GERLING 62/901152/D 10/1/96 - 9/30/97

UMBRELLA LIABILITY 12/
MILLENNIUM GER
62/901152/D

GERLING - KONZERN
GENERAL INSURANCE COMPANY
UK BRANCH

Manager:

Gerling Insurance
Service Company Ltd

50 Fenchurch Street
London EC3M 3JY
Tel: 0171 696 8099
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GLOBAL UMBRELLA LIABILITY INSURANCE

In consideration of the Insured having paid or agreed to pay the premium the Gerling Konzern General Insurance Company - UK Branch (the Company) will provide the insurance detailed in this Policy subject to the terms exceptions limits and conditions

The Proposal or any information supplied by the Insured in connection with this insurance shall be incorporated in the contract

Date: 25 September 1997

Exmd:

Signed
For and on behalf of
Gerling Konzern General Insurance Company -UK Branch

Important Notice to the Insured
Please read this policy carefully to ensure that it is in accordance with your requirements and that you understand its terms and conditions. The Company should be contacted immediately if any correction is necessary

POLICY SCHEDULE

Policy Number :	62/901152/D
Insured:	Millennium Chemicals Inc and Millennium America Inc and all Subsidiary and/or Associated Companies
Address:	99 Wood Avenue South Iselin New Jersey 08830 USA
Business:	All activities which the Insured is legally empowered to undertake
Policy Territory :	this Policy applies to Personal Injury Property Damage or Advertising Liability occurring anywhere in the world
Period of Insurance:	**(a)** From 1st October 1996 to 30th September 1997 both days inclusive
	(b) Any subsequent period with effect from 1st October 1997 for which the Insured and the Company shall have agreed to renew this policy
Limit of Indemnity:	**(a)** US$5,000,000 any one Occurrence
	(b) US$5,000,000 in any one Period of Insurance in respect of liability arising from the Products Hazard and the Completed Operations Hazard
Aggregate Limit of Indemnity :	US$5,000,000 in any one Period of Insurance
Deductible:	US$25,000 any one Occurrence
First Premium:	US$258,248.00 in full

INSURING AGREEMENTS

I COVERAGE

To indemnify the Insured for that portion of the Ultimate Net Loss in excess of the retained limit as hereinafter defined which the Insured shall become legally obligated to pay as damages for liability imposed on the Insured by law or liability assumed by the Insured under contract because of

(i) Personal Injury or

(ii) Property Damage or

(iii) Advertising Liability

as defined herein caused by an Occurrence during the currency of this Policy within the Policy Territory in connection with the Business

II DEFENSE SETTLEMENT SUPPLEMENTARY PAYMENTS

(The provisions of this Insuring Agreement apply solely to Occurrences covered under this policy but not covered by any underlying policies listed in the Schedule of Underlying Insurance or any other underlying insurance providing coverage to the Insured This Insuring Agreement shall also apply to Occurrences not covered by any underlying insurance due to exhaustion of any aggregate limits by reason of any losses paid thereunder)

The Company shall

(a) defend any suit against the Insured alleging liability insured under the provisions of this policy and seeking recovery for damages on account thereof even if such suit is groundless false or fraudulent but the Company shall have the right to make such investigation and negotiation and settlement of any claim or suit as may be deemed expedient by the Company

(b) pay all premiums on bonds to release attachments for an amount not in excess of the applicable Limit of Indemnity of this policy all premiums on appeal bonds required in any such defended suit but without any obligation to apply for or furnish such bonds all costs taxed against the Insured in any such suit all expenses incurred by the Company and all interest accruing after entry of judgment until the Company has paid tendered or deposited in court that part of the judgment as does not exceed the Limit of Indemnity thereon

(c) reimburse the Insured for all reasonable expenses incurred at the Company's request (including actual loss of wages or salary but not loss of other income not to exceed $75 per day) because of the Insured's attendance at hearings or trials at such request

The Company agrees to pay the amounts incurred under this Insuring Agreement II except in settlement of claims and suits in addition to the Limit of Indemnity stated in the Policy Schedule and such Defense and Supplementary Payments shall not be included as part of the Ultimate Net Loss as defined in the policy

The Insured shall promptly reimburse the Company (excepting Defense Costs) for any amount of Ultimate Net Loss paid on behalf of the Insured within the Deductible specified in the Policy Schedule

Insuring Agreement I and II shall cease to apply after the applicable Limit of Indemnity has been exhausted by payment of judgments or settlements

LIMIT OF INDEMNITY - RETAINED LIMIT

(A) The Company shall be liable only for that portion of the Ultimate Net Loss excess of the Insured's Retained Limit defined as either;

  (1) the total of the applicable limits of the underlying policies listed in the Schedule of Underlying Insurance hereof and the applicable limits of any other underlying insurance providing coverage to the Insured or

  (2) the Deductible stated in the Policy Schedule as a result of any one Occurrence not covered by such underlying policies or insurance

and then up to an amount not exceeding the Limit of Indemnity stated in the Policy Schedule as the result of any one Occurrence

(B) In the event of reduction or exhaustion of the aggregate Limit of Indemnity under said underlying insurance by reason of losses paid thereunder during this Period of Insurance this policy shall subject to its terms and conditions and the Limit of Indemnity stated in the Policy Schedule

  (1) in the event of reductions pay excess of the reduced underlying Insurance or

  (2) in the event of exhaustion of the limits of indemnity continue in force as underlying insurance

(C) There is no limit to the number of Occurrences during the Period of Insurance for which claims may be made except that the Company's total Limit of Indemnity arising out of the Products Hazard or the Completed Operations Hazard or both combined shall not exceed the Limit of Indemnity stated in the Policy Schedule as respect all Occurrences during each Period of Insurance commencing with the effective or anniversary date of this policy In those cases where the underlying insurance listed in the Schedule of Underlying Insurance Policies contains coverage(s) which are subject to an Aggregate Limit of Liability for all insured damages the Company's liability shall likewise be limited to the Aggregate Limit of Indemnity stated in the Policy Schedule with respect to all Occurrences during each Period of Insurance while this period is in force commencing from its effective date The Aggregate Limit of Indemnity stated in the Policy Schedule shall apply separately to each underlying insurance coverage which carries an aggregate limit in the policy of underlying insurance

(D) For the purpose of determining the Limit of Indemnity all Personal Injury and Property Damage arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one Occurrence With respect to Advertising Liability all damages involving the same injurious material or act regardless of the frequency or repetition thereof the number and kind of media used and the number of claimants shall be deemed to arise out of one Occurrence

EXCLUSIONS

This Policy shall not apply

(A) to any obligation for which the Insured or any carrier as his insurer may be held liable under any Workers Compensation Unemployment Compensation or Disability Benefits Law or under any similar law

(B) to any obligation which the Insured may be liable under no fault benefits or uninsured motorists law

(C) to the loss of use of tangible property which has not been physically injured or destroyed resulting from

- (i) a delay in or lack of performance by or on behalf of the Insured of any contract or agreement or
- (ii) the failure of the Insured's Products or work performed by or on behalf of the Insured to meet the level of performance quality fitness or durability warranted or represented by the Insured but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the Insured's Products or work performed by or on behalf of the Insured after such products or work have been put to use by any person or organization other than an Insured

(D) To Property Damage to

- (i) the Insured Products arising out of such products or any part of such products
- (ii) work performed by or on behalf of the Insured arising out of the work or any portion thereof or out of materials parts or equipment furnished in connection therewith
- (iii) property belonging to the Insured or held in trust by or borrowed rented leased or hired for use by the Insured but this exclusion shall not apply to
  - (a) the personal effects (including vehicles and their contents) of directors employees and visitors
  - (b) buildings or their contents temporarily occupied by the Insured for the purpose of carrying out work therein or thereon
  - (c) premises (or fixtures and fittings therein) hired rented leased or lent to the Insured providing always that no indemnity shall be provided in respect of such loss or damage if the liability is assumed by the Insured under a tenancy or other agreement and would not have attached in the absence of such agreement
- (iv) aircraft or watercraft rented to used by or in the care custody or control of the Insured

(E) to damages claimed for the withdrawal inspection repair replacement or loss of use of the Insured's Products or work completed by or for the Insured or of any property of which such products or work form a part if such products work or property are withdrawn from the market or from use by anyone because of any known or suspected defect or deficiency therein

(F) to Personal Injury or Property Damage arising out of the ownership maintenance operation use loading or unloading of

(i) any watercraft

(ii) any aircraft owned by the Insured or rented to the Insured

(G) (a) under Coverages 1(i) and 1(ii) to Personal Injury or Property Damage

(i) with respect to which an Insured under the Policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability-Property Insurance Association Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability

or

(ii) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organisation is required to maintain financial protection pursuant to the Atomic Energy Act of 1954 or any law amendatory thereof or (2) the Insured is or had this policy not been issued would be entitled to indemnity from the United States of America or any agency thereof under any agreement entered into by the United States of America or any agency thereof with any person or organisation

(b) under any Medical Payments Coverage or under any Supplementary Payments provision relating to immediate medical or surgical relief for expenses incurred with respect to bodily injury sickness disease or death resulting from hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organisation

(c) under any Liability Coverage to Personal Injury or Property Damage resulting from the hazardous properties of nuclear material if

(i) the nuclear material (1) is at any nuclear facility owned by or operated by or on behalf of an insured or (2) has been discharged or dispensed therefrom

(ii) the nuclear material is contained in spent fuel or waste at any time possessed handled used processed stored transported or disposed of by or on behalf of an Insured or

(iii) the Personal Injury or Property Damages arises out of the furnishing by an Insured of services materials parts or equipment in connection with the planning construction maintenance operating or use of any nuclear facility but if such facility is located within the United States of America its territories or possessions or Canada this exclusion (iii) applies only to injury to or destruction of property at such nuclear facility

(d) as used in this policy

"hazardous properties" include radioactive toxic or explosive properties

"nuclear material" means source material special nuclear material or by-product material

"source material" "special nuclear material" and "by-product material" have meanings given to them in the Atomic Energy Act of 1954 or in any law amendatory thereof

"spent fuel" means any fuel element or fuel component solid or liquid which has been used or exposed to radiation in a nuclear reactor "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organisation of any nuclear facility included within the definition of nuclear facility under paragraph (i) or (ii) thereof

"Nuclear Facility" means

(i) any nuclear reactor

(ii) any equipment or device designed or used for (1) separating the isotopes or uranium or plutonium (2) processing or utilising spent fuel or (3) handling processing or packing wastes

(iii) any equipment or device used for the processing fabricating or alloying of the special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof or more than 250 grams of uranium 235

(iv) any structure basin excavation premises or place prepared or used for storage or disposal of waste and includes the site on which any of the foregoing is located all operations conducted on such site and all premises used for such operations

"Nuclear Reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material

"Property Damage" includes all forms of radioactive contamination of property

(H) to any consequence whether direct or indirect of war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection or military or usurped power

(I) under Advertising Liability to claims made against the Insured

(i) for failure of performance of contract

(ii) for infringement of trade-mark or trade name

(iii) for incorrect description of any article or commodity

(iv) for mistake in advertised prices

(J) legal liability arising from advice design or specification provided for a fee by the Insured and not connected with the supply or intended supply of the Insured's Products but this Exception does not apply to the rendering of or failure to render professional medical advice treatment or service by Medical Persons employed by or under contract to the Insured but only in circumstances where emergency medical treatment is required following an accident sudden illness or the like

(K) (i) 1 to Personal Injury or Property Damage arising out of the actual alleged or threatened discharge dispersal or escape of Pollutants:

A) at or from premises currently owned rented or occupied by the Insured or that the Insured formerly owned rented or occupied

B) at or from any site or location used by or for the Insured or others for the handling storage disposal processing or treatment of waste material

C) which are at any time transported handled stored treated disposed of or processed as waste by or for the Insured or any person or organisation for whom the Insured may be legally responsible or

D) at or from any site or location on which the Insured or any contractors or subcontractors working directly or indirectly on the Insured's behalf are performing operations

(i) to test for monitor clean up remove contain treat detoxify or neutralise the Pollutants or

(ii) if the Pollutants are brought on or to the site or location by or for the Insured

2 any loss cost or expense arising out of any governmental directive order or request that the Insured test for monitor clean up remove contain treat detoxify or neutralise Pollutants

in respect of any claim judgement award or settlement made in any country or territory which operates under the laws of the United States of America or Canada or to any order made anywhere in the world to enforce such judgement award or settlement whether in whole or in part

Pollutants means any solid liquid gaseous or thermal irritant or contaminant including smoke vapour soot fumes acids alkalis chemicals and waste material Waste material includes materials which are intended to be or have been recycled reconditioned or reclaimed

Provided however that this Exclusion above

(i) does not apply to

1 discharge dispersal release or escape directly caused by fire explosion lightning windstorm vandalism or malicious mischief collapse riot and civil commotion flood earthquake collision or upset of a motor vehicle mobile equipment or aircraft automatic sprinkler leakage mechanical breakdown or

2 Personal Injury or Property Damage which is within the Product Hazard or the Completed Operations Hazard

(ii) will also not apply if said discharge dispersal release or escape of Pollutants was not a result of a named peril occurrence as defined in Proviso (i) 1 above and meets all the following conditions:

A) it was accidental and neither expected nor intended by the Insured

B) it was instantaneous and was demonstrable as having commenced at a specific time and date during the Period of Insurance

C) its commencements became know to the Insured within 7 (seven) days

D) its commencement was reported in writing to the Company within 21 (twenty-one) days of becoming known to the Insured's Risk Manager

E) reasonable effort was expended by the Insured to terminate the situation as soon as conditions permitted

Nothing contained in this Proviso shall operate to provide any coverage with respect to

A any site or location used by the Insured or by others on the Insured's behalf of for the handling storage disposal dumping processing or treatment of waste material

B any fines or penalties

C any clean up costs mandated by the Superfund Program or any Federal State or Local Governmental Authority However this specific Exclusion C shall not serve to deny coverage for third party clean up costs otherwise covered by this Exclusion simply because of the involvement of a Governmental Authority

D acid rain

E clean up removal containment treatment detoxification or neutralisation of Pollutants situated on premises the Insured owns rents or occupies at the time of the actual discharge dispersal seepage migration release or escape of said Pollutants

F water pollution caused by oil or its derivatives

In the event of a disagreement as to the interpretation of this Exclusion the disagreement shall be submitted to binding arbitration before a panel of three (3) Arbitrators within 30 days of a written request for arbitration by either the Insured or the Company each party will choose an Arbitrator if the two Arbitrators are unable to agree within one month upon the third Arbitrator such Arbitrator shall at the request of either party be selected by the American Arbitration Association in accordance with its rules and procedures

The parties shall submit their cases to the panel by written and oral evidence at a hearing time and place selected by the third Arbitrator The panel shall be relieved of all judicial formality shall not be obligated to adhere to the strict rules of law or of evidence shall seek to enforce the intent of the parties hereto and may refer to but are not limited to relevant legal principles The decision of at least two (2) or the three(3) Panel members shall be binding and final and not subject to appeal except for grounds of fraud and gross misconduct by the Arbitrators The award will be issued within 30 days of the close of the hearings Each party shall bear the expenses of its designated Arbitrator and shall jointly and equally share with the other the expense of the third Arbitrator and of the Arbitration

The arbitration proceedings shall take place in or in the vicinity of New York NY The procedural rules applicable to this arbitration shall except as provided otherwise herein be in accordance with the Commercial Arbitration Rules of the American Arbitration Association It is further understood and agreed the above coverage is subject to a per occurrence retention of US$5,000,000 (indemnity only) whether insured or self-insured

(ii) (1) to Personal Injury or Property Damage directly or indirectly caused by seepage pollution or contamination provided always that this paragraph (ii) shall not apply to Personal Injury or Property Damage where such seepage pollution or contamination is caused by a sudden unintended and unexpected happening during the Period of Insurance

(2) the cost of removing nullifying or cleaning up seeping polluting or contaminating substances unless the seepage pollution or contamination is caused by a sudden unintended and unexpected happening during the Period of Insurance

(3) fines penalties punitive or exemplary damages arising therefrom

This paragraph (ii) shall not extend the Policy to cover Personal Injury or Property Damage which would not have been covered under this Policy had this paragraph (ii) not been attached and shall not apply where paragraph (i) is applicable

(L) The publication or utterance of a libel or slander

(a) made prior to the effect date of this insurance

or

(b) made at the direction of the Insured with knowledge of the falsity thereof

(M) Personal Injury sustained by any Employee arising out of and in the course of employment of that Employee by the Insured except in respect of

(i) any amount in excess of any limits applicable under any policy effected in that country to comply with legal requirements

(ii) subrogation rights exercised against the Insured by any State Social Security or similar scheme

(N) Personal Injury or Property Damage arising out of Aircraft Products and Completed Operations or reliance upon any representation or warranty made with respect thereto nor to any liability arising out of the Grounding of any aircraft

(O) indemnity to a vendor under definition (A)(h) in respect of liability arising from

(i) any physical or chemical change in the form of the product made intentionally by the vendor

(ii) repacking unless unpacked solely for the purpose of inspection demonstration testing or substitution of parts under instruction from the manufacturer and then repacked in the original container

(iii) products which after distribution or sale by the Insured have been labelled or relabelled or used as a container part or ingredient of any other thing or substance by or for the vendor

(iv) the fault or negligence of such vendor

(v) demonstration installation servicing of repair operations except such operations performed at the vendors premises in connection with the sale of the Insureds Product

(P) to Personal Injury claims arising out of the following

(i) a past present or prospective Employee of the Insured arising from any employment action practice or policy of the Insured including but not limited to that of hiring or firing promotion or demotion performance evaluation compensation disciplinary action retirement layoff or transfer or

(ii) any relative or member of the family of that past present or prospective employee as a consequence of (i) above

(Q) to Property Damage Personal Injury occupational disease at any time arising out of the manufacture of mining of use of sales of installation of removal of distribution of or exposure to asbestos asbestos products asbestos fibers or asbestos dust or to any obligation of the Insured to indemnify any party because of damage arising out of such Property Damage Personal Injury or occupational disease at any time as a result of the manufacture of mining of use of sales of installation of removal of distribution of or exposure to asbestos asbestos products asbestos fibers or asbestos dust in respect of any claim judgement award or settlement made in any country or territory which operates under the laws of the United States of America or Canada or any order made anywhere in the world to enforce such judgement award or settlement whether in whole or in part

It is further understood and agreed that the Company is not obligated to defend any suit or claim against the Insured alleging Property Damage Personal Injury or occupational disease and seeking damages if such suit or claim arises from Property Damage Personal Injury or occupational disease resulting from or contributed to by any and all manufacture of mining of use of sales of installation of removal of distribution of or exposure to asbestos asbestos products asbestos fibers or asbestos dust

(R) to any obligations incurred or imposed upon the Insured under the Employee Retirement Income Security Act of 1974 Public Law 93-406 and any law amendatory thereof

(S) to Personal Injury or occupational disease including but not limited to death addiction or the contraction aggravation or exacerbation of any disease sickness injury or disorder of the body alleged to have been caused by tobacco or tobacco products nicotine or nicotine products manufactured processed sold or supplied by the Insured

DEFINITIONS

When used in this policy (including endorsements forming a part hereof)

(A) **Persons Insured** means each of the following to the extent set forth below

(a) (1) the Insured stated in the Policy Schedule

(2) any additional companies that become subsidiaries or owned or controlled companies of said Insured provided notice is given to the Company within sixty (60) days thereof

(b) partnership or joint venture and any partner or member thereof but only with respect to his liability as such however if the persons Insured is a partnership this policy does not apply to an automobile owned by or registered in the name of a partner thereof

(c) any person organization trustee or estate to whom or to which the Insured is obligated by virtue of a written contract to provide insurance such as is afforded by this policy but only with respect to operations by or on behalf of the Insured or to the facilities of or used by the Insured

(d) subject to the terms and conditions of this policy any additional Insured included in the underlying insurance but only to the extent that insurance is available to such additional Insured under such underlying insurance

(e) except with respect to ownership maintenance or use including loading or unloading of any automobiles or aircraft any partner executive officer director stockholder or Employee of the Insured while acting in his capacity as such and any organization or proprietor with respect to real estate management for the Insured

(f) any person while using any automobile owned by the Insured or any automobile loaned to the Insured or hired for use on behalf of the Insured and any person legally responsible for the use thereof provided the actual use thereof is with the permission of the Insured and any executive officer director or stockholder of the Insured with respect to the use of an automobile not owned by the Insured in the business of the Insured The insurance with respect to any person or organization other than the Insured does not apply under this clause

(1) to any person or organization, to any agent or employee thereof operating an automobile sales agency repair shop service station storage garage or public parking place with respect to an Occurrence arising out of the operation thereof

(2) with respect to any automobile hired by or loaned to the Insured to the owner or lessee thereof other than the Insured or to any agent or employee of such owner of lessee

The inclusion or addition hereunder of more than one Insured shall not operate to increase the Company's Limit of Indemnity

(g) at the request of the Insured named in the Policy Schedule directors or Employees of the Insured and any member of their family or persons normally resident with them whilst travelling outside their usual country of residence in connection with the Business or any related holiday period

(h) Any vendor of the Insured's Products where the Insured has agreed to indemnify the vendor in respect of liability for Personal Injury or Property Damage arising from the Insured's Products provided that such a vendor shall observe fulfill and be subject to the terms exceptions limits and conditions of this policy so far as they can apply

(i) In the event of the death of the Insured any personal representative of the Insured in respect of liability incurred by the Insured

(j) The Insured's canteen social sports and welfare organisations and first aid fire and ambulance services including any officer member committee member and voluntary helper both jointly and severally in their respective capacities as such

(B) **Employees** shall mean any person under a contract of service or apprenticeship with the Insured which shall include

(a) any Labour Master or Labour only Sub-Contractor or persons supplied by any of them

(b) self-employed persons

(c) any person hired or borrowed by the Insured from another employer

(d) persons under work experience study and/or training schemes

working for the Insured in connection with the Business

(C) **Business** shall include

(a) the provision of catering social sports and welfare facilities for Employees and/or ex Employees and/or their families and/or guests

(b) the provision of fire first aid medical ambulance and security services

(c) the provision of car parks

(d) private work carried out with the consent of the Insured by an Employee for a director or partner or Employee of the Insured

(e) the ownership occupation and maintenance of premises

(f) participation in exhibitions

(D) **Personal Injury** shall mean

(a) bodily injury sickness disease including death anytime resulting therefrom shock fright mental anguish and mental injury

(b) false arrest false imprisonment wrongful eviction wrongful detention malicious prosecution and humiliation

(c) libel slander defamation of character or invasion of right of privacy unless arising out of Advertising Liability

(d) assault and battery not committed by or at the direction of the Insured unless committed for the purpose of preventing or eliminating danger to persons or property

which occurs during the Period of Insurance

(E) **Property Damage** shall mean

(1) physical injury to or destruction of tangible property which occurs during the Period of Insurance including loss of use thereof at any time resulting therefrom or

(2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an Occurrence during the Period of Insurance

(F) **Advertising Liability** shall mean liability for damage because of

(a) unintentional libel slander or defamation of character

(b) infringement of copyright or title or of slogan

(c) piracy or unfair competition or idea misappropriation under an implied contract

(d) invasion of the rights of privacy

committed or alleged to have been committed during the Period of Insurance in any advertisement publicity article broadcast or telecast and arising out of the Insured's advertising activities

(G) **Products Hazard** includes Personal Injury and Property Damage arising out of the Insured's Products or reliance upon a representation or warranty with respect thereto but only if the Personal Injury or Property Damage occurs away from premises owned by or rented to the Insured and after physical possession has been relinquished to others

(H) **Insured's Products** means services goods or products manufactured repaired serviced altered constructed erected treated installed processed stored disposed handled sold supplied hired out transferred or distributed by the Insured or by others trading under the Insured's name including any container packaging labels instructions for use or reliance on a representation or warranty with respect thereto

(I) **Completed Operations Hazard** includes Personal Injury and Property Damage arising out of operations or reliance upon a representation or warranty made at any time with respect thereto but only if the Personal Injury or Property Damage occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the Insured Operations include materials parts or equipment furnished in connection therewith

Operations shall be deemed completed at the earliest of the following times

(a) when all operations to be performed by or on behalf of the Insured under the contract have been completed

(b) when all operations to be performed by or on behalf of the Insured at the site of the operations have been completed

(c) when the portion of the work out of which the Personal Injury or Property Damage arises has been put to its intended use by any person or organization other than another contractor or sub-contractor engaged in performing operations for a principal as part of the same project

Operations which may require further service or maintenance work or correction repair or replacement because of any defect or deficiency but which are otherwise complete shall be deemed completed

The Completed Operations Hazard does not include Personal Injury or Property Damage arising out of

(1) operations in connection with the transportation of property unless the Personal Injury or Property Damage arises out of a condition in or on a vehicle created by the loading or unloading thereof

(2) the existence of tools uninstalled equipment or abandoned or unused materials

(J) **Occurrence** with respect to Personal Injury and Property Damage the term Occurrence means an event including continuous or repeated exposure to conditions which result in Personal Injury or Property Damage during the Period of Insurance neither expected not intended from the standpoint of the Insured All Personal Injury or Property Damage arising out of the continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one Occurrence

(K) **Ultimate Net Loss** except as provided in Insuring Agreement II Defense the terms Ultimate Net Loss shall mean the total sum which the Insured or any company as its insurer or both become obligated to pay by reason of Personal Injury Property Damage or Advertising Liability claims either through adjudication or compromise and shall also include hospital medical and funeral charges and all sums paid or payable as salaries wages compensation fees charges interest expenses for doctors nurses and investigators and other persons and for settlement adjustment investigation and defense of claims and excluding only the salaries of the Insured or any of the underlying Insurers permanent employees

The liability of the Company for costs and expenses as aforesaid shall be limited to that proportion which the amount payable under this policy excluding such costs and expenses bears to the total sum payable under all contributing policies excluding such costs and expenses

(L) **Medical persons** means medical doctors medical nurses and dentists

(M) **Aircraft Products** and **Completed Operations** means

(1) aircraft (including missiles or space craft and ground support or control equipment used therewith) and any other goods or products manufactured sold handled or distributed by the Insured or any services provided or recommended by the Insured or by others trading under his name for use in the manufacture repair operation maintenance or use of any aircraft and

(2) any articles furnished by the Insured and installed in aircraft or used in connection with aircraft or for spare parts for aircraft including ground handling tools and equipment and also means training aids instructions manuals blueprints engineering or other data engineering or other advice and labor relating to such aircraft or articles

Grounding shall mean the withdrawal of one or more aircraft for the flight operations or the imposition of speed passenger or load restrictions on such aircraft by reason of the existence of or alleged or suspected existence of any defect fault or condition in such aircraft or any part thereof sold handled or distributed by the Insured or manufactured assembled or processed by any other person or organization according to specifications plans suggestions orders or drawings of the Insured or with tools machinery or other equipment furnished to such persons or organizations by the Insured whether such aircraft so withdrawn are owned or operated by the same or different persons organisations or corporations

A Grounding shall be deemed to commence on the date of an accident or Occurrence which discloses such condition or on the date an aircraft is first withdrawn from service on account of such condition whichever occurs first

CONDITIONS

This Policy and Schedule (including any Schedule issued in substitution) and any Memoranda shall be considered one document and any word or expression to which a specific meaning has been attached shall bear such meaning wherever it appears

1 **Premium** If any part of the premium is calculated on estimates furnished by the Insured the Insured shall keep an accurate record containing all particulars relative thereto and shall at all times allow the Company to inspect such record The Insured shall within one month from the expiry of each Period of Insurance furnish to the Company such particulars and information as the Company may require The premium for such period shall thereupon be adjusted and the difference paid by or allowed to the Insured as the case may be

2 **Prior Insurance and Non-Cumulation of Liability** It is agreed that if any loss is also covered in whole or in part under any other excess policy issued to the Insured prior to the inception date hereof the Company's Limit of Indemnity as stated in the Policy Schedule shall be reduced by any amounts due to the Insured on account of any such loss under such prior insurance

3 **Severability of Interest** In the event of claims being made by reason of Personal Injury Property Damage or Advertising Liability suffered by one Insured herein for which another Insured herein is or may be liable this policy shall cover such Insured against whom a claim is made or may be made in the same manner as if separate policies had been issued to each Insured herein Nothing contained herein shall operate to increase the Company's Limit of Indemnity as set forth in the Policy Schedule

4 **Notice of Occurrence** Whenever the Insured has information from which the Insured may reasonably conclude that an Occurrence covered hereunder involved injuries or damages which in the event that the Insured should be held liable is likely to involve this Policy notice shall be sent to the Company or to any authorized agent of the Company as soon as is reasonably possible Notice to any authorized agent shall be deemed notice to the Company

5 **Inspection and Audit** The Company shall be permitted but not obligated to inspect the Insured's property and operations at any time Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Insured or others to determine or warrant that such property or operations are safe The Company may examine and audit the Insureds books and records at any time during the policy and extensions thereof and within three (3) years after the final termination of this policy as far as they relate to the subject matter of this insurance

6 **Maintenance of Underlying Insurance** The policy or policies referred to in the attached Schedule of Underlying Insurances and any renewal or replacement thereof not more restrictive shall be maintained by the Insured in full effect during the currency of this policy without alteration of terms or conditions except for any reduction of the aggregate limit or limits contained therein solely by payment of claims Failure of the Insured to comply with the foregoing shall not invalidate this policy but in the event of such failure the Company shall only be liable to the same extent as it would have been had the Insured so maintained such policy or policies

7 **Assistance and Cooperation** Except as provided by the Insuring Agreement II Defense the Company shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought or proceedings instituted against the Insured but the Company shall have the right and shall be given the opportunity to associate with the Insured or the Insureds underlying insurer or both in the defense and control of any claim suit or proceeding relative to any Occurrence where the claim or suit involves or appear reasonably likely to involve the Company in which event the Insured the underlying insurers and the Company shall cooperate in all things in the defense of such claim suit or proceeding

8 **Appeals** In the event the Insured or the Insureds underlying insurer(s) elects not to appeal a judgment in excess of the underlying limits the Company may elect to make such appeal at its own cost and expense and shall be liable for the taxable costs and disbursements and interest incidental thereto but in no event shall the liability of the Company for the Ultimate Net Loss exceed the sum set forth in the Limit of Indemnity in the Policy Schedule for any one Occurrence plus the cost and expense of such appeal

9 **Other Insurance** If other valid and collectible insurance with any other insurer is available to the Insured covering a loss also covered hereunder this insurance shall be excess of and shall not contribute with such other insurance Excess insurance over the Limits of Liability expressed in this policy is permitted without prejudice to this insurance and the existence of such insurance shall not reduce any liability under this policy

10 **Application of Salvages - Subrogation** All salvages recoveries or payments recovered or received subsequent to a loss settlement under this insurance shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Company provided always that nothing in this clause shall be construed or mean that losses under this insurance are not recoverable until the Insured's Ultimate Net Loss has been finally ascertained

In as much as this policy is Excess Coverage the Insured's right of recovery against any person or other entity cannot always be exclusively subrogated to the Company It is therefore understood and agreed that in case of any payment hereunder the Company shall act in concert with all other interests (including the Insured) concerned in the exercise of such rights of recovery

The apportioning of any amounts which may be so recovered shall follow the principle that any interests (including the Insured) that shall have paid an amount over and above any payment hereunder shall first be reimbursed up to the amount paid by them the Company shall then be reimbursed out of any balance then remaining up to the amount paid hereunder lastly the interests (including the Insured) of whom this coverage is excess are entitled to claim the residue if any Expense necessary to the recovery of any such amounts shall be apportioned between the interests (including the Insured) concerned in the ratio of their respective recoveries as finally settled

11 **Changes** Notice to or knowledge possessed by any person shall not affect a waiver or change in any part of this policy or stop the Company from asserting any rights under the terms of this policy nor shall the terms of this policy be waived or changed except by endorsement issued to form a part hereof signed by an authorized representative of the Company

12 **Assignment** Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon if however the Insured shall be adjudged bankrupt or insolvent this policy shall cover the Insureds legal representative as an Insured provided that notice of cancellation addressed to the Insured named in the Policy Schedule and mailed to the address shown in this policy shall be sufficient notice to effect cancellation of this policy

13 **Cancellation** This Policy may be cancelled by the Insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company or any of its authorised agents written notice stating when thereafter such cancellation shall be effective The policy may be cancelled by the Company by mailing to the Insured at the address shown in the Policy Schedule written notice stating when not less than sixty (60) days thereafter ten (10) days with respect to cancellation for non-payment of premium such cancellation shall be effective Proof of mailing of notice as aforesaid shall be sufficient proof of notice

The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the Period of Insurance Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing If the Insured cancels earned premium shall be computed in accordance with the customary short rate table procedure If the Company cancels earned premium shall be computed pro rata In the event of such cancellation the earned premium shall in no case be less than the annual premium stated in the Policy Schedule subject to the Policy minimum premium also stated in the Policy Schedule

Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter The check of the Company or its representative mailed or delivered shall be sufficient tender of any refund due the Insured

If this policy insures more than one Insured cancellation may be effected by the first of such Insureds for the account of all Insureds the notice of cancellation by the Company to such first Insured shall be notice to all Insureds Payment of any unearned premium to such first Insured shall be for the account of all interests in such payment

14 **Bankruptcy and Insolvency** In the event of the bankruptcy or insolvency of the Insured or any entity comprising the Insured the Company shall not be relieved thereby of the payment of any claims hereunder because of such bankruptcy or insolvency

15 **Insured** The Insured in the Policy Schedule shall be responsible for payment of all premiums and shall act on behalf of all other Insureds with respect to the giving and receiving of notice of cancellation and the receipt of any return premium that may become payable under this policy

16 **The Insured** shall take reasonable precautions to prevent any Occurrence which may give rise to liability under this Policy

17 **No admission** offer promise payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Company except at the Insureds own cost The Company shall be entitled to conduct in the name of the Insured the defence or settlement of any claim and shall have sole discretion in the conduct of any proceedings and in the settlement of any claim save as hereinafter provided in Conditions 19 and 20

18 **The Company** shall be entitled to pursue for their own benefit in the name of the Insured any rights against parties other than the Insured resulting from claims under this Policy

19 **The Insured** shall give all such assistance to deal with claims and conduct of legal proceedings arising therefrom as the Company and/or their legal advisers and consultants may reasonably require The choice of Counsel is to be agreed by the Insured and the Company

20 **(i)** In connection with any claims against the Insured the Company may at any time pay to the Insured the Limits of Indemnity or any less amount for which such claims can be settled and thereupon the Company shall relinquish the control of such claims and be under no further liability in connection therewith except for Legal Costs which the Company have already agreed to bear in respect of matters prior to the date of payment

(ii) The Company shall give to the Insured notice of the Company's intention to settle any claims in accordance with the provisions of (i) above whether by payment of the Limit of Indemnity or otherwise If having been given such notice the Insured shall then refuse to consent to the settlement proposed by the Company and shall elect to have such claims dealt with in any other manner the liability of the Company for those claims (including Legal Costs) shall be limited to

(a) the amount for which the Company would have been liable had the Insured consented to such settlement or

(b) the amount for which such claims are finally settled including Legal Costs

whichever is the less

All Legal Costs shall be paid by the Company in addition to the applicable Limits of Indemnity stated in the Policy Schedule

Memoranda attaching to and forming part of Policy No. 62/901152/D in the name of Millennium Chemicals Inc and Millennium America Inc and all Subsidiary and/or Associated Companies

1 **Motor Contingent Liability**

The Company will indemnify the Insured in respect of Personal Injury or Property Damage arising out of the use by an Employee or director of the Insured of any mechanically propelled vehicle not the property of the Insured and when such vehicle is being used in connection with the Business provided always that the Company will not be liable

(a) in respect of Property Damage to any such vehicle and

(b) for amount recoverable if the Insured is entitled to an indemnity under any other insurance (which insurance shall be maintained in force)

2 **Excess Motor Liability**

The policy shall apply to any Personal Injury and Property Damage excess beyond the amount payable under any primary motor insurance policy provided that

(a) valid and collectable primary motor insurance policies be maintained in force during the Period of Insurance in respect of all the Insureds vehicles whilst being used in circumstances where the Insured is obliged to arrange compulsory motor insurance The minimum limit under such primary insurance will be US$250,000 (or local currency equivalent) or compulsory limits whichever is the greater except where a vehicle has been hired or leased for use by an Employee of the Insured primarily for the purpose of the business of the Insured in which case this policy will apply in excess of the limits of indemnity provided by the hire companys motor insurance policy

(b) the indemnity under this clause shall be subject to the same terms condition and warranties as the primary motor insurance policies

(c) the maximum liability of the Company under this clause shall be the difference between the limit under the applicable primary policy and the Limit of Indemnity stated in the Policy Schedule

(d) the Company shall not be liable in respect of Property Damage to any such vehicle

3 **S.C.M Maryland Facility**

Notwithstanding anything contained in this policy to the contrary it is understood and agreed that Exclusion (K) shall not apply in respect of automobile accidents on the bridge resulting from operations at the S.C.M. Maryland Facility

4 **Insurance Company Endorsement**

It is understood and agreed that such coverage as is afforded by this policy shall not apply to

A) Personal Injury or Property Damage to or arising out of any property held in care custody or control of the Insured while the Insured is acting in any fiduciary capacity

B) Property Damage to money currency coin bank notes postage and revenue stamps US savings stamps bullion precious metals of all kinds and any form and articles made therefrom jewelry watches necklaces bracelets gems precious and semi-precious stones bonds securities evidence of debts debentures scrip certificates receipts warrants rights transfers coupons drafts bills of exchange acceptances notes checks withdrawal orders money orders travellers cheques letters of credit bills of lading abstracts of title insurance policies deeds mortgages upon real estate and/or upon chattels and upon interest therein and assignment of such policies mortgages and instruments and other valuable papers and documents and all other instruments similar to or the nature of the foregoing

C) any liability arising out of any act error mistake or omission of any Insured any agent or sub-agent of any Insured while acting in a fiduciary capacity

D) any liability assumed by any Insured or agent or sub-agent of any Insured under any insurance binder or contract of insurance suretyship or reinsurance

E) any liability resulting from any error mistake or omission committed or alleged to have been committed by any Insured or any person for whom the Insured is legally responsible and arising out of

(1) the writing or failure to write any contracts of insurance, suretyship or reinsurance

(2) any consulting or insurance agent or broker activities

(3) the operations of any investment loan or real estate departments

(4) any inspections engineering or safety engineering services

(5) any data processing or computer services

(F) any liability arising out of the handling of claims

5 **Drop Down Endorsement**

The liability of the Company shall not be increased by the refusal or inability of the Insured to pay the Deductible or retained limit or by the refusal or inability of any underlying insurer to pay whether by reason of insolvency bankruptcy or otherwise

6 **Follow Form**

It is hereby noted and agreed that in respect of liability of the Insureds subsidiary companies outside of the United States of America and/or Canada coverage afforded under this policy shall follow the terms and conditions of

(i) Eagle Star Insurance Company Limited Policy No 057/999/GG045523/9 in the name of SCM Chemicals Ltd and/or Subsidiary Companies where indemnity is provided such by policy notwithstanding any other terms and conditions contained herein but subject always to Exclusion (K)

(ii) Switzerland General Insurance Company Policy No to be advised in the name of SCM Chemicals Pty Ltd and/or Subsidiary Companies where indemnity is provided such by policy notwithstanding any other terms and conditions contained herein but subject always to Exclusion (K)

7 **Indemnity to Principal**

It is agreed that in the event of any claim in respect of which the Insured would be entitled to receive indemnity under this Policy being brought or made against any public or local authority or other principal the Company will indemnify the said public or local authority or other principal against such claim and/or any costs charges and expenses in respect thereof

Provided always that the Company shall not be liable under this Memorandum unless the Company has the sole conduct and control of all claims

Subject otherwise to the terms exceptions and conditions of the Policy

Date:25 September 1997

Signed
For and on behalf of
Gerling Konzern General Insurance Company -UK Branch

SCHEDULE OF UNDERLYING INSURANCES

COVER		INSURER	TERM	LIMIT OF INDEMNITY
REST OF WORLD PRIMARY POLICIES				
Public and Products Liability (including DIC/DIL for overseas territories)		100% Eagle Star Insurance Group Policy No 057/999/GG045523/9	01/10/96 - 30/09/97	£1,000,000 any one occurrence, in aggregate for Products Liability
Public and Products Liability (SCM Chemicals - Australia)		100% QBE Insurance Limited Policy No TBA	30/9/96 -31/12/97	A$5,000,000 each occurrence and in aggregate
Automobile Liability (SCM Chemicals - Australia)		100% Zurich Australia Insurance Limited Policy No TBA	30/09/96 - 31/12/97	Third Party Legal Liability $10,000,000 any one accident $1,000,000 hazardous (dangerous goods limit)
USA/CANADA PRIMARY POLICIES				
1	Employers Liability	CIGNA Policy Nos WLRC2731538-0 WLRC2731539-2 CCSC2-7316451	01/10/96 - 01/10/97	$2,000,000 each accident $2,000,000 disease policy limit $2,000,000 disease each employee
2.a)	Comprehensive General Liability	CIGNA Policy No HDOG1896521-5	01/10/96 - 01/10/97	$3,000,000 per occurrence - indemnity only $5,000,000 aggregate
b)	Products/Completed Operations	CIGNA Policy No HDOG1896521-5	01/10/96 - 01/10/97	$5,000,000 per occurrence - indemnity only $7,000,000 aggregate
3)	Automobile Liability	CIGNA Policy No ISAH0188328-8	01/10/96 - 01/10/97	$2,000,000 per occurrence indemnity only

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UMBRELLA LIABILITY
MILLENNIUM
BE818-93-49

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LEXINGT

EXCESS LIABILITY DECLARATIONS

LEXINGTON INSURANCE COMPANY
(A Capital Stock Company, herein called the Company)
c/o American International Surplus Lines Insurance Agency
Harborside Financial Center, 401 Plaza 3
Jersey City, NJ 07311

POLICY NUMBER: 818-93-49. **RENEWAL OF:** NEW

PRODUCER NAME: MARSH & MCLENNAN GLOBAL BROKIN

ADDRESS: 1166 AVE OF AMERICAS
41ST. FLR.
NEW YORK NY 10036

ITEM 1. **NAMED INSURED:** MILLENNIUM CHEMICALS, INC.

ADDRESS: 99 WOOD AVENUE SOUTH
ISELIN NJ 08830

ITEM 2. **POLICY PERIOD: FROM:** OCTOBER 01, 1996 **TO:** OCTOBER 01, 1997 AT 12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE NAMED INSURED SHOWN ABOVE.

ITEM 3. **LIMITS OF INSURANCE:**

The Limits of Insurance, subject to all the terms of this policy, are:

$25,000,000 Each Occurrence

$25,000,000 Annual Aggregate (as defined in the First Underlying Insurance Policy)

ITEM 4. **SCHEDULE OF UNDERLYING INSURANCE:**

First Underlying Insurance Policy Insurer, Policy No. and Term	Applicable Limits	
	SEE SCHEDULE OF UNDERLYING	Each Occurrence Annual Aggregate (where applicable)

Other Underlying Insurance	Applicable Limits	
	SEE SCHEDULE OF UNDERLYING	Each Occurrence Annual Aggregate (where applicable)

ITEM 5. **POLICY PREMIUM:** $478,983

ITEM 6. **ENDORSEMENTS ATTACHED:** #1 - #2

AUTHORIZED REPRESENTATIVE

60815 (8/94) AISLA

GLD052895

0049-GLD-000052895

SCHEDULE OF UNDERLYING INSURANCE

ISSUED TO: Millennium Chemicals, Inc.
POLICY NO: BE 818 93 49

TYPE OF COVERAGE	INSURER POLICY NUMBER POLICY PERIOD	LIMITS OF LIABILITY
I. Millennium Chemicals, Inc. - Domestic & Canada		
Employer's Liability	CIGNA Policy #: Various October 01, 1996 TO October 01, 1997	$2,000,000 each accident $2,000,000 disease policy limit $2,000,000 disease each employee
Employer's Liability	MEMIC Policy #: TBD October 01, 1996 TO October 01, 1997	$1,000,000 each accident $1,000,000 disease policy limit $1,000,000 disease each employee
Commercial General Liability	CIGNA Policy #: Various October 01, 1996 TO October 01, 1997	$3,000,000 per occurrence - Indemnity only (no aggregate)
Products/Completed Operations	CIGNA Policy #: Various October 01, 1996 TO October 01, 1997	$5,000,000 per occurrence- Indemnity only $7,000,000 aggregate
Automobile Liability	CIGNA Policy #: Various October 01, 1996 TO October 01, 1997	$2,000,000 per occurrence- Indemnity only
Aircraft Liability	USAIG Policy #: 360AC-254332 September 01, 1996 TO September 01, 1997	$10,000,000 per occurrenec

SCHEDULE OF UNDERLYING INSURANCE

ISSUED TO: Millennium Chemicals, Inc.
POLICY NO: BE 818 93 49

TYPE OF COVERAGE	INSURER POLICY NUMBER POLICY PERIOD	LIMITS OF LIABILITY
Excess Aircraft Liability	Lloyd's & British Co. Policy #: AW656595 June 01, 1996 TO June 01, 1997	$490,000,000 per occurrence

II. Millennium Chemicals, Inc. - Rest of World Primary Policies

Public and Products Liability (including DIC/DIL for overseas territories)	Eagle Star Ins. Group Policy #: TBD October 01, 1996 TO October 01, 1997	$1,000,000 any one occurrence $1,000,000 aggregate for Products Liability (currency is in British Pounds)
SCM/Australia	Switerland General Insurance Company October 01, 1996 TO October 01, 1997	A$5,000,000 each occurrence A$5,000,000 aggregate

III. Umbrella/Excess Liability - All United States Companies

Umbrella Liability - Layer I	Gerling-Konzern General Insurance Company Policy #: 62901152D October 01, 1996 TO October 01, 1997	$5,000,000 per occurrence Products (US) $5,000,000 per occurrence AL&EL (US) $5,000,000 per occurrence GL (US) Excess Scheduled Underlyers $5,000,000 aggregate for Products/Compl. Ops and scheduled underlyers with aggregates (US)

LEXINGTON INSURANCE COMPANY

EXCESS LIABILITY POLICY FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured as shown in Item 1 of the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

In consideration of the payment of the premium and in reliance upon the statements in the Declarations, we agree with you to provide coverage as follows:

INSURING AGREEMENTS

I. Coverage

A. We will pay on your behalf the Ultimate Net Loss in excess of the Underlying Insurance as shown in Item 4 of the Declarations, but only up to an amount not exceeding our Limits of Insurance as shown in Item 3 of the Declarations. Except for the terms, definitions, conditions and exclusions of this policy, the coverage provided by this policy shall follow the terms, definitions, conditions and exclusions of the First Underlying Insurance Policy as shown in Item 4 of the Declarations.

B. The Limits of Insurance shown in Item 3 of the Declarations state the most we will pay regardless of the number of Insureds, claims made or suits brought or persons or organizations making claims or bringing suits.

C. Maintenance of Underlying Insurance

The limits of insurance of the Underlying Insurance shown in Item 4 of the Declarations shall be maintained in full effect during the period of this policy except for any reduction or exhaustion of aggregate limits contained therein solely by the payment for damages for accidents or occurrences, whichever is applicable, that take place during each annual period of this policy and that are insured by this policy.

If you fail to comply with this requirement, we will only be liable to the same extent that we would had you fully complied with this requirement.

II. Definitions

A. Ultimate Net Loss

The term "Ultimate Net Loss" means the amount payable in settlement of the liability of the Insured after making deductions for all recoveries and for other valid and collectible insurance, excepting however the Underlying Insurance shown in Item 4 of the Declarations.

B. Each Annual Period

The term "Each Annual Period" means each consecutive period of one year commencing from the inception date of this policy.

C. Pollutants

The term "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste material includes materials which are intended to be or have been recycled, reconditioned or reclaimed.

D. Hostile Fire

The term "hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

III. Conditions

A. Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.

2. We may cancel this policy. If we cancel because of non-payment of premium, we must mail or deliver to you not less than ten (10) days advance written notice stating when the cancellation is to take effect. If we cancel for any other reason, we must mail or deliver to you not less than thirty (30) days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Declarations will be sufficient to prove notice.

3. The policy period will end on the day and hour stated in the cancellation notice.

4. If we cancel, earned premium will be calculated pro rata based on the time this policy was in force.

5. If you cancel, earned premium will be more than pro rata; it will be based on the time this policy was in force and increased by our short rate cancellation table and procedure.

6. Premium adjustment may be made at the time of cancellation or as soon as practicable thereafter but the cancellation will be effective even if we have not made or offered any refund due you. Our check or our representative's check, mailed or delivered, shall be sufficient tender of any refund due you.

7. The first Named Insured in Item 1 of the Declarations shall act on behalf of all other Insureds with respect to the giving and receiving of notice of cancellation and the receipt of any refund that may become payable under this policy.

8. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with that law.

B. Changes

You must promptly notify us of any coverage or limit changes made after the inception date of this policy to the First Underlying Insurance Policy as shown in Item 4 of the Declarations.

C. Defense

We will not be obligated to assume charge of the investigation, settlement or defense of any claim made, suit brought or proceeding instituted against the Insured. We will, however, have the right and shall be given the opportunity to participate in the defense and trial of any claims, suits or proceedings relative to any accident or occurrence which, in our opinion, may create liability on our part under the terms of this policy. If we exercise such right, we will do so at our own expense.

D. Notification of Accidents or Occurrences

You must see to it that we are notified as soon as practicable of any accident or occurrence which may result in any claim or suit under this policy.

Notice hereunder shall be given in writing to Michael Mitrovic, Esq., Attorney At Law, P.O. Box 2603, Jersey City, NJ 07303.

E. Premium

The first Named Insured shown in Item 1 of the Declarations shall be responsible for payment of all premiums when due.

At the beginning of the policy period, you must pay us the Policy Premium shown in Item 5 of the Declarations.

If this policy is cancelled, we will compute the earned premium for the time this policy was in force. If the earned premium is less than the Policy Premium, we will return the difference to you.

F. Bankruptcy or Insolvency

Your bankruptcy, insolvency or inability to pay or the bankruptcy, insolvency or inability to pay of any of your underlying insurers will not relieve us from the payment of any claim covered by this policy.

But under no circumstances will such bankruptcy, insolvency or inability to pay require us to drop down and replace the Underlying Insurance or assume any obligation within the Underlying Insurance area.

G. Service of Suit.

It is agreed that in the event of our failure to pay any amount claim to be due hereunder, we, at the request of the **Insured,** will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or sould be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Lexington Insurance Company, c/o American International Surplus Lines Agency, Inc., Harborside Financial Center, 401 Plaza 3, Jersey City, NJ 07311, or his or her representative, and that in any suit instituted against us upon this contract, we will abide by the final decision of such court or of any appellate court in theevent of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, we hereby designate the Superintendent, Commissioner, or Director of Insurance, other officer specified for that purpose in the statute, or his or her successor or successors in office as our true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of you or any beneficiary hereunder arising out of this contract of insurance and hereby designate the above named Consel as the person to which the said officer is authorized to mail such process or a true copy thereof.

IV. Exclusions

This insurance shall not apply to:

A. 1. Ultimate Net Loss arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust; or

2. Any obligation of the Insured to indemnify any party because of damages arising out of such Ultimate Net Loss as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust; or

3. Any obligation to defend any suit or claim against the Insured seeking damages, if such suit or claim arises from Ultimate Net Loss as a result of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to asbestos, asbestos products, asbestos fibers or asbestos dust.

B. 1. Ultimate Net Loss arising out of the actual or threatened discharge, dispersal, seepage, migration, release or escape of pollutants anywhere in the world;

2. Any loss, cost or expense arising out of any governmental direction or request that we, the Insured or any other person or organization test for, monitor, clean-up, remove, contain, treat, detoxify, neutralize or assess the effects of pollutants; or

3. Any loss, cost, or expense, including but not limited to costs of investigation or attorney's fees, incurred by a governmental unit or any other person or organization to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize pollutants.

This exclusion B. shall not apply to Ultimate Net Loss arising out of:

1. Heat, smoke or fumes from a hostile fire;

2. The upset, overturn or collision of a motor vehicle; or

3. The Products-Completed Operations Hazard.

C. Ultimate Net Loss:

1. a. with respect to which the Insured is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability-Property Insurance Assoc., Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or

b. resulting from the hazardous properties of nuclear material and with respect to which (1) any person or any organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, (2) the Insured is, or had this policy not been available would be, entitled to indemnity from the United States of America or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.

2. Ultimate Net Loss resulting from the hazardous properties of nuclear material, if:

a. the nuclear material (1) is at any nuclear facility owned by the Insured or operated by the Insured or on the Insured's behalf, or (2) has been discharged or dispensed therefrom;

b. the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by the Insured or on the Insured's behalf; or

c. the Ultimate Net Loss arises out of the furnishing by the Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion c. applies only to Property Damage to such nuclear facility and any property thereat.

3. As used in this exclusion:

a. "hazardous properties" includes radioactive, toxic or explosive properties;

b. "nuclear material" means source material, special nuclear material or by-product material;

c. "source material", "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or any law amendatory thereof;

d. "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

e. "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of a nuclear facility included within the definition of nuclear facility below;

f. "nuclear facility" means:

(1) any nuclear reactor,

(2) any equipment or device designed or used for (i) separating the isotopes of uranium or plutonium, (ii) processing or utilizing spent fuel, or (iii) handling, processing or packaging wastes,

(3) any equipment or device used for the processing, fabricating, or alloying of special nuclear material if at any time the total amount of such material in the Insured's custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(4) any structure, basin, excavation, premises or place prepared or used for storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

g. "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

h. Ultimate Net Loss includes all forms of radioactive contamination of property.

In Witness Whereof, we have caused this policy to be executed and attested, but this policy shall not be valid unless signed on the Declarations page by one of our duly authorized representatives.

Elizabeth M. Tuck
SECRETARY

PRESIDENT

This endorsement, effective 12:01 A.M. October 1, 1996 forms a part of

Policy No. 818 93 49 issued to Millennium Chemicals, Inc.

by Lexington Insurance Company

NAMED PERIL AND TIME ELEMENT POLLUTION ENDORSEMENT

Exclusion B of this policy is hereby deleted in its entirety and replaced by the following:

This insurance does not apply to:

1. Bodily Injury, Property Damage or Personal Injury arising out of the actual or threatened discharge, dispersal, seepage, migration, release or escape of pollutants anywhere in the world; or

2. Any loss, cost or expense arising out of any governmental direction or request that we, the Insured or any other person or organization test for, monitor, clean-up, remove, contain, treat, detoxify, neutralize or assess the effects of pollutants; or

3. Any loss, cost, or expense, including but not limited to costs of investigation or attorney's fees, incurred by a governmental unit or any other person or organization to test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize pollutants.

As used in this exclusion, pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste material includes materials which are intended to be or have been recycled, reconditioned or reclaimed.

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However, this exclusion does not apply to Bodily Injury, Property Damage or Personal Injury arising out of:

1. Any discharge, dispersal, seepage, migration, release or escape directly or indirectly caused by fire, explosion, lightning, windstorm, vandalism or malicious mischief, riot and civil commotion, flood, earthquake, collision, or upset of a motor vehicle, mobile equipment or aircraft, automatic sprinkler leakage; or

2. The Products - Completed Operations Hazard; or

3. Any discharge, dispersal, seepage, migration, release or escape of pollutants that meets all of the following conditions:

   a. It was accidental and neither expected nor intended by the Named Insured. This condition would not serve to deny coverage for a specific incident where such discharge, dispersal, seepage, migration, release or escape of pollutants was a result of an attempt by the release or escape or pollutants was a result of an attempt by the Insured to mitigate or avoid a situation where substantial third party Bodily Injury, Property Damage or Personal Injury could occur; and

   b. It was demonstrable as having commenced on a specific date during the term of this policy; and

   c. Its commencement became known to the Named Insured within seven (7) calendar days and was further reported to the Risk Management Department within a reasonable time frame; and

   d. Its commencement was reported in writing to us within twenty-one (21) calendar days of becoming known to the Risk Management Department; and

   e. Reasonable effort was expended by the Named Insured to terminate the situation as soon as conditions permitted.

Endorsement #1

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However, nothing contained in this provision 3. shall operate to provide any coverage with respect to:

a. Any site or location principally used by the Insured, or by others on the Insured's behalf, for the handling, storage, disposal, dumping, processing or treatment of waste material;

b. Any fines or penalties;

c. Any clean up costs ordered by the Superfund Program, or any federal, state or local governmental authority. However, this specific exclusion c. shall not serve to deny coverage for third party clean up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;

d. Acid rain;

e. Clean up, removal, containment, treatment, detoxification or neutralization of pollutants situated on premises the Insured owns, rents or occupies at the time of the actual discharge, dispersal, seepage, migration, release or escape of said pollutants; or

f. Water pollution caused by oil or its derivatives.

It is further agreed that solely as respects any coverage granted by this endorsement:

A self-Insured Retention of $8,000,000 each occurrence indemnity-only applies whether insured or not.

All other terms and conditions remain unchanged.

Authorized Representative

Endorsement #2

This endorsement, effective 12:01 A.M. October 1, 1996 forms a part of

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SUBSIDENCE EXCLUSION

In consideration of the premium charged, it is agreed that coverage afforded by this policy shall not apply to loss of, damage to, or loss of use of property, or indirectly resulting from subsidence of land, arising out of or attributable to any operations of the insured.

Authorized Representative