AGREEMENT

This Agreement, executed on January 31, 1990, with an agreed effective date of March 1, 1990, by and between:

GenCorp Inc.
an Ohio corporation
formerly doing business as and
as successor in interest to
DiversiTech General Inc.
an Ohio corporation
with a business address at
350 Spring Side Drive
P.O. Box 3545
Akron, Ohio 44309-3545
hereinafter referred to as GenCorp

And

Vygen Corporation
a New Jersey corporation
with its principal office and business address at
Middle Road
P. O. Box 68
Ashtabula, Ohio 44004

hereinafter referred to as Vygen

RECITATIONS:

1. On July 12, 1985 DiversiTech General Inc. ("DiversiTech") then a subsidiary of GenCorp and Vygen entered into an agreement dated July 12, 1985 for DiversiTech to sell and Vygen to purchase the assets and property, real and personal, of the business operations then conducted at GenCorp's Ashtabula, Ohio facility (as thereafter supplemented and modified on February 20, 1986, the "Agreement").

2. The Agreement was supplemented and modified by an agreement between the parties dated February 20, 1986; forthwith

thereafter and since that date, Vygen has been operating its resin facility on Middle Road in Ashtabula Township, Ashtabula County, Ohio.

3. The agreed purchase price for the aforesaid assets and property was $3,500,000. As a part of the Agreement, DiversiTech extended purchase money credit to Vygen, which was identified by a Promissory Note (the Note) dated February 20, 1986, issued by Vygen to DiversiTech, of which $2,971,996.58 of principal and accumulated interest, is presently outstanding.

4. In November of 1988, GenCorp as the sole shareholder of DiversiTech caused DiversiTech to merge with and into GenCorp.

5. GenCorp is the owner of all legal and beneficial interest in and to the Note and presently owns all of DiversiTech's right, title and interest in and to the Agreement.

6. Based upon certain industry conditions and economic developments that have occurred since February 20, 1986, the parties recognize that an adjustment of the stipulated and agreed purchase price is now in order, and after certain recent negotiations that have taken place, GenCorp has agreed to accept $1,500,000 as a compromise adjustment of the principal to be due from Vygen as of March 1, 1990 on the Note obligation.

7. Vygen is agreeing that on, but not prior to, March 2, 1990, it will pay GenCorp the sum of $1,250,000 to apply on the principal of the adjusted Note, and pay the remaining principal balance of $250,000 on or before February 28, 1992.

Now, therefore, in consideration of the mutual covenants contained herein, the parties agree as follows:

First: The full purchase price of the assets and property referred to in the Agreement shall be further amended effective upon GenCorp's receipt of Vygen's $1,211,000 payment as provided in paragraph 3 hereof to reflect that the full purchase price is changed from $3,500,000 to $2,250,000,

Included in the Agreement was the Note, hereinbefore referred to, in the amount of $2,750,000. The sum of $221,996.85 representing Vygen's first year's interest obligation on the Note, was capitalized and added to the principal, making the principal balance due the sum of $2,971,996.58. Interest due on the Note since February 1, 1987 has been kept current, and the parties understand that as of February 28, 1990, the principal amount due is $2,971,996.58.

Second: Accordingly, the allocation of the amended purchase price shall be conformed to the following schedule:

		Original Allocation	Adjusted Allocation
a)	Land	$ 407,000	$ 193,145
b)	Buildings and Buildings Improvements	1,120,000	397,363
c)	Machinery and Equipment	1,173,000	1,019,492
d)	Seller's 5-Year Covenant Not to Compete	800,000	640,000
	Totals	$3,500,000	$2,250,000

All of the above constitutes an amendment and modification to Article II (A) of the Agreement. The foregoing

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allocation shall bind each party for federal tax reporting purposes.

Third: For the reasons stated above, GenCorp has agreed that upon receipt of Vygen's $1,211,000 payment as provided in this paragraph, GenCorp will then make application of certain credits due to Vygen in the total amount of $39,000; and it will modify the original Note so that the full principal balance of the Note thereafter due DiversiTech, as amended, is $250,000.

Fourth: Vygen agrees to accelerate the payment of the $250,000 balance due on the Note by paying the same in full, together with any accumulated interest thereon, on or before February 28, 1992. Interest on the $250,000 will be paid by Vygen quarterly, commencing June 1, 1990, at the rate of interest established and in effect as the prime rate announced by Mellon Bank, N.A., Pittsburgh, Pennsylvania, on the day immediately prior to each interest payment date.

Fifth: The parties agree that the security heretofore supplied to DiversiTech for the original Note, i.e. the security agreements, real estate mortgage, and liens referred to in th original agreements, will remain completely intact for the benefit of GenCorp and shall not be otherwise modified or changed, but shall be subject nonetheless to the Intercreditor and Subordination Agreement hereinafter referred to in paragraph Seventh (f).

Sixth: The parties further mutually agree to cancel that paragraph identified as number 2, being a part of the

February 20, 1986 agreed amendment to Article XIV, (D), a part of the original Agreement, as heretofore agreed to, and Vygen does further agree that it has no interest in any funds heretofore deposited with DiversiTech in the settlement account referred to in such paragraph 2.

Seventh: (a) In addition to the purchase money funds made available to Vygen at the time of its original February 20, 1986 purchase from DiversiTech, Vygen received other start-up funding from Ambassador Factors (Ambassador), a division of Fleet Factors Corp., a Rhode Island corporation, doing business in New York City, New York, and AmeriTrust Company National Association (AmeriTrust), a national banking association in Ashtabula, Ohio and the Ashtabula County 503 corporation (Ashco), an Ohio corporation of Jefferson, Ohio. As a consequence of such funding, all of the lending parties referred to above did, on February 20, 1986, enter into an Intercreditor and Subordination Agreement.

(b) All of the financial indebtedness due AmeriTrust from Vygen has heretofore been paid in full, and AmeriTrust is no longer an interested party.

(c) Mellon Bank, N.A. (Mellon), a national banking association with a principal place of business in Pittsburgh, Pennsylvania, has, of even date herewith, entered into a new Loan Agreement with Vygen. Under the terms of that agreement Mellon has agreed to provide Vygen on March 1, 1990 with the funds required to meet the $1,211,000 financial obligation to DiversiTech, as the same is set forth in item Third above.

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(d) Mellon has also agreed that under the terms of such Loan Agreement with Vygen, that on or about January 31, 1990, it will provide the funds required to pay Ambassador the full balance of any obligation owed to it by Vygen, and thereafter Ambassador will no longer be an interested party.

(e) GenCorp and Ashco will continue to have some outstanding loans or extensions of credit to Vygen, and each will remain as an interested party in the financial affairs to Vygen.

(f) Considering all of the above, the parties acknowledge and agree that GenCorp, along with Mellon and Ashco, simultaneously with the execution of this agreement, will be required to enter into an new Intercreditor and Subordination Agreement, accepted and approved by Vygen, that will replace the document referred to in (a) above.

Eighth: The parties further agree that all other covenants, conditions, obligations and responsibilities of the respective parties, as referred to and identified in the Agreement as later amended by agreement between them on February 20, 1986, other than as amended hereby, are ratified and confirmed.

Ninth: Each of the undersigned hereby certifies that he has all necessary authority to execute this Agreement on behalf of the party identified herein.

Tenth: Each of the parties represents and warrants to the other that each of the statements recited in the Recitation portion of this agreement applicable to it (and in the case of GenCorp, applicable to DiversiTech) are true and correct on and as of the date hereof.

Vygen Corporation	GenCorp Inc.
By______________	By______________
Ronald A. Hornack President	Title: Vice President
Dated: January ____, 1990	Dated: January 31, 1990

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portion of this agreement applicable to it (and in the case of GenCorp, applicable to DiversiTech) are true and correct on and as of the date hereof.

Vygen Corporation

By Ronald A. Hornack
Ronald A. Hornack
President

Dated: January 31st, 1990

GenCorp Inc.

By____________________

Title:__________________

Dated: January _____, 1990

INTERCREDITOR AND SUBORDINATION AGREEMENT

This Intercreditor and Subordination Agreement dated as of January 31, 1990, (this "Agreement") by and among Mellon Bank, N.A. ("Mellon"), a national banking association with a principal place of business in Pittsburgh, Pennsylvania; GenCorp Inc. ("GenCorp"), an Ohio corporation with its principal place of business in Akron, Ohio; and Ashtabula County 503 Corporation ("Ashco"), an Ohio corporation with its principal place of business in Jefferson, Ohio;

W I T N E S S E T H:

WHEREAS, Mellon and Vygen Corporation, a New Jersey corporation with a place of business in Ashtabula, Ohio (the "Borrower") are parties to a Loan and Security Agreement of even date herewith (the "Loan Agreement") pursuant to which Borrower has executed and delivered to Mellon Borrower's $7,000,000 demand revolving line of credit note, its $1,250,000 term loan note and its $750,000 capex line note all of even date herewith (the "Mellon Notes"), and its Security Agreement pursuant to the terms and conditions of which Mellon has agreed to make extensions of credit to Borrower in an aggregate principal amount not to exceed $9,000,000 at any time outstanding and Borrower has granted to Mellon a security interest in Borrower's now existing and hereafter acquired accounts receivable, contract rights, general intangibles, inventory, furniture, fixtures, machinery, equipment and the proceeds of each; and

WHEREAS, DiversiTech General, Inc., an Ohio corporation and then a wholly-owned subsidiary of GenCorp ("DiversiTech") has previously extended credit to Vygen of which principal in th amount of $2,957,000 is presently outstanding pursuant to that certain Promissory Note of the Borrower dated February 20, 1986 (the "DiversiTech Note") secured by a second mortgage on certain real estate described on Exhibit A hereto (the "Real Estate"), improvements and equipment then owned or thereafter acquired by Borrower and the proceeds thereof and a third lien on all Borrower's inventory and accounts receivable then owned or thereafter acquired and the proceeds thereof; and

WHEREAS, on or about November, 1988 GenCorp has caused DiversiTech to merge with and into GenCorp; and

WHEREAS, Ashco has previously extended credit to Borrower, of which approximately $230,000 aggregate principal amount is presently outstanding, pursuant to two certain Promissory Notes of Borrower, each dated February 20, 1986 and in the principal amounts of $335,000 and $150,000, respectively (the

"Ashco Notes") secured by a second mortgage on the Real Estate, all improvements and equipment then owned or thereafter acquired by Borrower and the proceeds thereof; and

WHEREAS, DiversiTech and Ashco (together with Fleet Factors Corp., doing business as Ambassador Factors ("Ambassador")), a Rhode Island Corporation with its principal place of business in New York City, New York and Ameritrust Company National Association, a national banking association with a principal place of business located in Ashtabula, Ohio ("Ameritrust") and then secured creditors of Vygen) entered into an Intercreditor and Subordination Agreement dated as of February 20, 1986 (the "1986 Intercreditor Agreement") setting forth certain agreements on rights, priorities and interests among them; and

WHEREAS, all of the indebtedness owed by Borrower to Ameritrust and Ambassador has been paid in full on even date herewith and each of Ameritrust, Ambassador, GenCorp and Ashco have agreed to terminate the 1986 Intercreditor Agreement on and as of the date hereof; and

WHEREAS, each of GenCorp and Ashco, in order to induce Mellon to make available credit facilities to the Borrower including without limitation the principal outstanding from time to time and interest and other sums due under the Mellon Notes and the Loan Agreement, desire to set forth herein certain rights, priorities and interests among themselves and Mellon;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged by the undersigned, and in order to induce Mellon, now or from time to time hereafter, to make loans or extend credit or any other financial accommodation to or for the benefit of Borrower pursuant to the terms and conditions of the Mellon Notes, the Loan Agreement or otherwise; or to grant such renewals or extensions thereof as Mellon may deem advisable; and to better secure Mellon in respect of the foregoing, each of the undersigned hereby agrees with Mellon and each other as hereinafter set forth;

1. <u>Certain Definitions</u>. In addition to the terms that are defined above and elsewhere in this Agreement, the following terms shall have the following meanings:

"Accounts" shall have the meaning given to that term in the UCC and shall include without limitation 11 rights of Borrower, whenever acquired, to payment for goods sold or leased or for services rendered.

"Contract Rights" is used herein as such term is used in the UCC and shall include without limitation any right of Borrower at any time to payments under a contract and not yet earned by performance.

"Equipment" shall have the meaning given to that term in the UCC and shall include without limitation all goods owned by Borrower, whenever acquired and wherever located, used or bought for use primarily in the business or for the benefit of Borrower and not included in Inventory of Borrower, whenever acquired and wherev r located, together with all attachments, accessories and parts used or intended to be used with any of those goods or Fixtures, whether now or hereafter installed therein or thereon or affixed thereto, as well as all substitutes and replacements thereof in whole or in part.

"Fixtures" shall have the meaning given to that term in the UCC, and shall include without limitation leasehold improvements.

General Intangibles" shall have the meaning given to that term in the UCC and shall include all leases under which Borrower leases and or obtains a right to occupy or use real or personal property, or both ("Leases"), and shall also include all tradenames under which Borrower does business and all trademarks denominating goods marketed by Borrower and shall include all books and records of the Borrower.

"Inventory" of any Person shall have the meaning given to that term in the UCC and shall include without limitation, finished goods, all goods whenever acquired and wherever located, held for sale or lease or furnished or to be furnished under contracts or service, and all raw materials, work in process and materials owned by such Person and used or consumed in such Person's business, whenever acquired and wherever located.

"Proceeds" shall have the meaning given to that term in the UCC and shall include without limitation whatever is received when Collateral or Proceeds is sold, exchanged, collected or otherwise disposed of, whether cash or non-cash; and includes without limitation proceeds of insurance payable by reason of loss or damage.

"UCC" shall mean the Uniform Commercial Code, as in effect on the date of this Agreement, and as amended form time to time, in the Commonwealth of Pennsylvania.

2. Standby; Subordination; Subrogation. Each of GenCorp and Ashco hereby agree that the payment and performance of the "Subordinated Debt" (as defined for each below) is hereby

subordinated to the "Liabilities" (as defined below) and, except as set forth in Section 3 below, the undersigned will not (i) ask, demand, sue for, take or receive from Borrower (the term "Borrower" hereafter shall include any successor or assign of Borrower, including, without limitation, a receiver, trustee or debtor in possession), by set-off or in any other manner, the whole or any part of its Subordinated Debt or (ii) take any security for all or any part of its Subordinated Debt, unless and until all Liabilities shall have been fully paid and satisfied with interest and all financing arrangements between Borrower and Mellon have been terminated. All liens and security interests of the undersigned, including without limitation mortgage liens on the Real Estate, whether now or hereafter arising and howsoever existing, in any assets of Borrower or any assets securing the Liabilities shall be and hereby are subordinated to the rights and interests of Mellon, whether or not Mellon has a security interest in those assets. The undersigned also hereby agrees that, regardless of whether the Liabilities are secured or unsecured, Mellon shall be subrogated for the undersigned with respect to the undersigned's claims against Borrower and the undersigned's rights, liens and security interests, if any, in any of Borrower's assets and the proceeds thereof until all of the Liabilities have been fully paid and satisfied and all financing arrangements between Borrower and Mellon have been terminated. The undersigned acknowledges and agrees that, to th extent the terms and provisions of either this Agreement or the Loan Agreement are inconsistent with the terms and provisions of its Subordinated Debt, its Subordinated Debt shall be deemed to be subject to the Loan Agreement and this Agreement.

For purposes of this Agreement, (i) the term "Subordinated Debt" shall mean all of Borrower's indebtedness and liabilities owed to each of DiversiTech and Ashco including, without limitation, liabilities owed pursuant to the DiversiTech Note and the Ashco Notes, respectively, whether such amounts represent principal or interest or any other obligations thereunder which are due or not due and (ii) the term "Liabilities" shall mean all of Borrower's indebtedness and liabilities owed to Mellon at any time, including without limitation all principal and interest and any other sums due and owing to Mellon under the Mellon Notes or the Loan Agreement, whether now existing or hereafter arising.

3. Permitted Payments. (a) Notwithstanding the provisions of Section 2 of this Agreement, until Mellon gives written notice (in the manner set forth below) of the occurrence of an "Event of Default" or a "Potential Default" (as such terms are defined in the Loan Agreement), and provided that (i) there shall not then exist any breach of this Agreement by the undersigned which has not been waived, in writing, by Mellon, and (ii) the payment described below, if made, would not give rise to the occurrence of an Event of Default or a Potential Default,

Borrower may pay to the undersigned, and the undersigned may accept from Borrower, payments of principal and interest, when due, on an unaccelerated basis, pursuant to the DiversiTech Note and the Ashco Notes, respectively, ("Permitted Payments"), it being understood and agreed by the undersigned that such Notes may not be modified or amended without Mellon's prior written consent and further understood and agreed by the undersigned that prepayments of such Notes shall not be Permitted Payments. If the undersigned is uncertain as to whether a payment from Borrower would give rise to the occurrence of an Event of Default or a Potential Default, the undersigned may request clarification from Mellon and Mellon shall promptly confirm to the undersigned whether such payment would give rise to the occurrence of an Event of Default or a Potential Default. Notwithstanding the foregoing, Mellon hereby consents to the payment of $1,250,000 of principal on the DiversiTech Note pursuant to a restructuring of such Note in accordance with the terms of the Agreement dated on even date herewith by and between GenCorp and Borrower and attached hereto as Exhibit A.

(b) Upon the failure of Borrower to make any Permitted Payment to the undersigned when such Permitted Payment becomes due and payable in accordance with the terms and provisions of the Ashco Notes and the DiversiTech Note, respectively, ("Permitted Payment Default"), the undersigned shall give Mellon written notice ("Default Notice") of such Permitted Payment Default in the manner set forth in Section 19 of this Agreement. If one hundred and eighty (180) days after Mellon's receipt of a Default Notice the Permitted Payment Default has not been cured on an unaccelerated basis and Mellon has not declared an Event of Default and commenced enforcement of its rights and remedies, the undersigned shall be allowed to receive, and Borrower shall be permitted to resume payment of, Permitted Payments (including any which matured on an unaccelerated basis during such one hundred and eighty (180) day period) and the undersigned may enforce any of its rights and remedies under its respective Note(s) or applicable law. Any and all proceeds received by the undersigned as a result of any such enforcement shall be subject to the subordination provisions of this Agreement.

(c) In the event Mellon gives the undersigned written notice of an Event of Default, the undersigned shall take no action to enforce its rights and remedies and the absolute standby described in Section 1 of this Agreement shall apply, provided, however, that if Mellon does not commence enforcement of its rights and remedies within one hundred and eighty (180) days from the date of such notice, the undersigned shall be allowed to receive, and Borrower shall be permitted to resume payment of, Permitted Payments.

(d) In the event that during any period when Permitted Payments may not be made to the undersigned pursuant to Section 3(a) or the exercise of the undersigned's remedies with respect to a Permitted Payment Default is restricted under Section 3(b), because of an event or events described in Section 3(a)(ii), 3(b) or 3(c) ("Triggering Event"), then notwithstanding the occurrence of any other Triggering Event during such period, restrictions on the acceptance by the undersigned of Permitted Payments under Section 3(a)(ii) hereof and restrictions on the exercise by the undersigned of its rights and remedies in the event of a Permitted Payment Default under Section 3(b) and (c) hereof shall not extend beyond that date which is one hundred eighty (180) days after the first date on which the first such restriction came into effect unless Mellon has commenced enforcement of its rights and remedies and is prosecuting the same, in which case such restrictions shall continue as provided in Section 1 hereof.

4. Enforcement Rights. Except as set forth in Section 3 above, the undersigned, prior to the payment in full of the Liabilities and the termination of all financing arrangements between Borrower and Mellon, shall have no right to enforce any claim with respect to the Subordinated Debt, including, without limitation, any Permitted Payment, or otherwise to take any action against Borrower or Borrower's property without Mellon's prior written consent.

5. Subordinated Debt Owed Only to the Undersigned. The undersigned warrants and represents that the undersigned has not previously assigned any interest in the Subordinated Debt or any security interest in connection therewith, that no other party owns an interest in the Subordinated Debt or security therefor other than the undersigned (whether as joint holders of the Subordinated Debt, participants or otherwise) and that the entire Subordinated Debt is owing only the undersigned and covenants that the entire Subordinated Debt shall continue to be owing only to the undersigned or any assignee thereof which simultaneously with such assignment executes and delivers to Mellon a subordination agreement substantially identical to this Agreement and all security therefor shall continue to be held solely for the benefit of the undersigned or such assignee unless assigned in accordance with the terms of this Agreement.

6. Mellon Priority. In the event of any distribution, division, or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of Borrower or the proceeds thereof to the creditors of Borrower or readjustment of the obligations of the Borrower or Subordinated Debt, whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the readjustment of all or any part of the Liabilities or the

Subordinated Debt, or the application of the assets of Borrower to the payment or liquidation thereof, or upon the dissolution or other winding up of Borrower's business, or upon the sale of all or substantially all of Borrower's assets, then, and in any such event, (i) Mellon shall be entitled to receive payment in full of any and all of the Liabilities then owing prior to the payment of all or any part of the Subordinated Debt, and (ii) any payment of distribution of any kind or character, whether in cash, securities or other property, which shall be payable or deliverable upon or with respect to any or all of the Subordinated Debt shall be paid or delivered directly to Mellon for application on any of the Liabilities, due or not due, until such Liabilities shall have first been fully paid and satisfied.

7. Grant of Authority to Mellon. In the event of the occurrence of any event described in Section 6 above, and in order to enable Mellon to enforce Mellon's rights hereunder in any of the aforesaid actions or proceedings, Mellon is hereby irrevocably authorized and empowered, in Mellon's discretion, to make and present for and on behalf of the undersigned such proofs of claims against Borrower on account of the Subordinated Debt or other motions or pleadings as Mellon may deem expedient or proper and to vote such proofs of claims in any such proceeding and to receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued and to apply the same on account of any of the Liabilities. The undersigned irrevocably authorizes and empowers Mellon to demand, sue for, collect and receive each of the aforesaid payments and distributions described in Section 6(ii) above and give acquittance therefor and to file claims and take such other actions as Mellon may deem necessary or advisable for the enforcement of this Agreement. To the extent that payments or distributions are made in property other than cash, the undersigned authorizes Mellon to sell such property to such buyers and on such terms as Mellon, in Mellon's sole discretion, shall determine. The undersigned will execute and deliver to Mellon such powers of attorney, assignments and other instruments or documents, (together with such assignments or endorsements as Mellon shall deem necessary), as may be requested by Mellon in order to enable Mellon to enforce any and all claims upon or with respect to any or all of the Subordinated Debt and to collect and receive any and all payments and distributions which may be payable or deliverable at any time upon or with respect to the Subordinated Debt, all for Mellon's own benefit. Following payment in full of the Liabilities, Mellon will remit to the undersigned, to the extent of the undersigned's interest therein, all dividends or other payments or distributions paid to and held by Mellon in excess of the Liabilities.

8. Payments Received by the Undersigned. Except for Permitted Payments received by the undersigned prior to Mellon's notification to the undersigned of an Event of Default or a

Potential Default as provided in Section 3 above, should any payment or distribution or security or instrument or proceeds thereof be received by the undersigned upon or with respect to the Subordinated Debt or any other obligations of Borrower to the undersigned prior to the satisfaction of all of the Liabilities and termination of all financing arrangements between Borrower and Mellon, the undersigned shall receive and hold the same in trust, as trustee, for the benefit of Mellon, and shall forthwith deliver the same to Mellon, in precisely the form received (except for the endorsement or assignment of the undersigned where necessary), for application on any of the Liabilities, due or not due, and, until so delivered, the same shall be held in trust by the undersigned as the property of Mellon. In the event of the failure of the undersigned to make any such endorsement or assignment to Mellon, or any of its officers or employees, it is hereby irrevocably authorized to make the same.

9. Instrument Legend. Any instrument evidencing any of the Subordinated Debt (including, without limitation, each of the DiversiTech and Ashco Notes), or any portion thereof, will, on the date hereof or promptly hereafter, be inscribed with a legend conspicuously indicating that payment thereof is subordinated to the claims of Mellon pursuant to the terms of this Agreement, and (i) a copy thereof will be delivered to Mellon on the date hereof, and (ii) the original of any such instrument will be immediately delivered to Mellon upon request therefor by Mellon after the declaration by Mellon of an Event of Default. Any instrument evidencing any of the Subordinated Debt, or any portion thereof, which is hereafter executed by Borrower, will, on the date thereof, be inscribed with the aforesaid legend and a copy thereof will be delivered to Mellon on the date of its execution or within five (5) business days thereafter and the original thereof will be delivered as and when described hereinabove.

10. Reimbursements for Expenses and Borrowings from Borrower; Assignment of Claims. Except as permitted in Section 3 hereof, the undersigned agrees that until the Liabilities have been paid in full and satisfied and all financing arrangements between Borrower and Mellon have been terminated, the undersigned will not, directly or indirectly, accept or receive the benefit of any remuneration or reimbursement for expenses from or on behalf of Borrower and will not assign or transfer to others any claim the undersigned has or may have against Borrower, unless such assignment or transfer is made expressly subject to this Agreement.

11. Continuing Nature of Subordination. This Agreement shall be effective and may not be terminated or otherwise revoked by the undersigned until the Liabilities shall have been fully discharged and all financing arrangements between Borrower and Mellon have been terminated. In the event the undersigned shall

have any right under applicable law otherwise to terminate or revoke this Agreement which right cannot be waived, such termination or revocation shall not be effective until written notice of such termination or revocation, signed by the undersigned, is actually received by Mellon's officer responsible for such matters. In the absence of the circumstances described in the immediately preceding sentence, this is a continuing Agreement of subordination and Mellon may continue, at any time and without notice to the undersigned to extend credit or other financial accommodations and loan monies to or for the benefit of Borrower on the faith hereof. Any termination or revocation described hereinabove shall not affect this Agreement in relation to (a) any of the Liabilities which arose prior to receipt thereof or (b) any of the Liabilities created after receipt thereof, if such Liabilities were incurred either through advances by Mellon pursuant to Mellon's financing arrangements with Borrower, including, without limitation, advances or readvances, in an aggregate principal outstanding amount of the "Commitment" (as defined in the Loan Agreement), and/or for the purpose of protecting any collateral, including, but not limited to, all protective advances, costs, expenses, and attorneys' and paralegals' fees whensoever made, advanced or incurred by Mellon in connection with the Liabilities. If, in reliance on this Agreement, Mellon makes loans or other advances to or for the benefit of Borrower or takes other action under the Loan Agreement after such aforesaid termination or revocation by the undersigned but prior to the receipt by Mellon of said written notice as set forth above, the rights of the Mellon shall be the same as if such termination or revocation had not occurred; and, in any event, no obligation of the undersigned hereunder shall be affected pursuant to this Section 11 by the death, incapacity or written revocation of the undersigned or any other subordinated party, pledgor, endorser, or guarantor, if any.

12. Additional Agreements Between Mellon and Borrower. Mellon, at any time and from time to time, either before or after any such aforesaid notice of termination or revocation, may enter into such Agreement or agreements with Borrower as Mellon may deem proper, extending the time of payment of or renewing or otherwise altering the terms of all or any of the Liabilities or affecting the security underlying any or all Liabilities, and may exchange, sell, release, surrender or otherwise deal with any such security, without in any way thereby impairing or affecting this Agreement.

13. Undersigned's Waivers. All of the Liabilities shall be deemed to have been made or incurred in reliance upon this Agreement. The undersigned expressly waives all notice of the acceptance by Mellon of the subordination and other provisions of this Agreement to the terms of the Loan Agreement whatsoever, and the undersigned expressly waives reliance by Mellon upon the subordination to the Loan Agreement as herein

provided. The undersigned agrees that Mellon has made no warranties or representation with respect to the due execution, legality, validity, completeness or enforceability of the Loan Agreement, or the collectability of the Liabilities, that Mellon shall be entitled to manage and supervise Mellon's loans to Borrower in accordance with applicable law and Mellon's usual practices, modified from time to time as Mellon deems appropriate under the circumstances, without regard to the existence of any rights that the undersigned may now or hereafter have in or to any of the assets of Borrower, and that Mellon shall have no liability to the undersigned for, and waives any claim which the undersigned may now or hereafter have against, Mellon arising out of any and all actions which Mellon, in good faith, takes or omits to take (including, without limitation, actions with respect to the creation, perfection or continuation of liens or security interests in the "Collateral" (as defined in the Loan Agreement) and other security for the Liabilities, actions with respect to the occurrence of an Event of Default, actions with respect to the foreclosure upon, sale, release, or depreciation of, or failure to realize upon, any of the Collateral and actions with respect to the collection of any claim for all or any part of the Liabilities from any account debtor, guarantor or any other party) with respect to the Loan Agreement or any other Agreement related thereto or to the collection of the Liabilities or the valuation, use, protection or release of the Collateral and/or other security for the Liabilities.

14. Bankruptcy Issues. The undersigned agrees that Mellon may consent to use of cash collateral or provide financing to Borrower on such terms and conditions and in such amounts as Mellon, in its sole discretion, may decide and that, in connection with such cash collateral usage or such financing, Borrower (or a trustee appointed for the estate of Borrower) may grant to Mellon liens and security interests upon all of the assets of Borrower, which liens and security interests (i) shall secure payment of the Liabilities (whether any portion of the Liabilities arose prior to the filing of the petition for relief or arises thereafter); and (ii) shall be superior in priority to the liens and security interests, if any, held by the undersigned on any assets of Borrower. All allocations of payments between Mellon and the undersigned shall, subject to any court order, continue to be made after the filing of a petition under the Bankruptcy Code on the same basis that the payments were to be allocated prior to the date of such filing. The undersigned agrees that it will not object to or oppose a sale or other disposition of any assets securing any portion of the Liabilities free and clear of security interests, liens or other claims of the undersigned under Section 363 of the Bankruptcy Code or any other provision of the Bankruptcy Code if Mellon has consented to such sale or disposition of such assets. In the event that the undersigned has or at any time acquires any security for the Subordinated Debt, the undersigned agrees not to assert any right

it may have to "adequate protection" of its interest in such security in any bankruptcy proceeding and agrees that it will not seek to have the automatic stay lifted with respect to such security, without the prior written consent of Mellon. The undersigned waives any claim the undersigned may now or hereafter have arising out of Mellon's election, in any proceeding instituted under Chapter 11 of the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code, and/or any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code by Borrower, as debtor in possession. The undersigned agrees not to initiate or prosecute or encourage any other person to initiate or prosecute any claim, action or other proceeding (i) challenging the enforceability of Mellon's claim, (ii) challenging the enforceability of any of the liens or security interests in assets securing all or any part of the Liabilities, or (iii) asserting any claim which the Borrower may hold with respect to the Mellon. To the extent that Mellon receives payments on, or proceeds of Collateral for, the Liabilities which are subsequently invalidated, declared to b fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law, or equitabl cause, then, to the extent of such payment or proceeds received, the Liabilities, or part thereof, intended to be satisfied shall be revived and continue in full force and effect as if such payments or proceeds had not been received by Mellon.

15. <u>GenCorp and Ashco Lien Priorities</u>. GenCorp and Ashco hereby agree each with the other that regardless of the time, order or manner of (i) filing and recordation of financing statements or mortgages, or (ii) attachment, or (iii) perfection thereof, the terms and conditions of this Intercreditor and Subordination Agreement shall control their respective priorities in the property of the Borrower as follows:

(a) Ashco shall have a first lien on the Real Estate and a second security interest (subject to Mellon's first security interest) in the Fixtures and Equipment and the respective Proceeds thereof; and

(b) GenCorp (as successor in interest to DiversiTech) shall have a second lien on the Real Estate and a second security interest (subject to Mellon's first security interest) in the Accounts, General Intangibles and Inventory and the respective Proceeds thereof and a third security interest (subject to Mellon's first security interest and Ashco's second security interest) in the Equipment and Fixtures and the respective Proceeds thereof.

16. <u>Mellon Waivers</u>. No waiver shall be deemed to be made by Mellon of any of Mellon's rights hereunder, unless the

same shall be in writing signed on behalf of Mellon, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of Mellon or the obligations of the undersigned to Mellon in any other respect at any other time.

17. Information Concerning Financial Condition of Borrower. The undersigned hereby assumes responsibility for keeping itself informed of the financial condition of Borrower, any and all endorsers and any and all guarantors of the Liabilities and of all other circumstances bearing upon the risk of nonpayment of the Liabilities and/or Subordinated Debt that diligent inquiry would reveal, and the undersigned hereby agrees that Mellon shall have no duty to advise the undersigned of information known to Mellon regarding such condition or any such circumstances. In the event Mellon, in Mellon's sole discretion, undertakes, at any time or from time to time, to provide any such information to the undersigned, Mellon shall be under no obligation (i) to provide any such information to the undersigned on any subsequent occasion, or (ii) to undertake any investigation not a part of Mellon's regular business routine and shall be under no obligation to disclose any information which, pursuant to accepted or reasonable commercial finance practices, Mellon wishes to maintain confidential. The undersigned hereby agrees that all payments received by Mellon may be applied, reversed and reapplied, in whole or in part, to any of the Liabilities, as Mellon, in Mellon's sole discretion, deems appropriate and assents to any extension or postponement of the time of payment of the Liabilities or to any other indulgence with respect thereto, to any substitution, exchange or release of collateral which may at any time secure the Liabilities and to the addition or release of any other party or person primarily or secondarily liable therefor.

18. CONSENT TO JURISDICTION; WAIVERS. THE UNDERSIGNED CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN ALLEGHENY COUNTY, PENNSYLVANIA, AND WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED MAIL DIRECTED TO THE UNDERSIGNED AT THE ADDRESS STATED BELOW AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED THREE (3) DAYS AFTER THE SAME SHALL HAVE BEEN POSTED AS AFORESAID. THE UNDERSIGNED WAIVES TRIAL BY JURY, ANY OBJECTION BASED UPON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER. NOTHING IN THIS SECTION 18 SHALL AFFECT THE RIGHT OF MELLON TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF MELLON TO BRING ANY ACTION OR PROCEEDING AGAINST THE UNDERSIGNED OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

19. Notices. Unless otherwise provided herein, all notices required or desired to be given hereunder shall be deemed validly given or delivered upon actual receipt thereof by the undersigned or Mellon.

20. Governing Law. This Agreement has been delivered and accepted at and shall be deemed to have been made at Pittsburgh, Pennsylvania, and shall be interpreted, and the rights and obligations of the parties hereto determined, in accordance with he laws and decisions of the Commonwealth of Pennsylvania, shall be immediately binding upon the undersigned and its successors and assigns, and shall inure to the benefit of the successors and assigns of Mellon.

21. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

22. Section Titles. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the Agreement between the parties hereto.

23. Authority. Each of the undersigned hereby certifies that he has all necessary authority to grant the subordination evidenced hereby and execute this Agreement on behalf of the undersigned.

24. Estoppel. Each of GenCorp and Ashco hereby certify that Borrower is in compliance with any and all agreements between Borrower on the one hand and GenCorp and Ashco on the other and that no event of default or an event which with the passage of time or giving of notice or both would be such an event of default has occurred under any such agreement which has not been waived irrevocably and unconditionally by each non-defaulting party thereunder.

IN WITNESS WHEREOF, this Agreement has been signed as of this 31 day of January, 1990

ATTEST:

By: Kenneth Peterson
~~Secretary~~

GENCORP INC.

By [signature] KBP
Vice President

ATTEST:

By:____________________
Secretary

ASHTABULA COUNTY 503 CORPORATION

By:____________________
President

Acknowledged and accepted this ___ day of January, 1990

MELLON BANK, N.A.

By____________________
Donald Haddad, Assistant Vice President

Vygen Corporation hereby accepts, and acknowledges receipt of a copy of, the foregoing Intercreditor and Subordination Agreement ("Agreement") this ___ day of January, 1990, and agrees that it will not pay any of the "Subordinated Debt" (as defined in the Agreement) or grant any security therefor, except as the Agreement provides. In the event of a breach by the undersigned of any of the provisions herein, or of either GenCorp or Ashco of any provisions of the Agreement, all of the "Liabilities" (as defined in the Agreement) shall upon notice to Vygen Corporation by Mellon, become immediately due and payable.

ATTEST:

By:____________________
Secretary

VYGEN CORPORATION

By:____________________
President

31st IN WITNESS WHEREOF, this Agreement has been signed as of this 31st day of January, 1990

ATTEST:

By: ____________________
Secretary

GENCORP INC.

By: ____________________
President

ATTEST:

By: Wanda L. Acuino
Secretary

ASHTABULA COUNTY 503 CORPORATION

BY: [signature]
Executive Director

Acknowledged and accepted
this 31 day of January, 1990

MELLON BANK, N.A.

By: Donald J. Haddad
Donald Haddad, Assistant Vice President

Vygen Corporation hereby accepts, and acknowledges receipt of a copy of, the foregoing Intercreditor and Subordination Agreement ("Agreement") this _____ day of January, 1990, and agrees that it will not pay any of the "Subordinated Debt" (as defined in the Agreement) or grant any security therefor, except as the Agreement provides. In the event of a breach by the undersigned of any of the provisions herein, or of either GenCorp or Ashco of any provisions of the Agreement, all of the "Liabilities" (as defined in the Agreement) shall upon notice to Vygen Corporation by Mellon, become immediately due and payable.

ATTEST:

By: ____________________
Secretary

VYGEN CORPORATION

By: ____________________
President

IN WITNESS WHEREOF, this Agreement has been signed as of this ___ day of January, 1990

ATTEST:	GENCORP INC.
By: ____________ Secretary	By ____________ President
ATTEST:	ASHTABULA COUNTY 503 CORPORATION
By: ____________ Secretary	By: ____________ President

Acknowledged and accepted
this ___ day of January, 1990

MELLON BANK, N.A.

By ____________
Donald Haddad, Assistant Vice President

Vygen Corporation hereby accepts, and acknowledges receipt of a copy of, the foregoing Intercreditor and Subordination Agreement ("Agreement") this 31st day of January, 1990, and agrees that it will not pay any of the "Subordinated Debt" (as defined in the Agreement) or grant any security therefor, except as the Agreement provides. In the event of a breach by the undersigned of any of the provisions herein, or of either GenCorp or Ashco of any provisions of the Agreement, all of the "Liabilities" (as defined in the Agreement) shall upon notice to Vygen Corporation by Mellon, become immediately due and payable.

ATTEST:	VYGEN CORPORATION
By: Cary S. Sheldon Secretary	By: Ronald A. Hornack President

GENC 001779

NO SET-OFF AGREEMENT

This Agreement is made this 30th day of January, 1990, by and between Mellon Bank, N.A., a national banking association (the "Bank"), and GenCorp Inc., an Ohio corporation ("GenCorp");

WHEREAS, the Bank has been requested to extend credits in the aggregate amount of $9,000,000 to Vygen Corporation (the "Borrower") pursuant to a Loan and Security Agreement dated as of January 31, 1990 by and between the Borrower and the Bank (as the same may be amended from time to time the "Loan Agreement");

WHEREAS, GenCorp is the holder of a promissory note of the Borrower dated February 20, 1986 presently in principal amount of $2,971,996.58 and effective upon receipt of certain payments of Vygen expected to be made on or about March 1, 1990, in principal amount of $250,000 (the "GenCorp Note"); and

WHEREAS, GenCorp from time to time purchases goods from Vygen; and

WHEREAS, GenCorp desires that the Bank extend credit to the Borrower from time to time and the Bank has required as a condition to extending such credit now or in the future that GenCorp enter into this Agreement;

NOW, THEREFORE, in consideration of the presents and intending to be legally bound hereby, the parties hereto do hereby agree as follows:

1. GenCorp agrees that neither it nor any of the persons controlling, under common control with or controlled by it shall at any time while any amount is due and owing to the Bank under the Loan Agreement set-off against any amounts owing to it by Borrower (whether such amounts arise by agreement, failure to perform any agreement, by operation of law or otherwise) against any amounts owing by it to Borrower (whether such amounts arise under the GenCorp Note, by agreement, failure to perform any agreement, by operation of law or otherwise).

2. This Agreement represents the entire agreement of the parties hereto with respect to the matters covered hereby, shall not be amended except by an agreement in writing signed by each and shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

WITNESS our hands and seals as of the day and year first above written.

MELLON BANK, N.A.

By: ______________________

Its: Vice President

GENCORP INC.

By: ______________________ KBF

Its: Vice President