FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **2000-10-13**
SEC Accession No. 0000950157-00-000558

SUBJECT COMPANY

HEXCEL CORP /DE/

CIK:**717605**| IRS No.: **941109521** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-14306** | Film No.: **740206**
SIC: **3460** Metal forgings & stampings

Mailing Address
281 TRESSER BLVD.
TWO STAMFORD PLAZA,
16TH FLOOR
STAMFORD CT 06901-8781

Business Address
281 TRESSER BLVD
TWO STAMFORD PLZ
STAMFORD CT 06901
2039690666

FILED BY

CIBA SPECIALTY CHEMICALS HOLDING INC /FI/

CIK:**1035497**| Fiscal Year End: **1231**
Type: **SC 13D/A**

Mailing Address
KLYBECKSTRASSE 141
CH 4002 BASEL

Business Address
KLYBECKSTRASSE 141
CH 4002 BASEL
41616963415

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934
(Amendment No. 4)*

Hexcel Corporation

(Name of Issuer)

Common Stock, Par Value $0.01 Per Share

(Title of Class of Securities)

428290 10 0

(CUSIP Number)

Oliver Strub, Esq.
Ciba Specialty Chemicals Holding Inc.
Ciba Specialty Chemicals Inc.
Klybeckstrasse 141
CH - 4002, Basel
Switzerland
41-61-696-3415

John J. McGraw, Esq.
Ciba Specialty Chemicals Corporation
P.O. Box 2005
560 White Plains Road
Tarrytown, New York 10591
(914) 785-2000

(Name, Address and Telephone Number of Persons Authorized to Receive Notices and Communications)

With a copy to:

Philip A. Gelston, Esq.
Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue

New York, New York 10019

October 11, 2000

(Date of Event which Requires
Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box: [ ]

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

This Amendment No. 4 amends and supplements the Statement on Schedule 13D filed with the Securities and Exchange Commission on October 4, 1995, as amended by Amendment No. 1 thereto filed on March 8, 1996, Amendment No. 2 thereto filed on March 18, 1997 and Amendment No. 3 thereto filed on August 21, 2000 (collectively, the "Statement"). Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Statement.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Item 6 is hereby amended by adding the following language at the end of this item:

On October 11, 2000, Ciba Specialty Chemicals Holding Inc. ("SCH"), Ciba Specialty Chemicals Inc. ("SCI"), Ciba Specialty Chemicals Corporation ("SCC" and, together with SCI, the "Sellers") and certain affiliates of GS Capital Partners 2000, L.P. (the "Purchasers") entered into a Stock Purchase Agreement pursuant to which the Sellers would sell to the Purchasers (the "Sale"), and the Purchasers would purchase from the Sellers, an aggregate of 14,525,000 shares of Common Stock for an aggregate price per share of $11.00, consisting of $8.50 per share in cash and $2.50 per share in notes, for an aggregate purchase price of $159,775,000.

In connection with the Sale, (i) SCH and Hexcel Corporation ("Hexcel") entered into a Consent and Termination Agreement dated as of October 11, 2000, (ii) the Purchasers entered into an agreement with Hexcel dated as of October 11, 2000 and (iii) the Purchasers and Hexcel will enter into a registration rights agreement at the closing of the

Sale.

SCH continues to explore its options for the sale of its remaining interest in Hexcel

Item 7. Material To be Filed as Exhibits.

1. Stock Purchase Agreement dated as of October 11, 2000, among LXH, L.L.C., LXH II, L.L.C., SCH and the Sellers.

2. Consent and Termination Agreement dated as of October 11, 2000, between Hexcel Corporation and SCH.

3. Agreement dated as of October 11, 2000, among Hexcel Corporation, LXH, L.L.C. and LXH II, L.L.C.

4. Form of Registration Rights Agreement to be entered into among Hexcel Corporation, LXH, L.L.C. and LXH II, L.L.C.

SIGNATURE

After reasonable inquiry and to the best of the knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated October 13, 2000

CIBA SPECIALTY CHEMICALS HOLDING INC.,

by /s/ Steven Ballmer
Name: Steven Ballmer
Title: Senior Tax Counsel

by /s/ Peter Sidler
Name: Peter Sidler
Title: Senior Tax and Corporate Counsel

After reasonable inquiry and to the best of the knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated October 13, 2000

CIBA SPECIALTY CHEMICALS INC.,

by /s/ Steven Ballmer

by /s/ Peter Sidler

Name: Steven Ballmer	Name: Peter Sidler
Title: Senior Tax Counsel	Title: Senior Tax and Corporate Counsel

After reasonable inquiry and to the best of the knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated October 13, 2000

CIBA SPECIALTY CHEMICALS CORPORATION,

by /s/ John J. McGraw
Name: John J. McGraw
Title: Vice President,
General Counsel and Secretary

Index to Exhibits

Exhibit No.	Description	Page
1	Stock Purchase Agreement dated as of October 11, 2000, among LXH, L.L.C., LXH II, L.L.C., Ciba Specialty Chemicals Holding Inc., Ciba Specialty Chemicals Inc. and Ciba Specialty Chemicals Corporation.	*
2	Consent and Termination Agreement dated as of October 11, 2000, between Hexcel Corporation and Ciba Specialty Chemicals Holding Inc.	*
3	Agreement dated as of October 11, 2000, among Hexcel Corporation, LXH, L.L.C. and LXH II, L.L.C.	*
4	Form of Registration Rights Agreement to be entered into among Hexcel Corporation, LXH, L.L.C. and LXH II, L.L.C.	*

EXHIBIT 1

STOCK PURCHASE AGREEMENT

DATED AS OF

OCTOBER 11, 2000

BY AND AMONG

LXH, L.L.C.,

LXH II, L.L.C.,

CIBA SPECIALTY CHEMICALS HOLDING INC.,

CIBA SPECIALTY CHEMICALS INC.

AND

CIBA SPECIALTY CHEMICALS CORPORATION

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of October 11, 2000, by and between LXH, L.L.C., a Delaware limited liability company ("LXH"), LXH II, L.L.C., a Delaware limited liability company (together with LXH, the "Purchasers"), Ciba Specialty Chemicals Holding Inc., a corporation organized under the laws of Switzerland ("Ciba"), Ciba Specialty Chemicals Inc., a corporation organized under the laws of Switzerland and wholly-owned subsidiary of Ciba ("Ciba SCI") and Ciba Specialty Chemicals Corporation, a corporation organized under the laws of Delaware and wholly-owned subsidiary of Ciba (together with Ciba SCI, the "Sellers").

W I T N E S S E T H :

WHEREAS, the Sellers beneficially own an aggregate of 18,021,748 shares of common stock, par value $0.01 per share (the "Common Stock"), of Hexcel Corporation (the "Company");

WHEREAS, the Company and Ciba are parties to a governance agreement, dated as of February 29, 1996, pursuant to which, among other things, Ciba may sell all or a portion of the shares of Common Stock beneficially owned by it

with the approval and consent of certain directors of the Company;

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, the Sellers wish to sell to the Purchasers and the Purchasers wish to purchase from the Sellers a number of shares of Common Stock beneficially owned by the Sellers determined in accordance with Section 1.1 hereof (the "Shares"); WHEREAS, the Independent Directors have approved and consented to the sale of the Shares by the Sellers to the Purchasers on the terms set forth herein; and WHEREAS, the Purchasers and the Sellers desire to provide for the purchase and sale of the Shares and to establish certain rights and obligations in connection therewith.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I

ISSUANCE AND SALE OF SHARES

1.1. Purchase and Sale . Upon the terms and subject to the conditions set forth herein, at the Closing (as defined below) the Sellers shall sell to each Purchaser and such Purchaser shall purchase from the Sellers the number of Shares set forth opposite such Purchaser's name on Schedule 1.1 for a price per Share equal to $11.00 or an aggregate purchase price of $159,775,000, (the "Purchase Price"). Each Purchaser shall pay such Purchaser's portion of the Purchase Price to the Sellers by delivering to the Sellers (x) cash and (y) a secured promissory note, in the form of Exhibit A hereto (the "Notes"), in each case in the aggregate amounts set forth opposite such Purchaser's name on Schedule 1.1; provided, however, that the Purchasers shall have the right to reallocate between the Purchasers the Shares to be purchased by each Purchaser by delivering written notice of such reallocation to Ciba and the Sellers not less than three days prior to the Closing, so long as such reallocation does not change the total number of Shares being acquired hereunder or the Purchase Price. At least three days prior to the Closing, the Sellers shall deliver to the Purchasers a schedule (which schedule shall be binding on the Purchasers) which shall set forth the number of Shares being sold by each Seller hereunder, the portion of the Purchase Price payable to each such Seller and the allocation of cash and the principal amount of Notes payable to each such Seller; provided, however, that such schedule shall not change the total number of Shares being acquired by each Purchaser, the portion of the Purchase Price being paid by each Purchaser or the total cash amount or aggregate principal amount of Notes being delivered hereunder. Notwithstanding anything to the contrary set forth above, the aggregate number of Shares purchased by the Purchasers hereunder shall be reduced to the extent required to prevent the Purchasers from Beneficially Owning in excess of 39.3% of the outstanding

shares of Common Stock immediately following the Closing and, in such event, the Purchase Price (and the amount of cash and the aggregate principal amount of Notes issued by the Purchasers) shall be appropriately reduced based on the per Share price set forth above.

1.2. The Closing; Deliveries . (a) The closing of the purchase and sale of the Shares hereunder (the "Closing") shall take place at the offices of Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004 at 9:00 a.m. as promptly as practicable following the satisfaction or waiver of the conditions set forth in Article V (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions), but no earlier than twenty days after the date hereof and no later than the Termination Date (as defined below), or at such other place, time and/or date as shall be mutually agreed by Ciba, the Sellers and the Purchasers (the date of the Closing, the "Closing Date").

(b) At the Closing, each Seller shall deliver to each Purchaser one or more certificates representing the Shares being sold by such Seller to such Purchaser duly endorsed for transfer in blank or accompanied by stock powers duly endorsed in blank, with any required stock transfer stamps attached, in an aggregate amount equal to the number of Shares being purchased by such Purchaser hereunder. Delivery of such certificates shall be made against receipt by such Seller of the portion of the Purchase Price payable therefor to such Seller. The cash portion of the Purchase Price shall be paid by wire transfer to an account or accounts designated by the Sellers at least three business days prior to the Closing Date.

(c) The Sellers shall be responsible for and shall pay any sales, use, transfer, documentary or other similar taxes that relate to the purchase and sale of the Shares hereunder.

1.3. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Section 8.1.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Ciba and each Seller hereby represents and warrants to each Purchaser, as of the date hereof and as of the Closing, as follows:

2.1. Title to Shares. Such Seller has good and valid title to the Shares being sold by such Seller to each Purchaser hereunder, free and clear of all liens, charges, claims, security interests, restrictions, options, proxies, voting trusts or other encumbrances ("Encumbrances") other than Encumbrances

that will be released prior to or simultaneously with the Closing. Assuming each Purchaser has the requisite power and authority to be the lawful owner of such Shares, upon delivery to each Purchaser at the Closing of certificates representing such Shares, and upon such Seller's receipt of the Purchase Price for such Shares, each Purchaser will acquire all of such Seller's right, title and interest in and to the Shares being sold to each Purchaser and will receive good and valid title to such Shares, free and clear of any and all Encumbrances created by such Seller.

2.2. Organization. Each of Ciba and such Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation and has the requisite corporate power and authority to carry on its business as it is now being conducted.

2.3. Due Authorization. Each of Ciba and such Seller has all right, power and authority to enter into this Agreement and each of the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of Ciba and such Seller of this Agreement and each of the other Transaction Documents to which it is a party, the sale and delivery of the Shares being sold by such Seller to each Purchaser hereunder and the compliance by each of Ciba and such Seller with each of the provisions of this Agreement and each of the other Transaction Documents to which it is a party have been duly authorized by all necessary corporate action of such party. This Agreement has been, and each of the other Transaction Documents to which each of Ciba and such Seller is a party when executed and delivered by each of Ciba and such Seller will be, duly and validly executed and delivered by such party, and this Agreement constitutes, and each of such other Transaction Documents when executed and delivered by each of Ciba and such Seller will constitute, a valid and binding agreement of such party enforceable against such party in accordance with its terms except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity.

2.4. Consents, No Violations . Neither the execution, delivery or performance by either Ciba or such Seller of this Agreement or any of the other Transaction Documents to which it is a party nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with, or result in a breach or a violation of, any provision of the certificate of incorporation or by-laws or other organizational documents of either Ciba or such Seller, (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, or give rise to any right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, under (i) any Law or (ii) any provision of any material agreement or other instrument to which either Ciba or such Seller is a party or pursuant to which either Ciba or such Seller or

any of its assets or properties is subject, or (c) except for any required filing under the HSR Act and those consents waived or obtained prior to or at the Closing, require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of either Ciba or such Seller.

2.5. Brokers or Finders. Except for Deutsche Bank, whose fees will be paid by Ciba and the Sellers, upon the consummation of the transactions contemplated by this Agreement, no agent, broker, investment banker or other Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee from Ciba or such Seller in connection with any of the transactions contemplated by this Agreement or the other Transaction Documents.

2.6. Disclosure. There is no fact or information relating to the Company or any of its subsidiaries, actually known to Ciba or such Seller, that would reasonably be expected to have a Material Adverse Effect and that has not been disclosed to the Purchasers by Ciba or such Seller.

2.7. Qualified Purchaser Status. Such Seller is a "qualified purchaser" as defined in Section 2(51)(A)(iv) of the Investment Company Act.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser hereby represents and warrants to Ciba and each Seller, severally and not jointly, as of the date hereof and as of the Closing, as follows:

3.1. Organization. Such Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to carry on its business as it is now being conducted.

3.2. Due Authorization. Such Purchaser has all right, power and authority to enter into this Agreement and each of the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by such Purchaser of this Agreement and each of the other Transaction Documents to which it is a party, the purchase of the Shares being purchased by such Purchaser and the compliance by such Purchaser with each of the provisions of this Agreement and each of the Transaction Documents to which it is a party (a) are within the power and authority of such Purchaser and (b) have been duly authorized by all necessary action on the part of such Purchaser. This Agreement has been, and each of the

other Transaction Documents to which it is a party when executed and delivered by such Purchaser will be, duly and validly executed and delivered by such Purchaser, and this Agreement constitutes, and each of such other Transaction Documents when executed and delivered by such Purchaser will constitute, a valid and binding agreement of such Purchaser enforceable against such Purchaser in accordance with its respective terms except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity.

3.3. Consents, No Violations . Neither the execution, delivery or performance by such Purchaser of this Agreement or any of the other Transaction Documents to which it is a party nor the consummation of the transactions contemplated

hereby or thereby will (a) conflict with, or result in a breach or a violation of, any provision of the organizational documents of such Purchaser, (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, or give rise to any right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, under (i) any Law, or (ii) any provision of any material agreement or other instrument to which such Purchaser is a party or pursuant to which such Purchaser or its assets or properties is subject, or (c) except for any required filing under the HSR Act, the German Act Against Restraints of Competition, and any other foreign governmental and regulatory filings, notices and approvals required to be made or obtained as contemplated by Section 5.1(d) hereof, and those consents waived or obtained, require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of such Purchaser.

3.4. No Brokers or Finders. No agent, broker, investment banker or other Person is or will be entitled to any broker's or finder's fee or any other commission or similar fee from such Purchaser in connection with the transactions contemplated by this Agreement or the other Transaction Documents.

3.5. Availability of Funds. Such Purchaser has, or will have prior to the Closing, available sufficient funds to pay such Purchaser's cash portion of the Purchase Price.

3.6. Restricted Securities. Such Purchaser is purchasing the Shares being purchased by it for investment and not with a view to any public resale or other distribution thereof, except in compliance with applicable securities laws.

ARTICLE IV

PRE-CLOSING COVENANTS

4.1. Ownership of Shares. Ciba and the Sellers shall retain beneficial and record ownership of the Shares during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing. Other than in connection with the transactions contemplated by this Agreement, Ciba and the Sellers shall not, and shall not authorize any of their affiliates, officers or directors (other than such officers and directors acting in their capacities as officers or directors of the Company) or any other Person on its behalf to, directly or indirectly, (i) sell, assign, transfer, encumber or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the direct or indirect sale, assignment, transfer, encumbrance or other disposition of, any of the Shares or any economic interest

therein or (ii) seek, solicit, propose, facilitate, participate in any discussions or negotiations regarding, or furnish any information with respect to any transaction or arrangement described in clause (i). Ciba and the Sellers will notify each Purchaser promptly (and provide all details reasonably requested by such Purchaser) if any of Ciba or the Sellers is approached or solicited, directly or indirectly, by any person with respect to any of the foregoing.

4.2. HSR Act; German Filing; Cooperation. The Purchasers shall make or cause to be made all necessary filings under the HSR Act and the German Act Against Restraints of Competition and shall use their reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable in connection therewith to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement. The Purchasers, Ciba and the Sellers agree to use their reasonable best efforts to take, or cause to be taken, all such further actions as shall be necessary, proper or advisable to make effective and consummate as promptly as practicable the transactions contemplated by this Agreement.

4.3. Consents; Approvals. Ciba and each of the Sellers shall use their reasonable best efforts to obtain, or to assist the Company in obtaining, all consents, waivers, exemptions, approvals, authorizations or orders (collectively, "Consents") (including, without limitation (i) Consents required to avoid any breach, violation, default, encumbrance or right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration of any material agreement or instrument to which Ciba or such Seller is a party or its properties or assets are bound, (ii) all Consents pursuant to the Company's financing documents, including without limitation, all indentures and credit agreements of the Company, and (iii) all

United States and foreign governmental and regulatory rulings and approvals).

4.4. FIRPTA Certificate. Prior to the Closing, the Sellers shall cause to be delivered to the Purchasers the certificate described in Treas. Reg. Section 1.1445-2(c)(3), duly executed and acknowledged, certifying that the stock being sold is not a United States real property interest under Section 897 of the Internal Revenue Code of 1986, as amended.

4.5. Indenture. Prior to or simultaneously with the Closing, Ciba shall execute and deliver the Consent and Termination Agreement and shall consent in writing to the amendment to the Indenture in the manner provided in Section 3.02 of the Consent and Termination Agreement.

ARTICLE V

CONDITIONS

5.1. Conditions to Obligations of the Purchasers, Ciba and the Sellers. The respective obligations of the Purchasers, Ciba and the Sellers to consummate the transactions contemplated hereby are subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) No statute, rule or regulation or order of any court or administrative agency shall be in effect which prohibits the consummation of the transactions contemplated hereby;

(b) Any waiting period (and any extension thereof) under the HSR Act applicable to this Agreement and the transactions contemplated hereby shall have expired or been terminated;

(c) The German Federal Cartel Office shall have approved the transactions contemplated hereby; and

(d) The Company and/or the Investors shall have made any other material foreign governmental and regulatory filings, given all material notices and obtained any material approvals that the Company and the Purchasers reasonably agree are required in connection with the consummation of the transactions contemplated by this Agreement, the Governance Agreement, the Registration Rights Agreement and the Hexcel Agreement.

5.2. Conditions to Obligations of the Purchasers. The obligations of each Purchaser to consummate the transactions contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) Each of the representations and warranties of Ciba and the Sellers contained in this Agreement shall be true and correct in all material respects when made and as of the Closing (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date);

(b) Each of Ciba and the Sellers shall have performed, satisfied and complied in all material respects with all of its covenants and agreements set forth in this Agreement to be performed, satisfied and complied with prior to or at the Closing;

(c) Each of Ciba and the Sellers shall have delivered to each Purchaser an officer's certificate certifying as to Ciba and such Seller's compliance with the conditions set forth in clauses (a) and (b) of this Section 5.2;

(d) The transactions contemplated by the Hexcel Agreement shall be consummated simultaneously with the transactions contemplated hereby and the Purchasers and the Company shall have executed and delivered the governance agreement in the form of Exhibit B hereto (the "Governance Agreement"), the registration rights agreement in the form of Exhibit C hereto (the "Registration Rights Agreement"), and all other agreements, documents and instruments required to be delivered in connection therewith;

(e) Each Purchaser and Ciba shall have executed and delivered a Pledge Agreement in the form of Exhibit D hereto (the "Pledge Agreement");

(f) Such Purchaser shall have received the opinions substantially in the form set forth on Exhibit E from either Cravath, Swaine & Moore, John J . McGraw, Esq. or Switzerland counsel for Ciba and the Sellers;

(g) (i) The Majority Lenders (as defined in the Credit Agreement) shall have executed an agreement, in form and substance satisfactory to the Purchasers, consenting to the transactions contemplated hereby and (ii) the agreements, each dated as of the date hereof, from the Company's employees set forth on Exhibit F hereto shall be in full force and effect as of the Closing;

(i) Mr. John J. Lee's employment agreement attached hereto as Exhibit G and all other agreements contemplated thereby shall be in full force and effect as of the Closing;

(j) The Consent and Termination Agreement in the form attached as Exhibit H (the "Consent and Termination Agreement") shall have been executed and delivered by Ciba and the Company and the Indenture shall have been amended in the manner set forth in Section 3.02 of the Consent and Termination Agreement; and

(k) Neither the Company nor any of its subsidiaries shall have suffered any change, event, or development or series of changes, events or developments which individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect.

5.3. Conditions to Obligations of Ciba and the Sellers . The obligations of Ciba and the Sellers to consummate the transactions contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) Each of the representations and warranties of the Purchasers contained in this Agreement shall be true and correct when made and as of the Closing (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date);

(b) The Purchasers shall have performed, satisfied and complied with all of its covenants and agreements set forth in this Agreement to be performed, satisfied and complied with prior to or at the Closing Date;

(c) The Purchasers shall have delivered to each of Ciba and the Sellers an officer's certificate certifying as to the Purchasers' compliance with the conditions set forth in clauses (a) and (b) of this Section 5.3;

(d) The Purchasers shall have executed and delivered the Pledge Agreement and the Purchasers shall have delivered to Ciba, as collateral agent, the Shares to be held as collateral security thereunder; and

(e) Ciba and the Sellers shall have received an opinion from Fried, Frank, Harris, Shriver & Jacobson substantially in the form of Exhibit I hereto.

ARTICLE VI

TERMINATION

6.1. Termination. (a) This Agreement may be terminated at any time prior to the Closing:

(i) by mutual written agreement of (x) Ciba and the Sellers and (y) the Purchasers;

(ii) by (x) the Purchasers or (y) Ciba and the Sellers, if the Closing shall not have occurred by the latest of (A) November 9, 2000, (B) November 27, 2000, if the condition set forth in Section 5.2(g)(i) shall not have been satisfied on or prior to November 9, 2000, (C) two business days after the satisfaction of the conditions set forth in Sections 5.1(b), 5.1(c) and 5.1(d)

hereof (the latest of such dates, the "Drop Dead Date") (provided that the right to terminate this Agreement under this Section 6.1(a)(ii) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or before such date); provided, however, that notwithstanding the foregoing, if the Company, by a vote of the Independent Directors terminates the Hexcel Agreement pursuant to Section 6.1 thereof in connection with the execution of a definitive agreement

relating to an Acquisition Proposal, the Drop Dead Date shall be automatically extended to the earlier of (1) the business day following the consummation of the transactions contemplated by the Acquisition Proposal and (2) the date that is 21 business days following the date such Acquisition Proposal is abandoned or terminated; provided, however that the Drop Dead Date shall not, in any case, be extended past the date that is 21 business days following the first anniversary of the date hereof; or

(iii) by (x) the Purchasers or (y) Ciba and the Sellers, if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued a nonappealable final order, decree or ruling or taken any other action having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement.

(b) The date of any termination of this Agreement pursuant to Section 6.1(a) is referred to herein as the "Termination Date".

6.2. Effect of Termination. In the event of the termination of this Agreement pursuant to Section 6.1(a), this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto (or any stockholder, director, officer, partner, employee, agent, consultant or representative of such party) except as set forth in this Section 6.2, provided that nothing contained in this Agreement shall relieve any party from liability for any breach of this Agreement and provided further that this Section 6.2 and Sections 7.1, 7.2, 7.3, 8.3, 8.12, 8.13 and 8.14 shall survive termination of this Agreement and Section 8.2 shall survive termination of this Agreement to the extent provided therein.

ARTICLE VII

INDEMNIFICATION

7.1. Survival. The representations and warranties of the parties hereto contained in this Agreement or in any of the other Transaction Documents shall survive the Closing and the delivery of the Transaction Documents. In the case of the representations and warranties made by Ciba, any Seller or any Purchaser in this Agreement or in any of the other Transaction Documents, such representations and warranties are being made severally and not jointly by

Ciba and the Sellers or by the Purchasers, as the case may be. The covenants and agreements of the parties hereto contained in this Agreement or in any of the other Transaction Documents shall survive the Closing until performed in accordance with their terms.

7.2. Indemnification . (a) Ciba and the Sellers jointly and severally shall indemnify, defend and hold harmless the Purchasers, their Affiliates, and their respective officers, directors, partners, members, employees, agents, representatives, successors and assigns (each a "Purchaser Indemnified Person") from and against (I) all Losses incurred or suffered by a Purchaser Indemnified Person arising from (i) the breach of any of the representations or warranties made by Ciba or the Sellers in this Agreement or any other Transaction Document or (ii) the breach of any covenant or agreement made by Ciba or the Sellers in this Agreement or any other Transaction Document and (II) one-third of all Losses in respect of which an Investor Indemnified Person would be entitled to indemnification under the Hexcel Agreement pursuant to Section 7.2(a)(i) thereof after giving effect to the limitations on such indemnification contained in the Hexcel Agreement other than the limitation set forth in Section 7.2(c) thereof that limits the Company's liability thereunder to one-third of all Losses incurred by the Investor Indemnified Person; provided, that, the maximum amount recoverable under this Section 7.2(a)(II) shall be $10,000,000.

(b) Each Purchaser, severally and not jointly, shall indemnify, defend and hold harmless Ciba and the Sellers, their Affiliates, and their respective officers, directors, partners, members, employees, agents, representatives, successors and assigns (each a "Sellers Indemnified Person") from and against all Losses incurred or suffered by a Sellers Indemnified Person arising from (i) the breach of any of the representations or warranties made by such Purchaser in this Agreement or any other Transaction Document or (ii) the breach of any covenant or agreement made by such Purchaser in this Agreement or any other Transaction Document.

7.3. Procedure for Indemnification. (a) If a Purchaser Indemnified Party or a Sellers Indemnified Person (such Person being referred to as the "Indemnitee") shall receive notice or otherwise learn of the assertion by a Person who is not a party to this Agreement of any claim or of the commencement by any such Person of any action (a "Claim") with respect to which the other party (the "Indemnifying Party") may be obligated to provide indemnification, such Indemnitee shall give such Indemnifying Party written notice thereof promptly after becoming aware of such Claim; provided, that the failure of any Indemnitee to give notice as provided in this Section 7.3 shall not relieve the applicable Indemnifying Party of its obligations under this Article VII, except to the extent that such Indemnifying Party is prejudiced by such failure to give notice; provided, further, that the applicable Indemnifying Party shall have no obligations under this Article VII unless such written notice is received by the Indemnifying Party within the survival

periods set forth in Section 7.1. Such notice shall describe the Claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the Loss that has been or may be sustained by or is claimed against such Indemnitee. Such notice shall be a condition precedent to any liability of any Indemnifying Party for any Claim under the provisions for indemnification contained in this Agreement.

(b) An Indemnifying Party may elect to compromise, settle or defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Claim; provided, however, that the Indemnifying Party shall not compromise, settle or defend a Claim without the consent of the Indemnitee (which consent shall not be unreasonably withheld). If an Indemnifying Party elects to compromise, settle or defend a Claim, it shall, within 30 days of the receipt of notice from an Indemnitee pursuant to Section 7.3(a) (or sooner, if the nature of such Claim so requires), notify the applicable Indemnitee of its intent to do so, and such Indemnitee shall cooperate in the compromise or settlement of, or defense against, such Claim. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Claim, such Indemnifying Party shall not be liable to such Indemnitee under this Article VII for any legal or other expenses subsequently incurred by such Indemnitee in connection with the defense thereof (except expenses approved in advance by the Indemnitee); provided, that such Indemnitee shall have the right to employ one separate counsel reasonably satisfactory to the Indemnifying Party to represent such Indemnitee if the defendants in any such claim included both the Indemnifying Party and the Indemnitee and, in such Indemnitee's reasonable judgment, a conflict of interest between such Indemnitee and such Indemnifying Party exists in respect of such claim, and in that event the reasonable fees and expenses of such separate counsel shall be paid by such Indemnifying Party. If an Indemnifying Party elects not to compromise, settle or defend against a Claim, or fails to notify an Indemnitee of its election as provided in this Section 7.3 within 30 days of notice from the Indemnitee pursuant to Section 7.3(a), such Indemnitee may compromise, settle or defend such Claim.

(c) If an Indemnifying Party chooses to defend any claim, the applicable Indemnitee shall make available to such Indemnifying Party any personnel or any books, records or other documents within its control that are necessary or appropriate for such defense.

(d) If the amount of any Loss shall, at any time subsequent to payment pursuant to this Agreement, be reduced by recovery, settlement or otherwise, the amount of such reduction, less any expenses incurred in connection therewith, shall promptly be repaid by the applicable Indemnitee to the applicable Indemnifying Party.

(e) In the event of payment by an Indemnifying Party to any Indemnitee in

connection with any Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right or claim relating to such Claim. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and, at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

ARTICLE VIII

MISCELLANEOUS

8.1. Defined Terms; Interpretations. The following terms, as used herein, shall have the following meanings: "Acquisition Proposal" shall have the meaning ascribed to such term in the Hexcel Agreement. "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act. "Aggregate Consideration Per Share" shall have the meaning ascribed thereto in Section 8.2(b)(i).

"Agreement" shall have the meaning ascribed thereto in the preamble.

"Alternative Transaction" shall have the meaning ascribed thereto in Section 8.2(b)(ii).

"Beneficially Owning" shall have the meaning ascribed thereto in the Governance Agreement.

"Ciba" shall have the meaning ascribed thereto in the recitals.

"Claim" shall have the meaning ascribed thereto in Section 7.3.

"Closing" shall have the meaning ascribed thereto in Section 1.2(a).

"Closing Date" shall have the meaning ascribed thereto in Section 1.2(a).

"Common Stock" shall have the meaning ascribed thereto in the recitals.

"Company" shall have the meaning ascribed thereto in the recitals.

"Consent and Termination Agreement" shall have the meaning ascribed thereto in Section 5.2(j).

"Consents" shall have the meaning ascribed thereto in Section 4.3.

"Credit Agreement" shall mean the Second Amended and Restated Credit Agreement, dated as of September 15, 1998, among the Company, certain of its subsidiaries, the Lenders parties thereto, Citibank N.A. and Credit Suisse First Boston.

"DGCL" shall mean the Delaware General Corporation Law.

"Drop Dead Date" shall have the meaning ascribed thereto in Section 6.1(a)(ii).

"Encumbrances" shall have the meaning ascribed thereto in Section 2.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Exchange Act of 1934, as amended, shall include reference to the comparable section, if any, of any such successor federal statute.

"Fair Market Value" shall have the meaning ascribed thereto in Section 8.2(b)(iii).

"Governance Agreement" shall have the meaning ascribed thereto in Section 5.2(d).

"Governmental Entity" shall mean any supernational, national, foreign, federal, state or local judicial, legislative, executive, administrative or regulatory body or authority.

"Hexcel Agreement" shall mean the agreement, dated as of the date hereof, among each of the Purchasers and the Company, attached as Exhibit J hereto.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Indemnifying Party" shall have the meaning ascribed thereto in Section 7.3.

"Indemnitee" shall have the meaning ascribed thereto in Section 7.3.

"Indenture" shall have the meaning ascribed thereto in the Consent and Termination Agreement.

"Independent Directors" shall have the meaning ascribed thereto in the Hexcel Agreement.

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

"Investor Indemnified Person" shall have the meaning ascribed thereto in Section 7.2(a) of the Hexcel Agreement.

"Laws" shall include all foreign, federal, state, and local laws, statutes, ordinances, rules, regulations, orders, judgments, decrees and bodies of law.

"Litigation" shall have the meaning ascribed thereto in Section 8.13.

"Losses" shall mean each and all of the following items: claims, losses, liabilities, obligations, payments, damages, charges, judgments, fines, penalties, amounts paid in settlement, costs and expenses (including, without limitation, interest which may be imposed in connection therewith, costs and expenses of investigation, actions, suits, proceedings, demands, assessments and fees, expenses and disbursements of counsel, consultants and other experts).

"Material Adverse Effect" shall mean a material adverse effect on the properties, business, operations, results of operations, earnings, assets, liabilities or condition (financial or otherwise) of the Company and its subsidiaries taken as a whole; provided, however, that changes relating to United States or foreign economies in general or the Company's and its subsidiaries' industries in general and not specifically relating to the Company or its subsidiaries shall not constitute a Material Adverse Effect for purposes of this Agreement.

Notes" shall have the meaning ascribed thereto in Section 1.1.

"Person" shall mean any individual, firm, corporation, limited liability company, partnership, company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Pledge Agreement" shall have the meaning ascribed thereto in Section 5.2(e).

"Purchase Price" shall have the meaning ascribed thereto in Section 1.1.

"Purchasers" shall have the meaning ascribed thereto in the preamble.

"Purchaser Indemnified Person" shall have the meaning ascribed thereto in Section 7.2(a).

"Registration Rights Agreement" shall have the meaning ascribed thereto in Section 5.2(d).

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Act shall include reference to the comparable section, if any, of such successor federal statute.

"Sellers" shall have the meaning ascribed thereto in the preamble.

"Sellers Indemnified Person" shall have the meaning ascribed thereto in Section 7.2(b).

"Shares" shall have the meaning ascribed thereto in the recitals.

"Step-Down Date" shall have the meaning ascribed thereto in Section 8.2(a).

"Termination Date" shall have the meaning ascribed thereto in Section 6.1(b).

"Third Party Purchaser" shall have the meaning ascribed thereto in Section 8.2(b)(iv).

"Transaction Documents" shall mean this Agreement, the Notes, the Pledge Agreement and all other contracts, agreements, schedules, certificates and other documents being delivered pursuant to or in connection with this Agreement or such other documents or the transactions contemplated hereby or thereby.

8.2. Fees and Expenses. (a) Except as provided in this Section 8.2, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such costs or expense. At the Closing, Ciba and the Sellers shall reimburse the Purchasers for their reasonable costs and expenses (including the fees and expenses of its counsel) incurred in connection with this Agreement and the transactions contemplated hereby, in an amount not to exceed $500,000. In addition, if the transactions contemplated by this Agreement are not consummated by reason of the failure of Ciba or any Seller to perform its obligations hereunder, then (i) on the Termination Date, Ciba and the Sellers shall pay to the Purchasers an amount in cash equal to the Purchasers' reasonable costs and expenses (including the fees and expenses of its counsel) incurred in connection with this Agreement and the transactions contemplated hereby in an amount not to exceed $1,000,000 in the aggregate and (ii) (A) if any Alternative Transaction is consummated on or prior to March 1, 2001 (the "Step-Down Date") or thereafter pursuant to a definitive agreement executed on or prior to the Step-Down Date, Ciba and the Sellers shall pay the Purchasers an amount in cash equal to the product of (x) the number of Shares

sold, transferred or otherwise disposed of in such Alternative Transaction, multiplied by (y) 25% of the Aggregate Consideration Per Share in excess of $11.00, or

(B) if any Alternative Transaction is consummated after the Step-Down Date and on or prior to June 1, 2001 (in a transaction to which clause (A) does not apply), or thereafter pursuant to a definitive agreement executed after the Step-Down Date and on or prior to June 1, 2001, Ciba and the Sellers shall pay the Purchasers an amount in cash equal to the product of (x) the number of shares sold, transferred or otherwise disposed of in such Alternative Transaction, multiplied by (y) 10% of the Aggregate Consideration Per Share in excess of $11.00. Any amounts payable by Ciba and the Sellers to the Purchasers pursuant to clause (ii) above shall be paid to the Purchasers no later than the first business day after the closing of each Alternative Transaction to which such clause (ii) applies; provided, however, that in no event shall any amounts be paid pursuant to clause (ii) above if any Alternative Transaction to which clause (ii) applies does not close.

(b) Notwithstanding anything to the contrary contained herein, if (i) the Hexcel Agreement is terminated by the Company by a vote of the Independent Directors pursuant to Section 6.1 thereof upon execution of a definitive agreement with respect to an Acquisition Proposal, and (ii) the transactions contemplated by such Acquisition Proposal are consummated on or prior to the date that is 21 business days following the first anniversary of the date hereof without the Closing hereunder having occurred, then Ciba and the Sellers shall pay the Purchasers no later than the first business day after the closing of such transactions, an amount in cash equal to the product of (i) the lesser of (A) the number of Shares sold, transferred or otherwise disposed of in such Acquisition Proposal and (B) the number of Shares being purchased by the Purchasers hereunder, multiplied by (ii) 100% of the Aggregate Consideration Per Share in excess of $11.00.

(c) For purposes of this Section 8.2:

(i) "Aggregate Consideration Per Share" shall mean the amount per Share payable to any Seller and/or any of its Affiliates pursuant to any Alternative Transaction or Acquisition Proposal. The amount per Share payable with respect to any Alternative Transaction or Acquisition Proposal shall be determined by dividing (A) the sum of (x) all cash amounts payable to any Seller and/or any of its Affiliates and (y) the Fair Market Value of all securities, property or other consideration payable to any Seller and/or any of its Affiliates, in each case pursuant to such Alternative Transaction or Acquisition Proposal by (B) the number of Shares sold, transferred or otherwise disposed of pursuant to such Alternative Transaction or Acquisition Proposal.

(ii) "Alternative Transaction" shall mean any sale, transfer or other

disposition of all or any portion of the Shares by any Seller and/or any of its Affiliates to a Third Party Purchaser.

(iii) "Fair Market Value" shall mean (a) with respect to securities (i) listed for trading on a national securities exchange or admitted for trading on a national market system, either (x) the closing price quoted on the principal securities exchange on which such securities are listed for trading or (y) if not so listed, the average of the closing bid and asked prices for such securities quoted on the national market system on which such securities are admitted for trading, each as published in the Eastern Edition of The Wall Street Journal, in each case for the ten (10) trading days prior to the date such securities are delivered to Ciba or the Sellers or (ii) not listed for trading on a national securities exchange or admitted for trading on a national market system, the fair market value of such securities as determined in good faith from time to time according to the mutual agreement of the Purchasers, Ciba and the Sellers; provided, however, in the event that Ciba, the Purchasers and the Sellers are unable to reach an agreement as to the fair market value of such securities, the fair market value of such securities will be determined by a neutral third party mutually agreed upon by the Purchasers, Ciba and the Sellers, with such determination by the neutral third party being binding on the Purchasers, Ciba and the Sellers and not subject to any recourse or appeal or (b) with respect to any other property, the fair market value of such property as determined in good faith from time to time according to the mutual agreement of the Purchasers, Ciba and the Sellers; provided, however, in the event that the Purchasers, Ciba and the Sellers are unable to reach an agreement as to the fair market value of such property, the fair market value of such property will be determined by a neutral third party mutually agreed upon by the Purchasers, Ciba and the Sellers, with such determination by the neutral third party being binding on the Purchasers, Ciba and the Sellers and not subject to any recourse or appeal.

(iv) "Third Party Purchaser" shall mean any Person other than Ciba, any Seller or any Affiliates of Ciba or any Seller.

8.3. Public Announcements. The Purchasers, Ciba and the Sellers shall consult with each other before issuing any press release with respect to this Agreement or the transactions contemplated hereby and neither shall issue any such press release, make any such public statement or make any filings required by Law without the prior consent of the other, which consent shall not be unreasonably withheld or delayed; provided, however, that a party may, without the prior consent of the other party, issue such press release, make such public statement or make such required filing as may upon the advice of counsel be required by Law or any exchange on which Ciba or the Sellers' securities are listed and, to the extent time permits, it has used all reasonable efforts to consult with the other party prior thereto.

8.4. Further Assurances. At any time or from time to time after the Closing, Ciba and the Sellers, on the one hand,

and the Purchasers, on the other hand, agree to cooperate with each other, and at the request of the other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the consummation of the transactions contemplated hereby or by the other Transaction Documents and to otherwise carry out the intent of the parties hereunder or thereunder.

8.5. Successors and Assigns. This Agreement shall bind and inure to the benefit of Ciba, the Sellers and the Purchasers and the respective successors, permitted assigns, heirs and personal representatives of Ciba, the Sellers and the Purchasers, provided that prior to the Closing none of Ciba or the Sellers may assign its rights or obligations under this Agreement to any Person without the prior written consent of the Purchasers, and provided further that the Purchasers may not assign their rights or obligations under this Agreement to any Person (other than an Affiliate of such Purchaser) without the prior written consent of Ciba and the Sellers. In addition, and whether or not any express assignment has been made, the provisions of this Agreement which are for the Purchasers' benefit as Purchasers or holders of the Shares are also for the benefit of, and enforceable by, any Affiliates of the Purchasers who hold such Shares and received such Shares in accordance with the terms of this Agreement.

8.6. Entire Agreement. This Agreement and the other Transaction Documents contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or understandings with respect thereto, including, without limitation, the Letter Agreement, dated September 1, 2000, between GS Capital Partners 2000, L.P. and Ciba Specialty Chemicals Holding Inc. and Ciba Specialty Chemicals Corporation, as amended prior to the date hereof.

8.7. Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by telecopy, nationally recognized overnight courier or first class registered or certified mail, return receipt requested, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by such party to the other parties:

(i) if to Ciba and the Sellers, to each of the following addresses:

Ciba Specialty Chemicals Holding Inc.
Klybeckstrasse 141

CH - 4002, Basel
Switzerland
Telecopy No.: 41-61-636-4728
Attention: Oliver Strub, Esq.

Ciba Specialty Chemicals Inc.
Klybeckstrasse 141
CH - 4002, Basel
Switzerland
Telecopy No.: 41-61-636-4728
Attention: Oliver Strub, Esq.

Ciba Specialty Chemicals Corporation
P.O. Box 2005
560 White Plains Road
Tarrytown, New York 10591
Telecopy No.: (914) 785-3622
Attention: Mr. Stanley Sherman
John J. McGraw, Esq.

with a copy to (which shall not constitute notice):

Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019-7475
Telecopy No.: (212) 859-4000
Attention: Philip A. Gelston, Esq.

(ii) if to the Purchasers, to:

c/o Goldman Sachs Capital Partners 2000, L.P.
85 Broad Street
New York, New York 10004
Telecopy No.: (212) 357-5505
Attention: Mr. Sanjeev Mehra

with a copy to:

Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004
Telecopy No.: (212) 859-8587
Attention: Robert C. Schwenkel, Esq.

All such notices, requests, consents and other communications shall be deemed to have been given or made if and when delivered personally or by overnight courier to the parties at the above addresses or sent by electronic transmission, with confirmation received, to the telecopy numbers specified above (or at such other address or telecopy number for a party as shall be specified by like notice).

8.8. Amendments. The terms and provisions of this Agreement may be modified or amended, or any of the provisions hereof waived, temporarily or permanently, in a writing executed and delivered by Ciba, the Sellers and the Purchasers. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

8.9. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

8.10. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

8.11. Nouns and Pronouns. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice versa.

8.12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

8.13. Submission to Jurisdiction. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of New York and of the United States of America, in each case located in the County of New York, for any claim, action, suit, investigation or proceeding ("Litigation") arising out of or relating to this Agreement or the other Transaction Documents and the transactions contemplated hereby and thereby (and agrees not to commence any Litigation relating hereto or thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in this Agreement shall be effective service of process

for any Litigation brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any Litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the State of New York or the United States of America, in each case located in the County of New York, hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Litigation brought in any such court has been brought in an inconvenient forum.

8.14. WAIVER OF JURY TRIAL. CIBA, THE SELLERS AND THE PURCHASERS HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTION DOCUMENTS.

8.15. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if any provision of this Agreement is held to be invalid or unenforceable in any respect, such invalidity or unenforceability shall not render invalid or unenforceable any other provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

LXH, L.L.C.

By: GS Capital Partners 2000, L.P.,
its Managing Member

By: GS Advisors 2000, LLC, its general partner

By: /s/ Katherine L. Nissenbaum

Name: Katherine L. Nissenbaum
Title: Vice President

LXH II, L.L.C.

By: GS Capital Partners 2000, L.P.,
its Managing Member

By: GS Advisors 2000, LLC, its general partner

By: /s/ Katherine L. Nissenbaum

Name: Katherine L. Nissenbaum

Title: Vice President

CIBA SPECIALTY CHEMICALS HOLDING INC.

By: /s/ Hans-Ulrich Muller

Name: Hans-Ulrich Muller
Title: General Counsel

/s/ Peter Sidler

Peter Sidler
Senior Tax and Corporate Counsel

CIBA SPECIALTY CHEMICALS INC.

By: /s/ Hans-Ulrich Muller

Name: Hans-Ulrich Muller
Title: General Counsel

/s/ Peter Sidler

Peter Sidler
Senior Tax and Corporate Counsel

CIBA SPECIALTY CHEMICALS CORPORATION

By: /s/ Stanley Sherman

Name: Stanley Sherman
Title: President and Chief Executive Officer

EXHIBIT 2

CONSENT AND TERMINATION AGREEMENT

CONSENT AND TERMINATION AGREEMENT (this "Agreement") dated as of October 11, 2000, by and between Hexcel Corporation, a corporation organized under the laws of Delaware ("Hexcel") and Ciba Specialty Chemicals Holding Inc., a corporation organized under the laws of Switzerland ("Ciba").

WITNESSETH:

WHEREAS, Ciba Specialty Chemicals Inc., a corporation organized under the laws of Switzerland and a wholly owned subsidiary of Ciba ("Ciba SCI"), and Ciba Specialty Chemicals Corporation, a corporation organized under the laws of Delaware and a wholly owned subsidiary of Ciba (together with Ciba SCI, the "Sellers") own an aggregate of 18,021,748 shares of common stock, par value $0.01 per share, of Hexcel (the "Shares");

WHEREAS, Ciba and the Sellers intend to enter into a Stock Purchase Agreement (the "Stock Purchase Agreement") with LXH, L.L.C., a Delaware limited liability company and LXH II, L.L.C., a Delaware limited liability company (collectively, the "Purchasers"), pursuant to which the Sellers shall sell to the Purchasers and the Purchasers shall purchase from the Sellers a number of Shares, which shall represent no more than 39.3% of the outstanding shares of Hexcel common stock immediately following such sale, in return for cash and secured promissory notes (the "GS Notes") in accordance with the provisions of the Stock Purchase Agreement (the "GS Sale");

WHEREAS, the Purchasers and Ciba shall enter into a Pledge Agreement (the "Pledge Agreement") in connection with the GS Sale pursuant to which, among other things, the Purchasers shall pledge to Ciba, as collateral for the GS Notes, a continuing security interest in the Shares transferred to the Purchasers in the GS Sale;

WHEREAS, on October 10, 2000 the board of directors of Hexcel approved, subject to the consummation of the GS Sale, a proposed registered underwritten public offering of shares of Hexcel common stock (the "Hexcel Offering");

WHEREAS, Hexcel and Ciba are parties to a shareholders agreement, dated as of February 29, 1996 (the "Governance Agreement"), pursuant to which, among other

things, Ciba and the Sellers are subject to certain transfer restrictions with respect to the Shares;

WHEREAS, Hexcel and Ciba are parties to a Registration Rights Agreement, dated as of February 29, 1996 (the "Registration Rights Agreement"), as amended, pursuant to which, among other things, Ciba may request that all or a portion of the Shares be included in any registered underwritten public offering of shares of Hexcel common stock;

WHEREAS, Ciba and Hexcel are parties to an Indenture, dated as of February 29, 1996 (the "Indenture"), as amended, pursuant to which, among other things, Hexcel is subject to certain restrictive covenants;

WHEREAS, Hexcel and Ciba desire to set forth certain rights and actions to be taken by the parties hereto in connection with the GS Sale and the Hexcel Offering.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I

Governance Provisions

SECTION 1.01. Waiver of Transfer Restrictions. In accordance with Section 6.09(a) of the Governance Agreement, and for the sole purpose of permitting Ciba and the Sellers to consummate the GS Sale, Hexcel hereby agrees to waive the transfer restrictions set forth in Section 4.01(a) of the Governance Agreement in connection with the GS Sale; provided, however, that such waiver shall become effective only upon (i) the closing of the GS Sale, (ii) the receipt by Hexcel of the bank consent contemplated by Section 5.2(g) of the Stock Purchase Agreement, (iii) the execution and delivery of the governance agreement in the form of Exhibit B to the Stock Purchase Agreement and (iv) the receipt by Hexcel of the resignations of all Ciba Directors (as such term is defined in the Governance Agreement) pursuant to Section 1.05 of this Agreement.

SECTION 1.02. Termination of the Governance Agreement. Upon the closing of the GS Sale, the Governance Agreement shall be terminated; provided, however, that, until such termination, notwithstanding Section 1.01 of this Agreement, the Governance Agreement shall remain unmodified.

Hexcel and Ciba agree that the Strategic Alliance Agreement dated as of September 29, 1995 shall not be terminated by this Agreement.

SECTION 1.03. Restoration of Transfer Restrictions. If after the closing

of the GS Sale and pursuant to the Pledge Agreement, the number of shares of Hexcel common stock owned by Ciba and the Sellers exceeds 10% of the aggregate number of shares of Hexcel common stock outstanding, then until such time as the number of shares of Hexcel common stock owned by Ciba and the Sellers is less than 10% of the aggregate number of shares of Hexcel common stock outstanding, Ciba shall not, and shall not permit any of its subsidiaries, directly or indirectly, to sell, transfer or otherwise dispose of any shares of Hexcel common stock, except (i) transfers solely among Ciba and its wholly owned subsidiaries, (ii) in accordance with the volume and manner-of-sale limitations of Rule 144 under the Securities Act of 1933 (the "Securities Act") (regardless of whether such limitations are applicable) and otherwise subject to compliance with the Securities Act or (iii) in a registered public offering or a non-registered offering subject to an applicable exemption from the requirements of the Securities Act, in the case of clauses (ii) and (iii), in a manner calculated to achieve a Broad Distribution. As used in this Section 1.03, "Broad Distribution" means a distribution of shares of Hexcel common stock that, to the knowledge, after due inquiry, of the party on whose behalf such distribution is being made, will not result in the acquisition by any other party of any shares of Hexcel common stock to the extent that, after giving effect to such acquisition, such acquiring party would hold in excess of 5% (or 7% if such acquiring party is an institutional investor eligible to file a statement on Schedule 13G (or any successor form) with respect to its investment in Hexcel) of the total number of votes that may be cast in the election of directors of Hexcel if all outstanding securities entitled to vote generally in such an election were present and voted at a meeting held for such purpose.

SECTION 1.04. Quorum. So long as Ciba or the Sellers beneficially own any Shares, Ciba shall and shall cause any Ciba Entity (as such term is defined in the Governance Agreement), if applicable, to be present for purposes of establishing a quorum in respect of any matter submitted to, or to be acted upon by the stockholders of Hexcel.

SECTION 1.05. Resignation of Ciba Directors. Upon the closing of the GS Sale, Ciba shall cause all Ciba Directors to immediately tender to Hexcel their resignations

from the Hexcel board of directors and any committee thereof.

SECTION 1.06. Consent to Amendment of Hexcel Bylaws. Ciba hereby consents to the amendment and restatement of the bylaws of Hexcel, effective upon the consummation of the GS Sale, substantially in the form attached as Exhibit D to the agreement dated as of the date hereof by and among Hexcel and the Purchasers (the "Hexcel Agreement").

ARTICLE II

Registration Rights

SECTION 2.01. Continuation of Registration Rights. Notwithstanding Section 2.02 of this Agreement, the Registration Rights Agreement shall remain unmodified, subject, upon consummation of the GS Sale, to the provisions of Section 2.3 of the registration rights between Hexcel and the Purchasers in the form attached as Exhibit C to the Stock Purchase Agreement.

SECTION 2.02. Participation in Certain Public Offerings. In addition to any rights under the Registration Rights Agreement, if the number of shares to be offered in the Hexcel Offering or in any other Piggyback Registration (as such term is defined in the Registration Rights Agreement) occurring prior to the first anniversary of the consummation of the GS Sale is to be reduced pursuant to Section 3(d)(ii) of the Registration Rights Agreement, then the Shares, if any, requested to be included in such offering by Ciba and the Sellers shall have first priority with respect to inclusion as compared to any other securities, including those offered by Hexcel. In any case, (i) Hexcel shall bear all costs and expenses incurred by it in connection with such registration (other than SEC and Blue Sky fees incurred in connection with the registration of the Shares) including fees and disbursements of its counsel and accountants and printing expenses and (ii) Ciba shall pay all SEC and Blue Sky filing fees incurred in connection with the registration of the Shares, including the fees and disbursements of counsel for Ciba.

ARTICLE III

Indenture Provisions

SECTION 3.01. Waiver of Change in Control

Provisions. In accordance with Article 9 of the Indenture, and for the sole purpose of permitting Ciba and the Sellers to consummate the GS Sale, Ciba hereby waives Hexcel's repurchase obligation as set forth in Section 4.08(a) of the Indenture upon the occurrence of a Change of Control (as such term is defined in the Indenture) in connection with the GS Sale.

SECTION 3.02. Amendment of the Indenture. In accordance with the Article 9 of the Indenture, the Indenture shall be amended to provide that (i) upon the consummation of the Hexcel Offering or any other registered underwritten public offering of the Hexcel common stock, in each case, occurring prior to the first anniversary of the consummation of the GS Sale, the principal of and accrued interest on all Securities (as such term is defined in the Indenture) shall be due and payable and (ii) upon the consummation of the GS Sale, all of the covenants set forth in Article 4 of the Indenture (other than Sections 4.01 and 4.10 which shall continue in full force and effect) shall be of no

further force and effect.

ARTICLE IV

Termination

SECTION 4.01. Termination. This Agreement shall terminate automatically, without any further action of the parties hereto, upon the earlier of (i) termination of the Stock Purchase Agreement, (ii) the latest of (A) November 9, 2000, if the GS Sale shall not have been consummated by such date, (B) November 27, 2000, if the GS Sale shall not have been consummated by such date and the condition set forth in Section 5.2(g)(i) of the Stock Purchase Agreement shall not have been satisfied on or prior to November 8, 2000 and (C) two business days after the satisfaction of the conditions set forth in Sections 5.1(b), 5.1(c) and 5.1(d) of the Stock Purchase Agreement (the latest of such dates, the "Drop Dead Date") and (iii) the termination of the Hexcel Agreement by a vote of the Independent Directors (as defined in the Hexcel Agreement) pursuant to Section 6.1 thereof in connection with the execution of a definitive agreement relating to an Acquisition Proposal (as defined in the Hexcel Agreement). Notwithstanding the foregoing, if this Agreement is terminated pursuant to clause (iii) of this Section 4.01, then, upon the earlier of (x) the date such Acquisition Proposal is abandoned or terminated and (y) 120 days after the execution of such definitive agreement, if the transactions contemplated by such Acquisition Proposal have not been consummated within such

120-day period, this Agreement shall be reinstated and the Drop Dead Date shall be deemed to be 21 business days after the date of such reinstatement, if the GS Sale shall not have been consummated by such date.

ARTICLE V

Miscellaneous

SECTION 5.01. Fees and Expenses. Except as provided in Section 2.02 or in this Section 5.01, all fees and expenses incurred in connection with this Agreement shall be paid by the party incurring such costs and expenses. At the closing of the GS Sale, Ciba shall reimburse Hexcel $200,000 in the aggregate for its reasonable costs and expenses incurred in connection with the transactions contemplated hereby.

SECTION 5.02. Press Releases; Public Filings. Prior to the consummation of the GS Sale, each of Hexcel and Ciba shall consult with each other before issuing any press release or making any public filing with respect to this Agreement or the transactions contemplated hereby and neither shall issue any such press release or make any such public filing without having consulted

with the other.

SECTION 5.03. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous arrangements or understandings with respect thereto.

SECTION 5.04. Notices. All notices, requests, consents and other communication hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by telecopy, nationally recognized overnight courier or first class registered or certified mail, return receipt request, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by such party to the other parties:

(i) if to Hexcel, to the following address:

Hexcel Corporation
Two Stamford Plaza
281 Tresser Boulevard
16th Floor
Stamford, Connecticut 06901-3238
Telecopy Number: (203) 358-3972
Attention: Ira J. Krakower, Esq.
Vice President, General
Counsel and Secretary

with a copy to each of the following
(which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom
LLP
Four Times Square
New York, New York 10036
Telecopy Number: (212) 735-2000
Attention: Joseph A. Coco, Esq.
Paul, Weiss, Rifkind, Wharton &
Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy Number: (212) 757-3990
Attention: Judith R. Thoyer, Esq.

(ii) if to Ciba, to the following address:

Ciba Specialty Chemicals Holding Inc.

Klybeckstrasse 141
CH - 4002, Basel
Switzerland
Telecopy No.: 41-61-636-4728
Attention: Oliver Strub, Esq.

with a copy to (which shall not
constitute notice):

Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019-7475
Telecopy No.: (212) 474-3700
Attention: Philip A. Gelston, Esq.

All such notices, requests, consents and other communications shall be deemed to have been given or made if and when delivered personally or by overnight courier to the

parties at the above addresses or sent by electronic transmission, with confirmation received, to the telecopy numbers specified above (or at such other address or telecopy number for a party as shall be specified by like notice).

SECTION 5.05. Amendments. No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed, in the case of an amendment, by the parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective.

SECTION 5.06. Counterparts. This Agreement may be executed in any number of counterparts, and such counterparts hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

SECTION 5.07. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

SECTION 5.08. Submission to Jurisdiction. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of New York and of the United States of America, in each case located in the County of New York, for any claim, action, suit, investigation or proceeding ("Litigation") arising out of or relating to this Agreement and the transactions contemplated hereby (and

agrees not to commence any Litigation relating hereto or thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in this Agreement shall be effective service of process for any Litigation brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any Litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the State of New York or the United States of America, in each case located in the County of New York, hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Litigation brought in any such court has been brought in an inconvenient forum.

SECTION 5.09. Waiver of Jury Trial. Each of the parties hereto hereby waives any right it may have to a

trial by jury in respect of any action, proceeding or litigation directly or indirectly arising out of, under or in connection with this Agreement.

SECTION 5.10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if any provision of this Agreement is held to be invalid or unenforceable in any respect, such invalidity or unenforceability shall not render invalid or unenforceable any other provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

HEXCEL CORPORATION

By: /s/ John J. Lee

Name: John J. Lee
Title: Chief Executive Officer

CIBA SPECIALTY CHEMICALS
HOLDING INC.

By: /s/ Hans-Ulrich Muller

/s/ Peter Sidler

Name:	Hans-Ulrich Muller	Peter Sidler
Title:	General Counsel	Senior Tax and Corporate Counsel

EXHIBIT 3

AGREEMENT

dated as of

October 11, 2000

by and among

Hexcel Corporation,

LXH, L.L.C.

and

LXH II, L.L.C.

AGREEMENT

AGREEMENT (this "Agreement"), dated as of October 11, 2000, by and among Hexcel Corporation, a Delaware corporation (the "Company"), LXH, L.L.C., a Delaware limited liability company ("LXH") and LXH II, L.L.C., a Delaware limited liability company (together with LXH, the "Investors").

W I T N E S S E T H :

WHEREAS, Ciba Specialty Chemicals Holding Inc., a corporation organized under the laws of Switzerland ("Ciba SCH"), Ciba Specialty Chemicals Inc., a corporation organized under the laws of Switzerland and wholly-owned subsidiary of Ciba SCH ("Ciba SCI") and Ciba Specialty Chemicals Corporation, a corporation organized under the laws of Delaware and wholly-owned subsidiary of Ciba SCH (collectively with Ciba SCH and Ciba SCI, "Ciba"), own beneficially and of record an aggregate of 18,021,748 shares of common stock, par value $0.01 per share (the "Common Stock"), of the Company;

WHEREAS, simultaneously herewith, the Investors and Ciba are entering into a stock purchase agreement attached as Exhibit A hereto (the "Stock Purchase Agreement"), pursuant to which Ciba has agreed to sell to the Investors and the Investors have agreed to purchase from Ciba up to a number of shares of Common Stock owned beneficially and of record by Ciba (the "Shares") constituting not more than 39.3% of the issued and outstanding shares of Common Stock;

WHEREAS, certain independent directors of the board of directors of the Company (the "Board") have approved and consented to the sale of the Shares by Ciba to the Investors on the terms set forth in the Stock Purchase Agreement;

WHEREAS, in connection with the transactions contemplated by the Stock Purchase Agreement, the Company and the Investors will enter into (i) a governance agreement in the form of Exhibit B hereto (the "Governance Agreement") and (ii) a registration rights agreement in the form of Exhibit C hereto (the "Registration Rights Agreement"); and

WHEREAS, in connection with the execution by the Investors of the Stock Purchase Agreement, the Notes (as defined in the Stock Purchase Agreement), the Pledge Agreements (as defined in the Stock Purchase Agreement) and all other contracts, agreements, schedules, certificates and other documents being delivered pursuant to or in connection with the Stock Purchase Agreement or such other documents or the transactions contemplated thereby (the "Stock Purchase Transaction Documents"), and in order to induce the Investors and their Affiliates to execute and deliver the Governance Agreement and the

Registration Rights Agreement, the Company is hereby making certain representations and warranties and entering into certain agreements.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I

PURPOSE OF AGREEMENTS

1.1. Purpose. The Company acknowledges and agrees that it is executing and delivering this Agreement (i) in connection with the execution and delivery by the Investors of the Stock Purchase Transaction Documents and the consummation of the transactions contemplated thereby, and (ii) to induce the Investors and their Affiliates to execute and deliver the Governance Agreement and the Registration Rights Agreement and to consummate the transactions contemplated thereby.

1.2. Closing. The closing of the transactions contemplated hereby shall take place at the offices of Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004 simultaneously with the Closing under the Stock Purchase Transaction Documents, or at such other place, time and/or date as shall be mutually agreed by the Company and the Investors.

1.3. Capitalized Terms. Capitalized terms not otherwise defined herein

shall have the meanings ascribed to such terms in Section 8.1.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Investors, as of the date hereof and as of the Closing, as follows:

2.1. Organization; Subsidiaries. (a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to carry on its business as it is now being conducted. The Company is duly qualified and licensed as a foreign corporation to do business, and is in good standing (and has paid all relevant franchise or analogous taxes), in each jurisdiction where the character of its assets owned or held under lease or the nature of its business makes such qualification necessary, except where the failure to

so qualify or be licensed would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. A correct and complete copy of the bylaws of the Company as shall be in effect as of the Closing is attached hereto as Exhibit D (the "By-Laws").

(b) Each Significant Subsidiary is a corporation, limited liability company, limited partnership or other business entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the power and authority to carry on its business as it is now being conducted except where the failure to be in good standing or to have such power and authority would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 2.1(b), (i) the Company owns, either directly or indirectly through one or more Subsidiaries, all of the capital stock or other equity interests of the Significant Subsidiaries free and clear of all liens, charges, claims, security interests, restrictions, options, proxies, voting trusts or other encumbrances ("Encumbrances") and (ii) there are no outstanding subscription rights, options, warrants, convertible or exchangeable securities or other rights of any character whatsoever relating to issued or unissued capital stock or other equity interests of any Significant Subsidiary, or any contract, agreement or other commitment of any character whatsoever relating to issued or unissued capital stock or other equity interests of any Significant Subsidiary or pursuant to which any Significant Subsidiary is or may become bound to issue or grant additional shares of its capital stock or other equity interests or related subscription rights, options, warrants, convertible or exchangeable securities or other

rights, or to grant preemptive rights. Except for the Subsidiaries and except as set forth on Schedule 2.1(b), the Company does not own, directly or indirectly, any interest in any corporation, limited liability company, partnership, business association or other Person.

2.2. Due Authorization. The Company has all right, corporate power and authority to enter into this Agreement, the Ciba Documents, the Governance Agreement and the Registration Rights Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Company of this Agreement, the Ciba Documents, the Governance Agreement and the Registration Rights Agreement, and the compliance by the Company with each of the provisions of this Agreement, the Ciba Documents, the Governance Agreement and the Registration Rights Agreement (a) are within the corporate power and authority of the Company, and (b) have been duly authorized by all necessary corporate action of the Company. This Agreement and the Consent and Termination Agreement have been, and each of the Governance Agreement, the Registration Rights Agreement and the Supplemental Indenture when executed and delivered by the Company will be, duly and validly executed and delivered by the Company, and each of this Agreement and each Ciba Document constitutes, and each of such other agreements when executed and delivered by the Company will constitute, a valid and binding agreement of the Company enforceable against the Company in

accordance with its terms except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity. The By-Laws have been duly adopted by the Board and will be effective upon the Closing.

2.3. Capitalization. As of the date hereof, the authorized capital stock of the Company consists of (i) 100,000,000 shares of Common Stock, of which as of October 6, 2000, 36,950,954 shares were issued and outstanding excluding 859,497 shares of Common Stock held in the Company's treasury as of such date and (ii) 20,000,000 shares of Preferred Stock, no par value per share, of which no shares are issued and outstanding. All of the issued and outstanding shares of Common Stock, including the Shares, have been duly authorized and are validly issued, fully paid and nonassessable and not subject to the preemptive or other similar rights of the stockholders of the Company other than such rights held by Ciba. As of the date hereof, there is outstanding (i) $114,435,000 in aggregate principal amount of the Company's 7.0% Convertible Subordinated Notes, due 2003, which notes are convertible into 7,238,140 shares of Common Stock and (ii) $25,625,000 in aggregate principal amount of the Company's 7.0% Convertible Subordinated Debentures, due 2011, which notes are convertible into 834,147 shares of Common Stock. Except as described in the SEC Reports (as defined below) and other than pursuant to stock incentive plans approved by the Board, there are no outstanding subscription rights, options, warrants, convertible or exchangeable securities or other rights of

any character whatsoever relating to issued or unissued capital stock of the Company, or any contract or agreement of any character whatsoever relating to issued or unissued capital stock of the Company or pursuant to which the Company is or may become bound to issue or grant additional shares of its capital stock or related subscription rights, options, warrants, convertible or exchangeable securities or other rights, or to grant preemptive rights. Except as set forth on Schedule 2.3, and other than with respect to Ciba, (i) the Company has not agreed to register any securities under the Securities Act or under any state securities law or granted registration rights to any Person or entity and (ii) there are no voting trusts, stockholders agreements, proxies or other contracts or agreements or understandings in effect to which the Company is a party or of which it has Knowledge with respect to the voting or transfer of any of the outstanding shares of Common Stock.

2.4. SEC Reports. The Company has timely filed all proxy statements, reports and other documents required to be filed by it under the Exchange Act since January 1, 1997 and made available to the Investors complete copies of all annual reports, proxy statements and other reports filed by the Company under the Exchange Act, each as filed with the SEC (collectively, the "SEC Reports"). Each SEC Report was, on the date of its filing, in compliance in all material respects with the requirements of its respective report form and the Exchange Act and did not, on the date of its filing, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or

necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2.5. Financial Statements. The consolidated financial statements of the Company (including any related schedules and/or notes) included in the SEC Reports have been prepared in accordance with United States generally accepted accounting principles ("GAAP") consistently followed throughout the periods involved (except as may be indicated in the notes thereto) and fairly present in accordance with GAAP the consolidated financial condition, results of operations, stockholders' equity, comprehensive income and cash flows of the Company and the Subsidiaries as of the respective dates thereof and for the respective periods then ended (except as may be indicated in the notes thereto and except, in the case of interim statements, for the absence of footnotes and as permitted by Form 10-Q and subject to changes resulting from year-end adjustments, none of which are material in amount or effect). Except as disclosed in the SEC Reports, neither the Company nor any Subsidiary has any liability or obligation (whether accrued, absolute, contingent, unliquidated or otherwise, whether known or unknown, whether due or to become due and regardless of when asserted), except (i) liabilities and obligations reflected or disclosed in the audited consolidated balance sheet of the Company and the Subsidiaries as of December 31, 1999 or the unaudited balance sheet as of June 30, 2000 and the footnotes thereto, (ii) liabilities and obligations incurred

in the ordinary course of business since June 30, 2000 or (iii) liabilities and obligations which would not, individually or in the aggregate, reasonably be expected to have or result in a Material Adverse Effect.

2.6. Consents, No Violations. Except with respect to the Governance Agreement, dated February 29, 1996, between the Company and Ciba (the "Existing Governance Agreement"), the Credit Agreement, the Indenture, dated February 29, 1996, between the Company and First Trust of California, National Association, as amended through the date hereof (the "Ciba Indenture") and the Company's or any of its Subsidiary's employee or director benefit plans, arrangements or agreements, the execution, delivery or performance (i) by the Company of this Agreement, the Ciba Documents, the Governance Agreement and the Registration Rights Agreement and the consummation of the transactions contemplated hereby and thereby, and (ii) by Ciba and the Investors of the Stock Purchase Agreement and the consummation of the transactions contemplated thereby, do not and will not (a) conflict with, or result in a breach or a violation of, any provision of the certificate of incorporation or by-laws or other organizational documents of the Company or any of the Subsidiaries, (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, or give rise to any right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, under (A) any Law or (B) any provision of any agreement or other instrument to which the Company or any of the Subsidiaries is a party or pursuant to which any of them or any of their assets or

properties is subject, except where such breach, violation or default, creation of an Encumbrance, or right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (c) except for any required filing under the HSR Act, the German Act Against Restraints of Competition and any other foreign governmental and regulatory filings, notices and approvals required to be made or obtained as contemplated by Section 5.1(f), and filings, consents, approvals or authorizations of, notifications to, or exemptions or waivers by any Governmental Entity or any other Person which are not, individually or in the aggregate material to the consummation of the transactions contemplated hereby or thereby, require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of the Company or any of its Subsidiaries.

2.7. Compliance with Laws. Except as disclosed in the SEC Reports, the Company and its Subsidiaries are, and since January 1, 1993, have been, in compliance in all material respects with all Laws and the Company and its Subsidiaries possess all material licenses, franchise permits, consents, registrations, certificates, and other governmental or regulatory permits,

authorizations or approvals required for the operation of the business as presently conducted and for the ownership, lease or operation of the Company's and its Subsidiaries' properties (collectively, "Licenses"), except where such noncompliance or failure to possess would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. All of such Licenses are valid and in full force and effect, and the Company and its Subsidiaries have duly performed and are in compliance in all material respects with all of their obligations under such Licenses except where such suspension or cancellation of such Licenses or the noncompliance with such Licenses would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

2.8. Absence of Certain Changes. Except as disclosed in the SEC Reports, since June 30, 2000 neither the Company nor any of the Subsidiaries has suffered any change, event or development or series of changes, events or developments which individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect.

2.9. Litigation. (a) Except as set forth on Schedule 2.9(a) or as disclosed in the SEC Reports, there is no claim, action, suit, investigation or proceeding ("Litigation") pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries or involving any of their respective properties or assets by or before any court, arbitrator or other Governmental Entity which (i) in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement or (ii) if resolved adversely to the Company or a

Subsidiary would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as disclosed in the SEC Reports, neither the Company nor any of its Subsidiaries is in default under or in breach of any order, judgment or decree of any court, arbitrator or other Governmental Entity, except for defaults or breaches, which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

2.10. Employee Matters; ERISA. (a) All (i) "employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") other than any "multiemployer plan" as defined in Section 3(37)(A) of ERISA, maintained or contributed to by the Company or any of its Subsidiaries and (ii) other plans, agreements or arrangements relating to compensation or employee benefits pursuant to which the Company or any of its Subsidiaries may have any material liability (collectively, the "Plans"), are in compliance with all applicable provisions of ERISA and the Code, and the Company and its Subsidiaries do not have any liabilities or obligations (other than liabilities and obligations for benefits payable in the ordinary course) with respect to any Plan, whether or not accrued, contingent or

otherwise, except (a) as described in any of the SEC Reports or previously disclosed in writing to the Investors and (b) for instances of noncompliance or liabilities or obligations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as any of the following either individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, (x) neither the Company nor any trade or business, whether or not incorporated (an "ERISA Affiliate"), which together with the Company would be deemed a "single employer" within the meaning of Section 414 of the Code or Section 4001(b) of ERISA, has incurred any unsatisfied liability under Title IV of ERISA and no conditions exists that could reasonably be expected to present a risk to the Company or any ERISA Affiliate of incurring any such liability (other than liability for premiums to the Pension Benefit Guaranty Corporation arising in the ordinary course), and (y) no "employee benefit plan," maintained or contributed to by the Company or any ERISA Affiliate, other than a "multiemployer plan" as defined in Section 3(37)(A) of ERISA, has incurred an "accumulated funding deficiency" (within the meaning of Section 302 of ERISA or Section 412 of the Code) whether or not waived. As to any "multiemployer plan" maintained or contributed to by the Company or any of its Subsidiaries or ERISA Affiliate of the Company, neither the Company nor any ERISA Affiliate has any knowledge (a) that such plan is not in substantial compliance with the applicable provisions of ERISA and the Code; or (b) that such plan has incurred an "accumulated funding deficiency" (within the meaning of Section 302 of ERISA or Section 412 of the Code) whether or not waived.

(b) Each Plan which is intended to be qualified under Section 401(a) of the Code is the subject of a favorable determination letter from the IRS, and, to the Company's Knowledge, nothing has occurred which may reasonably be expected to result in the revocation of such determination.

(c) Except as set forth on Schedule 2.10(c), the execution and delivery of, and performance of the transactions contemplated in, this Agreement will not (either alone or upon the occurrence of any additional or subsequent events) (i) constitute an event under any Plan (or related trust), trust or loan that will or may result in any material payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any current or former employee or director of the Company or any subsidiary of the Company, or (ii) result in the triggering or imposition of any material restrictions or limitations on the right of the Company or any Subsidiary to amend or terminate any Plan.

2.11 Existing Governance Agreement; Section 203 of the DGCL; Takeover Statute. The Independent Directors (as defined in the Existing Governance Agreement) have taken all actions necessary or advisable under the Existing Governance Agreement to approve and consent to the transactions contemplated

hereby (including the purchase of the Shares by the Investors) and by the Ciba Documents. The Board has taken all actions necessary or advisable so that the restrictions contained in Section 203 of the DGCL applicable to a "business combination" (as defined in such Section) will not apply to the execution by the Investors of the Stock Purchase Agreement or the consummation of any of the transactions contemplated by the Stock Purchase Agreement. The execution, delivery and performance of the Stock Purchase Agreement will not cause to be applicable to the Company any "fair price," "moratorium," "control share acquisition" or other similar antitakeover statute or regulation enacted under state or federal laws.

2.12 Real Property Holding Corporation. The Company is not, and has not been at any time during the past 5 years, a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Internal Revenue Code of 1986, as amended.

2.13 Negotiations with Third Parties. Except in connection with the transactions contemplated by the Stock Purchase Transaction Documents, the Company is not currently, and since September 24, 2000 has not been, directly or indirectly, negotiating, seeking to negotiate or otherwise engaging in discussions with any Person relating to (a) an acquisition of greater than 20% of the Common Stock (including the Shares), (b) a tender or exchange offer, (c) a merger, consolidation or other business combination involving the Company or any of its Subsidiaries, or (d) an offer to acquire

in any manner a greater than 20% equity interest in the Company, or more than 20% of the assets of the Company and its Subsidiaries taken as a whole.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor hereby represents and warrants to the Company, severally and not jointly, as of the date hereof and as of the Closing, as follows:

3.1. Organization. Such Investor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to carry on its business as it is now being conducted.

3.2. Due Authorization. Such Investor has all right, power and authority to enter into this Agreement, the Governance Agreement, the Stock Purchase Transaction Documents to which it is a party and the Registration Rights Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery by such Investor of this Agreement, the Governance

Agreement, the Stock Purchase Transaction Documents to which it is a party and the Registration Rights Agreement, and the compliance by such Investor with each of the provisions of this Agreement and each of the Governance Agreement, the Stock Purchase Transaction Documents to which it is a party and the Registration Rights Agreement (a) are within the power and authority of such Investor and (b) have been duly authorized by all necessary action on the part of such Investor. This Agreement has been, and each of such other agreements when executed and delivered by such Investor will be, duly and validly executed and delivered by such Investor, and this Agreement constitutes, and each of such other agreements when executed and delivered by such Investor will constitute, a valid and binding agreement of such Investor enforceable against such Investor in accordance with its respective terms except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity.

3.3. Consents, No Violations. Neither the execution, delivery or performance by such Investor of this Agreement, the Stock Purchase Agreement, the Governance Agreement or the Registration Rights Agreement nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with, or result in a breach or a violation of, any provision of the organizational documents of such Investor, (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, or give rise to any right of termination, modification,

cancellation, prepayment, suspension, limitation, revocation or acceleration, under (i) any Law, or (ii) any provision of any agreement or other instrument to which such Investor is a party or pursuant to which such Investor or its assets or properties is subject, or (c) except for any required filing under the HSR Act, the German Act Against Restraints of Competition, and any other foreign governmental and regulatory filings, notices and approvals required to be made or obtained as contemplated by Section 5.1(f) hereof, and filings, consents, approvals or authorizations of, notifications to, or exemptions or waivers by any Governmental Entity or any other Persons which are not, individually or in the aggregate, material to the consummation of the transactions contemplated hereby or thereby, require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of such Investor.

3.4. Ownership of Capital Stock. Neither Investor nor any of their respective subsidiaries, directors, officers or members beneficially owns, directly or indirectly, any capital stock of the Company or is party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any capital stock of the Company or any security convertible into capital stock of the Company, other than as contemplated by this Agreement.

ARTICLE IV

COVENANTS

4.1. Conduct of Business by the Company Pending the Closing. The Company covenants and agrees that, during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing, unless the Investors otherwise agree in writing, the Company shall, and shall cause each of its Significant Subsidiaries to, (i) conduct its business only in the ordinary course and consistent with past practice; (ii) use reasonable best efforts to preserve and maintain its assets and properties and its relationships with its customers, suppliers, advertisers, distributors, agents, officers and employees and other Persons with which it has significant business relationships; (iii) use reasonable best efforts to maintain all of the material assets it owns or uses in the ordinary course of business consistent with past practice; (iv) use reasonable best efforts to preserve the goodwill and ongoing operations of its business; (v) maintain its books and records in the usual, regular and ordinary manner, on a basis consistent with past practice; and (vi) comply in all material respects with applicable Laws; provided, however, that during such period the Company and its Significant Subsidiaries shall be permitted to take all actions as set forth in Section 2.06 of the Governance Agreement which would not require the approval of a majority of the directors appointed by the Investors to the Board; provided, however, that the Company

shall not issue any shares of Common Stock unless the Investors consent in writing to the offering price for such shares of Common Stock. Except as expressly contemplated by this Agreement or as set forth on Schedule 4.1, between the date of this Agreement and the Closing, the Company shall not, and shall cause each of its Significant Subsidiaries not to, do any of the following without the prior written consent of the Investors, which consent shall not be unreasonably withheld or delayed:

(a) amend the Company's certificate of incorporation or bylaws or other organizational documents except pursuant to Section 4.2 of this Agreement;

(b) take any action that is reasonably likely to result in (i) any of the representations and warranties set forth in Article II becoming false or inaccurate in any material respect as of the Closing Date or (ii) any of the conditions to the obligations of the Investors set forth in Section 5.2 not being satisfied; or

(c) agree to take any of the actions restricted by this Section 4.1.

4.2. Amendment of By-Laws of the Company. Simultaneously with the

Closing, the By-Laws shall be in full force and effect and following the Closing, the Company shall use its reasonable best efforts to ensure that the By-Laws will not be inconsistent, at any time, with any of the terms and provisions contained in the Governance Agreement.

4.3. HSR Act; Other Filings. Each of the Investors and the Company shall cooperate in making required filings under the HSR Act, the German Act Against Restraints of Competition and any other foreign governmental and regulatory filings, notices and approvals required to be made or obtained as contemplated by Section 5.1(f) hereof, and shall use its commercially reasonable efforts to take, or cause to be taken, all actions necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement.

4.4. Consents; Approvals. Except as set forth in Schedule 4.4, the Company shall use its commercially reasonable efforts to obtain, as promptly as practicable, all consents, waivers, exemptions, approvals, authorizations or orders (collectively, "Consents") (including, without limitation (i) all Consents required to avoid any breach, violation, default, encumbrance or right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration of any material agreement or instrument to which the Company is a party or its properties or assets are bound, (ii) all Consents pursuant to the Company's or any of the Subsidiaries' financing documents, including all indentures and credit agreements of the Company or any of the Subsidiaries and the Consent of the Majority Lenders under the Credit Agreement, and (iii) all United States and foreign governmental and regulatory rulings

and approvals), required in connection with the consummation of the transactions contemplated by the Stock Purchase Agreement, the Governance Agreement and the Registration Rights Agreement, in each case as promptly as practicable, except where the failure to obtain such Consents would not, individually or in the aggregate, have a Material Adverse Effect.

4.5. Listing. The Company shall use its commercially reasonable efforts to continue to have its Common Stock listed on the New York Stock Exchange or a national securities exchange for so long as the Investors own any Shares.

4.6. No Solicitation. The Company agrees that, from the date hereof until the earlier of (x) the Closing and (y) termination of this Agreement, (i) it shall not, and it shall cause its agents, affiliates, representatives, and any other person acting on its behalf, not to, directly or indirectly, (a) provide any information concerning the Company or Ciba to any third party (other than the Investors and their Affiliates, representatives and agents) expressing an interest in acquiring all or a portion of the Shares or (b) solicit, negotiate with respect to, facilitate, or approve any sale or offer

for the purchase of all or any portion of the Shares, or options or warrants to purchase all or any portion of the Shares or any securities convertible into or exchangeable for all or any portion of the Shares, and it shall terminate any existing activities or discussions with any party other than the Investors with respect to the foregoing and (ii) it shall promptly advise the Investors of any inquiry, request or proposal relating thereto that may be received, including the terms of such inquiry, request or proposal and the identity of the inquirer, requestor or offeror; provided, that the Company may (I) at any time prior to the Closing Date, if the Company is not otherwise in violation of this Section 4.6, provide information to, and negotiate or otherwise engage in discussions with, any party who delivers a written proposal relating to (a) an acquisition of all or a portion of the Common Stock (including the Shares), (b) a tender or exchange offer, (c) a merger, consolidation or other business combination involving the Company or any of its Subsidiaries, or (d) an offer to acquire in any manner a greater than 20% equity interest in, or more than 20% of the assets of, the Company or any of its Subsidiaries, if and so long as the Board determines in good faith by a majority vote, based upon advice of its outside legal counsel, that failing to take such action would reasonably be expected to constitute a breach of the fiduciary duties of the Board; and (II) take a position with respect to such proposal, or amend or withdraw such position, as required by Rule 14d-9 or Rule 14e-2 promulgated under the Exchange Act.

4.7. Cooperation . Subject to Section 4.6, each of the Investors and the Company agrees to use its commercially reasonable efforts to take, or cause to be taken, all such further actions as shall be necessary to make effective and consummate the transactions contemplated by this Agreement.

4.8. Capitalization Certificate. After the close of business on the business day immediately prior to the Closing, the Company shall deliver to the Investors and Ciba a certificate executed by the Company's Chief Financial Officer which certificate shall specify the number of shares of Common Stock issued and outstanding as of the close of business on such date.

4.9. Execution and Delivery of Agreements by the Company. Subject to Section 4.6, prior to or simultaneously with the Closing, the Company shall execute and deliver (i) the Governance Agreement and the Registration Rights Agreement (in each case upon satisfaction or waiver of the conditions set forth in Sections 5.1 and 5.3 hereto) and (ii) the Supplemental Indenture.

4.10. Execution and Delivery of Agreements by the Investors. Prior to or simultaneously with the Closing, upon satisfaction or waiver of the conditions set forth in Sections 5.1 and 5.2, the Investors shall execute and deliver the Governance Agreement and the Registration Rights Agreement.

ARTICLE V

CONDITIONS

5.1. Conditions to Obligations of the Investors and the Company. The respective obligations of the Investors and the Company to execute and deliver the Governance Agreement and the Registration Rights Agreement are subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) No statute, rule or regulation or order of any court or administrative agency shall be in effect which prohibits the consummation of the transactions contemplated hereby;

(b) The transactions contemplated by the Stock Purchase Transaction Documents shall have been consummated simultaneously with the closing hereunder;

(c) The Company shall have received the Consent of the Majority Lenders under the Credit Agreement, which Consent shall be reasonably acceptable to the Investors and the Company;

(d) Any waiting period (and any extension thereof) under the HSR Act applicable to this Agreement and the transactions contemplated hereby shall have expired or been terminated;

(e) The German Federal Cartel Office shall have approved the transactions contemplated hereby; and

(f) The Company and/or the Investors shall have made any other material foreign governmental and regulatory filings, given all material notices and obtained any material approvals that the Company and the Investors reasonably agree are required in connection with the consummation of the transactions contemplated by the Stock Purchase Agreement, this Agreement, the Governance Agreement, the Registration Rights Agreement and the Ciba Documents.

5.2. Conditions to Obligations of the Investors . The obligations of the Investors to execute and deliver the Governance Agreement and the Registration Rights Agreement shall be subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) Each of the representations and warranties of the Company contained in this Agreement shall be true and correct when made and as of the Closing (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date);

(b) The Company shall have performed, satisfied and complied in all material respects with all of their covenants and agreements set forth in this Agreement to be performed, satisfied and complied with prior to or at the Closing;

(c) The Company shall have delivered to the Investors an officer's certificate certifying as to the Company's compliance with the conditions set forth in clause (a) of Section 5.1 and clauses (a) and (b) of this Section 5.2;

(d) The Investors shall have received a reasonably acceptable opinion from Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Company, addressing the due authorization and enforceability of this Agreement with respect to the Company and the representations and warranties made by the Company in Section 2.6 of this Agreement;

(e) The Ciba Documents shall be in full force and effect;

(f) The agreements, each dated as of the date hereof, from the Company's employees set forth on Exhibit F to the Stock Purchase Agreement shall be in full force and effect as of the Closing; and

(g) Mr. John J. Lee's employment agreement attached hereto as Exhibit E and all other agreements contemplated thereby shall be in full force and effect as of the Closing;

5.3. Conditions to Obligations of the Company . The obligations of the Company to execute and deliver the Governance Agreement and the Registration Rights Agreement shall be subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) Each of the representations and warranties of the Investors contained in this Agreement shall be true and correct when made and as of the Closing (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date);

(b) The Investors shall have performed, satisfied and complied in all material respects with all of its covenants and agreements set forth in this Agreement to be performed, satisfied and complied with prior to or at the Closing Date;

(c) The Investors shall have delivered to the Company an officer's certificate certifying as to the Investors' compliance with the conditions set forth in clause (a) of Section 5.1 and clauses (a) and (b) of this Section

5.3;

(d) The trustee under the Indenture shall have executed and delivered the Supplemental Indenture; and

(e) The Company shall have received a reasonably acceptable opinion from Fried, Frank, Harris, Shriver & Jacobson, counsel to the Investors, addressing the due authorization and enforceability of this Agreement with respect to the Investors and the representations and warranties made by the Investors in Section 3.3 of this Agreement.

ARTICLE VI

TERMINATION

6.1. Termination. This Agreement shall terminate automatically, without any further action required by the parties hereto, upon the earlier of (i) the termination of the Stock Purchase Agreement, or (ii) the latest of (A) November 9, 2000, if the Closing shall not have occurred by such date, (B) November 27, 2000, if the Closing shall not have occurred by such date and if the condition set forth in Section 5.1(c) shall not have been satisfied on or prior to November 27, 2000, (C) two business days after the

satisfaction of the conditions set forth in Sections 5.1(d), 5.1(e) and 5.1(f) hereof (the earlier of such dates referred to in (i) and (ii) above, the "Termination Date"); provided, however, that if the Company receives an Acquisition Proposal with respect to which the Board has made a determination pursuant to Section 4.6 hereof, and the Company executes a definitive agreement with respect to such Acquisition Proposal prior to the Termination Date, the Company, by a vote of a majority of the Independent Directors, can elect to terminate this Agreement prior to the Termination Date by delivering written notice of such termination to the Investors. Notwithstanding the foregoing, if the Company terminates this Agreement upon execution of a definitive agreement with respect to an Acquisition Proposal, then upon the earlier of (x) the date such Acquisition Proposal is abandoned or terminated and (y) 120 days after execution of such definitive agreement, if the transactions contemplated by such Acquisition Proposal are not consummated within such 120 day period, this Agreement shall be automatically reinstated and the "Termination Date" shall be deemed to be the earlier of (i) the termination of the Stock Purchase Agreement, or (ii) 21 business days after the date of such reinstatement if the Closing shall not have occurred by such date.

6.2. Effect of Termination. In the event of the termination of this Agreement pursuant to Section 6.1, this Agreement shall forthwith become void

and there shall be no liability on the part of any party hereto (or any stockholder, director, officer, partner, employee, agent, consultant or representative of such party) except as set forth in this Section 6.2, provided that nothing contained in this Agreement shall relieve any party from liability for any breach of the representations and warranties set forth in Articles II and III of this Agreement (subject to Section 7.4) or of the covenants set forth in Article IV of this Agreement and provided further that this Section 6.2 and Sections 7.1, 7.2, 7.3, 7.4, 8.2, 8.3, 8.7, 8.12, 8.13 and 8.14 shall survive termination of this Agreement.

ARTICLE VII

INDEMNIFICATION

7.1. Survival. The representations and warranties of the parties hereto contained in this Agreement shall expire twelve months after the Closing Date, except that the representations and warranties set forth in Sections 2.1(a), 2.2 and 2.3 shall survive until the expiration of the applicable statute of limitations (including any extensions thereof). After the expiration of such periods, any claim by a party hereto based upon any such representation or warranty shall be of no further force and effect, except to the extent a party has asserted a claim in accordance with this Article VII for breach of any such representation or warranty prior to the expiration of such period, in which event any representation or warranty to which such claim relates shall survive with respect to such claim until such claim is resolved as provided in this Article VII. The

covenants and agreements of the parties hereto contained in this Agreement shall survive the Closing until performed in accordance with their terms.

7.2. Indemnification. (a) The Company shall indemnify, defend and hold harmless the Investors, their Affiliates, and their respective officers, directors, partners, members, employees, agents, representatives, successors and assigns (each an "Investor Indemnified Person") from and against all Losses incurred or suffered by an Investor Indemnified Person arising from (i) the breach of any of the representations or warranties made by the Company in this Agreement or (ii) the breach of any covenant or agreement made by the Company in this Agreement.

(b) The Investors shall indemnify, defend and hold harmless the Company, its Affiliates, and their respective officers, directors, partners, members, employees, agents, representatives, successors and assigns (each a "Company Indemnified Person") from and against all Losses incurred or suffered by a Company Indemnified Person arising from (i) the breach of any of the

representations or warranties made by the Investors in this Agreement or (ii) the breach of any covenant or agreement made by the Investors in this Agreement.

(c) No claim may be made against the Company for indemnification with respect to breaches of representations and warranties pursuant to Section 7.2(a)(i) above with respect to any Losses unless the aggregate amount of Losses incurred by the Investor Indemnified Persons thereunder exceeds $1,597,750, and the Company shall then only be liable for one-third of such Losses that exceed $1,597,750. The maximum amount recoverable under Section 7.2(a)(i) shall be $10,000,000. No claim may be made against the Investors for indemnification with respect to breaches of representations and warranties pursuant to Section 7.2(b)(i) above with respect to any Losses unless the aggregate amount of Losses incurred by the Company Indemnified Persons thereunder exceeds $1,597,750, and the Investors shall then only be liable for one-third of such Losses that exceed $1,597,750. The maximum amount recoverable under Section 7.2(b)(i) shall be $10,000,000.

(d) No Investor Indemnified Person may pursue a claim for indemnification under Section 7.2(a)(i) after the first anniversary of the Closing Date unless prior to such anniversary such Investor Indemnified Person submits a good faith, reasonably detailed claim in writing that such Investor Indemnified Person reasonably believes is based on factual contentions that have evidentiary support and that such Investor Indemnified Person has incurred or will incur a Loss, which in the case of claims related to Sections 2.5 and 2.7 of this Agreement may be based upon facts that such Investor Indemnified Person had knowledge of at or prior to the Closing Date only if such claim also relies upon a materially adverse occurrence or development that occurs after the Closing Date. In no case shall any payment be made (A) in the case of an

indemnification claim under Section 7.2(a)(i) or 7.2(a)(ii) until a Loss occurs or (B) in the case of an indemnification claim under Section 7.2(a)(i) for any Loss incurred after the date that is 30 months after the Closing Date. No Person shall have any liability to any Investor Indemnified Person under Section 7.2(a)(i) for any breach of a representation or warranty to the extent that a claim for indemnification is based upon facts of which any Investor Indemnified Person had knowledge on or prior to the Closing Date, unless such claim also relies upon a materially adverse occurrence or development that occurs after the Closing Date. For purposes of this Section 7.2(d), (i) the Investors shall only be deemed to have knowledge of a fact if any of the Persons listed on Schedule 7.2 has knowledge of the particular fact and (ii) such individual shall be deemed to have knowledge only to the extent of his knowledge of such fact.

7.3. Procedure for Indemnification. (a) If an Investor Indemnified Person

or a Company Indemnified Person (such Person being referred to as the "Indemnitee") shall receive notice or otherwise learn of the assertion by a Person who is not a party to this Agreement of any claim or of the commencement by any such Person of any action (a "Claim") with respect to which the other party (the "Indemnifying Party") may be obligated to provide indemnification, such Indemnitee shall give such Indemnifying Party written notice thereof promptly after becoming aware of such Claim; provided, that the failure of any Indemnitee to give notice as provided in this Section 7.3 shall not relieve the applicable Indemnifying Party of its obligations under this Article VII, except to the extent that such Indemnifying Party is prejudiced by such failure to give notice; provided, further, that the applicable Indemnifying Party shall have no obligations under this Article VII unless such written notice is received by the Indemnifying Party within the survival periods set forth in Section 7.1. Such notice shall describe the Claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the Loss that has been or may be sustained by or is claimed against such Indemnitee. Such notice shall be a condition precedent to any liability of any Indemnifying Party for any Claim under the provisions for indemnification contained in this Agreement.

(b) An Indemnifying Party may elect to compromise, settle or defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Claim; provided, however, that the Indemnifying Party shall not compromise, settle or defend a Claim without the consent of the Indemnitee (which consent shall not be unreasonably withheld). If an Indemnifying Party elects to compromise, settle or defend a Claim, it shall, within 30 days of the receipt of notice from an Indemnitee pursuant to Section 7.3(a) (or sooner, if the nature of such Claim so requires), notify the applicable Indemnitee of its intent to do so, and such Indemnitee shall cooperate in the compromise or settlement of, or defense against, such Claim. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Claim, such Indemnifying Party shall not be liable to such Indemnitee under this Article VII for any legal or other

expenses subsequently incurred by such Indemnitee in connection with the defense thereof (except expenses approved in advance by the Indemnitee); provided, that such Indemnitee shall have the right to employ one separate counsel reasonably satisfactory to the Indemnifying Party to represent such Indemnitee if the defendants in any such claim included both the Indemnifying Party and the Indemnitee and, in such Indemnitee's reasonable judgment, a conflict of interest between such Indemnitee and such Indemnifying Party exists in respect of such claim, and in that event the reasonable fees and expenses of such separate counsel shall be paid by such Indemnifying Party. If an Indemnifying Party elects not to compromise, settle or defend against a Claim, or fails to notify an Indemnitee of its election as provided in this Section 7.3 within 30 days of notice from the Indemnitee pursuant to Section

7.3(a), such Indemnitee may compromise, settle or defend such Claim.

(c) If an Indemnifying Party chooses to defend any claim, the applicable Indemnitee shall make available to such Indemnifying Party any personnel or any books, records or other documents within its control that are necessary or appropriate for such defense.

(d) If the amount of any Loss shall, at any time subsequent to payment pursuant to this Agreement, be reduced by recovery, settlement or otherwise, the amount of such reduction, less any expenses incurred in connection therewith, shall promptly be repaid by the applicable Indemnitee to the applicable Indemnifying Party.

(e) In the event of payment by an Indemnifying Party to any Indemnitee in connection with any Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right or claim relating to such Claim. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and, at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

7.4. Sole Remedy. Except in the case of fraud, the rights to indemnification provided for in this Article VII for a breach of representations or warranties by the Investors (in the case of indemnification pursuant to Section 7.2(b)(i)) or the Company (in the case of indemnification pursuant to Section 7.2(a)(i)) shall constitute the sole remedy of the Company and the Investors, respectively, for such breach, and the Company and the Investors shall have no other liability or damages to the other party resulting from any such breach.

ARTICLE VIII

MISCELLANEOUS

8.1. Defined Terms; Interpretations. The following terms, as used herein, shall have the following meanings:

"Acquisition Proposal" shall mean a bona-fide written offer by any Person not affiliated with the Company relating to (a) a merger, consolidation or other business combination involving the Company, or (b) an offer to acquire in any manner a greater than 50% equity interest in, or more than 50% of the assets of, the Company and its Subsidiaries taken as a whole.

"Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

"Agreement" shall have the meaning ascribed thereto in the preamble.

"Board" shall have the meaning ascribed thereto in the recitals.

"Ciba" shall have the meaning ascribed thereto in the recitals.

"Ciba SCH" shall have the meaning ascribed thereto in the recitals.

"Ciba SCI" shall have the meaning ascribed thereto in the recitals.

"Ciba Documents" shall mean the Consent and Termination Agreement and the Supplemental Indenture.

"Ciba Indenture" shall have the meaning ascribed thereto in Section 2.6.

"Claim" shall have the meaning ascribed thereto in Section 7.3(a).

"Closing" shall have the meaning ascribed thereto in the Stock Purchase Agreement.

"Closing Date" shall mean have the meaning ascribed thereto in the Stock Purchase Agreement.

"Common Stock" shall have the meaning ascribed thereto in the recitals.

"Company" shall have the meaning ascribed thereto in the preamble.

"Company Indemnified Person" shall have the meaning ascribed thereto in Section 7.2(b).

"Consent and Termination Agreement" shall mean the Consent and Termination Agreement, dated the date hereof, between the Company and Ciba SCH.

"Consents" shall have the meaning ascribed thereto in Section 4.4.

"Credit Agreement" shall mean the Second Amended and Restated Credit Agreement, dated as of September 15, 1998, as amended, among the Company, certain of its subsidiaries, the Lenders parties thereto, Citibank N.A. and Credit Suisse First Boston.

"DGCL" shall mean the Delaware General Corporation Law.

"Encumbrances" shall have the meaning ascribed thereto in Section 2.1(b).

"ERISA" shall have the meaning ascribed thereto in Section 2.10(a).

"ERISA Affiliate" shall have the meaning ascribed thereto in Section 2.10(a).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Exchange Act of 1934, as amended, shall include reference to the comparable section, if any, of any such successor federal statute.

"Existing Governance Agreement" shall have the meaning ascribed thereto in Section 2.6.

"GAAP" shall have the meaning ascribed thereto in Section 2.5.

"Governance Agreement" shall have the meaning ascribed thereto in the recitals.

"Governmental Entity" shall mean any supernational, national, foreign, federal, state or local judicial, legislative, executive, administrative or regulatory body or authority.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Indemnifying Party" shall have the meaning ascribed thereto in Section 7.3(a).

"Indemnitee" shall have the meaning ascribed thereto in Section 7.3(a).

"Independent Director" shall mean any director of the Company who was not nominated to the Board by Ciba and who (i) is not and has never been an officer, employee or director of Ciba or any affiliate (other than the Company) or associate of Ciba and (ii) has no affiliation or compensation, consulting or contractual relationship with Ciba or any of its affiliates (other than the Company) such that a reasonable person would regard such director as likely to be unduly influenced by Ciba or any of its affiliate (other than the Company).

"Investors" shall have the meaning ascribed thereto in the preamble.

"Investor Indemnified Person" shall have the meaning ascribed thereto in Section 7.2(a).

"Knowledge" shall mean, with respect to the Company, the knowledge of William D. Bennison, James N. Burns, Kirk G. Forbeck, Stephen C. Forsyth,

William Hunt, John J. Lee, Ira J. Krakower, Harold E. Kinne, Joseph H. Shaulson, Justin P.S. Taylor and David R. Tanonis.

"Laws" shall include all foreign, federal, state, and local laws, statutes, ordinances, rules, regulations, orders, judgments, decrees and bodies of law.

"Licenses" shall have the meaning ascribed thereto in Section 2.7.

"Litigation" shall have the meaning ascribed thereto in Section 2.9(a).

"Losses" shall mean each and all of the following items: claims, losses, liabilities, obligations, payments, damages (actual or punitive), charges, judgments, fines, penalties, amounts paid in settlement, costs and expenses (including, without limitation, interest which may be imposed in connection therewith, costs and expenses of investigation, actions, suits, proceedings, demands, assessments and fees, expenses and disbursements of counsel, consultants and other experts).

"Majority Lenders" shall have the meaning ascribed thereto in the Credit Agreement.

"Material Adverse Effect" shall mean a material adverse effect on the properties, business, prospects (but only with respect to the representations and warranties contained in Sections 2.5 and 2.7), operations, results of operations, earnings, assets, liabilities or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

"Person" shall mean any individual, firm, corporation, limited liability company, partnership, company or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Plans" shall have the meaning ascribed thereto in Section 2.10(a).

"Registration Rights Agreement" shall have the meaning ascribed thereto in the recitals.

"SEC" shall mean the Securities and Exchange Commission.

"SEC Reports" shall have the meaning ascribed thereto in Section 2.4.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Act shall include reference to the comparable section, if any, of such successor federal statute.

"Shares" shall have the meaning ascribed thereto in the recitals.

"Significant Subsidiaries" shall have the meaning ascribed thereto in Rule 1-02 of Regulation S-X (17 CFR 210).

"Stock Purchase Agreement" shall have the meaning ascribed thereto in the recitals.

"Stock Purchase Transaction Documents" shall have the meaning ascribed thereto in the recitals.

"Subsidiary" shall mean as to any Person, each corporation, partnership or other entity of which shares of capital stock or other equity interests having ordinary voting power (other than capital stock or other equity interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, directly or indirectly, or the management of which is otherwise controlled, directly or indirectly, or both, by such Person.

"Supplemental Indenture" shall mean the Supplemental Indenture, as contemplated by Section 3.02 of the Consent and Termination Agreement, between the Company and First Trust of California, National Association.

8.2. Fees and Expenses. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such costs or expense.

8.3. Public Announcements. The Investors and the Company shall consult with each other before issuing any press release with respect to this Agreement or the transactions contemplated hereby and neither shall issue any such press release or make any such public statement without the prior consent of the other, which consent shall not be unreasonably withheld or delayed; provided, however, that a party may, without the prior consent of the other party, issue such press release or make such public statement as may upon the advice of counsel be required by Law or any exchange on which the Company's securities are listed and, to the extent time permits, it has used all reasonable efforts to consult with the other party prior thereto.

8.4. Further Assurances. Subject to Section 4.6, at any time or from time to time after the Closing, the Company, on the one hand, and the Investors, on the other hand, agree to cooperate with each other, and at the request of the other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the consummation of the transactions

contemplated hereby or by the Governance Agreement or the Registration Rights Agreement and to otherwise carry out the intent of the parties hereunder or thereunder.

8.5. Successors and Assigns. This Agreement shall bind and inure to the benefit of the Company and the Investors and their respective successors, permitted assigns, heirs and personal representatives, provided that prior to the Closing the Company may not assign its rights or obligations under this Agreement to any Person without the prior written consent of the Investors, and provided further that the Investors may not assign their rights or obligations under this Agreement to any Person (other than an "Investor" (as defined in the Governance Agreement)) without the prior written consent of the Company. In addition, and whether or not any express assignment has been made, the provisions of this Agreement which are for each Investor's benefit as purchaser and holder of Shares are also for the benefit of, and enforceable by, any "Investor" (as defined in the Governance Agreement).

8.6. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or understandings with respect thereto including the Letter Agreement, dated September 15, 2000, between GS Capital Partners 2000, L.P. and the Company, as amended prior to the date hereof and the Confidentiality Agreement, dated June 19, 2000 between Goldman, Sachs & Co. and the Company.

8.7. Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by telecopy, nationally recognized overnight courier or first class registered or certified mail, return receipt requested, postage prepaid,

addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by such party to the other parties:

(i) if to the Company, to:

Hexcel Corporation
Two Stamford Plaza
281 Tresser Boulevard
16th Floor
Stamford, Connecticut 06901-3238
Telecopy No.: (203) 358-3972
Attention: Ira J. Krakower, Esq.
Vice President, General Counsel
and Secretary

with a copy to each of the following (which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Telecopy No.: (212) 735-2000
Attention: Joseph A. Coco, Esq.

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy No.: (212) 757-3990
Attention: Judith R. Thoyer, Esq.

(ii) if to the Investors, to:

c/o Goldman Sachs Capital Partners 2000, L.P.
85 Broad Street
New York, New York 10004
Telecopy No.: (212) 357-5505
Attention: Mr. Sanjeev Mehra

with a copy to (which shall not constitute notice):

Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004
Telecopy No.: (212) 859-8587
Attention: Robert C. Schwenkel, Esq.

All such notices, requests, consents and other communications shall be deemed to have been given or made if and when delivered personally or by overnight courier to the parties at the above addresses or sent by electronic transmission, with confirmation received, to the telecopy numbers specified above (or at such other address or telecopy number for a party as shall be specified by like notice).

8.8. Amendments. The terms and provisions of this Agreement may be modified or amended, or any of the provisions hereof waived, temporarily or permanently, in a writing executed and delivered by the Company and the Investors. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

8.9. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

8.10. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

8.11. Nouns and Pronouns. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice versa.

8.12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

8.13. Submission to Jurisdiction. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the

courts of the State of New York and of the United States of America, in each case located in the County of New York, for any Litigation arising out of or relating to this Agreement or the other Transaction Documents and the transactions contemplated hereby and thereby (and agrees not to commence any Litigation relating hereto or thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in this Agreement shall be effective service of process for any Litigation brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any Litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the State of New York or the United States of America, in each case located in the County of New York, hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Litigation brought in any such court has been brought in an inconvenient forum.

8.14. WAIVER OF JURY TRIAL. THE COMPANY AND THE INVESTORS HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTION DOCUMENTS.

8.15. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if any

provision of this Agreement is held to be invalid or unenforceable in any respect, such invalidity or unenforceability shall not render invalid or unenforceable any other provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

HEXCEL CORPORATION

By: /s/ John J. Lee

Name: John J. Lee
Title: Chief Executive Officer

LXH, L.L.C.

By: GS Capital Partners 2000, L.P.,
its Managing Member

By: GS Advisors 2000, LLC, its general partner

By: /s/ Katherine L. Nissenbaum

Name: Katherine L. Nissenbaum
Title: Vice President

LXH II, L.L.C.

By: GS Capital Partners 2000 Offshore, L.P.,
its Managing Member

By: GS Advisors 2000, LLC, its general partner

By: /s/ Katherine L. Nissenbaum

Name: Katherine L. Nissenbaum
Title: Vice President

EXHIBIT 4

REGISTRATION RIGHTS AGREEMENT

between

HEXCEL CORPORATION,

LXH, L.L.C.,

and

LXH II, L.L.C.

Dated as of _____, 2000

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement"), is made as of _____, 2000, between HEXCEL CORPORATION, a Delaware corporation (the "Company"), LXH, L.L.C., a Delaware limited liability company ("LXH") and LXH II, L.L.C., a Delaware limited liability company (together with LXH, the "Investors").

WHEREAS, the Investors have entered into a Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of October 11, 2000, with Ciba Specialty Chemicals Holding Inc., a corporation organized under the laws of Switzerland ("Ciba Holdings"), Ciba Specialty Chemicals Inc., a corporation organized under the laws of Switzerland and wholly-owned subsidiary of Ciba Holdings ("Ciba SCI") and Ciba Specialty Chemicals Corporation, a corporation organized under the laws of Delaware and a wholly-owned subsidiary of Ciba Holdings (together with Ciba Holdings and Ciba SCI, "Ciba") pursuant to which, upon the terms and subject to the conditions contained therein, the Investors have agreed to acquire shares of Common Stock of the Company; and

WHEREAS, simultaneously herewith, the Investors and the Company are executing and delivering a Governance Agreement (the "Governance Agreement") providing, among other things, for certain rights and obligations with respect to the ownership of the shares of Common Stock acquired by the Investors; and

WHEREAS, (i) in connection with the execution and delivery by the Investors of the Stock Purchase Agreement and the consummation of the

transactions contemplated hereby and (ii) to induce the Investors and their Affiliates to execute and deliver the Governance Agreement and to consummate the transactions contemplated thereby, the Company has agreed to provide the Investors with the registration rights set forth in this Agreement.

ACCORDINGLY, the parties hereto agree as follows:

1. Certain Definitions.

As used in this Agreement, capitalized terms not otherwise defined herein shall have the meanings ascribed to them below:

"Affiliate" means (i) with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) with respect to any individual, shall also mean the spouse or child of such individual; provided, that neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any Holder.

"Certificate of Incorporation" means the Certificate of Incorporation of the Company, as amended and in effect on the date hereof.

"Ciba Registrable Securities" means (a) any shares of Common Stock held by Ciba after giving effect to the consummation of the transactions contemplated by the Stock Purchase Agreement and (b) any shares of Common Stock issued or issuable, directly or indirectly, in exchange for or with respect to the Common Stock referenced in clause (a) above by way of stock dividend, stock split or combination of shares or in connection with a reclassification, recapitalization, merger, consolidation or other reorganization. As to any particular Ciba Registrable Securities, such securities shall cease to be Ciba Registrable Securities when (A) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, or (B) such securities shall have been sold (other than in a privately negotiated sale) pursuant to Rule 144 (or any successor provision) under the Securities Act and in compliance with the requirements of paragraphs (f) and (g) of Rule 144 (notwithstanding the provisions of paragraph (k) of such Rule).

"Common Stock" means the common stock, par value $.01 per share, of the Company and any equity securities issued or issuable in exchange for or with respect to the Common Stock by way of a stock dividend, stock split or combination of shares or in connection with a reclassification, recapitalization, merger, consolidation or other reorganization.

"Common Stock Equivalents" shall mean all options, warrants and other

securities convertible into, or exchangeable or exercisable for, (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject), Common Stock.

"Expenses" shall mean any and all fees and expenses incurred in connection with the Company's performance of or compliance with Article 2, including, without limitation: (i) SEC, stock exchange or NASD registration and filing fees and all listing fees and fees with respect to the inclusion of securities on the New York Stock Exchange or on any securities market on which the Common Stock is listed or quoted, (ii) fees and expenses of compliance with state securities or "blue sky" laws and in connection with the preparation of a "blue sky" survey, including without limitation, reasonable fees and expenses of blue sky counsel, (iii) printing and copying expenses, (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show, (vi) fees and

disbursements of counsel for the Company, (vii) with respect to each registration, the fees and disbursements (which shall not exceed $50,000 per registration) of one counsel for the selling Holder(s) (selected by the Initiating Holders, in the case of a registration pursuant to Section 2.1, and selected by the underwriter, in the case of a registration pursuant to Section 2.2), (viii) fees and disbursements of all independent public accountants (including the expenses of any audit and/or "cold comfort" letter) and fees and expenses of other persons, including special experts, retained by the Company, (ix) fees and expenses payable to a Qualified Independent Underwriter (as such term is defined in Schedule E to the By-Laws of the NASD) and (x) any other fees and disbursements of underwriters, if any, customarily paid by issuers of securities (collectively, "Expenses").

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Holder" or "Holders" means any Person who is a signatory to this Agreement and any Person who shall hereafter acquire and hold Registrable Securities in accordance with the terms of the Governance Agreement.

"Person" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivisions thereof.

"Registrable Securities" means (a) any shares of Common Stock held by the Holders and (b) any shares of Common Stock issued or issuable, directly or indirectly, in exchange for or with respect to the Common Stock referenced in clause (a) above by way of stock dividend, stock split or combination of

shares or in connection with a reclassification, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, or (B) such securities shall have been sold (other than in a privately negotiated sale) pursuant to Rule 144 (or any successor provision) under the Securities Act and in compliance with the requirements of paragraphs (f) and (g) of Rule 144 (notwithstanding the provisions of paragraph (k) of such Rule).

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

2. Registration Rights.

2.1. Demand Registrations.

(a) (i) Subject to Section 2.1(b) below, at any time after the first anniversary of the date hereof, the Holders shall have the right to require the Company to file a registration statement under the Securities Act covering such aggregate number of Registrable Securities which represents 20% or greater of the then outstanding Registrable Securities, by delivering a written request therefor to the Company specifying the number of Registrable Securities to be included in such registration by such Holders and the intended method of distribution thereof. All such requests by any Holder pursuant to this Section 2.1(a)(i) are referred to herein as "Demand Registration Requests," and the registrations so requested are referred to herein as "Demand Registrations" (with respect to any Demand Registration, the Holders making such demand for registration being referred to as the "Initiating Holders"). As promptly as practicable, but no later than ten days after receipt of a Demand Registration Request, the Company shall give written notice (the "Demand Exercise Notice") of such Demand Registration Request to all Holders of record of Registrable Securities.

(ii) The Company, subject to Sections 2.3 and 2.6, shall include in a Demand Registration (x) the Registrable Securities of the Initiating Holders and (y) the Registrable Securities of any other Holder of Registrable Securities which shall have made a written request to the Company for inclusion in such registration (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holders) within 30 days after the receipt of the Demand Exercise Notice (or, 15 days if, at the request of the Initiating Holders, the Company states in such written notice or gives telephonic notice to all Holders, with written confirmation to follow promptly thereafter, that such registration will be on a Form S-3).

(iii) The Company shall, as expeditiously as possible but subject to Section 2.1(b), use its commercially reasonable efforts to (x) effect such registration under the Securities Act of the Registrable Securities which the Company has been so requested to register, for distribution in accordance with such intended method of distribution, and (y) if requested by the Initiating Holders, obtain acceleration of the effective date of the registration statement relating to such registration.

(b) Notwithstanding anything to the contrary in Section 2.1(a), the Demand Registration rights granted in Section 2.1(a) to the Investors are subject to the following limitations: (i) the Company shall not be required to cause a registration pursuant to Section 2.1(a)(i) to be declared effective within a period of 180 days after the effective date of any other registration statement of the Company filed pursuant to the Securities Act; (ii) if the Board of Directors of the Company, in its good faith judgment, determines that any registration of Registrable Securities should not be made or continued

because it would materially interfere with any material financing, acquisition, corporate reorganization or merger or other transaction or event involving the Company or any of its subsidiaries (a "Valid Business Reason"), the Company may postpone filing a registration statement relating to a Demand Registration Request until such Valid Business Reason no longer exists, but in no event for more than three months (such period of postponement or withdrawal under this clause (ii), the "Postponement Period"); and the Company shall give written notice of its determination to postpone or withdraw a registration statement and of the fact that the Valid Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof; provided, however, the Company shall not be permitted to postpone or withdraw a registration statement after the expiration of any Postponement Period until twelve months after the expiration of such Postponement Period; (iii) the Company shall not, be obligated to effect more than three Demand Registrations under Section 2.1(a) and (iv) the Company shall not be required to effect a Demand Registration unless the Registrable Securities to be included in such registration have an aggregate anticipated offering price of at least $25,000,000 (based on the then-current market price of the Common Stock).

If the Company shall give any notice of postponement or withdrawal of any registration statement pursuant to clause (ii) above, the Company shall not, during the period of postponement or withdrawal, register any Common Stock, other than pursuant to a registration statement on Form S-4 or S-8 (or an equivalent registration form then in effect). Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company that the Company has determined to withdraw any registration statement pursuant to clause (ii) above, such Holder will discontinue its disposition of Registrable

Securities pursuant to such registration statement and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. If the Company shall have withdrawn or prematurely terminated a registration statement filed under Section 2.1(a)(i) (whether pursuant to clause (ii) above or as a result of any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court), the Company shall not be considered to have effected an effective registration for the purposes of this Agreement until the Company shall have filed a new registration statement covering the Registrable Securities covered by the withdrawn registration statement and such registration statement shall have been declared effective and shall not have been withdrawn. If the Company shall give any notice of withdrawal or postponement of a registration statement, the Company shall, at such time as the Valid Business Reason that caused such withdrawal or postponement no longer exists (but in no event later than three months after the date of the postponement or withdrawal), use its commercially reasonable best efforts to effect the registration under the Securities Act of the Registrable Securities covered by the withdrawn or postponed registration statement

in accordance with this Section 2.1 (unless the Initiating Holders shall have withdrawn such request, in which case the Company shall not be considered to have effected an effective registration for the purposes of this Agreement).

(c) The Company, subject to Sections 2.3 and 2.6, may elect to include in any registration statement and offering made pursuant to Section 2.1(a)(i), (i) authorized but unissued shares of Common Stock or shares of Common Stock held by the Company as treasury shares and (ii) any other shares of Common Stock which are requested to be included in such registration pursuant to the exercise of piggyback rights granted by the Company which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement ("Additional Piggyback Rights") provided, however, that such inclusion shall be permitted only to the extent that it is pursuant to and subject to the terms of the underwriting agreement or arrangements, if any, entered into by the Initiating Holders.

(d) In connection with any Demand Registration, the Company shall have the right to designate the lead managing underwriter in connection with such registration and each other managing underwriter for such registration, provided that in each case, each such underwriter is reasonably satisfactory to the Initiating Holders.

2.2. Piggyback Registrations.

(a) If, at any time, the Company proposes or is required to register any

of its equity securities under the Securities Act (other than pursuant to (i) registrations on such form or similar form(s) solely for registration of securities in connection with an employee benefit plan or dividend reinvestment plan or a merger or consolidation or (ii) a Demand Registration under Section 2.1) on a registration statement on Form S-1, Form S-2 or Form S-3 (or an equivalent general registration form then in effect), whether or not for its own account, the Company shall give prompt written notice of its intention to do so to each of the Holders of record of Registrable Securities. Upon the written request of any such Holder, made within 15 days following the receipt of any such written notice (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and the intended method of distribution thereof), the Company shall, subject to Sections 2.2(b), 2.3 and 2.6 hereof, use its commercially reasonable efforts to cause all such Registrable Securities, the Holders of which have so requested the registration thereof, to be included in the registration statement with the securities which the Company at the time proposes to register to permit the sale or other disposition by the Holders (in accordance with the intended method of distribution thereof) of the Registrable Securities to be so registered. No registration of Registrable Securities effected under this Section 2.2(a) shall relieve the Company of its obligations to effect Demand Registrations under Section 2.1 hereof.

(b) If, at any time after giving written notice of its intention to register any equity securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such equity securities, the Company may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Section 2.1, and (ii) in the case of a determination to delay such registration of its equity securities, shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other equity securities.

(c) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 2.2 by giving written notice to the Company of its request to withdraw; provided, however, that (i) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (ii) such withdrawal shall be irrevocable and, after making such withdrawal, a Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal was made.

2.3. Allocation of Securities Included in Registration Statement.

(a) If any requested registration made prior to 18 months after the date hereof pursuant to Section 2.1 involves an underwritten offering and the lead managing underwriter of such offering (the "Manager") shall advise the Company that, in its view, the number of securities requested to be included in such registration by the Holders of Registrable Securities or any other persons (including those shares of Common Stock requested by the Company to be included in such registration) exceeds the largest number (the "Section 2.3(a) Sale Number") that can be sold in an orderly manner in such offering within a price range acceptable to the Initiating Holders, the Company shall use its commercially reasonable efforts to include in such registration:

(i) first, all Registrable Securities and Ciba Registrable Securities requested to be included in such registration by the holders thereof; provided, however, that, if the number of such Registrable Securities and Ciba Registrable Securities exceeds the Section 2.3(a) Sale Number, the number of such Registrable Securities and Ciba Registrable Securities (not to exceed the Section 2.3(a) Sale Number) to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Registrable Securities and Ciba Registrable Securities be included in such registration, based on the number

of Registrable Securities and Ciba Registrable Securities then owned by each such holder requesting inclusion in relation to the number of Registrable Securities and Ciba Registrable Securities owned by all holders requesting inclusion;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights ("Piggyback Shares"), based on the aggregate number of Piggyback Shares then owned by each holder requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all holders requesting inclusion, up to the Section 2.3(a) Sale Number; and

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, any securities that the Company proposes to register, up to the Section 2.3(a) Sale Number.

If, as a result of the proration provisions of this Section 2.3(a), any Holder shall not be entitled to include all Registrable Securities in a

registration that such Holder has requested be included, such Holder may elect to withdraw his request to include Registrable Securities in such registration or may reduce the number requested to be included; provided, however, that (x) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (y) such withdrawal shall be irrevocable and, after making such withdrawal, such Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal was made.

(b) If any requested registration made at any time after 18 months following the date hereof pursuant to Section 2.1 involves an underwritten offering and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such registration by the Holders of Registrable Securities or any other persons (including those shares of Common Stock requested by the Company to be included in such registration) exceeds the largest number (the "Section 2.3(b) Sale Number") that can be sold in an orderly manner in such offering within a price range acceptable to the Initiating Holders, the Company shall use its commercially reasonable efforts to include in such registration:

(i) first, all Registrable Securities requested to be included in such registration by the Holders; provided, however, that, if the number of such Registrable Securities exceeds the Section 2.3(b) Sale Number, the number of such Registrable Securities (not to exceed the Section 2.3(b) Sale Number) to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration, based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the number of Registrable Securities owned by all Holders requesting inclusion;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Piggyback Shares (including Ciba Registrable Securities) be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each holder requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all holders requesting inclusion, up to the Section 2.3(b) Sale Number; and

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, any securities that the Company proposes to register, up to the Section 2.3(b) Sale Number.

If, as a result of the proration provisions of this Section 2.3(b), any Holder shall not be entitled to include all Registrable Securities in a registration that such Holder has requested be included, such Holder may elect to withdraw his request to include Registrable Securities in such registration or may reduce the number requested to be included; provided, however, that (x) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (y) such withdrawal shall be irrevocable and, after making such withdrawal, such Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal was made.

(c) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially proposed by the Company prior to the first anniversary of the date hereof as a primary registration of its securities and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the "Section 2.3(c) Sale Number") that can be sold in an

orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, all Ciba Registrable Securities requested to be included in such registration by the holders of such securities; provided, however, that, if the number of such Ciba Registrable Securities exceeds the Section 2.3(c) Sale Number, the number of such Ciba Registrable Securities (not to exceed the Section 2.3(c) Sale Number) to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Ciba Registrable Securities be included in such registration, based on the number of Ciba Registrable Securities then owned by each such holder requesting inclusion in relation to the number of Ciba Registrable Securities owned by all holders requesting inclusion;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, any securities that the Company proposes to register, up to the Section 2.3(c) Sale Number (the "Company Securities");

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration, based on the aggregate number of Registrable Securities then owned by each holder requesting inclusion in relation to the

aggregate number of Registrable Securities owned by all holders requesting inclusion, up to the Section 2.3(c) Sale Number; and

(iv) fourth, to the extent that the number of securities to be included pursuant to clauses (i), (ii) and (iii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Piggyback Shares be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each holder requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all holders requesting inclusion, up to the Section 2.3(c) Sale Number.

(d) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially proposed by the Company after the first anniversary of the date hereof but prior to 18 months after the date hereof as a primary registration of its securities and the Manager shall advise the Company that, in its view, the number of

securities requested to be included in such registration exceeds the number (the "Section 2.3(d) Sale Number") that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, all Common Stock that the Company proposes to register for its own account;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(d) is less than the Section 2.3(d) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Ciba Registrable Securities be included in such registration, based on the aggregate number of Ciba Registrable Securities then owned by each holder requesting inclusion in relation to the aggregate number of Ciba Registrable Securities owned by all holders requesting inclusion, up to the Section 2.3(d) Sale Number;

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(d) is less than the Section 2.3(d) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration, based on the aggregate number of Registrable Securities then owned by each holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all holders

requesting inclusion, up to the Section 2.3(d) Sale Number; and

(iv) fourth, to the extent the number of securities to be included pursuant to clauses (i), (ii) and (iii) of this Section 2.3(d) is less than the Section 2.3(d) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Piggyback Shares be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each holder requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all holders requesting inclusion, up to the Section 2.3(d) Sale Number.

(e) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially proposed by the Company at any time after 18 months following the date hereof as a primary registration of its securities and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the "Section 2.3(e) Sale Number") that can be sold

in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, all Common Stock that the Company proposes to register for its own account;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(e) is less than the Section 2.3(e) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Registrable Securities or Ciba Registrable Securities be included in such registration, based on the aggregate number of Registrable Securities and Ciba Registrable Securities then owned by each holder requesting inclusion in relation to the aggregate number of Registrable Securities and Ciba Registrable Securities owned by all holders requesting inclusion, up to the Section 2.3(e) Sale Number; and

(iii) third, to the extent the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(e) is less than the Section 2.3(e) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Piggyback Shares be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each holder requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all holders requesting inclusion, up to the Section 2.3(e) Sale

Number.

(f) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially proposed prior to 18 months after the date hereof by holders of securities of the Company that have the right to require such registration ("Additional Demand Rights") and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the "Section 2.3(f) Sale Number") that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, all Ciba Registrable Securities requested to be included in such registration by the holders of such securities; provided, however, that, if the number of such Ciba Registrable Securities exceeds the Section 2.3(f) Sale Number, the number of such Ciba Registrable Securities (not to exceed the Section 2.3(f) Sale Number) to be included in such registration shall be allocated

on a pro rata basis among all holders requesting that Ciba Registrable Securities be included in such registration, based on the number of Ciba Registrable Securities then owned by each such holder requesting inclusion in relation to the number of Ciba Registrable Securities owned by all holders requesting inclusion;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(f) is less than the Section 2.3(f) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among holders requesting that securities be included in such registration pursuant to Additional Demand Rights ("Additional Registrable Securities"), based on the aggregate number of Additional Registrable Securities then owned by each holder requesting inclusion in relation to the aggregate number of Additional Registrable Securities owned by all holders requesting inclusion, up to the Section 2.3(f) Sale Number;

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(f) is less than the Section 2.3(f) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration, based on the aggregate number of Registrable Securities then owned by each holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all holders requesting inclusion, up to the Section 2.3(f) Sale Number;

(iv) fourth, to the extent the number of securities to be included pursuant to clauses (i), (ii) and (iii) of this Section 2.3(f) is less than the Section 2.3(f) Sale Number, any Common Stock that the Company proposes to register for its own account, up to the Section 2.3(f) Sale Number; and

(v) five, to the extent that the number of securities to be included pursuant to clauses (i), (ii), (iii) and (iv) of this Section 2.3(f) is less than the Section 2.3(f) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Piggyback Shares be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each holder requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all holders requesting inclusion, up to the Section 2.3(f) Sale Number.

(g) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially proposed after 18 months following the date hereof by holders of securities of the Company that have Additional Demand Rights and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the "Section 2.3(g) Sale Number") that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, all securities requested to be included in such registration by the holders of Additional Demand Rights ("Additional Registrable Securities"); provided, however, that, if the number of such Additional Registrable Securities exceeds the Section 2.3(g) Sale Number, the number of such Additional Registrable Securities (not to exceed the Section 2.3(g) Sale Number) to be included in such registration shall be allocated on a pro rata basis among all holders of Additional Registrable Securities requesting that Additional Registrable Securities be included in such registration, based on the number of Additional Registrable Securities then owned by each such holders requesting inclusion in relation to the number of Additional Registrable Securities owned by all of such holders requesting inclusion;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(g) is less than the Section 2.3(g) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Registrable Securities or Ciba Registrable Securities be included in such registration, based on the aggregate number of Registrable Securities and Ciba Registrable Securities then owned by each

holder requesting inclusion in relation to the aggregate number of Registrable Securities and Ciba Registrable Securities owned by all holders requesting inclusion, up to the Section 2.3(g) Sale Number;

(iii) third, to the extent the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(g) is less than the Section 2.3(g) Sale Number, any Common Stock that the Company proposes to register for its own account, up to the Section 2.3(g) Sale Number; and

(iv) fourth, to the extent that the number of securities to be included pursuant to clauses (i), (ii), and (iii) of this Section 2.3(g) is less than the Section 2.3(g) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all holders requesting that Piggyback Shares be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each holder requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all holders requesting inclusion, up to the Section 2.3(g) Sale Number.

2.4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to use its commercially reasonable efforts to effect or cause the registration of any Registrable Securities under the Securities Act as provided in this Agreement, the Company shall, as expeditiously as possible:

(a) prepare and file with the SEC a registration statement on an appropriate registration form of the SEC for the disposition of such Registrable Securities in accordance with the intended method of disposition thereof, which form shall be selected by the Company and shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and the Company shall use its commercially reasonable efforts to cause such registration statement to become and remain effective (provided, however, that before filing a registration statement or prospectus or any amendments or supplements thereto, or comparable statements under securities or blue sky laws of any jurisdiction, the Company will furnish to one counsel for the Holders participating in the planned offering (selected by the Initiating Holders, in the case of a registration pursuant to Section 2.1, and selected by the lead managing underwriter, in the case of a registration pursuant to Section 2.2) and the lead managing underwriter, if any, copies of all such documents proposed to be filed (including all exhibits thereto), which documents will be subject to the reasonable review and reasonable comment of such counsel, and the Company shall not file any registration statement or amendment thereto or any prospectus or supplement thereto to which the Holders of a majority of the Registrable Securities covered by such registration

statement or the underwriters, if any, shall reasonably object);

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for such period as any seller of Registrable Securities pursuant to such registration statement shall request and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all Registrable Securities covered by such registration statement in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement;

(c) furnish, without charge, to each seller of such Registrable Securities and each underwriter, if any, of the securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto

(in each case including all exhibits), and the prospectus included in such registration statement (including each preliminary prospectus) in conformity with the requirements of the Securities Act, and other documents, as such seller and underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable law of each such registration statement (or amendment or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) by each such seller of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(d) use its commercially reasonable efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as any sellers of Registrable Securities or any managing underwriter, if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable such sellers or underwriter, if any, to consummate the disposition of the Registrable Securities in such jurisdictions, except that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this paragraph (d), be required to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) promptly notify each Holder selling Registrable Securities covered by such registration statement and each managing underwriter, if any: (i) when the registration statement, any pre-effective amendment, the prospectus or any

prospectus supplement related thereto or post-effective amendment to the registration statement has been filed and, with respect to the registration statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or state securities authority for amendments or supplements to the registration statement or the prospectus related thereto or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction or the initiation of any proceeding for such purpose; (v) of the existence of any fact of which the Company becomes aware which results in the registration statement, the prospectus related thereto or any document incorporated therein by reference containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading; and (vi) if at any time the representations and warranties contemplated by any underwriting agreement, securities sale agreement, or

other similar agreement, relating to the offering shall cease to be true and correct in all material respects; and, if the notification relates to an event described in clause (v), the Company shall promptly prepare and furnish to each such seller and each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(f) comply with all applicable rules and regulations of the SEC, and make generally available to its security holders, as soon as reasonably practicable after the effective date of the registration statement (and in any event within 16 months thereafter), an earnings statement (which need not be audited) covering the period of at least twelve consecutive months beginning with the first day of the Company's first calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(g) (i) cause all such Registrable Securities covered by such registration statement to be listed on the New York Stock Exchange or the principal securities exchange on which similar securities issued by the Company are then listed (if any), if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) if no similar securities are then so listed, to either cause all such Registrable Securities to be listed on a national securities exchange or to secure designation of all such Registrable Securities as a Nasdaq National Market

"national market system security" within the meaning of Rule 11Aa2-1 of the Exchange Act or, failing that, secure Nasdaq National Market authorization for such shares and, without limiting the generality of the foregoing, take all actions that may be required by the Company as the issuer of such Registrable Securities in order to facilitate the managing underwriter's arranging for the registration of at least two market makers as such with respect to such shares with the National Association of Securities Dealers, Inc. (the "NASD");

(h) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(i) enter into such customary agreements (including, if applicable, an underwriting agreement) and take such other actions as the Holders of a majority of the Registrable Securities participating in such offering shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (it being understood that the Holders of the Registrable Securities which are to be distributed by any

underwriters shall be parties to any such underwriting agreement and may, at their option, require that the Company make to and for the benefit of such Holders the representations, warranties and covenants of the Company which are being made to and for the benefit of such underwriters);

(j) use its commercially reasonable efforts to obtain an opinion from the Company's counsel and a "cold comfort" letter from the Company's independent public accountants in customary form and covering such matters as are customarily covered by such opinions and "cold comfort" letters delivered to underwriters in underwritten public offerings, which opinion and letter shall be reasonably satisfactory to the underwriter, if any, and furnish to each Holder participating in the offering and to each underwriter, if any, a copy of such opinion and letter addressed to such Holder or underwriter;

(k) deliver promptly to each Holder participating in the offering and each underwriter, if any, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement, other than those portions of any such memoranda which contain information subject to attorney-client privilege with respect to the Company, and, upon receipt of such confidentiality agreements as the Company may reasonably request, make reasonably available for inspection by any seller of such Registrable Securities covered by such registration statement, by any underwriter, if any, participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by any such seller or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of

the Company's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(l) use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the registration statement;

(m) provide a CUSIP number for all Registrable Securities, not later than the effective date of the registration statement;

(n) make reasonably available its employees and personnel for participation in "road shows" an other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the needs of the Company's businesses and the requirements of the marketing process) in the marketing of Registrable Securities in any underwritten offering;

(o) promptly prior to the filing of any document which is to be incorporated by reference into the registration statement or the prospectus (after the initial

filing of such registration statement) provide copies of such document to counsel for the selling holders of Registrable Securities and to each managing underwriter, if any, and make the Company's representatives reasonably available for discussion of such document and make such changes in such document concerning the selling holders prior to the filing thereof as counsel for such selling holders or underwriters may reasonably request;

(p) furnish to the Holder participating in the offering and the managing underwriter, without charge, at least one signed copy, and to each other Holder participating in the offering, without charge, at least one photocopy of a signed copy, of the registration statement and any post-effective amendments thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(q) cooperate with the sellers of Registrable Securities and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement prior to any sale of Registrable Securities to the underwriters or, if not an underwritten offering, in accordance with the instructions of the sellers of Registrable Securities at least three business days prior to any sale of Registrable Securities and instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof;

(r) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities; and

(s) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will take such action as is necessary to make any such prohibition inapplicable.

The Company may require as a condition precedent to the Company's obligations under this Section 2.4 that each seller of Registrable Securities as to which any registration is being effected furnish the Company such information in writing regarding such seller and the distribution of such Registrable Securities as the Company may from time to time reasonably request provided that such information is necessary for the Company to consummate such registration and shall be used only in connection with such registration.

Each seller of Registrable Securities agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clause (v) of paragraph (e) of this Section 2.4, such Holder will discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. In the event the Company shall give any such notice, the applicable period mentioned in paragraph (b) of this Section 2.4 shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each seller of any Registrable Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4.

If any such registration statement or comparable statement under "blue sky" laws refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance reasonably satisfactory to such Holder and the Company, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or

otherwise is not in the judgment of the Company, as advised by counsel, required by the Securities Act or any similar federal statute or any state "blue sky" or securities law then in force, the deletion of the reference to such Holder.

2.5. Registration Expenses.

(a) The Company shall pay all Expenses (x) with respect to any Demand Registration whether or not it becomes effective or remains effective for the period contemplated by Section 2.4(b) and (y) with respect to any registration effected under Section 2.2.

(b) Notwithstanding the foregoing, (x) the provisions of this Section 2.5 shall be deemed amended to the extent necessary to cause these expense provisions to comply with "blue sky" laws of each state in which the offering is made and (y) in connection with any registration hereunder, each Holder of Registrable Securities being registered shall pay all underwriting discounts and commissions and any transfer taxes, if

any, attributable to the sale of such Registrable Securities, pro rata with respect to payments of discounts and commissions in accordance with the number of shares sold in the offering by such Holder, and (z) the Company shall, in the case of all registrations under this Article 2, be responsible for all its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties).

2.6. Certain Limitations on Registration Rights. In the case of any registration under Section 2.1 pursuant to an underwritten offering, or, in the case of a registration under Section 2.2, if the Company has determined to enter into an underwriting agreement in connection therewith, all securities to be included in such registration shall be subject to an underwriting agreement and no Person may participate in such registration unless such Person agrees to sell such Person's securities on the basis provided therein and, subject to Section 3.1 hereof, completes and executes all reasonable questionnaires, and other documents (including custody agreements and powers of attorney) which must be executed in connection therewith, and provides such other information to the Company or the underwriter as may be necessary to register such Person's securities.

2.7. Limitations on Sale or Distribution of Other Securities . (a) Each seller of Registrable Securities agrees that, (i) to the extent requested in writing by a managing underwriter, if any, of any registration effected pursuant to Section 2.1, not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144 under the Securities Act, any Common Stock, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company

(other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, not to exceed 90 days (and the Company hereby also so agrees (except that the Company may effect any sale or distribution of any such securities pursuant to a registration on Form S-4 (if reasonably acceptable to such managing underwriter) or Form S-8, or any successor or similar form which is then in effect or upon the conversion, exchange or exercise of any then outstanding Common Stock Equivalent) to use its commercially reasonable efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering so to agree), and (ii) to the extent requested in writing by a managing underwriter of any underwritten public offering effected by the Company for its own account (it will not sell any Common Stock (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, which period shall not exceed 90 days.

(b) The Company hereby agrees that, if it shall previously have received a request for registration pursuant to Section 2.1 or 2.2, and if such previous registration shall not have been withdrawn or abandoned, the Company shall not sell, transfer, or otherwise dispose of, any Common Stock, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company (other than as part of such underwritten public offering, a registration on Form S-4 or Form S-8 or any successor or similar form which is then in effect or upon the conversion, exchange or exercise of any then outstanding Common Stock Equivalent), until a period of 90 days shall have elapsed from the effective date of such previous registration; and the Company shall so provide in any registration rights agreements hereafter entered into with respect to any of its securities.

2.8. No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement.

2.9. Indemnification. (a) In the event of any registration of any securities of the Company under the Securities Act pursuant to this Article 2, the Company will, and hereby agrees to, indemnify and hold harmless, to the fullest extent permitted by law, each Holder of Registrable Securities, its directors, officers, fiduciaries, employees, stockholders, members or general and limited partners (and the directors, officers, employees and stockholders thereof), each other Person who participates as an underwriter or a Qualified Independent Underwriter, if any, in the offering or sale of such securities, each officer, director, employee, stockholder, fiduciary, managing director, agent, affiliates, consultants, representatives, successors, assigns or partner of such underwriter or Qualified Independent Underwriter, and each

other Person, if any, who controls such Holder or any such underwriter within the meaning of the Securities Act, from and against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) and expenses (including reasonable fees of counsel and any amounts paid in any settlement effected with the Company's consent, which consent shall not be unreasonably withheld or delayed) to which each such indemnified party may become subject under the Securities Act or otherwise in respect thereof (collectively, "Claims"), insofar as such Claims arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such securities were registered under the Securities Act or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary, final or summary prospectus or any amendment or supplement thereto, together with the documents incorporated by reference therein, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order

to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (iii) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration, and the Company will reimburse any such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such indemnified party in any such case to the extent such Claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in such registration statement or amendment thereof or supplement thereto or in any such prospectus or any preliminary, final or summary prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of such indemnified party specifically for use therein. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by as on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(b) Each Holder of Registrable Securities that are included in the securities as to which any registration under Section 2.1 or 2.2 is being effected shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.9) to the extent permitted by law the Company, its officers and directors, each Person controlling the Company within the meaning of the Securities Act and all other prospective sellers and their respective directors, officers, fiduciaries, managing directors, employees, agents,

affiliates, consultants, representatives, successors, assigns, general and limited partners, stockholders and respective controlling Persons with respect to any untrue statement or alleged untrue statement of any material fact in, or omission or alleged omission of any material fact from, such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Holder specifically for use therein and reimburse such indemnified party for any legal or other expenses reasonably incurred in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the aggregate amount which any such Holder shall be required to pay pursuant to this Section 2.9(b) and Sections 2.9(c), (e) and (f) shall in no case be greater than the amount of the net proceeds received by such Holder upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such claim. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(c) Indemnification similar to that specified in the preceding paragraphs (a) and (b) of this Section 2.9 (with appropriate modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any state securities and "blue sky" laws.

(d) Any Person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 2.9, but the failure of any such Person to provide such notice shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.9, except to the extent the indemnifying party is materially prejudiced thereby and shall not relieve the indemnifying party from any liability which it may have to any such Person otherwise than under this Article 2. In case any action or proceeding is brought against an indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, unless in the reasonable opinion of outside counsel to the indemnified party a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, to assume the defense thereof jointly with any other indemnifying party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party that it so chooses, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof

other than reasonable costs of investigation; provided, however, that (i) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within 20 days after receiving notice from such indemnified party; or (ii) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal defenses available to such indemnified party which are not available to the indemnifying party; or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all indemnified parties in each jurisdiction, except to the extent any indemnified party or parties reasonably shall have concluded that there may be legal defenses available to such party or parties which are not available to the other indemnified parties or to the extent representation of all indemnified parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct) and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall, without the written consent of the indemnified party, which consent shall not be unreasonably withheld, effect the settlement or compromise of, or

consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (A) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (B) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) If for any reason the foregoing indemnity is unavailable or is insufficient to hold harmless an indemnified party under Sections 2.9(a), (b) or (c), then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of any Claim in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such offering of securities. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation provided in the second preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults but

also the relative benefits of the indemnifying party and the indemnified party as well as any other relevant equitable considerations. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 2.9(e) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.9(e). The amount paid or payable in respect of any Claim shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(e) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 2.9(e) to contribute any amount in excess of the net proceeds received by such indemnifying party from the sale of Registrable Securities in the offering to which the losses, claims, damages or liabilities of the indemnified parties relate, less the amount of any indemnification payment made by such indemnifying party pursuant to Sections 2.9(b) and (c).

(f) The indemnity and contribution agreements contained herein shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract and shall remain operative and in full force and effect regardless of any investigation made or omitted by or on behalf of any indemnified party and shall survive the transfer of the Registrable Securities by any such party.

(g) The indemnification and contribution required by this Section 2.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

3. Underwritten Offerings.

3.1. Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering by the Investors pursuant to a registration requested under Section 2.1, the Company shall enter into a customary underwriting agreement with the underwriters. Such underwriting agreement shall be satisfactory in form and substance to the Initiating Holders and shall contain such representations and warranties by, and such other agreements on the part of, the Company and such other terms as are generally prevailing in agreements of that type, including, without limitation, indemnities and contribution agreements on substantially the same terms as those contained herein. Any Holder participating in the offering shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on

the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Holder; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a selling Holder for inclusion in the registration statement. Each such Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, its ownership of and title to the Registrable Securities, and its intended method of distribution; and any liability of such Holder to any underwriter or other Person under such underwriting agreement shall be limited to liability arising from breach of its representations and warranties and shall be limited to an amount equal to the proceeds (net of expenses and underwriting discounts and commissions) that it derives from such registration.

3.2. Piggyback Underwritten Offerings. In the case of a registration pursuant to Section 2.2 hereof, if the Company shall have determined to enter into an underwriting

agreement in connection therewith, any Registrable Securities to be included in such registration shall be subject to such underwriting agreement. Any Holder participating in such registration may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Holder. Each such Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, its ownership of and title to the Registrable Securities, and its intended method of distribution; and any liability of such Holder to any underwriter or other Person under such underwriting agreement shall be limited to liability arising from breach of its representations and warranties and shall be limited to an amount equal to the proceeds (net of expenses and underwriting discounts and commissions) that it derives from such registration.

4. General.

4.1. Adjustments Affecting Registrable Securities. The Company agrees that it shall not effect or permit to occur any combination or subdivision of shares of Common Stock which would adversely affect the ability of any Holder of any Registrable Securities to include such Registrable Securities in any registration contemplated by this Agreement or the marketability of such

Registrable Securities in any such registration. The Company agrees that it will take all reasonable steps necessary to effect a subdivision of shares if in the reasonable judgment of (a) the Initiating Holders or (b) the managing underwriter for the offering in respect of such Demand Registration Request, such subdivision would enhance the marketability of the Registrable Securities. Each Holder agrees to vote all of its shares of capital stock in a manner, and to take all other actions necessary, to permit the Company to carry out the intent of the preceding sentence including, without limitation, voting in favor of an amendment to the Company's Certificate of Incorporation in order to increase the number of authorized shares of capital stock of the Company.

4.2. Rule 144. The Company covenants that (i) so long as it remains subject to the reporting provisions of the Exchange Act, it will timely file the reports required to be filed by it under the Securities Act or the Exchange Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 under the Securities Act), and (ii) will take such further action as any Holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (A) Rule 144

under the Securities Act, as such Rule may be amended from time to time, or (B) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

4.3. Nominees for Beneficial Owners. If Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its option, be treated as the Holder of such Registrable Securities for purposes of any request or other action by any Holder or Holders of Registrable Securities pursuant to this Agreement (or any determination of any number or percentage of shares constituting Registrable Securities held by any Holder or Holders of Registrable Securities contemplated by this Agreement), provided that the Company shall have received assurances reasonably satisfactory to it of such beneficial ownership.

4.4 Amendments and Waivers. The terms and provisions of this Agreement may be modified or amended, or any of the provisions hereof waived, temporarily or permanently, in a writing executed and delivered by the Company and the Investors. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any

right, power or privilege hereunder shall operate as a waiver thereof.

4.5. Notices. Except as otherwise provided in this Agreement, all notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or by telecopy (with a confirmatory copy sent by a different means within three business days of such notice), nationally recognized overnight courier or first class registered or certified mail, return receipt requested, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by such party to the other parties:

(i) if to the Company, to:

Hexcel Corporation
Two Stamford Plaza
281 Tresser Boulevard
16th Floor
Stamford, Connecticut 06901-3238
Telecopy No.: (203) 358-3972
Attention: Ira J. Krakower, Esq.
Vice President, General Counsel
and Secretary

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Telecopy No.: (212) 735-2000
Attention: Joseph A. Coco, Esq.

and

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Telecopy No.: (212) 757-3990
Attention: Judith R. Thoyer, Esq.

(ii) if to the Holders:

c/o GS Capital Partners 2000, L.P.
85 Broad Street
New York, New York 10004
Telecopy: (212) 357-5505

Attention: Mr. Sanjeev Mehra

with a copy to:

Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004
Telecopy: (212) 859-8587
Attention: Robert C. Schwenkel, Esq.

All such notices, requests, consents and other communications shall be deemed to have been given when received.

4.6. Miscellaneous.

(a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and the respective successors, personal representatives and assigns of the parties hereto, whether so expressed or not. If any Person shall acquire Registrable Securities from any Holder, in any manner, whether by

operation of law or otherwise, but in compliance with the Governance Agreement, such Person shall promptly notify the Company and such Registrable Securities acquired from such Holder shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be entitled to receive the benefits of and be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement. Any such successor or assign shall agree in writing to acquire and hold the Registrable Securities acquired from such Holder subject to all of the terms hereof. If any Holder shall acquire additional Registrable Securities, such Registrable Securities shall be subject to all of the terms, and entitled to all the benefits, of this Agreement.

(b) This Agreement (with the documents referred to herein or delivered pursuant hereto), together with the Agreement, dated as of October 11, 2000, between the Company and the Investors, and the Governance Agreement, embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.

(c) This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of New York without giving effect to the conflicts of law principles thereof other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

(d) Each of the parties hereto hereby irrevocably and unconditionally

consents to submit to the exclusive jurisdiction of the courts of the State of New York and of the United States of America, in each case located in the County of New York, for any claim, action, suit, or proceeding ("Litigation") arising out of or relating to this Agreement and the transactions contemplated hereby (and agrees not to commence any Litigation relating hereto or thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in this Agreement shall be effective service of process for any Litigation brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any Litigation arising out of this Agreement or the transactions contemplated hereby in the courts of the State of New York or the United States of America, in each case located in the County of New York, hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Litigation brought in any such court has been brought in an inconvenient forum.

(e) The Company and the Investors hereby waive any right they may have to a trial by jury in respect of any action, proceeding or litigation directly or

indirectly arising out of, under or in connection with this agreement or the transaction documents.

(f) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. All section references are to this Agreement unless otherwise expressly provided.

(g) This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

(h) Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

(i) The parties hereto acknowledge that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to injunctive relief, including specific performance, to enforce such obligations without the posting of any bond, and, if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

(h) Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

4.7. No Inconsistent Agreements. The rights granted to the Holders of Registrable Securities hereunder do not in any way conflict with and are not inconsistent with any other agreements to which the Company is a party or by which it is bound. Without the prior written consent of Holders of a majority of the then outstanding Registrable Securities, the Company will not, on or after the date of this Agreement, enter into any agreement with respect to its securities which is inconsistent with the rights granted in this Agreement or otherwise conflicts with the provisions hereof, other than any lock-up agreement with the underwriters in connection with any registered offering effected hereunder, pursuant to which the Company shall agree not to register for sale, and the Company shall agree not to sell or otherwise dispose of, Common Stock or any

securities convertible into or exercisable or exchangeable for Common Stock, for a specified period following the registered offering. The Company further agrees that if any other registration rights agreement entered into after the date of this Agreement with respect to any of its securities contains terms which are more favorable to, or less restrictive on, the other party thereto than the terms and conditions contained in this Agreement are (insofar as they are applicable) to the Holders, then the terms and conditions of this Agreement shall immediately be deemed to have been amended without further action by the Company or any of the Holders of Registrable Securities so that the Holders shall each be entitled to the benefit of any such more favorable or less restrictive terms or conditions.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement as of the date first above written.

HEXCEL CORPORATION

By: ----------

Name:

Title:

LXH, L.L.C.

By: GS Capital Partners 2000, L.P.,
its managing member

By: GS Advisors 2000, L.L.C.,
its general partner

By:

Name:
Title:

By: GS Capital Partners 2000 Offshore, L.P.,
its managing member

By: GS Advisors 2000, L.L.C.,
its general partner

By:

Name:
Title: