provided that in each case, Purchaser shall be subrogated in Accord's rights.

Accord agrees to transmit to Purchaser via wire transfer on a weekly basis any payment Accord may receive on account of Client by wire transfer; provided, however, that Accord shall not be obligated to forward payments in any week where the aggregate amount owed is less than \$1,000.00 (it being understood and agreed that any such amounts shall be subsequently transferred to Purchaser when such threshold shall be reached). A wire transfer fee in the amount of \$25.00 shall be charged by Accord for each wire transfer made to Purchaser. Any such wire transfer shall be made to:

Penn Specialty Chemicals, Inc.
Penn A Kem LLC
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Beneficiary: Pennakem I.L.C
Bank: First Tennessee Bank
ABA Routing No.: 084000026
Beneficiary Account No.: 179072286
Swift Code: FTBMUS44

Accord agrees to forward on a weekly basis to Purchaser all checks Accord may receive for Client. To the extent appropriate or necessary, Accord shall duly endorse any such checks to Purchaser, and Client and Purchaser hereby authorize Accord to do so.

If the Release Payment has not been delivered to Accord by July 3, 2008, then A&C will immediately return the documents referred to in paragraphs 1 through 3 above to Accord.

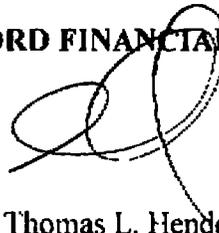
PAYMENT OF RELEASE PAYMENT

The Release Payment should be sent as follows:

Bank of America
ABA # 026009593
Account Name: Accord Financial, Inc.
Account # 000733121393

Very truly yours,

ACCORD FINANCIAL, INC.

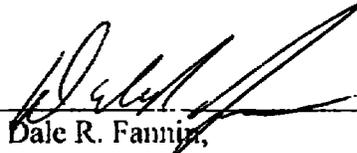


By:
Name: Thomas L. Henderson
Title: President

Penn Specialty Chemicals, Inc.
Penn A Kem LLC
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ACKNOWLEDGED AND AGREED TO:

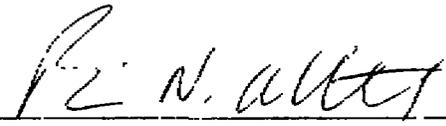
PENN SPECIALTY CHEMICALS, INC.

By: 
Dale R. Fanning,
President

PENN A KEM LLC

By: 
Frédéric Gauchet
President

ABITBOL & CHERRY, LLP

By: 
Pierre N. Abitbol
Partner

Penn Specialty Chemicals, Inc.
Penn A Kem LLC
Page 5
July 1, 2008

I, Dale R. Fannin, certify that I am the President of Penn Specialty Chemicals, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare certify under penalty of perjury that the foregoing is true and correct.

Dated: July 3 2008.



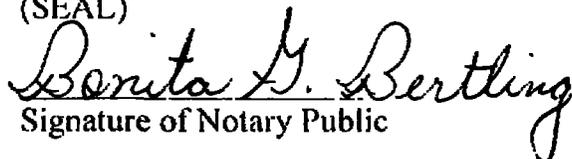
Dale R. Fannin

Corporate Form of Acknowledgement

State of Tennessee
County of Shelby, ss: _____

On this 3rd day of July, 2008 before me personally appeared Dale R. Fannin, to me personally known, who being by me duly sworn, says that he is the President of Penn Specialty Chemicals, Inc., 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)



Signature of Notary Public

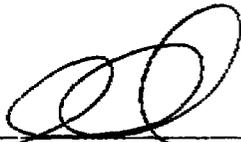
My Commission expires _____



Penn Specialty Chemicals, Inc.
Penn A Kem LLC
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July 1, 2008

I, Thomas L. Henderson, certify that I am the President of Accord Financial, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare certify under penalty of perjury that the foregoing is true and correct.

Dated: July 1, 2008.



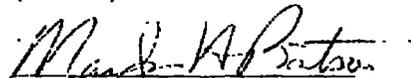
Thomas L. Henderson

Corporate Form of Acknowledgement

State of South Carolina
County of Greenville, ss: _____

On this first day of July, 2008 before me personally appeared Thomas L. Henderson, to me personally known, who being by me duly sworn, says that he is the President of Accord Financial, Inc., 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 she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)



Signature of Notary Public

My Commission expires Nov 16th, 2017 --

Penn Specialty Chemicals, Inc.
Penn A Kem LLC
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July 1, 2008

I, Frédéric Gauchet, certify that I am the President of Penn A Kem LLC, that the seal affixed to the foregoing instrument is the seal of said limited liability company, that the instrument was signed and sealed on behalf of the limited liability company by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the limited liability company. I further declare certify under penalty of perjury that the foregoing is true and correct.

Dated: July 3 2008.

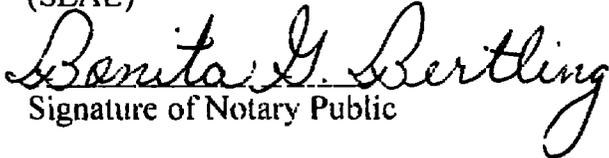

Frédéric Gauchet

Corporate Form of Acknowledgement

State of Tennessee
County of Shelby, ss: _____

On this 3rd day of July, 2008 before me personally appeared Frédéric Gauchet, to me personally known, who being by me duly sworn, says that he is the President of Penn A Kem LLC, that the seal affixed to the foregoing instrument is the seal of said limited liability company, that said instrument was signed and sealed on behalf of said limited liability company by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

(SEAL)


Signature of Notary Public

My Commission expires _____

