

AGREEMENT OF PURCHASE AND SALE

This Agreement of Purchase and Sale ("Agreement") dated as of February 28, 1974, is entered into by and between KAISER ALUMINUM & CHEMICAL CORPORATION ("Kaiser"), a Delaware corporation, and INTERNATIONAL MINERALS & CHEMICAL CORPORATION ("IMC"), a New York corporation, pursuant to which Kaiser is to acquire certain of the assets of the Refractories Segment of IMC's Lavino Division in accordance with the terms set forth herein. To provide for the consummation of the purchase and sale, Kaiser and IMC agree as follows:

ARTICLE I

Description of Transaction

1.1 Purchase and sale of IMC's Lavino assets. On the terms and subject to the conditions set forth in this Agreement, IMC agrees to sell and deliver to Kaiser, and Kaiser agrees to purchase from IMC, on the Closing Date, certain of the assets of the Refractories Segment of IMC's Lavino Division, not including any cash or accounts receivable, as the same shall exist on the Closing Date, which assets being purchased and sold (hereinafter referred to as the "Refractories Assets") are more particularly described as follows:

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(a) The real property, plants, fixtures, improvements, machinery and production equipment located thereon described in Schedule 1 to Exhibit I to this Agreement;

(b) The leasehold interests in real property and the improvements and fixtures located thereon described in Schedule 2 to Exhibit I to this Agreement;

(c) The office equipment, furniture and other tangible personal property and equipment described in Schedule 3 to Exhibit I to this Agreement;

(d) The patents, patent applications, invention disclosures, copyrights, computer programs and related software, trademarks, trade names and licenses and applications therefor listed in Schedule 4 to Exhibit I to this Agreement;

(e) The inventories relating to the Refractories Assets on hand at, or in transit to, all of the facilities described in Schedules 1 and 2 to Exhibit I of this Agreement or public warehouses on the Closing Date, consisting of raw materials, work in process, finished products, packaging and shipping supplies, repair parts and operating supplies;

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(f) The contract rights of IMC under all Contracts described in Exhibit II to this Agreement, all Contracts referred to in Section 3.4 of this Agreement and not required to be listed in Exhibit II by reason of Section 3.4(i), and all rights and interests of IMC in any trust assets relating to all compensation and benefit plans listed in Exhibit VII which are designated in such Exhibit as being plans as to which Kaiser shall assume all obligations; and

(g) All of the books, records, equipment, materials, manuals and other assets which relate solely to the Refractories Segment of IMC's Lavino Division, excluding only those assets described in Exhibit III to this Agreement and any other assets not listed in the above Schedules which do not relate solely to the Refractories Segment of IMC's Lavino Division, provided that at IMC's option it may retain the originals of such books and records and furnish Kaiser with true copies thereof.

1.2 Consideration for purchase. In consideration for the Refractories Assets to be acquired Kaiser shall pay to IMC such amounts as are determined and payable as follows, in all cases payable by certified or cashier's check in New York Clearing House Funds:

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(a) The purchase price for the fixed assets ("fixed assets") described in Schedules 1 and 2 to Exhibit I shall be $10,000,000 payable:

(i) $2,000,000 on the Closing Date;

(ii) by a promissory note in the form provided for by Exhibit IV to this Agreement in the principal amount of $8,000,000, bearing interest at an annual rate of 6% on the unpaid principal balance thereof, secured by mortgages in the form provided for in Exhibit IV to this Agreement, payable as follows:

(A) $1,000,000 in principal shall be payable on each of the first and second anniversaries of the Closing;

(B) $2,000,000 in principal shall be payable on each of the third, fourth and fifth anniversaries of the Closing;

(C) Accrued interest shall be payable on each principal payment date specified above;

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(D) The promissory note may be prepaid, in whole or in part, with accrued interest to date of payment, at any time without prepayment penalty.

(b) The purchase price for the remaining assets being acquired shall be the book value at the Closing Date of the inventories and tangible personal property referred to in Sections 1.1(c) and (e) decreased by the amount by which $10,000,000 exceeds the book value of the fixed assets referred to in Sections 1.1(a) and (b) at the Closing Date and increased by an amount equal to the lesser of (i) $50,000 and (ii) 50% of the Indiana and Pennsylvania taxes relating to this transaction, representing Kaiser's share of Indiana and Pennsylvania taxes relating to this transaction. Payment shall be by unsecured promissory note in the form provided for by Exhibit IV to this Agreement, in the amount provided by this Section 1.2(b), less the following: (i) the amount of the current liabilities to be assumed as provided for by Section 1.3(b) of this Agreement excluding the current liability at the Closing Date of IMC under the Supplemental Unemployment Benefit Plan for Hourly Workers at Plymouth Meeting described in Exhibit VII to this Agreement, (ii) 50% of the current liability at the

Closing Date of IMC under such Supplemental Unemployment Benefit Plan for Hourly Workers at Plymouth Meeting, and (iii) the amount of the purchase price adjustments provided for by Section 1.4 of this Agreement. Such promissory note shall bear interest at an annual rate of 6% on the unpaid principal balance thereof, be payable 364 days after the Closing Date, and may be prepaid, in whole or in part, with accrued interest to date of payment, without prepayment penalty.

(c) Interest shall, for purposes of this Section 1.2, be calculated on the basis of a 365-day year.

(d) In determining the book value of the real property referred to in Section 1.1(a) for purposes of this Section 1.2, the book value of that portion of said real property subject to an easement for highway purposes granted to the Commonwealth of Pennsylvania by deed executed January 8, 1974, by IMC shall be deemed to be zero (0).

1.3 Assumption of liabilities. Kaiser will assume and agrees to pay, perform and discharge the following debts, obligations, liabilities and contract duties of IMC and no others:

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(a) All obligations of IMC arising under all contracts, agreements, and leases referred to in Sections 1.1(b), 1.1(d) and 1.1(f) hereof which under the terms of such contracts, agreements, and leases were not required to be performed prior to the Closing Date and which do not relate to events occurring prior to the Closing Date except as identified in Section 1.3(b);

(b) Current liabilities of the Refractories Segment of IMC's Lavino Division at the Closing Date as listed in Exhibit V to this Agreement including all current liabilities at the Closing Date under the Supplemental Unemployment Benefit Plans for Hourly Workers at Plymouth Meeting and Gary described in Exhibit VII to this Agreement;

(c) All obligations of IMC under the collective bargaining agreements described in Exhibit VI to this Agreement;

(d) All obligations and responsibilities of IMC under all compensation and benefit plans listed in Exhibit VII which are designated in such Exhibit as being plans as to which Kaiser shall assume all obligations,

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excluding, however, any liability for any breach of trust by IMC or any other person with respect to any such compensation and benefit plans and any trusts established with respect thereto which occurred prior to the Closing Date; and

(e) All obligations of IMC for vacation pay with respect to employees of the Refractories Segment of the Lavino Division whether on account of severance or otherwise.

1.4 Purchase price adjustment. The purchase price provided for by this Agreement shall be reduced by the following amounts:

(a) the difference between the value at the Closing Date of the fund assets (IMC, prior to the Closing Date, shall have paid all accrued contributions for the 1972-1973 tax year plus proportionate IMC 1973-1974 contributions through the Closing Date into the trust fund) of the trust fund established pursuant to the Pension Agreement dated January 10, 1973 between the Lavino Division of IMC and the United Steelworkers of America and 75% of the actuarial value of the accrued pensions under that Pension Agreement at the Closing Date;

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(b) $157,000 representing earned vacation pay at the Closing Date for salaried employees of the Refractories Segment of IMC's Lavino Division.

1.5 Post-closing adjustment procedure. In order to determine the amount to be paid by Kaiser pursuant to Section 1.2(b) of this Agreement, the following payment procedure shall be followed:

(a) For purposes of Closing, the book value of the assets described in Sections 1.1(a), (b), (c) and (e), the current liabilities being assumed and the purchase price adjustments provided for by Section 1.4(a) shall be determined as of the last day of the month preceding the date of Closing, which amounts shall be used in determining the principal amount of the unsecured promissory note to be delivered at Closing.

(b) Within 60 business days after the Closing Date, the book value of the assets described in Sections 1.1(a), (b), (c) and (e) as of the Closing Date and the amount of current liabilities being assumed as of the Closing Date shall be determined cooperatively by IMC and Kaiser, and IMC shall give notice thereof to Kaiser, and book value shall be determined as provided in Section 1.8 of this Agreement.

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(c) The amount of the purchase price adjustment provided for by Section 1.4(a) shall be computed by an actuary appointed by IMC using the unit credit actuarial method and IMC's actuary's modification of current market annuity purchase rates, and notice of such determination shall be given to Kaiser within 60 business days after the Closing Date. If Kaiser notifies IMC within 15 days of such notice that it disagrees with any such determination, the firm of Milliman & Robertson shall make the determination, which shall be final and binding on the parties.

(d) On the 5th business day following the final determination of all amounts pursuant to this Section 1.5 a new unsecured promissory note shall be prepared in accordance with Section 1.2(b) of this Agreement, using the amounts determined as of the Closing Date as provided in Sections 1.5(b) and (c) of this Agreement and such note shall be delivered to IMC in exchange for the unsecured promissory note delivered at Closing.

(e) Such new unsecured promissory note shall replace the unsecured promissory note delivered at Closing for all purposes, including calculation of interest.

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1.6 Collection of Accounts Receivable. Kaiser shall not purchase any of the accounts receivable of IMC. For a period of six months after the Closing Date Kaiser shall use reasonable efforts consistent with Kaiser's normal business practices to collect for IMC's account the accounts receivable of the Refractories Segment of IMC's Lavino Division outstanding at the Closing Date and shall transmit the amount of such payments to IMC promptly after receipt thereof. With respect to payments received by Kaiser from such an account debtor which is also an account debtor of Kaiser with respect to products produced at a facility acquired by Kaiser from IMC, such payments shall be applied first to any indebtedness of such account debtor to IMC until his obligation to IMC is paid in full unless such payment is directed by such debtor to be applied to a specific invoice or unless such account debtor advises Kaiser that such account debtor is engaged in a trade dispute with IMC with respect to products purchased from IMC. No interest shall be paid by Kaiser on any accounts receivable or proceeds thereof and Kaiser shall have no further responsibility with respect thereto. If within such six month period Kaiser deems any of such accounts receivable to be uncollectible, Kaiser may return such account to IMC and need take no further action with respect thereto.

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1.7 Advance by Kaiser. IMC acknowledges having received $200,000 cash from Kaiser as earnest money. This sum of $200,000 shall be credited against the amount to be paid pursuant to Section 1.2(a)(i) on the Closing Date; provided, however, that in the event this Agreement is terminated prior to Closing for any reason other than a material breach by IMC of a representation or warranty made herein or material failure by IMC to perform a covenant herein, the $200,000 shall be forfeited by Kaiser and shall be the sole property of IMC, provided, however, that inability of IMC to meet a condition precedent to Kaiser's obligation shall not entitle Kaiser to a refund of such $200,000 unless such inability also constitutes a material breach of a representation or warranty or material failure to perform a covenant by IMC.

1.8 Determination of book value. IMC has delivered to Kaiser a statement of assets and liabilities as of June 30, 1973, which includes schedules of costs, depreciation and book value of assets. Kaiser acknowledges that the determinations of book value in such statement as of such date are acceptable to Kaiser. For purposes of this Agreement, book value shall be determined in accordance with generally accepted accounting

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principles consistent with those used in IMC's June 30, 1973 financial statements. For purposes of the adjustments provided for by Sections 1.4 and 1.5 of this Agreement, IMC shall give Kaiser notice of the determinations of book value, certified by the principal financial officer of IMC, and if Kaiser notifies IMC within 15 days of such notice that it disagrees with any such determination by IMC, Arthur Young & Co. shall make the determination of book value, which determination shall be final and binding on the parties.

ARTICLE II

Closing

2.1 Closing. The Closing shall be February 28, 1974 (the "Closing Date") at 10:00 A.M. at the offices of Sidley & Austin, Chicago, Illinois, or at such other time (not later than April 30, 1974) or place as may be mutually agreed upon in writing.

2.2 Automatic postponement of Closing Date. The Closing Date shall be automatically postponed (but not later than April 30, 1974) without any action on the part of either Kaiser or IMC if, on the Closing Date provided for by Section 2.1:

(a) Any action or proceeding shall be pending or threatened against either party and an unfavorable judgment, decree or order in such action or proceeding would either prevent the carrying out of this Agreement or would necessarily involve an adjudication or finding that the transactions or any portion of the transactions contemplated by this Agreement would be unlawful or if not unlawful would subject either party to damages, costs and expenses material in amount; or

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(b) Any of the conditions specified in this Agreement have not occurred.

Each party shall promptly notify the other party of any event resulting in such postponement.

2.3 Transactions at Closing. At the Closing, Kaiser shall deliver to IMC the consideration provided for by Section 1.2 of this Agreement and IMC shall deliver to Kaiser all necessary and appropriate conveyances and documents to transfer all of its interest and title in and to the property and assets to be transferred.

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ARTICLE III

Representations and Warranties of IMC

IMC represents and warrants that

3.1 Organization and good standing. IMC is a corporation duly organized and existing and in good standing under the laws of the State of New York and is qualified to do business and is in good standing as a foreign corporation in Pennsylvania and Indiana. There are no dissolution, liquidation or bankruptcy proceedings pending, contemplated by or, to the knowledge of IMC, threatened against IMC.

3.2 Corporate power and authority. IMC has the corporate power to (i) own or lease the Refractories Assets being sold to Kaiser and to conduct the business of the Refractories Segment of its Lavino Division in Pennsylvania and Indiana and (ii) enter into and carry out the terms of this Agreement. All corporate proceedings have been taken and all corporate authority has been secured which are necessary to authorize the execution, delivery and performance of this Agreement. When executed and delivered, this Agreement will constitute a valid and binding obligation of IMC enforceable

in accordance with its terms and conditions, except as such enforcement may be limited by bankruptcy or other law of general application affecting creditors' rights.

3.3 Titles to properties transferred.

(a) IMC has delivered to Kaiser Exhibit I, Schedules 1 through 4 to which constitute true and complete lists of all real property, leasehold interests in real property, plants, fixtures, machinery, production equipment and other tangible personal property and equipment and patents, computer programs and related software, trademarks, trade names, licenses and applications therefor owned by IMC and used solely or held for use solely in the business of the Refractories Segment of IMC's Lavino Division, except cash, inventories and contract rights listed in Exhibit II and the assets listed in Exhibit III. Exhibit I also includes a true and correct legal description of all real property therein listed, and summarizes all liens, encumbrances, easements, reservations, restrictions, licenses, claims, defects and other matters affecting IMC's title or interest in any and all of the real estate listed therein and owned in fee by IMC arising during the period in which IMC held title to such real estate.

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(b) Prior to the Closing IMC shall provide Kaiser with commitments for title insurance issued by title insurance companies acceptable to Kaiser covering all real estate listed in Exhibit I and owned in fee by IMC. Kaiser may, at its own expense, cause title insurance policies to be issued pursuant to such commitments in such amounts as Kaiser may specify.

(c) IMC will transfer to Kaiser on the Closing Date good and marketable title to:

(1) all of the real estate listed in Schedule 1 to Exhibit I owned in fee by IMC, free and clear of any and all liens, encumbrances, easements, reservations, restrictions, licenses, claims and defects excepting only (i) those arising prior to the date IMC took title to such real property; (ii) those disclosed in Exhibit I and satisfactory to Kaiser; (iii) liens for property taxes and special assessments not then delinquent; and (iv) such minor defects and clouds on title as normally exist with respect to properties similar in character and as do not, in the opinion of counsel for Kaiser, materially impair the

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real estate affected thereby for the purpose for which such real estate is held or used;

(2) all of IMC's right, title and interest under and to all leases listed in Schedule 2 to Exhibit I and all patents, patent applications, invention disclosures, copyrights, computer programs and related software, trademarks, trade names and licenses or applications therefor listed in Schedule 4 to Exhibit I; and

(3) all inventories referred to in subsection 1.1(e) of this Agreement, all machinery and equipment located on the real estate listed in Schedules 1 and 2 of Exhibit I which are not fixtures, and all tangible personal property and equipment described in Schedule 3 to Exhibit I and all other property being transferred, free and clear of any and all liens, encumbrances, claims and defects, excepting only those which are not material in nature.

3.4 Contracts. IMC has delivered to Kaiser Schedules 2 and 4 to Exhibit I and Exhibit II, which

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exhibits constitute a schedule of all contracts, leases, options, conditional sales agreements, chattel mortgages, employment agreements, and utility contracts relating to the property and assets of the Refractories Segment of IMC's Lavino Division to which IMC is a party except (i) purchase orders, supply contracts and sales contracts at Lavino's published prices and any other contracts entered into in the ordinary course of business of the Refractories Segment of IMC's Lavino Division and having an aggregate dollar amount not in excess of $20,000 and to be fully performed within one year, (ii) collective bargaining contracts and compensation plans listed in Exhibits VI and VII, and (iii) contracts specifically excluded from the operation of this Agreement. The Harbison-Walker Agreement dated January 1, 1972 is valid and binding and enforceable in accordance with its terms. Neither IMC nor, to the best of its knowledge, any other party to any of the scheduled contracts, is in material default under any of the scheduled contracts or has done any act which by passage of time will become a default. Should IMC enter into any additional contracts of the type required to be listed in Schedules 2 and 4 to Exhibit I and Exhibit II prior to Closing, IMC will promptly advise Kaiser thereof and make such additional contracts available to Kaiser.

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3.5 Collective bargaining. IMC has delivered to Kaiser Exhibit VI, which exhibit constitutes a schedule of all collective bargaining agreements to which IMC is a party affecting or relating to the Refractories Assets. Except as disclosed in Exhibit VI, to IMC's knowledge there are no material disputes presently subject to any grievance procedure, arbitration, or litigation under those contracts or any material default under any such agreements, or any event which by passage of time will become a material default, by IMC or any other party thereto. To IMC's knowledge, there are no strikes, lockouts, work stoppages or slowdowns, jurisdictional disputes or organizing activity occurring or threatened with respect to the Refractories Assets.

3.6 Compensation plans. IMC has delivered to Kaiser Exhibit VII, which exhibit constitutes a schedule of all compensation plans, pension plans, profit sharing plans, bonus plans or other benefit plans, group insurance plans and policies and all other incentive or welfare plans or policies (including trust agreements relating thereto) respecting the Refractories Segment of IMC's Lavino Division to which IMC is a party, including collective bargaining agreements listed in Exhibit VI providing for such plans or policies. Neither IMC nor,

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to the best of its knowledge, any other party thereto, is in material default of any obligation to be performed thereunder or has done any act which by passage of time will become a material default of any obligation to be performed thereunder.

3.7 Permits, licenses and applicable law. IMC has delivered to Kaiser Exhibit VIII, which exhibit constitutes a schedule of all permits, licenses or variances which have been obtained from all federal, state and local authorities relating to the operations of the Refractories Assets. IMC has received no notices from federal, state or local authorities to the effect that any additional permits, licenses or variations are required and, except as disclosed in Exhibit VIII, has no knowledge of any permits or licenses which are required but which have not been obtained. Excepting environmental or occupational safety laws and regulations, to the knowledge of IMC the Refractories Segment of IMC's Lavino Division is not being operated in material violation of any of the provisions of such permits or licenses or in material default of or contrary to the material provisions of any applicable federal, state, municipal or other governmental law, regulation, order, writ, injunction or decree.

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3.8 Legal proceedings. Except as listed in Exhibits VI and IX, there is no suit, action, or legal, administrative, arbitration or other proceeding pending or, to the knowledge of IMC, threatened against IMC relating to the Refractories Assets nor any condemnation proceedings pending or, to the knowledge of IMC, threatened against the Refractories Assets nor, to the knowledge of IMC, any investigation of the Refractories Segment of IMC's Lavino Division operations or the Refractories Assets being conducted by any governmental authority or agency.

3.9 Performance of Agreement. IMC is not now in default of, and the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by IMC will not result, to any extent which would affect Kaiser's title to or operation of the Refractories Assets, in any breach or violation of, or default under, its Articles of Incorporation, By-laws, or any mortgage, agreement or other instrument to which IMC is a party or by which it or any of its Refractories Assets are bound or any judgment, order, writ, injunction or decree applicable to IMC or, to the knowledge of IMC, any law, governmental rule or regulation or, to IMC's knowledge, require the consent or approval of, any federal, state, municipal or other

governmental authority. Provided that no representation is made with respect to the application of antitrust laws or other laws or regulations dealing with competition or restraints of trade.

3.10 Extraordinary contracts. Except as set forth in Exhibit X, IMC has not, since June 30, 1973, except in the ordinary course of business, purchased, acquired, sold or transferred any property or assets of the Refractories Segment of IMC's Lavino Division; or increased the rate of compensation of any employee of the Refractories Segment of IMC's Lavino Division receiving an aggregate remuneration of more than $20,000 per annum.

3.11 Condition of property. The property and assets being sold hereby are in substantially the same condition as at June 30, 1973.

3.12 Material adverse changes in business. Other than changes resulting from the current energy crisis and the general condition of the economy, since June 30, 1973, there have been no material adverse changes in the relationships with customers and suppliers, property

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or assets of the Refractories Segment of IMC's Lavino Division or, to the knowledge of IMC, any event, occurrence, circumstance or combination thereof which could or might reasonably be expected to result in any material adverse change thereof.

3.13 No material misstatements. No representations or warranties of IMC in this Agreement or in any document, statement, certificate, schedule or exhibit furnished or to be furnished to Kaiser by IMC pursuant to or in connection with this Agreement and the transactions contemplated hereby, contains or will contain any untrue statement of a material fact.

3.14 Inventory accounting procedure. The values at which inventories are carried on the books of IMC reflect the normal inventory valuation policy of IMC in accordance with generally accepted accounting principles on a basis consistent with that used in preparation of IMC's financial statements for the year ended June 30, 1973. IMC warrants that its business practices with regard to inventories of the Refractories Segment of the Lavino Division have not changed since June 30, 1973 and Kaiser acknowledges that it has inspected the inventories referred to in Section 1.1(e) of this Agreement and that

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the only deviations to be made from book value in determining the purchase price for such inventories shall be to reflect deviations from the records of IMC in the number of units of such inventories rather than the quality of such inventories.

3.15 Patents and trademarks. IMC owns or possesses valid licenses and other rights to use all patents, trademarks, trade secrets, trade names and copyrights referred to in Section 1.1(d) of this Agreement. To the knowledge of IMC, except as set forth in Exhibit XI, no third party has asserted in writing to IMC that the operations conducted by the Refractories Segment of IMC's Lavino Division infringe or violate any patent, trademark, trade secret, trade name or copyright or that any of the patents, trademarks, trade names or copyrights referred to in Section 1.1(d) of this Agreement are invalid.

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ARTICLE IV

Representations and Warranties by Kaiser

Kaiser represents and warrants that

4.1 Organization and good standing. Kaiser is a corporation duly organized and existing and in good standing under the laws of the State of Delaware and is qualified to do business and is in good standing as a foreign corporation in Pennsylvania, Indiana and California and there are no dissolution, liquidation or bankruptcy proceedings pending, contemplated by or, to the knowledge of Kaiser, threatened against Kaiser.

4.2 Corporate power and authority. Kaiser has the corporate power and authority to enter into and carry out the terms of this Agreement. All corporate proceedings have been taken and all corporate authority has been secured which are necessary to authorize the execution, delivery and performance of this Agreement, and the notes and mortgages referred to in Section 1.2 of this Agreement. When executed and delivered, this Agreement and such notes and mortgages will constitute valid and binding obligations of Kaiser enforceable in accordance with such terms and conditions as are contained

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therein, except as such enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights.

4.3 Performance of agreement. Kaiser is not now in default of, and the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, including the authorization, execution, delivery and performance of the notes and mortgages referred to in Section 1.2 of this Agreement by Kaiser will not result in any breach or violation of or default under, Kaiser's Certificate of Incorporation or By-laws or any mortgage, agreement or other instrument to which Kaiser is a party or by which any of its assets is bound or any judgment, order, writ, injunction or decree applicable to Kaiser or, to the knowledge of Kaiser, any law, governmental rule or regulation, or to the knowledge of Kaiser, require the consent or approval of, any federal, state, municipal or other governmental authority. Provided that no representation is made with respect to the application of antitrust laws or other laws or regulations dealing with competition or restraints of trade.

4.4 Misstatement or omission. No representation or warranty of Kaiser in this Agreement or in any

document, statement, certificate, schedule or exhibit furnished or to be furnished IMC by Kaiser pursuant to or in connection with this Agreement and the transactions contemplated hereby contains or will contain any untrue statement of a material fact.

4.5 Kaiser acceptance of accounting practices and valuations. Kaiser acknowledges that it has reviewed and inspected the inventories of the Refractories Segment of IMC's Lavino Division as of November 30, 1973 and that it approves the accounting practices and principles used by IMC in preparation of IMC's financial statements for the year ended June 30, 1973. Kaiser further acknowledges that with respect to the fixed assets referred to in Section 1.1(a) and 1.1(b), it has inspected such assets and has approved the book value of such assets on the statement of assets and liabilities of IMC as of June 30, 1973.

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ARTICLE V

Covenants of IMC

IMC covenants that from the date of this Agreement until the Closing Date:

5.1 Conduct of business. IMC shall, until the Closing Date, conduct the business of the Refractories Segment of IMC's Lavino Division diligently and only in the ordinary course and will not, without the prior written consent of Kaiser, enter into any extraordinary transactions affecting the Refractories Assets, and will use its best efforts to preserve such business organization intact, to keep available the present employees of the Refractories Segment and to preserve its relationships with suppliers, customers and others having business relationships with the Refractories Segment. Other than sales in the ordinary course of its business, IMC will not transfer, encumber or assign its interest in any of the Refractories Assets without the prior written approval of Kaiser.

5.2 Maintenance of property. IMC will use its best efforts to preserve and maintain the property and assets being sold hereby in good operating condition and

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repair, subject only to ordinary wear and tear occurring in the ordinary course of business.

5.3 Insurance. IMC has delivered to Kaiser Exhibit XII, a true and complete list of policies of fire, liability and other insurance in effect on the date hereof relating to the Refractories Assets. IMC will maintain such policies in effect in full force and effect up to and including the Closing Date.

5.4 Increases in compensation. IMC will not, without the prior written consent of Kaiser, grant any increases in rates of pay to salaried employees of the Refractories Segment of IMC's Lavino Division receiving an aggregate remuneration of more than $20,000 per annum or to hourly employees of the Refractories Segment or make any increase in other benefits to which such employees may be entitled, except increases required by existing collective bargaining contracts.

5.5 New contracts. IMC will not enter into any new contract in respect of the Refractories Segment of IMC's Lavino Division involving an amount exceeding $20,000 or involving performance over a period in excess of one year without the prior written consent of Kaiser.

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5.6 Make information available. IMC will make available for inspection by Kaiser the originals or true copies of all deeds and documents of title, all contracts and agreements to which IMC is a party relating to the Refractories Segment of IMC's Lavino Division, permit Kaiser and its authorized representatives to have full access to all properties, records and documents and furnish to Kaiser such financial and other information with respect to the Refractories Segment of IMC's Lavino Division as Kaiser may from time to time reasonably request; provided, however, that any furnishing of such information to Kaiser or any making by Kaiser of such investigation shall not affect the right of Kaiser to rely upon the representations and warranties of IMC in this Agreement; except that should Kaiser, in the course of these investigations, acquire actual knowledge of any facts inconsistent with the representations and warranties of IMC hereunder, then Kaiser shall have the duty to immediately advise IMC of such facts so that IMC shall have the opportunity to cure any claimed breach of warranties or representations resulting therefrom prior to the Closing Date.

5.7 Waiver of liens. IMC covenants and agrees to waive any and all sellers' and other liens of any kind

whatsoever which it might have with respect to or against any and all property being sold hereby, excepting only such mortgages as are provided for by Section 1.2(a)(ii) of this Agreement.

5.8 Computer Service Agreement. IMC and Kaiser agree to enter into an agreement providing for computer services to be rendered by IMC to Kaiser subsequent to the Closing Date based on the memorandum of understanding dated January 28, 1974 between R. G. Hatlen of Kaiser and J. L. Lenzini of IMC attached hereto as Exhibit XIII.

5.9 Severance pay. IMC agrees to pay any severance pay due under IMC severance policy to any present salaried employees of the Refractories Segment of the Lavino Division who are terminated by Kaiser within 180 days after the Closing Date, for any reason, provided however, that Kaiser shall pay all vacation pay due upon severance of employees or otherwise.

5.10 Pension trust assignments. IMC covenants and agrees that it will, on or prior to the Closing, secure the written consent of all trustees and any other persons whose consents are required to the substitution

of Kaiser as Trustor of, and to the assignment to Kaiser of all of IMC's interest in, all trust funds or trust assets relating to any compensation or pension plan with respect to which Kaiser is assuming the obligations and liabilities.

5.11 Replacement of certain trust assets. IMC covenants and agrees that it will, on or prior to the Closing, replace the promissory notes of Sugar Producers' Cooperative Marketing Association of the Philippines held in the trust funds with respect to the Pension Agreement dated January 10, 1973 between the Lavino Division of IMC Plymouth Meeting, Pa. plant and the United Steelworkers of America and the Pension Agreement dated November 30, 1973, between Lavino Division of IMC Gary, Indiana plant and the United Steelworkers of America with an amount of cash or U. S. Treasury Notes (or combination thereof) having a fair market value on the replacement date equivalent to the value of such notes on the replacement date as determined by Girard Trust Bank, the trustee of the trusts provided for in the aforesaid agreements.

5.12 Indiana gross receipts tax payment. IMC covenants and agrees that it will, contemporaneous with the Closing of this transaction, pay to the Treasurer of the State of Indiana such amount of tax as shall be nec-

essary to secure any and all tax clearances which shall be required to enable Kaiser to record all deeds and transfers of title to the real property located in the State of Indiana and to be transferred pursuant to this Agreement.

5.13 Vesting of salaried employees retirement and pension rights. IMC agrees, contemporaneous with the Closing, to grant 100% vesting of all benefits and rights accrued up to the Closing Date under the Retirement Plan for Salaried Employees of IMC (Transferred Lavino Salaried Employees) and under the Retirement Plan for Salaried Employees of IMC for all participants therein who become Kaiser employees at the Closing Date, irrespective of whether the liability therefor is fully funded. Any such vested benefits will be paid directly by IMC and Kaiser shall have no obligation or liability with respect thereto.

5.14 No intent to effect illegal distribution. IMC warrants and represents that it is not acquiring the notes provided for by this Agreement with a view to distribution thereof and covenants and agrees that it will not transfer such notes so as to result in a distribution thereof in violation of Section 5 of the Federal Securities Act of 1933.

00034

ARTICLE VI

Covenants of Kaiser

6.1 Severance pay. With respect to any employee of the Refractories Segment who becomes an employee of Kaiser on the Closing Date and who is terminated more than 180 days after the Closing Date, Kaiser agrees that, in paying any severance pay due under Kaiser's severance policy, such employee shall be given credit for all years of service with IMC or IMC's Lavino Division or its predecessors.

6.2 Salaried employees pension eligibility. Kaiser agrees that all salaried employees of IMC who become Kaiser employees at the Closing Date will be eligible to participate in the Kaiser Savings and Retirement Plan and all other salaried employee benefit plans on the same basis as all other comparable salaried Kaiser employees, provided that for purposes of continuous service only, as defined in the Kaiser Savings and Retirement Plan, service with IMC and its predecessors shall be deemed to be service with Kaiser.

6.3 Salaried employees accrued vacation pay. Kaiser agrees to pay their vacation pay accrued at the

Closing Date to all salaried employees of IMC who become salaried employees of Kaiser at the Closing Date.

ARTICLE VII

Conditions of Kaiser's Obligations

The obligations of Kaiser to purchase the Refractories Assets is expressly conditioned upon the satisfaction of the following conditions.

7.1 Representations and warranties true and correct on Closing Date. Except as to changes contemplated under or except as specifically provided by this Agreement, all representations and warranties of IMC contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date; provided, however, that misrepresentations or breaches of warranty which do not result in any financial cost or expense to Kaiser or do not deprive Kaiser of the use and benefit of any portion of the Refractories Assets shall not be deemed to be material for purposes of this Section.

7.2 Certificate of officer. IMC shall have delivered to Kaiser a certificate, dated as of the Closing Date and signed by the President or a Vice President of

00037

IMC stated to be to the best of his knowledge and belief, to the effect stated in Section 7.1.

7.3 Compliance with covenants. IMC shall have fully complied with all covenants stated in ARTICLE V hereof which by their terms are performable on or prior to the Closing Date, and shall have performed all acts required by this Agreement to be performed by IMC on or prior to the Closing Date.

7.4 Required consents and assignments. Written consents in form and content satisfactory to counsel for Kaiser shall have been obtained to the assignment of all leases, claims, contracts, licenses, consents, permits and rights being acquired by Kaiser and specified in Section 3.4 to this Agreement, except that this condition shall not apply to any federal, state or local leases, permits, licenses and consents where, under the applicable laws and regulations, the consent of the governmental authority cannot be obtained prior to the delivery to the transferee of the instrument effecting the assignment or delivery of possession of the Refractories Assets; provided, however, that IMC shall have commenced and shall diligently pursue such action as shall be necessary

00038

to secure such permits, licenses and consents. In addition to those contracts specified in Section 3.4, with respect to any other contracts, leases, claims, licenses, permits and rights as to which Kaiser reasonably requests written consent to assignment within three months after Closing, IMC will secure such consents in form and content satisfactory to counsel for Kaiser within six months after Closing.

7.5 Opinion of IMC's counsel. Kaiser shall have received from Messrs. Sidley & Austin, counsel for IMC, an opinion in form and substance satisfactory to Kaiser and dated the Closing Date, to the effect that:

(a) IMC is a corporation duly organized and existing and in good standing under the laws of the State of New York and is qualified to do business and is in good standing as a foreign corporation under the laws of Pennsylvania and Indiana;

(b) IMC has full corporate power and authority to enter into and carry out the terms of this Agreement and to convey, assign, transfer and deliver the Refractories Assets as herein provided;

(c) All corporate and other proceedings required to be taken by or on the part of IMC to authorize it to carry out this Agreement and to convey, assign, transfer and deliver the Refractories Assets as herein provided have been duly and properly taken;

(d) The instruments of transfer and conveyance tendered to Kaiser are sufficient to vest in Kaiser such title or interest to all of the Refractories Assets being transferred as was vested in IMC immediately prior to the delivery thereof; provided, however, that in any case where the consent of the responsible governmental authority is necessary in order for the transfer of IMC's interest under any federal, state or local government lease to be perfected, and such consent cannot be obtained prior to the delivery to the transferee of the instrument effecting the assignment, such opinion need confirm only that, subject to the obtaining of such consent or approval, such instrument of assignment is effective for the purpose intended;

(e) This Agreement has been duly authorized, executed and delivered and assuming its due authorization, execution and delivery by Kaiser, constitutes a

00040

valid and binding obligation of IMC enforceable in accordance with its terms except as such enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights.

(f) Neither the execution nor delivery of the Agreement nor the consummation by IMC of the transactions herein contemplated nor the fulfillment by IMC of the terms, conditions or provisions hereof conflicts with, or results in a material breach of or constitutes a default under any of the terms, conditions or provisions of (i) the Articles of Incorporation or Bylaws of IMC, or (ii) to the knowledge of such counsel, of any mortgage, agreement, instrument, or court decree to which IMC is a party.

(g) Nothing has come to Counsel's attention which would indicate, and Counsel has not been advised that the exhibits and schedules to the Agreement or the representations, warranties and covenants of IMC contained herein, as of the Closing Date contained any untrue statement of a material fact; provided, however, that counsel need make no investigation and may so qualify its opinion and need not render any opinion with respect to financial statements, notes to financial statements or other financial data contained therein. In rendering its opinion Counsel for IMC

may rely upon a certificate of an officer of IMC as to agreements to which IMC is a party and as to other factual matters and upon opinions of other counsel satisfactory to Kaiser and as to Section 7.5(g) hereof, Counsel for IMC need not render any opinion with respect to laws or regulations, decrees, judgments or orders relating to environmental pollution, occupational safety and health or with respect to the application of antitrust laws or other laws or regulations dealing with competition or restraints of trade.

7.6 Opinion of Kaiser's counsel. Kaiser shall have received from Messrs. Thelen, Marrin, Johnson & Bridges an opinion satisfactory to Kaiser and dated the Closing Date to the effect that:

(a) All corporate and other proceedings required to be taken by or on the part of IMC to authorize to carry out this Agreement and to convey, assign, transfer and deliver the Refractories Assets have been duly and properly taken;

(b) Assuming the due authorization, execution and delivery of this Agreement by IMC, this Agreement constitutes a valid and binding and enforceable obligation of IMC in accordance with its terms except as such

enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights.

7.7 Damage or destruction of plant or property. IMC shall not have suffered, at or prior to the Closing Date, material loss or damage to any plant or property to be sold hereby which, in the opinion of Kaiser, substantially impairs the operability or value thereof, and shall not at the Closing Date be engaged in or threatened with any suit, action, legal, administrative, arbitration or other proceedings, the adverse outcome of which would materially and adversely affect the value of the Refractories Assets, whether or not covered by insurance.

7.8 Documents and assistance provided. IMC shall have provided Kaiser with such information and assistance and shall have provided Kaiser with access to such information, documents and premises and properties as Kaiser shall have reasonably requested.

ARTICLE VIII

Conditions of IMC's Obligations

The obligations of IMC under this Agreement are subject to the satisfaction of the following conditions:

8.1 Representations and warranties true and correct on Closing Date. All representations and warranties of Kaiser contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except as to changes contemplated under or except as specifically provided for herein; provided, however, that misrepresentations or breaches of warranties which do not result in any financial cost or expense to IMC shall not be deemed to be material for purposes of this Section.

8.2 Certificate of officers. Kaiser shall have delivered to IMC a certificate, dated as of the Closing Date and signed by the President or a Vice President of Kaiser, stated to be to the best of his knowledge and belief, to the effect stated in Section 8.1.

8.3 Opinion of Kaiser's counsel. IMC shall have received from Messrs. Thelen, Marrin, Johnson & Bridges an opinion dated the Closing Date to the effect that:

(a) Kaiser is a corporation duly organized and existing and in good standing under the laws of the State of Delaware and is qualified to do business and is in good standing as a foreign corporation in Pennsylvania, Indiana and California;

(b) Kaiser has the corporate power and authority to enter into and carry out the terms of this Agreement;

(c) All corporate proceedings have been taken and all corporate authority has been secured which are necessary to authorize the execution, delivery and performance of this Agreement and the notes and mortgages referred to in Section 1.2 of this Agreement and when executed and delivered, this Agreement and such notes and mortgages will constitute valid and binding obligations of Kaiser enforceable in accordance with such terms and conditions as are contained therein, except as such

enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights; and

(d) Neither the execution nor delivery of this Agreement nor the consummation of the transactions herein contemplated nor the fulfillment by Kaiser of the terms, conditions or provisions hereof conflicts with or results in a breach of, any of the terms, conditions or provisions of the Certificate of Incorporation or By-laws of Kaiser or, to the knowledge of such Counsel, of any agreement or instrument to which Kaiser is a party or by which any of its properties or assets are bound, or constitutes a default thereunder. In rendering its opinion Counsel for Kaiser may rely upon certificates of officers of Kaiser as to matters of fact and as to agreements to which Kaiser is a party and upon opinions of other counsel satisfactory to IMC.

8.4 Compliance with covenants. Kaiser shall have fully complied with all covenants and shall have performed all acts required by this Agreement to be performed by Kaiser which are by the terms of this Agreement performable on or prior to the Closing Date.

00046

ARTICLE IX

Further Assurances

At any time and from time to time after the Closing Date, upon the request of Kaiser, IMC will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required for the better assigning, transferring, granting, conveying, assuring and confirming to Kaiser and its successors and assigns, or for aiding and assisting in collecting and reducing to possession, the Refractories Assets.

ARTICLE X

Termination of this Agreement

10.1 Automatic termination. This Agreement shall automatically terminate if the Closing has not taken place by the close of business on April 30, 1974, unless the parties agree to a postponement of the date by which Closing must take place.

10.2 Termination by Kaiser or IMC. Either Kaiser or IMC may, at its option, terminate this Agreement at any time prior to the time of Closing, in the event that the United States Department of Justice, the United States Federal Trade Commission or other governmental body, or any third party takes any action with respect to the transactions contemplated hereby raising the reasonable possibility, in the opinion of counsel for either Kaiser or IMC, that it will commence an action or proceeding to prevent the consummation of this Agreement or to require Kaiser to divest itself of any of the Refractories Assets being acquired hereby. Neither Kaiser nor IMC, however, will exercise such option to terminate prior to the earlier of (i) thirty days from the date of such action or (ii) the date upon which a lawsuit relating to the transaction is filed by the Federal

00048

Trade Commission, the Justice Department, or a third party. IMC and Kaiser shall consult forthwith in the event either becomes aware of any such action.

10.3 Mutually agreeable termination. Notwithstanding any other provision hereof, this Agreement may be terminated at any time prior to the Closing Date by mutual consent of Kaiser and IMC.

10.4 Each party to bear its own expenses. In the event of any termination of this Agreement for any reason other than breach thereof by a party each party shall bear all expenses incurred by it in connection with this Agreement, and neither party shall have any liability of any kind to the other party with respect to any matter arising out of this Agreement, except as provided in Section 1.7 hereof.

ARTICLE XI

Miscellaneous

11.1 Notice. Any notice or request required or provided by this Agreement shall be given in writing and be personally delivered, mailed by registered or certified mail or given by telex confirmed by registered or certified mail, addressed to:

if Kaiser: Kaiser Aluminum & Chemical Corporation
300 Lakeside Drive
Oakland, California 94604
Attention: Robert W. Turner, Vice President, Counsel and Secretary

if IMC: International Minerals & Chemical Corporation
IMC Plaza
Libertyville, Illinois 60048
Attention: John R. Taylor, Vice President, Counsel and Secretary

Such notice shall be deemed given upon receipt thereof at the address of the party above stated or at any other address specified by such party in writing.

11.2 Parties in interest. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns but

00050

shall not be assignable by either party without the written consent of the other party. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person other than the parties hereto any right, remedy or claim under or by reason of this Agreement.

11.3 Integration. This Agreement is the entire agreement between the parties hereto with respect to the subject matter hereof and shall supersede all prior understanding, agreements, contracts or other documents.

11.4 Survival of obligations and additional covenants and warranties. All representations, warranties and covenants made by Kaiser or IMC in this Agreement or pursuant thereto shall survive the Closing and any investigation made by or on behalf of either of them and shall remain in full force and effect for a period of one year subsequent to the Closing Date.

11.5 Interpretation. This Agreement shall be construed in accordance with the laws of the State of California. The titles of the articles and sections

have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

11.6 Brokerage fees. Neither party to this Agreement has employed a broker, finder, or agent nor has any of them otherwise incurred any brokerage fee, finder's fee, or commission with respect to the transactions contemplated by this Agreement, and neither party has otherwise dealt with anyone purporting to act in the capacity of a finder or a broker with respect thereto whereby either party may be responsible for or obligated to pay such a fee or commission or any portion thereof.

11.7 Remedies not exclusive. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

00052

11.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.9 Waiver. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof except as may be otherwise specifically provided or contemplated by the terms of this Agreement. Nor shall the waiver of any right, power or privilege hereunder preclude any further exercise of the right, power or privilege or the exercise of any other right, power or privilege.

11.10 Property taxes and assessments. All ad valorem property taxes and assessments levied against the property transferred pursuant to this Agreement shall be prorated as of the Closing Date.

11.11 Sales taxes, recordation fees and documentary taxes. IMC agrees to pay all sales, transaction, transfer or use taxes assessed in connection with the transfer of the Refractories Assets. Kaiser agrees to

pay all recording fees and documentary taxes relating to transfer of title to the Refractories Assets.

11.12 Bulk transfer laws. Kaiser waives compliance by IMC with any applicable bulk sales laws and IMC agrees to indemnify Kaiser with respect to any liability thereunder.

11.13 Title insurance. IMC shall have no obligation with respect to the payment of the costs of any title insurance on any of the property being sold hereby.

11.14 Indemnification by IMC. Subject to the limitation hereinafter provided, IMC shall indemnify and hold Kaiser harmless against and will reimburse Kaiser on demand for any payment made by Kaiser or any damages or injury suffered by Kaiser at any time after the Closing Date in respect of:

(a) Any and all liabilities and obligations of and claims against IMC not expressly assumed by Kaiser pursuant to the provisions of Section 1.3 hereof, including but not limited to any liability for breach

00054

of trust with respect to any trust fund relating to the pension and other compensation plans being assumed by Kaiser for any actions or omissions by IMC or by IMC and any trustee of any such trust fund occurring prior to the Closing Date;

(b) Any and all damage or deficiency resulting from any misrepresentation, breach of warranty or nonfulfillment of any agreement on the part of IMC under this Agreement or resulting from any misrepresentation in or omission from any certificate, schedule, list, exhibit or other instrument or information furnished or to be furnished by IMC to Kaiser under this Agreement;

(c) Any and all liabilities resulting from claims by third parties of breach of warranty with respect to products delivered by the Refractories Segment of IMC's Lavino Division prior to the Closing Date.

(d) Any and all payments made or incurred by Kaiser by reason of its assumption in Section 1.3(b) of the current contingent liabilities under the Supplemental Unemployment Benefit Plan for Hourly Workers at Plymouth

Meeting in excess of the credit, equal to 50% of the current liability under such Plan, given to Kaiser against the purchase price in Section 1.2(b), provided, however, that the term "payments" shall be deemed to include any payment arising out of an amendment, change or substitution in whole or in part negotiated with the union with respect to such Supplemental Unemployment Benefit Plan at any time in the future; and, provided, further, that IMC's total liability pursuant to this indemnification shall in no event exceed an amount equal to the credit, equal to 50% of the current liability under such Plan, given to Kaiser against the purchase price in Section 1.2(b).

(e) Any and all actions, suits, proceedings, demands, assessments, judgments, costs and expenses, including reasonable attorneys' fees, incident to any of the foregoing;

(f) Any claim for brokerage or other commissions relative to this Agreement or to the transactions contemplated hereby arising out of any agreement or commitment made by IMC; and

00056

(g) With respect to any claims asserted against Kaiser by any third party relating to (i) any liabilities or obligations of IMC not expressly assumed by Kaiser hereunder or (ii) any claim arising out of the activities of IMC or its conduct of the business or ownership of the assets of the Refractories Segment of IMC's Lavino Division prior to the Closing Date, Kaiser shall advise IMC of the commencement of any action with respect thereto and tender the defense of such action to IMC, for conduct thereof at IMC's expense. Should IMC decline to defend such action, Kaiser may defend such action at the expense of IMC, including reasonable attorneys' fees.

Provided, however, that Kaiser shall only be entitled to assert its rights of indemnification under Section 11.14(b) with respect to losses, damages and expenses suffered by Kaiser which in the aggregate exceed the sum of $50,000 and of which Kaiser gives IMC written notice within one (1) year of the Closing Date. In case any event shall occur which would entitle Kaiser to a right of indemnification hereunder, no loss, damage or expense shall be deemed to have been sustained by Kaiser to the extent of tax savings realized

00057

by Kaiser as a result of the event giving rise to such right of indemnification, after taking into account any taxes payable by Kaiser on any amounts paid by IMC to Kaiser in satisfaction of any claim.

11.15 Indemnification by Kaiser. Kaiser shall indemnify and hold IMC harmless against and will reimburse IMC on demand for any payment made by IMC or any damages or injury suffered by IMC at any time after the Closing Date in respect of:

(a) Any and all liabilities and obligations of and claims against IMC expressly assumed by Kaiser pursuant to Section 1.3 hereof;

(b) Any and all liabilities and claims arising under any contract, agreement, or lease assigned to Kaiser under Sections 1.1(b), 1.1(d) and 1.1(f) and arising out of the activities of Kaiser with respect thereto subsequent to the Closing Date;

(c) Any and all damage or deficiency resulting from any misrepresentation, breach of warranty or nonfulfillment of any agreement on the part of

Kaiser under this Agreement or resulting from any misrepresentation in or omission from any certificate, schedule, list or other instrument or information furnished or to be furnished by Kaiser to IMC under this Agreement;

(d) Any and all actions, suits, proceedings, demands, assessments, judgments, costs and expenses, including reasonable attorneys' fees, incident to any of the foregoing;

(e) Any claim for brokerage or other commission relative to this Agreement or to the transactions contemplated hereby arising out of any agreement or commitment made by Kaiser, including expenses of legally defending against any such claim; and

(f) With respect to any claims asserted against IMC by any third party relating to (i) any liabilities or obligations of IMC expressly assumed by Kaiser hereunder or (ii) any claim arising out of the activities of Kaiser or its conduct of the business or ownership of the assets being transferred hereby subsequent to the Closing Date, IMC shall advise Kaiser

of the commencement of any action with respect thereto and tender the defense of such action to Kaiser for conduct thereof at Kaiser's expense. Should Kaiser decline to defend such action, IMC may defend such action at the expense of Kaiser, including reasonable attorneys' fees.

Provided, however, that IMC shall only be entitled to assert its rights of indemnification under Section 11.15(c) with respect to losses, damages, and expenses suffered by IMC which in the aggregate exceed the sum of $50,000 and of which IMC gives Kaiser written notice within one (1) year of the Closing Date. In case any event shall occur which would entitle IMC to a right of indemnification hereunder, no loss, damage or expense shall be deemed to have been sustained by IMC to the extent of tax savings realized by IMC as a result of the event giving rise to such right of indemnification, after taking into account any taxes payable by IMC on any amounts paid by Kaiser to IMC in satisfaction of any claim.

IN WITNESS WHEREOF, Kaiser Aluminum & Chemical Corporation and International Minerals & Chemical

cuted and delivered by their ~~respective officers~~ thereto
unto duly authorized dated the 1st day of March, 1971.
~~and year first above written.~~

KAISER ALUMINUM & CHEMICAL CORPORATION

By _____
VICE PRESIDENT

ATTEST:

_____
ASSISTANT SECRETARY

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

By _____
Senior Vice President

ATTEST:

_____
Assistant Secretary

00061

EXHIBITS

I. Real and Personal Property

1. Real property
2. Leases
3. Tangible personal property
4. Intangible personal property

II. Contracts

III. Excluded Assets

IV. Forms of Notes and Mortgages

V. Current Liabilities

VI. Collective Bargaining Contracts

VII. Compensation Plans

VIII. Permits, Licenses, etc.

IX. Legal Proceedings

X. Extraordinary Contracts or Compensation Increases

XI. Patents and Trademark Claims of Infringement or Invalidity

XII. Insurance Policies

XIII. Memorandum of Understanding re: Computer Services

00062

TAB: A

AGREEMENT OF PURCHASE AND SALE, PRODUCED IN RESPONSE TO INTERROGATORY NOS. 3 AND 4 AND REQUEST FOR PRODUCTION NOS. 40 and 41

