

40-7102

BANK OF BOSTON
THE FIRST NATIONAL BANK OF BOSTON
POST OFFICE BOX 1763
BOSTON, MASSACHUSETTS 02105 U.S.A.

May 2, 1997

Commissioner
New Jersey Department of Environmental Protection
CN 402
Trenton, New Jersey 08025
Attn: Assistant Director, Responsible Party Cleanup Element

U.S. Environmental Protection Agency
Region II
290 Broadway, 19th Floor
New York, NY 10278
Attn: Director of Emergency and Remedial Response Division, Richard Caspe

Re: Shieldalloy Metallurgical Corporation
\$4.25 Million Letter of Credit
Newfield, NJ

Dear Sirs:

Reference is hereby made to our Irrevocable Standby Letter of Credit No. ~~██████████~~ in your favor dated as of April 14, 1997 (the "Letter of Credit"), and issued at the request of Shieldalloy Metallurgical Corporation (Shieldalloy), with offices at West Boulevard, Newfield, New Jersey 08344 up to the aggregate amount of Four Million Two Hundred Fifty Thousand United States Dollars (\$4,250,000). The Letter of Credit is hereby amended as of the date hereof as follows:

1. By deleting in its entirety the parenthetical appearing in the paragraph numbered "2" therein and reading as follows: "(except that such statement shall not be necessary in the case of a sight draft presented after notification of non-renewal of this Letter of Credit given by the issuer hereof as provided below)";
2. By deleting in its entirety the last sentence of the fifth paragraph thereof reading as follows: "In the event we send such a notice, any unused portion of the credit shall be available upon presentation of a sight draft, purportedly signed by or on behalf of both of the above named beneficiaries, at any time prior to the then current expiration date hereof."; and
3. By amending the last paragraph thereof to read in its entirety as follows:

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"The First National Bank of Boston, as issuer of this Letter of Credit, agrees that it will be subject to the jurisdiction of the New Jersey Superior Court for all matters comprising such issuer's obligations to either of the above named beneficiaries and arising under this Letter of Credit."

Except for the above amendments to the Letter of Credit, this amendment shall not, by implication or otherwise, alter, modify, amend or in any way affect any of the terms or conditions of the Letter of Credit, all of which are ratified and confirmed in all respects and shall continue in full force and effect.

THE FIRST NATIONAL BANK OF BOSTON

By RA Doggett
Name:
Title: Team leader

Accepted and Agreed to as
of the date first above written:

NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION

By _____
Name:
Title:

U.S. ENVIRONMENTAL PROTECTION
AGENCY

By _____
Name:
Title:

BOS-BUS:385257.1