PLAINTIFF'S EXHIBIT

DOW-2889

STOCK PURCHASE AGREEMENT

between

LUCHEM CORPORATION

and

THE DOW CHEMICAL COMPANY

Dated as of May 8, 1978

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STOCK PURCHASE AGREEMENT

THIS AGREEMENT, dated as of May 8, 1978, between THE DOW CHEMICAL COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Seller"), and LUCHEM CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Purchaser").

W I T N E S S E T H

WHEREAS, the Seller has agreed to sell to the Purchaser all of the shares of the authorized, issued and outstanding common stock ($100 par value) of Dow Badische Company, a Delaware corporation (the "Company"), owned by the Seller on the Closing Date (as such term is hereinafter defined) (the "Shares"), constituting as of the date hereof 614,623 shares, and the Purchaser has agreed to purchase the Shares in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual and dependent promises hereinafter set forth, the parties hereto agree as follows:

§1. Sale and Purchase of the Shares. Subject to the terms and provisions of this Agreement, the Seller hereby agrees to sell the Shares to the Purchaser and the Purchaser hereby agrees to purchase the Shares from the Seller. Certificates representing the Shares as hereinbelow provided shall be delivered and paid for at a closing (the "Closing") to take place at 10:00 A.M., New York City time (3:00 P.M., Germany time), on May 8, 1978 or on such other date and at such other time as may be mutually agreed upon between the Seller and the Purchaser (the date and time of the Closing being hereinafter referred to as the "Closing Date").

The Seller will make delivery of the Shares to the Purchaser on the Closing Date by delivering to the Purchaser or its authorized representative at the offices of Messrs. Shearman & Sterling, 53 Wall Street, New York, New York 10005 one or more certificates representing the Shares which certificates shall be duly endorsed for transfer or accompanied by properly executed stock powers and accompanied by any requisite transfer tax stamps against payment therefor from the Purchaser in the aggregate amount of $49,500,000. Payment shall be made in Federal Funds by wire transfer into United States dollar account M-11-236-7720 maintained by the Seller at the European-American Bank and Trust Company, 10 Hanover Square, New York, New York.

§2. Representations and Warranties of the Seller. The Seller represents and warrants to the Purchaser that:

(a) The Seller has, and at the Closing Date will have, good and marketable title to the Shares, free and clear of all mortgages, pledges, liens, claims or other encumbrances other than any mortgage, pledge, lien, claim or other encumbrance under this Agreement and has, and at the Closing Date will have, full right, power and authority to sell, transfer and deliver the Shares hereunder; and upon delivery of the Shares and payment of the purchase price therefor as herein contemplated the Purchaser will receive good and marketable title to the Shares free and clear of any mortgage, pledge, lien, claim or other encumbrance.

(b) This Agreement has been duly authorized by all necessary corporate action of the Seller and has been duly executed and delivered and is a valid and legally binding agreement of the Seller in accordance with its terms. The Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement (as such terms are defined in subsections (c), (d), (e) and (f) of Section

4) have been duly authorized by all necessary corporate action of the Seller and, when duly executed and delivered by the Seller, will be valid and legally binding agreements of the Seller in accordance with their respective terms. The sale of the Shares to the Purchaser as contemplated by this Agreement, the execution and delivery of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement and the compliance with the terms of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement do not and will not conflict with or result in a violation or breach of any of the terms of provisions of, or constitute a default under, the Restated Certificate of Incorporation, as amended, or the By-laws of the Seller, or any indenture, mortgage or other agreement or instrument to which it is a party or by which it or its property is bound, or any applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court having jurisdiction over the Seller or any of its properties or business.

(c) No authorizations, approvals or consents of any governmental department, commission, bureau or agency or other public body or authority are required for the execution and delivery by the Seller of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement, the compliance by the Seller with the terms of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement or for the sale of the Shares by the Seller to the Purchaser as contemplated by this Agreement.

§3. <u>Representations and Warranties of the Purchaser</u>. The Purchaser represents and warrants to the Seller that:

(a) It is aware that the Shares have not been registered under the Securities Act of 1933, as amended.

(b) It is knowledgeable about the affairs of the Company. [illegible]

(c) It is, and at the Closing Date will be, purchasing the Shares for its own account for investment and not with a present view to the distribution or resale thereof or any interest therein (except to an affiliate of the Purchaser as such term is defined in Section 8) and it has no present intention of distributing or reselling any thereof or any interest therein (except to an affiliate of the Purchaser); provided, however, that the disposition of the property of the Purchaser will at all times be within its control, subject to the applicable requirements of the Securities Act of 1933, as amended.

(d) This Agreement has been duly authorized by all necessary action of the Purchaser and has been duly executed and delivered and is a valid and legally binding agreement of the Purchaser in accordance with its terms. The purchase of and payment for the Shares as contemplated by this Agreement, the execution and delivery of this Agreement and the compliance with the terms hereof do not and will not conflict with or result in a violation or breach of any of the terms or provisions of, or constitute a default under, the Certificate of Incorporation, as amended, or the By-Laws of the Purchaser, or any indenture, mortgage or other agreement or instrument to which it is a party or by which it or its property is bound, or any applicable law, rule, regulation, judgment, order, or decree of any governmental instrumentality or court having jurisdiction over the Purchaser or any of its properties or business.

(e) No authorizations, approvals or consents of any governmental department, commission, bureau or agency or other public body or authority are required for the execution and delivery of this Agreement by the Purchaser or for the purchase of the Shares or payment therefor by the Purchaser as contemplated by this Agreement.

§4. Conditions to Purchase of Shares. The obligation of the Purchaser to purchase and pay for the Shares on the Closing Date shall be subject to the following conditions:

(a) The Purchaser shall have received from I.F. Harlow, General Counsel of the Seller, an opinion, dated the Closing Date, to the effect that:

(i) This Agreement, the Material and Service Contract Agreement, the Ammonia Swap Agreement, the Trade Name Agreement and the

Joint Venture Termination Agreement have been duly authorized by all necessary corporate action of the Seller and have been duly executed and delivered and are valid and legally binding agreements of the Seller in accordance with their respective terms. The sale of the Shares to the Purchaser as contemplated by this Agreement, the execution and delivery of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement and the compliance with the terms of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement do not and will not conflict with or result in a violation or breach of any of the terms or provisions of, or constitute a default under, the Restated Certificate of Incorporation, as amended, or the By-laws of the Seller, or any indenture, mortgage or other agreement or instrument to which it is a party or by which it or its property is bound, or any applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality, or court having jurisdiction over the Seller, its business or any of its properties.

(ii) No authorizations, approvals or consents of any governmental department, commission, bureau or agency or other public body or authority are required for the execution and delivery by the Seller of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement, the compliance by Seller with the terms of this Agreement, the Material and Service Contract, the Ammonia Swap Agreement, the Trade Name Agreement and the Joint Venture Termination Agreement or the sale of the Shares by the Seller to the Purchaser as contemplated by this Agreement.

(iii) Upon the delivery of and payment for the Shares to be sold by the Seller as herein contemplated, the Purchaser will receive good and marketable title to such Shares purchased by it, free and clear of any mortgage, pledge, lien, claim or other encumbrance.

(b) There shall have been delivered to the Purchaser the written resignations, dated as of the Closing Date, of such officers and directors of the Company as the Purchaser shall have requested prior to the Closing Date.

(c) The Company and the Seller shall have entered into an extension and amendment of that certain Material and Service Contract, dated September 1, 1975, between the Company and the Seller, as amended, substantially in the form attached hereto as Exhibit 1 (the "Material and Service Contract"), and shall have delivered a true and correct copy thereof to the Purchaser.

(d) The Company and the Seller shall have entered into the Ammonia Swap Agreement, substantially in the form attached hereto as Exhibit 2 (the "Ammonia Swap Agreement"), and shall have delivered a true and correct copy thereof to the Purchaser.

(e) The Company and the Seller shall have entered into the Trade Name Agreement, substantially in the form attached hereto as Exhibit 3 (the "Trade Name Agreement"), and shall have delivered an executed counterpart thereof to the Purchaser.

(f) The Seller shall have entered into an agreement with BASF Overzee N.V. ("Overzee") terminating the Joint Venture Agreement, dated April 2, 1958, between Overzee and the Seller, substantially in the form attached hereto as Exhibit 4 (the "Joint Venture Termination Agreement"), and shall have delivered an executed counterpart thereof to the Purchaser.

(g) The representations and warranties of the Seller hereunder shall be deemed to have been made again at and as of the time of the Closing and shall be true and correct as of the Closing Date.

§5. Condition to Sale of Shares. The obligation of the Seller to sell the Shares to the Purchaser on the Closing Date shall be subject to the following condition:

(a) The representations and warranties of the Purchaser hereunder shall be deemed to have been made again at and as of the Closing and shall be true and correct as of the Closing Date.

§6. Expenses. The Seller and the Purchaser agree that, whether or not the transactions hereby contemplated shall be consummated, each such party will pay the expenses incurred by it in connection with the transactions contemplated by this Agreement.

§7. Survival of Covenants, Representations and Warranties. The representations and warranties of the Seller and the Purchaser made in this Agreement shall, regardless of any investigation made by or on behalf of any party, survive the execution and delivery of this Agreement and the delivery by the Seller to the Purchaser of the Shares and shall continue in full force and effect.

§8. No Assignment; Successors. Neither party may assign this Agreement without the written consent of the other, except that the Purchaser shall have the unrestricted right to assign this Agreement and its rights hereunder to any affiliate of the Purchaser without the consent of the Seller. For purposes of this Agreement, "affiliate of the Purchaser" means any party, at the date hereof or at any time hereafter, directly or indirectly controlling or controlled by or under direct or indirect common control with BASF Aktiengesellschaft or the Purchaser.

§9. Communications. All communications provided for herein shall be delivered, mailed or telexed, addressed as follows:

To the Seller:

The Dow Chemical Company
2030 Dow Center
Midland, Michigan 48640

Attention: Dr. Earle B. Barnes

To the Purchaser:

Luchem Corporation
c/o Shearman & Sterling
53 Wall Street
New York, New York 10005

Attention: Gilbert Kerlin, Esq.

With copies to:

BASF Aktiengesellschaft
6700 Ludwigshafen
Federal Republic of Germany

Attention: Dr. Erich Henkel
Dr. Volker Langbein

Shearman & Sterling
53 Wall Street
New York, New York 10005

Attention: Gilbert Kerlin, Esq.

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Such communications shall be deemed to have been duly given when so delivered or, if mailed, by certified mail, return receipt requested, with first-class mail postage prepaid.

§10. No Finders or Brokers. The parties hereto represent to each other that all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on directly by the Seller and the Purchaser and their respective representatives without the intervention of any person, as the result of any act of either party, in such manner as to give rise to any valid claim against either of the parties hereto for a brokerage commission, finder's fee or other like payment.

§11. Modification of Agreement. This Agreement cannot be changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of any change, discharge or termination is sought.

§12. Section and Paragraph Headings. The Section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

§13. Delaware Contract. This Agreement and all rights arising hereunder shall be construed and determined in accordance with the laws of the State of Delaware and the performance hereof shall be governed and enforced in accordance with such laws.

§14. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

THE DOW CHEMICAL COMPANY

By Earle Barnes
RWB
EXECUTIVE VICE PRESIDENT

LUCHEM CORPORATION

By ________________________