FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1997-01-10** | Period of Report: **1996-09-28**
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FILER

UNIROYAL CHEMICAL CORP /DE/

CIK:**858905**| IRS No.: **061258925** | State of Incorp.:**DE** | Fiscal Year End: **1228**
Type: **10-K** | Act: **34** | File No.: **001-11072** | Film No.: **97504285**
SIC: **2860** Industrial organic chemicals

Mailing Address
WORLD HEADQUARTERS
BENSON ROAD
MIDDLEBURY CT 06749

Business Address
BENSON ROAD
C/O UNIROYAL CHEMICAL CO INC
MIDDLEBURY CT 06749
2035732000

UNIROYAL CHEMICAL CO INC

CIK:**862612**| IRS No.: **061148490** | State of Incorp.:**NJ** | Fiscal Year End: **1228**
Type: **10-K** | Act: **34** | File No.: **033-34407-01** | Film No.: **97504286**
SIC: **2870** Agricultural chemicals

Mailing Address
WORLD HEADQUARTERS
BENSON ROAD
MIDDLEBURY CT 06749

Business Address
BENSON RD
MIDDELBURY CT 06749
2035732000

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 28, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _____ to _____

Commission File Numbers: 0-25586 and 33-66740

UNIROYAL CHEMICAL CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	06-1258925
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

UNIROYAL CHEMICAL COMPANY, INC.
(Exact name of registrant as specified in its charter)

NEW JERSEY	06-114-8490
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

BENSON ROAD MIDDLEBURY, CONNECTICUT	06749
(Address of principal executive offices)	(Zip Code)

Registrants' telephone number, including area code - (203) 573-2000

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports); and (2) have been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers

pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ].

None of the voting stock of Uniroyal Chemical Corporation or Uniroyal Chemical Company, Inc. is held by non-affiliates.

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of December 15, 1996:

Uniroyal Chemical Corporation: 100 shares of Common Stock;

Uniroyal Chemical Company, Inc.: 100 Shares of No Class Common Stock.

Documents incorporated by reference

None

Registrants meet the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K and are therefore filing this Form with the reduced disclosure format.

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The Registrants are not required by Section 13 or 15(d) of the Securities Exchange Act of 1934 to file this Report, which is being filed to comply with certain provisions of the indentures applicable to three series of outstanding public debt of Uniroyal Chemical Corporation and one series of such debt of Uniroyal Chemical Company, Inc.

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PART I

ITEM 1. BUSINESS

Businesses of Uniroyal Chemical Company, Inc. and Uniroyal Chemical Corporation

Uniroyal Chemical Company, Inc. ("Uniroyal Chemical") is a major multinational manufacturer of a wide variety of specialty chemical products, including specialty elastomers, rubber

chemicals, crop protection chemicals and additives for the plastics and lubricants industries. Uniroyal Chemical produces high value added products which are currently marketed in approximately 120 countries. Uniroyal Chemical's products serve a wide variety of end use markets including agriculture, petrochemical, automotive, tires, hoses, plastics, appliances, lubricants, construction, recreation and mining. Uniroyal Chemical's business has its origins in the chemical operations of the U.S. Rubber Company, which date back over 90 years.

Uniroyal Chemical Corporation ("UCC") has no operations and its sole material asset is the capital stock of Uniroyal Chemical.

Merger with Crompton & Knowles Corporation

There is incorporated by reference herein Item 1 of the Registrants' Current Report on Form 8-K dated August 21, 1996, for information pertaining to an Agreement and Plan of Merger dated as of April 30, 1996, as amended, by and among UCC, Crompton & Knowles Corporation ("Crompton & Knowles") and Tiger Merger Corp. ("Subcorp"), a wholly owned subsidiary of Crompton & Knowles, whereby Subcorp was merged with and into UCC (the "Merger") effective on August 21, 1996. As a result of the Merger, UCC became a wholly owned subsidiary of Crompton & Knowles. Uniroyal Chemical remained a wholly owned subsidiary of UCC.

ITEM 2. PROPERTIES

Uniroyal Chemical and its subsidiaries (including Gustafson, Inc.) ("Gustafson") operate 16 production facilities worldwide. While most manufacturing plants produce a variety of products, three are dedicated to individual products. The four most significant production facilities are in Elmira, Ontario, Canada; Geismar, Louisiana; Naugatuck, Connecticut and Latina, Italy. Gustafson operates four facilities: an equipment manufacturing plant in Eden Prairie, Minnesota and chemical formulation facilities in Marsing, Idaho; Des Moines, Iowa and Pekin, Illinois.

Uniroyal Chemical holds a 50% voting interest in Rubicon Inc. which operates a chemical production facility located in Geismar, Louisiana that in part is dedicated to producing certain intermediates for Uniroyal Chemical.

Uniroyal Chemical conducts research and development in facilities in Bethany, Middlebury and Naugatuck, Connecticut; Guelph, Ontario, Canada and Evesham, England. In addition, Gustafson conducts research and development at a facility in

Frisco, Texas. Uniroyal Chemical and Gustafson each also operate field stations for crop protection research and development activities.

Uniroyal Chemical and UCC maintain headquarters facilities at Middlebury, Connecticut.

ITEM 3. LEGAL PROCEEDINGS

Uniroyal Chemical and its subsidiaries are involved in claims, litigation, administrative proceedings and investigations of various types in several jurisdictions. A number of such matters involve claims for a material amount of damages relating to or alleging environmental liabilities, including clean up costs associated with hazardous waste disposal sites, property damage and personal injuries.

Environmental Liabilities. In connection with establishing appropriate reserves for environmental liabilities, Uniroyal Chemical regularly updates its estimates of costs associated with the restoration of identified off-site and on-site disposal sites and other environmental requirements. Uniroyal Chemical believes that the most likely future amount of its currently known environmental liabilities is approximately $95.1 million which was reserved as of September 29, 1996, for the costs associated with liabilities for past off-site and on-site disposal of hazardous materials based on Uniroyal Chemical's interpretation of current environmental laws and regulations. These estimates may change should additional sites be identified, additional remediation measures be required to be undertaken, the interpretation of current laws and regulations be modified or additional environmental laws and regulations be enacted. Uniroyal Chemical intends to assert all meritorious legal defenses and all other equitable factors which are available to it with respect to these matters.

Uniroyal Chemical generally assesses the possibility for toxic tort claims. Such liabilities are dependent upon complex factors. Five facilities have been identified where the possibility for toxic tort claims may be significant, i.e. as situations where chemicals are believed to have migrated off-site, thus posing risk of exposure. There are no lawsuits pending involving any of these five facilities. Virtually all, if not all, of the off-site disposal sites to which Uniroyal Chemical may have sent toxic materials pose a possibility for toxic tort claims. There are currently pending five toxic tort claims against Uniroyal Chemical and others arising from these off-site disposal sites.

Uniroyal Chemical has been identified as a potentially responsible party ("PRP") under the Comprehensive Environmental

Response, Compensation and Liability Act ("CERCLA") and/or state equivalents for cleanup costs associated with waste disposal sites at various locations in the United States by the United States Environmental Protection Agency ("EPA"), state or local governmental agencies, and/or other PRPs. Because CERCLA has been construed to authorize joint and several liability, the government could seek to recover all cleanup costs at a waste disposal site from any one of the PRPs for such site, including Uniroyal Chemical, despite the involvement of other PRPs. In many cases, Uniroyal Chemical is one of several hundred PRPs so identified. In a few instances, Uniroyal Chemical is one of only a handful of PRPs. In certain instances, a number of other financially responsible PRPs are also involved, and Uniroyal Chemical expects that any ultimate liability resulting from such matters will be apportioned between Uniroyal Chemical and such other parties. The more significant of these matters are described below.

o Beacon Heights and Laurel Park - Uniroyal Chemical is a member of the Beacon Heights Coalition, a group of entities engaged in remedial work at the Beacon Heights site in the State of Connecticut pursuant to a Consent Decree entered in 1987. The actions required by this Consent Decree have been essentially completed. There is a continuing requirement for operation and maintenance at the site.

Over many years, Uniroyal Chemical has entered into and performed activities pursuant to a series of Administrative Orders with respect to the Laurel Park site located in the State of Connecticut. The EPA, the State of Connecticut, and the Laurel Park Coalition (consisting of Uniroyal Chemical and a number of other parties) have entered into a Consent Decree governing the design and implementation of the selected remedy. Remedial construction began at the Laurel Park site in July 1996, and is anticipated to be completed in 1998.

Consolidated litigation brought by the Beacon Heights and Laurel Park Coalitions seeking contribution to the costs from the owner/operators of the site and later from other identified generator parties has resulted in substantial recoveries from a number of parties. In November 1996, the United States Court of Appeals for the Second Circuit reversed judgments granted to other defendants in that litigation and the litigation will be remanded for further proceedings.

o Cleve Reber - Uniroyal Chemical and three other corporations named in an Administrative Order issued by the EPA have complied with such Order which governs remediation of the site located in the State of Louisiana. The cooperating parties are negotiating a consent agreement with the EPA for operation and maintenance of the site and to resolve all of the EPA's past

cost claims.

o Petro Processors - This matter relating to a site in the State of Louisiana was initiated in 1981. Litigation was instituted by the EPA against a number of parties, including Uniroyal, Inc. (which Uniroyal Chemical has agreed to indemnify), seeking cleanup of the Petro Processors site. A Consent Decree was entered to settle the case in February 1984, which required the defendants to clean up the site to the satisfaction of the EPA under supervision of the court. A settlement among the ten defendants, dated December 16, 1983, defines the percentage to be borne by each defendant of the currently estimated future cost of $100 million to complete remediation of the site. Although the allocations are subject to a confidentiality order, Uniroyal Chemical believes that the amount it will pay will not be material to its financial condition or results of operations.

o Vertac - Uniroyal Chemical and its Canadian subsidiary, Uniroyal Chemical Ltd., were joined with others as defendants in consolidated civil actions brought in the United States District Court, Eastern District of Arkansas, Western Division by the United States of America, the State of Arkansas and Hercules Incorporated ("Hercules") relating to a Vertac Chemical Corporation site in Jacksonville, Arkansas allegedly contaminated by dioxins. Uniroyal Chemical has been dismissed from the litigation. On November 18, 1993, the liability phase of trial in this matter, as to Uniroyal Chemical Ltd., concluded with the issuance of a jury verdict holding that Uniroyal Chemical Ltd. is liable under CERCLA Section 107 to the United States of America, the State of Arkansas and Hercules; that there is a reasonable basis for divisibility in this matter so that Uniroyal Chemical Ltd.'s liability is not joint and several; that Uniroyal Chemical Ltd. is not liable in contribution to Hercules; and that Hercules is liable in contribution to Uniroyal Chemical Ltd. The Court has received full briefs on the issues of which, if any, portions of the jury verdict are binding and which are advisory only, but has yet to rule on such issues or enter judgment in the matter. If interlocutory appeals from judgment once entered are not allowed, the allocation phase of the proceedings will begin. No ultimate determination of the amount of Uniroyal Chemical Ltd.'s liability, if any, is expected prior to the end of 1997. In addition, a new case has been filed by several individuals seeking natural resource damages. Uniroyal Chemical Ltd. has filed a Motion to Dismiss but currently all proceedings are stayed pending appeal of an order issued by the Court on November 2, 1996, which disqualified plaintiffs' counsel. Recently, Uniroyal Chemical and Uniroyal Chemical Ltd. received a notice from the U.S. Department of Interior of its intent to perform a Natural Resource Damage Assessment at the site.

Other Environmental Matters

o Sundor Canada Inc. - On July 13, 1990, Sundor Canada Inc. ("Sundor") instituted suit against Uniroyal Chemical Ltd. and others including the Ontario Ministry of the Environment and the Regional Municipality of Waterloo in the Ontario Court of Justice (General Division) at Toronto claiming that Uniroyal Chemical Ltd. and others are responsible for losses resulting from Sundor's recall of packaged juices and fruit due to Sundor's use of the public water derived from Elmira groundwater which was allegedly contaminated by Uniroyal Chemical Ltd. Uniroyal Chemical Ltd. has asserted, inter alia, that such recall was completely voluntary and in any event unnecessary to protect health and was not caused or justified by any activities of Uniroyal Chemical Ltd. Uniroyal Chemical Ltd. has instituted third-party claims against its co-defendants in the action. Co-defendants in the action have instituted third-party claims against Uniroyal Chemical Ltd. Examinations for discovery, restricted to the issue of damages suffered by the plaintiff, were held in March 1995. The plaintiff has provided additional information requested by defendants relating to plaintiff's damages. A pre-trial/mediation has been scheduled for March and April 1997.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No response to this item is required as Registrants meet the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K ("No Response Required").

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no established market for the Common Stock of Uniroyal Chemical, all of which is owned by UCC, or for the Common Stock of UCC, all of which is owned by Crompton & Knowles. See "BUSINESS - Merger with Crompton & Knowles Corporation" for information about the Merger.

The operations of UCC are conducted through Uniroyal Chemical and its subsidiaries and, therefore, UCC relies on Uniroyal Chemical's cash flow to satisfy its debt obligations and other cash needs. The debt agreements of Uniroyal Chemical restrict its ability to provide funds to UCC. Likewise, the provisions of the debt agreements of UCC restrict its ability to pay dividends, and UCC has never paid cash dividends on shares of its Common Stock. See Note 6 of Notes to Consolidated Financial Statements of Uniroyal Chemical.

ITEM 6. SELECTED FINANCIAL DATA

No Response Required.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The response to this item has been limited to an analysis of the results of operations for the 1996 fiscal year as compared with fiscal 1995 as Registrants meet the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K.

Operating Results - 1996 as Compared to 1995

Net Sales

Net sales for fiscal 1996 increased by 5% to $1,132.7 million from $1,079.3 million for fiscal 1995. Approximately half of the increase was a result of the impact of acquisitions made in fiscal 1995, with the remainder primarily attributable to price increases.

Chemicals and Polymers sales were up $13.3 million, or 3%, in fiscal 1996 compared to fiscal 1995, primarily attributable to improved selling prices in rubber chemicals and increased unit volume for nitrile rubber, partially offset by lower unit volume and pricing in the EPDM business.

Sales of Crop Protection chemicals were up $26.9 million, or 8%, in fiscal 1996 as compared to the prior year due primarily to the acquisition of the crop protection business of Solvay Duphar in March of 1995. Lower insecticide sales due to lower infestation levels in the U.S. were offset primarily by increases in international sales and sales of seed treatment products.

Specialties sales of $282.2 million increased 5% in fiscal 1996 compared to fiscal 1995 attributable primarily to higher unit volume of urethane prepolymers.

Operating Profit

Gross margin as a percentage of net sales of 38.1% increased from the 37.3% in the 1995 fiscal year, after excluding the impact of certain special income in 1995. Consolidated operating profit, before merger and related costs of $52.6 million and a special charge for environmental costs of $30.0 million, increased 12% to $158.0 million from $140.9 million in the prior year after adjustment for certain special income, net of $4.9 million in fiscal 1995. The improvement in operating profit resulted primarily from the increase in volume due to acquisitions and lower operating costs.

Other

Selling, general and administrative expenses of $166.7 million increased less than 1% versus fiscal 1995 and decreased as a percentage of sales, as the impact of acquisitions, new product promotions and inflation was offset by the cost reduction program charge of $5.0 million in fiscal 1995 and the benefits of that program in fiscal 1996. Depreciation and amortization of $67.9 million increased 4% versus fiscal 1995 primarily as a result of a higher fixed asset base including acquisitions. Research and development costs of $39.0 million increased 7% from the prior year and remained constant as a percentage of sales.

Merger and related costs of $52.6 million comprised principally severance and other personnel costs of $27.3 million, investment banking fees of $5.9 million, legal fees of $4.7 million, debt related fees of $6.4 million, facility consolidation costs of $3.4 million and other costs of $4.9 million. A special environmental provision of $30.0 million reflects UCC's evaluation, based on current information, of its obligation for environmental remediation activities.

Interest expense for fiscal 1996 of $106.5 million decreased 7% from fiscal 1995 primarily due to lower levels of indebtedness. Other income of $0.3 million decreased $2.3 million versus fiscal 1995 primarily due to lower interest income in fiscal 1996 and special licensing income reported in the prior year. The effective tax rate, excluding the tax impact of merger and related costs ($8.3 million) and a special charge for environmental costs ($11.5 million), was 40.1% versus 40.2% in fiscal 1995 after adjustment for special credits of $78.9 million in 1995.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

There is incorporated by reference herein the information set forth on the Index to Financial Statements and Financial Statement Schedules on Page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There is incorporated by reference herein Items 4 and 7 of the Registrants' Current Report on Form 8-K dated September 27, 1996, for information pertaining to the replacement of the accounting firm of Deloitte & Touche LLP with KPMG Peat Marwick LLP to serve as independent certifying public accountants for UCC and its subsidiaries. KPMG Peat Marwick LLP is the independent certifying public accountant for Crompton & Knowles and its

subsidiaries.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS

No Response Required.

ITEM 11. EXECUTIVE COMPENSATION

No Response Required.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

No Response Required.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

No Response Required.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The financial statements, and the notes thereto, listed on Page F-1 are filed herewith as part of this Report.

2. Financial Statement Schedules

The financial statement schedules listed on page F-1 are filed herewith as part of this Report.

3. Exhibits

The exhibits listed in the accompanying Exhibit Index are filed herewith as part of this Report.

(b) Reports on Form 8-K filed in fourth quarter 1996

During the fiscal fourth quarter of 1996, the Registrants filed a Current Report on Form 8-K dated August 21, 1996, reporting on Item 1, Changes In Control of Registrant. In addition, on September 30, 1996, the Registrants filed a Current Report on Form 8-K dated September 27, 1996, reporting on Item 4,

Changes In Registrants' Certifying Accountant and Item 8, Change in Fiscal Year and including an exhibit pursuant to Item 7, Financial Statements and Exhibits.

(c) Exhibits

See Exhibit Index.

(d) Financial Statement Schedules

See Index to Financial Statements and Financial Statement Schedules on page F-1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIROYAL CHEMICAL CORPORATION

Date: January 9, 1997 By: /s/ Vincent A. Calarco
Vincent A. Calarco
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated this 9th day of January, 1997.

Signature	Title
/s/ Vincent A. Calarco Vincent A. Calarco	Chairman of the Board, President, Chief Executive Officer and Director
/s/ Charles J. Marsden Charles J. Marsden	Vice President and Chief Financial Officer and Director (principal financial officer)
/s/ John T. Ferguson II John T. Ferguson II	Vice President, General Counsel, Secretary and Director

/s/ Michael F. Vagnini Michael F. Vagnini	Controller (principal accounting officer)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIROYAL CHEMICAL COMPANY, INC.

Date: January 9, 1997 By: /s/ Vincent A. Calarco
Vincent A. Calarco

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated this 9th day of January, 1997.

Signature	Title
/s/ Vincent A. Calarco Vincent A. Calarco	President, Chief Executive Officer and Director
/s/ Charles J. Marsden Charles J. Marsden	Vice President and Chief Financial Officer and Director (principal financial officer)
/s/ John T. Ferguson II John T. Ferguson II	Vice President, General Counsel Secretary and Director
/s/ Michael F. Vagnini Michael F. Vagnini	Controller (principal accounting officer)

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

UNIROYAL CHEMICAL CORPORATION
UNIROYAL CHEMICAL COMPANY, INC.

Certain schedules are omitted because they are not applicable or the required information is provided in the Financial Statements or related notes thereto.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Uniroyal Chemical Corporation
Uniroyal Chemical Company, Inc.

We have audited the following 1996 consolidated financial statements:

UNIROYAL CHEMICAL CORPORATION
- Consolidated Balance Sheet - September 28, 1996
- Consolidated Statements of Operations, Stockholders' Equity (Deficit) and Cash Flows for fiscal year 1996

UNIROYAL CHEMICAL COMPANY, INC. (a wholly owned subsidiary) and subsidiaries
- Consolidated Balance Sheet - September 28, 1996
- Consolidated Statements of Operations, Stockholders' Equity (Deficit) and Cash Flows for fiscal year 1996

In connection with our audit of the 1996 consolidated financial statements, we have also audited the financial statement schedules for fiscal 1996 listed in the index on page F-1. These consolidated financial statements and financial statement schedules are the responsibility of the Companies' management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1996 consolidated financial statements present fairly, in all material respects, the financial position of Uniroyal Chemical Corporation and Uniroyal Chemical Company, Inc. and its subsidiaries as of September 28, 1996 and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

KPMG PEAT MARWICK LLP

Stamford, Connecticut

October 23, 1996

INDEPENDENT AUDITORS' REPORT

Board of Directors
Uniroyal Chemical Corporation
Uniroyal Chemical Company, Inc.

We have audited the following consolidated financial statements:

UNIROYAL CHEMICAL CORPORATION
- Consolidated Balance Sheet - October 1, 1995
- Consolidated Statements of Operations, Stockholders' Equity (Deficit) and Cash Flows for the years ended October 1, 1995 and October 2, 1994

UNIROYAL CHEMICAL COMPANY, INC. (a wholly owned subsidiary) and subsidiaries
- Consolidated Balance Sheet - October 1, 1995
- Consolidated Statements of Operations, Stockholders' Equity (Deficit) and Cash Flows for the years ended October 1, 1995 and October 2, 1994

Our audits also included the financial statement schedules listed in the index on page F-1.

These consolidated financial statements and financial statement schedules are the responsibility of the aforementioned Companies' management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Companies at the dates indicated and the results of their operations and their cash flows for the periods indicated in

conformity with generally accepted accounting principles. Also in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

DELOITTE & TOUCHE LLP

Stamford, Connecticut
November 17, 1995

UNIROYAL CHEMICAL CORPORATION
UNIROYAL CHEMICAL COMPANY, INC.
Consolidated Statements of Operations
Fiscal Years ended September 28, 1996, October 1, 1995 and October 2, 1994
(In thousands of dollars)

	1996	1995	1994
Net sales	$1,132,746	$1,079,321	$946,454
Cost of products sold	701,104	665,980	580,688
Selling, general and administrative	166,716	165,803	147,405
Depreciation and amortization	67,946	65,083	72,841
Research and development	39,014	36,622	34,197
Merger and related costs	52,579	-	-
Special environmental provision	30,000	-	-
Write-off of intangible assets	-	-	191,000
Operating profit (loss)	75,387	145,833	(79,677)
Interest expense	106,456	114,034	128,567
Other income	(308)	(2,570)	(3,319)
Earnings (loss) before income taxes and extraordinary loss	(30,761)	34,369	(204,925)
Provision (benefit) for income taxes	951	(65,060)	8,918
Earnings (loss) before extraordinary loss	(31,712)	99,429	(213,843)
Extraordinary loss on early extinguishment of debt	(441)	(8,279)	-

Net earnings (loss)	($32,153)	$91,150	($213,843)

See accompanying notes to consolidated financial statements

UNIROYAL CHEMICAL CORPORATION
Consolidated Balance Sheets
September 28, 1996 and October 1, 1995
(In thousands of dollars)

ASSETS	1996	1995
Current Assets		
Cash	$15,615	$29,519
Accounts receivable	159,287	159,254
Inventories	180,414	177,647
Other current assets	49,641	39,114
Total current assets	404,957	405,534
Non-Current Assets		
Property, plant and equipment	371,689	394,472
Costs in excess of acquired net assets	129,198	133,726
Other intangible assets	94,727	107,984
Deferred income taxes	73,211	63,890
Other assets	58,836	66,101
	$1,132,618	$1,171,707
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Current installments of long-term debt	$11,568	$11,434
Notes payable	9,187	33,305
Accounts payable	92,530	94,826
Accrued expenses	105,652	89,927
Income taxes payable	31,754	29,150
Total current liabilities	250,691	258,642
Non-Current Liabilities		
Long-term debt	893,228	910,156
Postretirement healthcare liability	174,555	176,650
Other liabilities	149,154	125,488
Stockholders' Equity (Deficit)		
Preferred stock, $0.01 par value; 50,000 shares authorized:		
Series A cumulative redeemable preferred stock, 29,721 shares		

issued and outstanding in 1995, stated at the total liquidation preference	-	2,972
Series B preferred stock, 12,000 shares issued and outstanding in 1995, stated at the total liquidation preference	-	1,200
Common stock, $0.01 par value: 1,000 shares authorized, 100 shares issued and outstanding in 1996; 205,000,000 shares authorized, 25,289,831 shares issued (including 1,139,873 treasury shares) in 1995	-	253
Additional paid-in capital	172,822	176,799
Accumulated deficit	(479,613)	(447,460)
Accumulated translation adjustment	(24,506)	(18,488)
Pension liability adjustment	(3,713)	(3,617)
Treasury stock at cost	-	(10,888)
Total stockholders' deficit	(335,010)	(299,229)
	$1,132,618	$1,171,707

See accompanying notes to consolidated financial statements

UNIROYAL CHEMICAL COMPANY, INC.
Consolidated Balance Sheets
September 28, 1996 and October 1, 1995
(In thousands of dollars)

ASSETS	1996	1995
Current Assets		
Cash	$15,615	$29,519
Accounts receivable	159,287	159,254
Inventories	180,414	177,647
Other current assets	49,641	39,114
Total current assets	404,957	405,534
Non-Current Assets		
Property, plant and equipment	371,689	394,472
Costs in excess of acquired net assets	129,198	133,726
Other intangible assets	94,727	107,984
Deferred income taxes	73,211	63,890
Other assets	58,836	66,101
	$1,132,618	$1,171,707

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LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Current installments of long-term debt	$11,568	$11,434
Notes payable	9,187	33,305
Accounts payable	92,530	94,826
Accrued expenses	105,652	89,927
Income taxes payable	31,754	29,150
Total current liabilities	250,691	258,642
Non-Current Liabilities		
Long-term debt	893,228	910,156
Postretirement healthcare liability	174,555	176,650
Other liabilities	149,154	125,488
Stockholders' Equity (Deficit)		
Common stock, no par value; 2,500 shares authorized, 100 shares issued and outstanding	1	1
Additional paid-in capital	174,504	172,018
Accumulated deficit	(481,296)	(449,143)
Accumulated translation adjustment	(24,506)	(18,488)
Pension liability adjustment	(3,713)	(3,617)
Total stockholders' deficit	(335,010)	(299,229)
	$1,132,618	$1,171,707
	==========	==========

See accompanying notes to consolidated financial statements

UNIROYAL CHEMICAL CORPORATION
Consolidated Statements of Stockholders' Equity (Deficit)
Fiscal years ended September 28, 1996, October 1, 1995 and October 2, 1994
(In thousands of dollars)

	1996	1995	1994
PREFERRED STOCK			
Balance at beginning of year	$4,172	$4,172	$4,172
Reclassification due to Merger	(4,172)	-	-
Balance at end of year	-	4,172	4,172
COMMON STOCK			
Balance at beginning of year	253	91	86

Stock options and other issuances	1	3	1
IPO proceeds, net	-	134	-
Reclassification of redeemable capital	-	25	4
Reclassification due to Merger	(254)	-	-
Balance at end of year	-	253	91
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year	176,799	-	23
Stock options and other issuances	557	294	99
IPO proceeds, net	-	146,492	-
Reclassification and adjustment of redeemable capital	-	30,013	(122)
Reclassification due to Merger	(4,534)	-	-
Balance at end of year	172,822	176,799	-
ACCUMULATED DEFICIT			
Balance at beginning of year	(447,460)	(538,610)	(324,320)
Net earnings (loss)	(32,153)	91,150	(213,843)
Adjustment of redeemable capital carrying value	-	-	(447)
Balance at end of year	(479,613)	(447,460)	(538,610)
ACCUMULATED TRANSLATION ADJUSTMENT			
Balance at beginning of year	(18,488)	(9,964)	(10,168)
Equity adjustment for translation of foreign currencies	(6,018)	(8,524)	204
Balance at end of year	(24,506)	(18,488)	(9,964)
PENSION LIABILITY ADJUSTMENT			
Balance at beginning of year	(3,617)	(1,903)	(2,681)
Equity adjustment for pension liability	(96)	(1,714)	778
Balance at end of year	(3,713)	(3,617)	(1,903)
TREASURY STOCK			
Balance at beginning of year	(10,888)	(5,945)	(5,757)
Stock options and other issuances	1,928	99	(188)
Reclassification of redeemable capital	-	(5,042)	-
Reclassification due to Merger	8,960	-	-
Balance at end of year	-	(10,888)	(5,945)

Total stockholders' deficit	($335,010)	($299,229)	($552,159)

See accompanying notes to consolidated financial statements

UNIROYAL CHEMICAL COMPANY, INC.
Consolidated Statements of Stockholders' Equity (Deficit)
Fiscal years ended September 28, 1996, October 1, 1995 and October 2, 1994
(In thousands of dollars)

	1996	1995	1994
COMMON STOCK			
Balance at beginning and end of year	$1	$1	$1
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year	172,018	-	23
Capital contribution	2,486	147,022	100
Adjustment of amount due to parent	-	24,996	(123)
Balance at end of year	174,504	172,018	-
ACCUMULATED DEFICIT			
Balance at beginning of year	(449,143)	(540,293)	(325,820)
Net earnings (loss)	(32,153)	91,150	(213,843)
Adjustment of amount due parent	-	-	(442)
Dividends	-	-	(188)
Balance at end of year	(481,296)	(449,143)	(540,293)
ACCUMULATED TRANSLATION ADJUSTMENT			
Balance at beginning of year	(18,488)	(9,964)	(10,168)
Equity adjustment for translation of foreign currencies	(6,018)	(8,524)	204
Balance at end of year	(24,506)	(18,488)	(9,964)
PENSION LIABILITY ADJUSTMENT			
Balance at beginning of year	(3,617)	(1,903)	(2,681)
Equity adjustment for pension liability	(96)	(1,714)	778

Balance at end of year	(3,713)	(3,617)	(1,903)
Total stockholders' deficit	($335,010)	($299,229)	($552,159)

See accompanying notes to consolidated financial statements

UNIROYAL CHEMICAL CORPORATION
UNIROYAL CHEMICAL COMPANY, INC.
Consolidated Statements of Cash Flows
Fiscal years ended September 28, 1996, October 1, 1995 and October 2, 1994
(In thousands of dollars)

	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	($32,153)	$91,150	($213,843)
Adjustments to reconcile net earnings to net cash provided by operations:			
Depreciation and amortization	67,946	65,083	72,841
Write-off of intangible assets	-	-	191,000
Noncash interest	16,267	18,781	37,782
Deferred income taxes	(18,021)	(79,340)	(3,569)
Changes in assets and liabilities:			
Accounts receivable	(1,696)	(26,565)	(15,651)
Inventories	(3,627)	(8,425)	(12,497)
Other current assets	(2,277)	5,787	7,064
Other assets	1,826	6,552	(919)
Accounts payable and accrued expenses	11,609	21,440	8,206
Income taxes payable	2,881	(1,136)	8,106
Other	27,246	(13,315)	(6,751)
Net cash provided by operations	70,001	80,012	71,769
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions	-	(98,497)	(6,231)
Capital expenditures	(28,574)	(69,495)	(30,380)
Proceeds from sale of assets	-	-	26,006
Other investing activities	(2,228)	(6,838)	(5,411)
Net cash used by			

investing activities	(30,802)	(174,830)	(16,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term borrowings	(30,256)	(146,807)	(2,960)
Increase (decrease) in notes payable	(24,464)	9,301	15,059
Proceeds from sale of common stock, net	-	146,626	-
Other financing activities	864	(4,886)	(3,129)
Net cash provided (used) by financing activities	(53,856)	4,234	8,970
CASH			
Effect of exchange rates on cash	753	(1,241)	401
Change in cash	(13,904)	(91,825)	65,124
Cash at beginning of year	29,519	121,344	56,220
Cash at end of year	$15,615	$29,519	$121,344

See accompanying notes to consolidated financial statements

UNIROYAL CHEMICAL CORPORATION
UNIROYAL CHEMICAL COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

Uniroyal Chemical Corporation ("UCC") was incorporated in Delaware in December 1988 for the sole purpose of acquiring Uniroyal Chemical Company, Inc. ("Uniroyal Chemical") in October 1989. During fiscal 1993, through a series of mergers, Uniroyal Chemical became a direct wholly-owned subsidiary of UCC.

On August 21, 1996, Crompton and Knowles Corporation ("Crompton") acquired all of the issued and outstanding capital stock of UCC at which time UCC became a wholly owned subsidiary of Crompton. Uniroyal Chemical remained a direct wholly-owned subsidiary of UCC. Herein, UCC and Uniroyal Chemical collectively, are referred to as the "Companies."

UCC is dependent on cash flow from Uniroyal Chemical and its subsidiaries to service its debt and meet its other cash needs. Accordingly, the consolidated financial statements of Uniroyal Chemical set forth herein are presented on a basis of accounting which reflects all of the adjustments to account for the acquisition of Uniroyal Chemical by UCC and substantially all of the operations (primarily interest expense), assets and liabilities of UCC.

Certain amounts in the accompanying consolidated financial statements have been reclassified to conform with the current year presentation.

Principles of Consolidation

The accompanying financial statements include the accounts of UCC, Uniroyal Chemical and their majority owned subsidiaries. Other companies in which Uniroyal Chemical has a 20% to 50% ownership and exercises significant management influence are accounted for in accordance with the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation. The Companies reported on a 52 week fiscal year ending on the last Saturday of September in 1996 and the Sunday nearest September 30 in 1995 and 1994.

Translation of Foreign Currencies

Balance sheet accounts denominated in foreign currencies are translated generally at the current rate of exchange as of the balance sheet date, while revenues and expenses are translated at average rates of exchange during the periods presented. The cumulative foreign currency adjustments resulting from such translation are reported as a component of stockholders' equity (deficit). For foreign subsidiaries operating in highly inflationary economies, principally the Brazilian operations, monetary balance sheet accounts and related revenues and expenses are translated at current rates of exchange while non-monetary balance sheet accounts and related revenues and expenses are translated at historical exchange rates. The resulting translation gains and losses related to those countries are reflected in operations and are not significant in any of the years presented.

Cash and Cash Flows

The Companies consider cash in banks, certificates of deposit and commercial paper maturing within 90 days of issuance as cash for the purposes of reporting cash flows. Cash presented on the balance sheet includes cash equivalents of $3.8 and $5.7 million at September 28, 1996 and October 1, 1995, respectively.

Cash payments during the years ended 1996, 1995 and 1994 include interest payments of $90.8, $99.4 and $90.0 million and income tax payments of $16.9, $8.7 and $4.9 million, respectively.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) basis.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation. Depreciation expense ($46.2, 44.2 and $44.4 million in 1996, 1995 and 1994, respectively) is computed on the straight-line method over the estimated useful lives of the assets which range from 2 to 39 years.

Renewals and improvements which extend the useful lives of the assets are capitalized. Leasehold improvements are depreciated over their useful lives or the remaining lease term, whichever is shorter. Expenditures for maintenance and repairs are charged to expense as incurred.

Intangible Assets

The excess of cost over the fair value of net assets of businesses acquired is being amortized using the straight-line basis over 20 to 40 years. Accumulated amortization was $25.5 and $21.3 million at September 28, 1996 and October 1, 1995, respectively.

Other intangible assets include patents and unpatented technology, trademarks and other intangibles, which are being amortized on a straight-line basis over their estimated useful lives ranging from 6 to 20 years. Accumulated amortization was $102.9 and $ 87.8 million at September 28, 1996 and October 1, 1995, respectively.

Long-Lived Assets

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement requires that long-lived assets, certain identifiable intangible assets and goodwill related to those assets to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Companies adopted the new standard in

the first quarter of fiscal 1996. The effect of the adoption of the new standard did not materially impact the Companies' financial position or results of operations.

Each year the Companies evaluate the recoverability of the carrying value of the intangible assets of each of their businesses by assessing whether the projected earnings and cash flows of each of its businesses is sufficient to recover the existing unamortized cost of these assets. On this basis, if the Companies determine that any assets have been permanently impaired, the amount of the impaired asset is written-off against earnings in the quarter in which the impairment is determined.

In connection with UCC's acquisition of Uniroyal Chemical in 1989, the $800 million purchase price resulted in the recognition of identifiable intangible assets such as patented and unpatented technology and trademarks and tradenames which are attributable to specific businesses and the recognition of goodwill which was allocated to the businesses based on their pro rata profitability at the time of the acquisition. In fiscal 1994, due to prolonged recessionary conditions in many of the industrialized regions of the world and a pronounced acceleration in the downward pricing pressure on rubber chemical products, management's projected earnings and cash flow of the Chemicals and Polymer business decreased significantly since the initial projection made in 1989. Consequently, the Companies wrote-off the $191.0 million carrying value of such assets, including goodwill of $119.1 million, to reflect the Company's best estimates of future operating results and cash flows.

Research and Development

Research and development costs are expensed as incurred.

Income Taxes

A provision has not been made for U.S. income taxes which would be payable if undistributed earnings of foreign subsidiaries of approximately $48.3 million at September 28, 1996, were distributed to the Companies in the form of dividends, since corporate laws in foreign countries limit the extent of the repatriation of annual earnings for certain of the Companies' foreign subsidiaries while for others, the Companies' intention is to permanently reinvest these foreign earnings. A change in foreign corporate law and/or change in the Companies' reinvestment policy could result in the recognition of a deferred tax liability.

2. Merger

On August 21, 1996, UCC merged with Crompton in a common stock

transaction that was accounted for as a pooling of interests ("the Merger"). A total of 23,715,181 shares of Crompton's common stock was exchanged for all of UCC's outstanding common and preferred shares. In addition, all outstanding options, warrants and rights to purchase UCC common stock were converted into options, warrants and rights to purchase Crompton common stock.

In connection with the Merger, the Companies incurred approximately $52.6 million of merger and related costs. The components of these costs included in the consolidated statement of operations comprise principally severance and other personnel costs of $27.3, investment banking fees of $5.9, legal fees of $4.7, debt related fees of $6.4, facility consolidation costs of $3.4 and other costs of $4.9 million.

3. Acquisitions

During fiscal 1995, Uniroyal Chemical acquired the worldwide crop protection business of Solvay Duphar, B.V. (the "Duphar Acquisition"), along with three smaller acquisitions, at an aggregate cost of $98.5 million. The acquisitions have been accounted for using the purchase method and, accordingly, the acquired assets and liabilities have been recorded at their fair values at the dates of acquisition. The excess cost of purchase price over fair value of net assets acquired in the amount of $16.1 million, is being amortized over 20 years. The operating results of each acquisition are included in the consolidated statement of operations from the dates of acquisition.

4. Accounts Receivable

Accounts receivable are stated net of allowances for doubtful accounts amounting to $3.3 and $2.9 million at September 28, 1996 and October 1, 1995, respectively.

5. Inventories

A summary of inventory components at September 28, 1996 and October 1, 1995 is as follows (in thousands):

	1996	1995
Finished goods	$131,646	$129,263
Work in process	7,536	7,437
Raw materials and supplies	41,232	40,947
	$180,414	$177,647

6. Property, Plant and Equipment

Property, plant and equipment, at September 28, 1996 and October 1, 1995, consisted of the following (in thousands):

	1996	1995
Land and improvements	$20,623	$22,223
Buildings and improvements	87,813	71,268
Machinery and equipment	474,685	431,452
Furniture and fixtures	21,361	22,339
Construction in progress	19,875	58,980
	624,357	606,262
Less accumulated depreciation	(252,668)	(211,790)
	$371,689	$394,472

7. Accrued Expenses

Accrued expenses at September 28, 1996 and October 1, 1995 consisted of the following (in thousands):

	1996	1995
Accrued interest	$25,374	$25,988
Accrued payroll	29,414	27,291
Current portion of environmental liability	17,871	12,712
Other accruals	32,993	23,936
	$105,652	$89,927

8. Long-term Debt

A summary of long-term debt at September 28, 1996 and October 1, 1995 is as follows (in thousands):

	1996	1995
Long-term debt - UCC:		
10.5% Senior Notes Due 2002	$283,078	$283,078
11% Senior Subordinated Notes Due 2003	232,175	232,175
12% Subordinated Discount Notes Due 2005	103,215	91,857
Total long-term debt - UCC	618,468	607,110
Long-term debt - Uniroyal Chemical:		

9% Senior Notes Due 2000	250,583	270,000
Italian Financing	20,161	39,468
Credit Facility	11,556	-
Other	4,028	5,012
Total long-term debt - Uniroyal Chemical	286,328	314,480
Less - Amounts due within one year	(11,568)	(11,434)
Total long-term debt	$893,228	$910,156

UCC's Debt

10.5% Senior Notes

The 10.5% Senior Notes Due 2002 (the "10.5% Senior Notes") were issued in February 1993 and are unsecured. Interest is payable semi-annually on May 1 and November 1.

11% Senior Subordinated Notes

The 11% Senior Subordinated Notes Due 2003 (the "11% Senior Subordinated Notes") were issued in February 1993 and are unsecured. Interest is payable semi-annually on May 1 and November 1. The 11% Senior Subordinated Notes are redeemable in whole or in part, at the option of UCC at any time after May 1, 1998, at prices commencing at 105.5% of par of the then outstanding principal amount, plus accrued and unpaid interest, declining ratably to par by May 1, 2000.

12% Subordinated Discount Notes

The 12% Subordinated Discount Notes Due 2005 (the "12% Subordinated Discount Notes") were issued in February 1993, have a final accreted value of $126.6 million at May 1, 1998 and are unsecured. Beginning May 1, 1998, cash interest will accrue on these securities and will be payable semi-annually on May 1 and November 1. The 12% Subordinated Discount Notes are redeemable in whole or in part, at the option of UCC anytime after May 1, 1998, at 100% of their principal amount, plus accrued and unpaid interest.

Upon a change in control (as defined in the related indentures), UCC shall make an offer to purchase the 10.5% Senior Notes, 11% Senior Subordinated Notes and 12% Subordinated Discount Notes (collectively, the "UCC Notes") at a purchase price equal to 101% of the principal amounts (or accreted value), thereof, plus accrued and unpaid interest. In connection with the Merger, waivers of this requirement were obtained from the

holders of a majority in principal amount (as required under the indenture) of each of the UCC Notes for a total payment of $2.4 million.

Uniroyal Chemical Debt

9% Senior Notes

The 9% Senior Notes were issued in September 1993 and are unsecured. Interest is payable semi-annually on March 1 and September 1. The 9% Senior Notes are not redeemable prior to maturity, except upon a change in control (as defined in the related indenture) whereupon Uniroyal Chemical shall make an offer to purchase the 9% Senior Notes then outstanding at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest. In connection with the Merger, such an offer was made, resulting in $2.2 million of principal being redeemed. The 9% Senior Notes rank pari passu in right of payment with all existing and future senior indebtedness of Uniroyal Chemical.

Italian Financing

During the second quarter of fiscal 1995, Uniroyal Chemical's subsidiary in Italy borrowed $56.7 million (the "Italian Financing"), denominated in Italian lire and translated at the current exchange rate at the time of the Italian Financing to execute the Duphar Acquisition. The Italian Financing was comprised of an initial long-term amount of $44.8 million (the "Loan") and a revolving credit facility amount of $11.9 million (the "Facility") which terminates on March 31, 2000. The Loan requires ten semi-annual principal payments which began on September 30, 1995 and end on March 31, 2000. The interest rate on the Loan is based on the Italian interbank rate offered in Rome ("RIBOR") or the interbank interest rate offered in London ("LIBOR"), as set forth in the Italian Financing loan agreement, and resets at each semiannual principal payment date. The interest rate on the Loan at September 28, 1996 was 10.81%. Cash advances under the Facility may be taken with one, two, three or six month maturities determined at the Company's request. The interest rate on each cash advance under the Facility is determined on the same basis as the Loan and must be repaid at the maturity date. Outstanding borrowings under the Facility were $1.2 and $6.2 million, at September 28, 1996 and October 1, 1995, respectively. The Italian Financing is secured by mortgages on certain of the property, plant and equipment owned by Uniroyal Chemical's Italian subsidiary.

Debt Repurchases

During fiscal 1996, Uniroyal Chemical repurchased $17.2

million of its long-term debt in the open market. As a result of this repurchase, the Companies recognized an extraordinary charge of $0.4 million comprised of redemption premiums and the write-off of unamortized financing fees, net of a related tax benefit of $0.3 million.

During the second quarter of fiscal 1995, UCC completed an initial public offering (the "Offering") and sold 13,350,000 shares of its common stock at $12.00 per share. The proceeds of the Offering, after deducting underwriting discounts, other fees and expenses were $146.6 million. The net proceeds along with $45.7 million of available cash and borrowings under a bank credit facility were used to (i) retire an aggregate of $181.7 million of the Company's 12% Subordinated Discount Notes, 11% Senior Subordinated Notes, and 10.5% Senior Notes (collectively the "Debt Repurchase") and (ii) pay related premiums and accrued interest. As a result of the Debt Repurchase, the Companies recognized an extraordinary charge of $8.3 million comprised of redemption premiums and the write-off of unamortized financing fees, net of related tax benefit of $4.5 million in fiscal 1995.

Credit Facilities

In connection with the Merger, Uniroyal Chemical, together with Crompton, entered into a $600 million credit agreement (the "Credit Facility") with a syndicate of banks which expires in August 2001. Borrowings under the Credit Facility are divided into three tranches. Tranche I provides a maximum of up to $300 million available to Crompton for working capital and general corporate purposes. Tranche II provides a maximum of up to $150 million available to Uniroyal Chemical for working capital and general corporate purposes. Tranche III initially provided up to $150 million to Uniroyal Chemical to cover the redemption of the 9% Senior Notes that might be triggered by the change in control as a result of the Merger. Upon expiration of the redemption period, Tranche III was subsequently amended and reduced to allow up to $80 million of borrowings to the European subsidiaries of Crompton and Uniroyal Chemical. Borrowings may be denominated in U.S. dollars or the subsidiary's local currency.

Borrowings under the Tranche II Credit Facility at September 28, 1996 were $11.6 million and are secured primarily by accounts receivable and inventory of Uniroyal Chemical. The Credit Facility calls for interest based upon various options including spread over LIBOR that varies according to certain debt ratios for the trailing four fiscal quarters. In addition, Uniroyal Chemical must pay a commitment fee on the total unused portion of the Credit Facility, which is also dependent upon certain debt ratios for the trailing four fiscal quarters. At September 28, 1996 the interest rate was 6.3% and the commitment fee rate was

.25%.

Uniroyal Chemical also has lines of credit available to finance foreign operations. Unused foreign lines of credit at September 28, 1996 aggregated $31.2 million. The weighted average interest rate on those borrowings at September 28, 1996 and October 1, 1995 was 9.48% and 9.76%, respectively.

Debt Covenants

The Companies' various debt agreements contain covenants which limit their ability to incur additional debt, pay cash dividends or make certain other payments. The Credit Facility requires Crompton to maintain certain financial ratios.

Payments from Uniroyal Chemical to UCC (with certain exceptions) are generally limited to funds needed to service debt and for certain other purposes. If UCC or any of its subsidiaries is in default of payment or other provisions permitting acceleration under any agreement governing debt with a principal amount in excess of $5.0 million, Uniroyal Chemical would be prohibited from transferring any funds to UCC.

Maturities

At September 28, 1996, the scheduled maturities of long-term debt during the next five fiscal years and fiscal years thereafter were: 1997 - $11.6 million; 1998 - $9.0 million; 1999 - $1.2 million; 2000 - $250.7 million; 2001 - $11.7 million and years thereafter - $620.6 million.

9. Leases

The future minimum rental payments under operating leases having initial or remaining non-cancelable lease terms in excess of one year (as of September 28,1996) total $29.7 million as follows: $7.7 in 1997, $7.1 in 1998, $6.5 in 1999, $5.7 in 2000, $2.0 in 2001 and $0.7 million in later years. Total rental expense for all operating leases was $8.1 in 1996, $6.6 in 1995 and $6.2 million in 1994.

Real estate taxes, insurance and maintenance expenses generally are obligations of the Companies and, accordingly, are not included as part of rental payments. It is expected that, in the normal course of business, leases that expire will be renewed or replaced by leases on other properties.

10. Financial Instruments

At September 28, 1996, Uniroyal Chemical had an interest rate swap contract ("the Swap") outstanding for a notional principal

amount of $270 million with a major financial institution. Net receipts or payments on the Swap are accrued and recognized as adjustments to interest expense. The Swap requires Uniroyal Chemical to make semi-annual payments to its counterparty of an amount equal to a six month LIBOR and requires the counterparty to make semi-annual payments at a fixed rate of 5.24%. Uniroyal Chemical's floating interest rate resets every six months in arrears with the last payment due on December 10, 1999. Uniroyal Chemical paid approximately $3.2 million under the Swap in fiscal 1996.

The Companies remain sensitive to changes in prevailing interest rates because approximately $311 million of indebtedness of the Companies at September 28, 1996 effectively bears interest at a floating rate. Accordingly, a 1.0% change in prevailing interest rates would result in a $3.1 million change in annual interest expense.

The carrying amounts for cash, accounts receivable, notes payable, accounts payable and other accrued liabilities approximate fair value because of the short maturities of these instruments. The market values of long-term debt (including current installments) were $933.8 million and $935.1 million at September 28, 1996 and October 1, 1995, respectively, and have been determined based on quoted market prices. These securities are not currently redeemable except upon a change in control (as defined in the related indentures) or in the case of a public stock offering.

11. Income Taxes

The components of earnings (loss) before income taxes and extraordinary loss and the provision (benefit) for income taxes are as follows (in thousands):

	Fiscal Year Ended		
	1996	1995	1994
PRETAX EARNINGS (LOSS):			
Domestic	($66,250)	$17,269	($215,925)
Foreign	35,489	17,100	11,000
	($30,761)	$34,369	($204,925)
TAXES:			
Domestic			
Current taxes	$2,261	$3,753	$5,615
Deferred taxes	(13,612)	(73,983)	(1,145)
	(11,351)	(70,230)	4,470

Foreign			
Current taxes	16,416	9,234	6,895
Deferred taxes	(4,114)	(4,064)	(2,447)
	12,302	5,170	4,448
Total			
Current taxes	18,677	12,987	12,510
Deferred taxes	(17,726)	(78,047)	(3,592)
	$951	($65,060)	$8,918

The provision (benefit) for income taxes differs from the Federal statutory rate for the following reasons:

	Fiscal Year Ended		
	1996	1995	1994
Provision (benefit) at statutory rate	($10,766)	$12,029	($71,724)
Nondeductible merger and related costs	11,132	-	-
Goodwill write-off	-	-	42,718
Impact of valuation allowance	(2,905)	(78,880)	34,931
Foreign dividends and withholding taxes, net of federal benefit	3,077	2,367	2,136
Foreign income tax rate differential	(362)	(2,127)	(1,786)
State income taxes, net of federal benefit	(1,877)	555	(433)
Other, net	2,652	996	3,076
Actual provision (benefit) for income taxes	$951	($65,060)	$8,918

Provisions have been made for deferred taxes based on differences between financial statement and tax bases of assets and liabilities using currently enacted tax rates and regulations. The components of the net deferred tax assets and

liabilities are as follows (in thousands):

	1996	1995
Deferred tax assets:		
Pension and other postretirement benefits	$84,962	$85,577
Accruals for environmental restoration	29,865	22,905
Other accruals	29,315	18,597
AMT credit and NOL carryforwards	35,978	45,621
Inventories and other	9,581	6,987
Deferred tax liabilities:		
Property, plant and equipment	(54,300)	(54,342)
Intangibles	(15,002)	(19,731)
Other	(4,086)	(4,417)
Net deferred tax asset before valuation allowance	116,313	101,197
Valuation allowance	(16,081)	(18,986)
Net deferred tax asset after valuation allowance	$100,232	$82,211

Net deferred taxes (in thousands) include $28,756 and $20,378 in current assets, $73,211 and $63,890 in long-term assets, $1,587 and $16 in current liabilities and $148 and $2,041 in long-term liabilities at September 28, 1996 and October 1, 1995, respectively.

At September 28, 1996, the Companies had NOL carryforwards of $69 million, expiring in the year 2007, which can be used to reduce future Federal taxable income, while certain of the Companies' foreign subsidiaries had aggregate NOL carryforwards of $25 million which can be used to reduce future taxable income in those countries. As a result of the Offering and the Merger, the Company has undergone an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended. Consequently, the Federal NOL carryforward is subject to an annual limitation as prescribed thereunder.

12. Pensions

Uniroyal Chemical has several defined benefit and defined contribution plans which cover substantially all associates in the United States and Canada. Pension benefits for retired associates of Uniroyal Chemical in other countries are covered by government-sponsored plans. The defined benefit plans provide retirement benefits based on the associates' years of service and compensation during employment. Uniroyal Chemical will make

contributions to the defined benefit plans at least equal to the minimum amounts required by law, while contributions to the defined contribution plans are determined as a percentage of each covered associates' salary.

Uniroyal Chemical's net periodic pension cost for the defined benefit plans included the following components (in thousands):

	Fiscal Year Ended		
	1996	1995	1994
Service cost-benefits earned during the period	$5,765	$4,851	$4,157
Interest cost on projected benefit obligation	12,676	11,449	9,660
Actual return on plan assets	(8,327)	(13,442)	(2,732)
Net amortization and deferral	(1,020)	6,143	(4,465)
Net periodic pension cost	$9,094	$9,001	$6,620

The funded status and the (accrued) prepaid pension cost of the defined benefit pension plans are as follows (in thousands):

	1996		1995	
	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefit
Vested benefit obligation	($131,830)	($15,968)	($122,139)	($15,128)
Non-vested benefit obligation	(11,790)	(99)	(7,374)	-
Accumulated benefit obligation	(143,620)	(16,067)	(129,513)	(15,128)
Excess of projected benefit				

obligation over accumulated benefit obligation	(22,219)	(1,601)	(13,045)	(1,562)
Projected benefit obligation	(165,839)	(17,668)	(142,558)	(16,690)
Plan assets at fair value	113,469	19,824	89,931	18,909
Funded status	(52,370)	2,156	(52,627)	2,219
Unrecognized prior service cost	12,040	(406)	13,093	(691)
Unrecognized net (gain) loss	3,675	45	1,046	370
Unrecognized net transition asset	(741)	(430)	-	(542)
Equity adjustment to recognize minimum liability	(3,713)	-	(3,617)	-
(Accrued) prepaid pension cost	($41,109)	$1,365	($42,105)	$1,356

The weighted-average discount rate used to calculate the projected benefit obligation at September 28, 1996 and October 1, 1995 ranged from 6.25% - 8.00% and 6.50% - 8.00%, respectively. The expected long-term rate of return on plan assets at September 28, 1996 ranged from 6.25% - 9.00% and from 6.75% - 8.00% at October 1, 1995. The assumed rate of compensation increase ranged from 2.00% - 6.00% at September 28, 1996 and 3.00% - 6.00% at October 1, 1995.

Uniroyal Chemical's net periodic pension cost for defined contribution plans was $3.5, $3.3 and $2.7 million for the fiscal years 1996, 1995 and 1994, respectively.

13. Postretirement Healthcare Liability

Uniroyal Chemical provides certain health care and life insurance benefits for substantially all retired associates and their beneficiaries and covered dependents in the United States and Canada. Postretirement benefits for retired associates of Uniroyal Chemical in other countries are covered by government-sponsored plans.

Uniroyal Chemical's net periodic postretirement healthcare

cost included the following components (in thousands):

	1996	1995	1994
Service cost-benefits earned during the period	$1,250	$1,315	$2,444
Interest cost on accumulated postretirement benefit obligation	9,738	9,899	11,303
Government contribution	-	-	(1,414)
Actual return on plan assets	10	(677)	(365)
Curtailment gain	-	-	(448)
Net amortization and deferral	(7,959)	(5,751)	(7,590)
Net periodic postretirement healthcare cost	$3,039	$4,786	$3,930

Postretirement healthcare is generally not pre-funded, except for certain plans funded by the United States government, and are paid by Uniroyal Chemical as incurred. The funded status and accrued postretirement benefit cost of the plans are as follows (in thousands):

	1996	1995
Accumulated postretirement healthcare liability:		
Fully eligible and other active plan participants	($40,658)	($39,059)
Retirees	(96,851)	(96,688)
	(137,509)	(135,747)
Plan assets at fair value	5,601	7,639
Funded status	(131,908)	(128,108)
Unrecognized reduction in prior service cost	(43,158)	(48,679)
Unrecognized net gain	511	137
Postretirement healthcare liability	($174,555)	($176,650)

The weighted-average discount rate used to calculate the accumulated postretirement healthcare liability at September 28, 1996 and October 1, 1995 ranged from 7.50% - 8.00%. The expected long-term rate of return on plan assets at September 28, 1996 and October 1, 1995 was 3.46% and 3.60%, respectively.

The assumed health care cost trend rate used ranged from 12.5% - 9.70% in 1996, and decreases gradually to a range of

6.07% - 5.5% in year 2020 and thereafter. An increase in the assumed health care trend rates of 1% in each year would increase the aggregate of service and interest cost for 1996 by $0.7 million and would increase the September 28, 1996 accumulated postretirement benefit obligation by $8.9 million.

14. Contingencies

The Companies are involved in claims, litigation, administrative proceedings and investigations of various types in several jurisdictions. A number of such matters involve claims for a material amount of damages and relate to or allege environmental liabilities, including clean-up costs associated with hazardous waste disposal sites, natural resource damages, property damage and personal injury. Uniroyal Chemical and some of its subsidiaries have been identified by Federal, state or local governmental agencies, and by other potentially responsible parties (a "PRP") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or comparable state statutes, as a PRP with respect to costs associated with waste disposal sites at various locations in the United States. In addition, Uniroyal Chemical is involved with environmental remediation and compliance activities at some of its current and former sites in the United States and abroad.

Each quarter, Uniroyal Chemical evaluates and reviews estimates for future remediation and other costs to determine appropriate environmental reserve amounts. For each site, a determination is made of the specific measures that are believed to be required to remediate the site, the estimated total cost to carry out the remediation plan, the portion of the total remediation costs to be borne by Uniroyal Chemical and the anticipated time frame over which payments toward the remediation plan will occur. As a result of current information and analysis, Uniroyal Chemical recorded a special provision of $30 million during the fourth quarter of fiscal 1996 for environmental remediation activities. The total amount accrued for such environmental liabilities at September 28, 1996 was $95.1 million. It is reasonably possible that Uniroyal Chemical's estimates for environmental remediation liabilities may subsequently change should additional sites be identified, further remediation measures be required or undertaken, the interpretation of current laws and regulations be modified or additional environmental laws and regulations be enacted.

Uniroyal Chemical intends to assert all meritorious legal defenses and all other equitable factors which are available to it with respect to the above matters. Uniroyal Chemical believes that the resolution of these environmental matters will not have a material adverse effect on its consolidated financial position. While Uniroyal Chemical believes it is unlikely, the resolution

of these environmental matters could have a material adverse effect on its consolidated results of operations in any given year if a significant number of these matters are resolved unfavorably.

15. Geographic Data

The Company and its subsidiaries operate in one industry segment, the manufacture and sale of specialty chemicals and elastomers. Data by geographic area is as follows (in thousands):

	Fiscal Year Ended		
	1996	1995	1994
Net sales and transfers between geographic areas:			
United States	$978,081	$942,635	$820,256
Americas	201,913	181,926	169,353
Europe/Africa	181,268	135,805	97,015
Asia/Pacific	58,800	58,124	56,849
	1,420,062	1,318,490	1,143,473
Less transfers between geographic areas:			
United States	150,863	141,063	123,386
Americas	61,253	51,821	48,074
Europe/Africa	74,386	45,285	22,892
Asia/Pacific	814	1,000	2,667
	287,316	239,169	197,019
Net sales from geographic areas to unaffiliated customers:			
United States	827,218	801,572	696,870
Americas	140,660	130,105	121,279
Europe/Africa	106,882	90,520	74,123
Asia/Pacific	57,986	57,124	54,182
	$1,132,746	$1,079,321	$946,454

Transfers between geographic areas are accounted for at market prices or a negotiated price, with due consideration given to import and tax regulations in effect in the country into which the buying entity is importing the goods as well as the tax

regulations in the exporting country.

Export sales from the United States were as follows (in thousands):

Americas	$31,633	$30,300	$23,938
Europe/Africa	90,074	80,136	57,611
Asia/Pacific	60,911	51,380	38,610
	$182,618	$161,816	$120,159

	Fiscal Year Ended		
	1996	1995	1994
Operating Profit (Loss)			
United States (a)	$35,001	$116,887	($102,879)
Americas (b)	17,420	19,036	15,689
Europe/Africa	25,453	12,522	8,975
Asia/Pacific	(2,487)	(2,612)	(1,462)
	$75,387	$145,833	($79,677)

(a) Includes $52.6 million of merger and related costs and a $19.1 million special environmental provision in fiscal 1996, and a $191 million write-off of intangible assets in fiscal 1994.

(b) Includes a $10.9 million special environmental provision in fiscal 1996.

Total assets by geographic areas are as follows (in thousands):

United States	$893,912	$922,151
Americas	88,972	88,800
Europe/Africa	117,209	125,430
Asia/Pacific	32,525	35,326
Total assets	$1,132,618	$1,171,707

Condensed Statements of Operations and Accumulated Deficit
(In thousands of dollars)

	1996	1995	1994
Equity in income (losses) of consolidated subsidiaries	$15,429	$107,455	($122,918)
Selling, general and administrative	552	523	546
Interest expense	68,677	76,943	85,541
Other income	(1)	-	(178)
Earnings (loss) before income taxes and extraordinary loss	(53,799)	29,989	(208,827)
Provision (benefit) for income taxes	(21,646)	(69,440)	5,016
Earnings (loss) before extraordinary loss	(32,153)	99,429	(213,843)
Extraordinary loss on early extinguishment of debt	-	(8,279)	-
Net earnings (loss)	(32,153)	91,150	(213,843)
Adjustment of redeemable capital stock	-	-	(447)
Accumulated deficit, beginning of year	(447,460)	(538,610)	(324,320)
Accumulated deficit, end of year	($479,613)	($447,460)	($538,610)

UNIROYAL CHEMICAL CORPORATION SCHEDULE 1
Condensed Financial Information of Registrant
Condensed Balance Sheets
(In thousands of dollars)

ASSETS	1996	1995
Current Assets		
Cash	$48	$70
Other current assets	-	82

Total current assets	48	152
Non-Current Assets		
Investment in consolidated subsidiaries	277,112	289,728
Deferred income taxes	11,823	21,448
Other assets	19,576	21,416
	$308,559	$332,744
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accrued expenses	23,037	23,025
Non-Current Liabilities		
Long-term debt	618,468	607,110
Other liabilities	2,064	1,838
Stockholders' Equity (Deficit)		
Preferred stock, $0.01 par value; 50,000 shares authorized: Series A cumulative redeemable preferred stock, 29,721 shares issued and outstanding in 1995, stated at the total liquidation preference	-	2,972
Series B preferred stock, 12,000 shares issued and outstanding in 1995, stated at the total liquidation preference	-	1,200
Common stock, $0.01 par value: 1,000 shares authorized, 100 shares issued and outstanding in 1996; 205,000,000 shares authorized, 25,289,831 shares issued (including 1,139,873 treasury shares) in 1995	-	253
Additional paid-in capital	172,822	176,799
Accumulated deficit	(479,613)	(447,460)
Accumulated translation adjustment	(24,506)	(18,488)
Pension liability adjustment	(3,713)	(3,617)
Treasury stock at cost	-	(10,888)
Total stockholders' deficit	(335,010)	(299,229)
	$308,559	$332,744

UNIROYAL CHEMICAL CORPORATION SCHEDULE 1
Condensed Financial Information of Registrant
Condensed Statements of Cash Flows
(In thousands of dollars)

	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	($32,153)	$91,150	($213,843)
Adjustments to reconcile net earnings to net cash used by operations:			
Equity in (income) losses of consolidated subsidiaries	(15,429)	(107,455)	122,918
Amortization	315	323	323
Noncash interest	13,417	15,927	18,291
Allocation of current tax provision	(31,307)	(34,787)	(36,262)
Deferred income taxes	9,625	(36,665)	40,556
Change in assets and liabilities, net	101	(2,983)	4
Dividends from consolidated subsidiaries	52,887	63,527	70,276
Other	313	(180)	725
Net cash used by operations	(2,231)	(11,143)	2,988
CASH FLOWS FROM INVESTING ACTIVITIES			
Return of capital	-	45,666	(27,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term borrowings	-	(187,595)	-
Proceeds from sale of common stock, net	-	146,626	-
Purchase of treasury stock	-	(1,161)	(3,001)
Other financing activities	2,209	7,499	562
Net cash provided (used) by financing activities	2,209	(34,631)	(2,439)
Change in cash	(22)	(108)	(27,043)
Cash at beginning of year	70	178	27,221
Cash at end of year	$48	$70	$178

UNIROYAL CHEMICAL CORPORATION
UNIROYAL CHEMICAL COMPANY, INC.

Valuation and Qualifying Accounts
(In thousands of dollars)

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Recurring (1)	Other (2)	Balance at End of Year
Fiscal Year 1996:					
Allowance for doubtful receivables	$2,873	$1,568	($1,108)	-	$3,333
Accumulated amortization of cost in excess of acquired net assets	$21,281	$3,887	$323	-	$25,491
Accumulated amortization of other intangible assets	$87,813	$15,622	($497)	-	$102,938
Fiscal Year 1995:					
Allowance for doubtful receivables	$2,452	$708	($287)	-	$2,873
Accumulated amortization of cost in excess of acquired net assets	$17,194	$3,953	$134	-	$21,281
Accumulated					

amortization of other intangible assets	$73,981	$14,647	($815)	-	$87,813
Fiscal Year 1994:					
Allowance for doubtful receivables	$1,946	$1,120	($614)	-	$2,452
Accumulated amortization of cost in excess of acquired net assets	$27,152	$5,173	($25)	($15,106)	$17,194
Accumulated amortization of other intangible assets	$93,992	$19,835	($432)	($39,414)	$73,981

(1) Represents accounts written off as uncollectible, net of recoveries (allowance for doubtful receivables only), and the translation effect of accounts denominated in foreign currencies.

(2) Represents write-offs due to the 1994 intangible asset revaluation and the sale of a business product line.

EXHIBIT INDEX

The exhibit numbers set forth below correspond to the numbers assigned to such exhibits in the Exhibit Table to Item 601 of Regulation S-K.

Exhibit Number	Description
2	Agreement and Plan of Merger dated April 30, 1996, by and among Crompton & Knowles Corporation, Tiger Merger Corp. and UCC (incorporated by reference to Exhibit 2 to the Quarterly Report on Form 10-Q for the period ended March 31, 1996).

3.1 Certificate of Incorporation of UCC, effective as of August 21, 1996 (filed herewith).

3.2 By-laws of UCC, effective as of August 21, 1996 (filed herewith).

3.3 Certificate of Incorporation of Uniroyal Chemical (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-1 of Uniroyal Chemical, Registration No. 33-66740 ["Form S-1, Registration No. 33-66740"]).

3.4 By-Laws of Uniroyal Chemical (incorporated by reference to Exhibit 3.4 to Form S-1, Registration No. 33-66740).

4.1 Form of Indenture, dated as of February 8, 1993, among UCC and State Street Bank and Trust Company, as Trustee, relating to the 10 1/2% Notes, including form of securities (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 of UCC, Registration No. 33-45296 and 33-45295 ["Form S-1, Registration No. 33-45296/45295"]).

4.2 Form of Indenture, dated as of February 8, 1993, among UCC and United States Trust Company of New York, as Trustee, relating to the 11% Notes, including form of securities (incorporated by reference to Exhibit 4.1(a) to Form S-1, Registration No. 33-45296/45295).

4.3 Form of Indenture, dated as of February 8, 1993, among UCC and The Shawmut Bank Connecticut, N.A. as Trustee, relating to the 12% Notes, including form of securities (incorporated by reference to Exhibit 4.1(b) to Form S-1, Registration No. 33-45296/45295).

4.4 Form of Indenture, dated as of September 1, 1993, among Uniroyal Chemical and State Street Bank and Trust Company, as Trustee, relating to $270 million of 9% Notes, including the form of securities (incorporated by reference to Exhibit 4.2 to Form S-1, Registration No. 33-66740).

4.5 Form of Amended and Restated $100 million Credit Agreement ("$100 Million Credit Agreement"), dated as of August 26, 1993, among UCC and Gustafson, Inc. as borrowers, various lenders and Citibank, N.A., as Agent (incorporated by reference to Exhibit 4.3 to Form S-1, Registration No. 33-66740).

4.6 Form of Amended and Restated Security Agreement, dated

as of August 26, 1993, from Uniroyal Chemical, as Pledgor and Citibank, N.A. as Pledgee and Agent (incorporated by reference to Exhibit 4.4 to Form S-1, Registration No. 33-66740).

4.7 Form of Amended and Restated Guaranty, dated as of August 26, 1993, from Uniroyal Chemical, as Guarantor, various lenders and Citibank, N.A., as Agent (incorporated by reference to Exhibit 4.5 to Form S-1, Registration No. 33-66740).

4.8 Form of Amended and Restated Guaranty, dated as of August 26, 1993, from Gustafson, Inc., as Guarantor, various lenders and Citibank, N.A., as Agent (incorporated by reference to Exhibit 4.6 to Form S-1, Registration No. 33-66740).

4.9 Form of Amended and Restated Security Agreement, dated as of August 26, 1993, from Gustafson, Inc., as Pledgor and Citibank, N.A., as Pledgee and Agent (incorporated by reference to Exhibit 4.7 to Form S-1, Registration No. 33-66740).

4.10 Form of Letter Amendment, dated September 22, 1993, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 10-K for the fiscal year ended October 2, 1994 ["1994 Form 10-K"]).

4.11 Form of Second Letter Amendment, dated December 17, 1993, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.11 to the 1994 Form 10-K).

4.12 Form of Third Letter Amendment, dated February 3, 1994, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.12 to the 1994 Form 10-K).

4.13 Form of Amendment, dated September 1, 1994, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.13 to the 1994 Form 10-K).

4.14 Form of Fifth Letter Amendment, dated October 26, 1994, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.14 to the 1994 Form 10-K).

4.15 Form of Sixth Letter Amendment, dated November 21, 1994, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.15 to the 1994 Form 10-K).

4.16 Form of Seventh Letter Amendment, dated February 28, 1995, amending the $100 Million Credit Agreement (incorporated

by reference to Exhibit 4.16 to the Annual Report on Form 10-K for the fiscal year ended October 1, 1995 ["1995 Form 10-K"]).

4.17 Form of Eighth Letter Amendment, dated June 26, 1995, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.17 to the 1995 Form 10-K).

4.18 Form of Ninth Letter Amendment, dated September 13, 1995, amending the $100 Million Credit Agreement (incorporated by reference to Exhibit 4.18 to the 1995 Form 10-K).

4.19 $150 Million Credit Agreement dated as of December 21, 1995, by and among Uniroyal Chemical, as borrower, various lenders and Citicorp USA, Inc., as Agent ("$150 Million Credit Agreement") (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the period ended December 31, 1995 ["December 1995 10-Q"]).

4.20 Borrower Security Agreement dated as of December 21, 1995, by and between Uniroyal Chemical, as Pledgor to Citicorp USA, Inc., as Agent, as Pledgee (incorporated by reference to Exhibit 10D to the December 1995 10-Q).

4.21 Guaranty Agreement dated as of December 21, 1995, by and among various Guarantors, as guarantors, in favor of the Secured Parties, as Party to the $150 Million Credit Agreement, and Citicorp USA, Inc. as Agent (incorporated by reference to Exhibit 10E to the December 1995 10-Q).

4.22 Guarantor Security Agreement dated as of December 21, 1995, from Gustafson, Inc., Uniroyal Chemical Export Limited and Trace Chemicals, Inc., as Pledgors to Citicorp USA, Inc., as Agent, as Pledgee (incorporated by reference to Exhibit 10F to the December 1995 10-Q).

4.23 Form of Louisiana Undertaking dated as of December 21, 1995, from Uniroyal Chemical to the Lenders party to the $150 Million Credit Agreement (incorporated by reference to Exhibit 10G to the December 1995 10-Q).

4.24 Form of $600 Million Credit Agreement dated as of August 21, 1996, by and among Crompton & Knowles Corporation, Crompton & Knowles Colors Incorporated, Davis-Standard Corporation, Ingredient Technology Corporation and Uniroyal Chemical, as Borrowers, and various lenders, and Citicorp Securities, Inc., as Arranger, and Citicorp USA, Inc., as Agent and the Chase Manhattan Bank, as Managing Agent ("$600 Million Credit Agreement") (filed herewith).

4.25 Uniroyal Chemical Security Agreement dated as of August 21, 1996, by and among various Uniroyal Chemical subsidiaries, as Pledgors, to Citicorp USA, Inc., as Agent (filed herewith).

4.26 Louisiana Undertaking dated as of August 21, 1996, from Uniroyal Chemical, UCC and various subsidiaries of Uniroyal Chemical to the Lenders party to the $600 Million Credit Agreement and to Citicorp USA, Inc. as Agent (filed herewith).

4.27 Subsidiary Guaranty dated as of August 21, 1996, from various subsidiaries of Uniroyal Chemical and Crompton & Knowles Corporation, as Guarantors, in favor of various secured parties as referred to in the $600 Million Credit Agreement (filed herewith).

10.1 Form of Assignment and Assumption of Raw Materials Agreement, dated as of October 30, 1989, between UCC and Avery (incorporated by reference to Exhibit 10.1 to Form S-1, Registration No. 33-32770).

10.2 Warrant Agreement, dated as of October 30, 1989, between UCC and Avery, Inc. (incorporated by reference to Exhibit 10.2 to Form S-1, Registration No. 33-32770).

10.3 Form of Employment Agreement, dated as of October 30, 1989, among Uniroyal Chemical and the Executive Officers of Uniroyal Chemical (incorporated by reference to Exhibit 10.3 to Form S-1, Registration No. 33-32770).

10.4 Form of Supplemental Executive Retirement Agreement, dated as of October 30, 1989, among Uniroyal Chemical and the Executive Officers of Uniroyal Chemical (incorporated by reference to Exhibit 10.4 to Form S-1, Registration No. 33-32770).

10.5 Form of Management Subscription Agreement, dated as of October 19, 1989, between UCC and the Management Investors (incorporated by reference to Exhibit 10.8 to Form S-1, Registration No. 33-32770).

10.6 Form of Registration Rights Agreement, dated as of October 30, 1989, among Uniroyal Chemical Acquisition Corporation ("UCAC"), UCC and the purchasers named therein (incorporated by reference to Exhibit 10.9 to Form S-1, Registration No. 33-32770).

10.7 Amended and Restated Tax Indemnification Agreement, dated as of October 26, 1989, among Avery, Inc., Uniroyal Chemical Holding Company, UCAC, UCC and certain

subsidiaries of UCAC ("Tax Indemnification Agreement") (incorporated by reference to Exhibit 10.13 to Form S-1, Registration No. 33-32770).

10.8 Form of Amendment, dated as of December 14, 1990, to the Tax Indemnification Agreement (incorporated by reference to Exhibit 10.26 to Post Effective Amendment No. 3 to the Registration Statement on Form S-1, of UCC and UCAC Registration No. 33-32770, filed on January 15, 1991 ["1991 Form S-1, Registration No. 33-32770"]).

10.9 Uniroyal Chemical Company Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-1 of UCC, Registration No. 33-45295, filed on January 27, 1992).

10.10 UCC Purchase Right Plan, as amended and restated as of March 16, 1995 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended April 2, 1995 ["April 1995 Form 10-Q"]).

10.11 Loan Agreement, dated as of March 16, 1995, among Uniroyal Chimica S.p.A., Citibank N.A., as Agent, and the Banks party thereto (incorporated by reference to Exhibit 10.11 to the 1995 Form 10-K).

10.12 Finance Agreement, dated as of May 15, 1992, between Uniroyal Chemical Company Limited, Borrower, and Overseas Private Investment Corporation, Loan Guarantor (incorporated by reference to Exhibit 10.32 to Amendment No. 3 to the Registration Statement on Form S-1, of UCC Registration Nos. 33-45296 and 33-45295, filed on December 10, 1992 ["1992 Form S-1, Registration Nos. 33-45296/33-45295"]).

10.13 Sponsor Guaranty Agreement, dated as of May 15, 1992, between Uniroyal Chemical, Guarantor, and Overseas Private Investment Corporation (incorporated by reference to Exhibit 10.33 to 1992 Form S-1, Registration Nos. 33-45296/33-45295).

10.14 Guaranty Agreement, dated as of May 15, 1992, between Uniroyal Chemical Company Limited, Guarantor, and Bankers Trust Company, Paying Agent (incorporated by reference to Exhibit 10.34 to 1992 Form S-1, Registration Nos. 33-45296/33-45295).

10.15 Issuing and Paying Agency Agreement, dated as of May 15, 1992, among Uniroyal Chemical Company Limited, Overseas Private Investment Corporation and Bankers Trust Company, Paying Agent (incorporated by reference to Exhibit 10.35 to

1992 Form S-1, Registration Nos. 33-45296/33-45295).

10.16 Subordination Agreement, dated as of May 15, 1992, among Uniroyal Chemical Company Limited, Obligor, Uniroyal Chemical, Subordinated Creditor, and Overseas Private Investment Corporation (incorporated by reference to Exhibit 10.36 to 1992 Form S-1, Registration Nos. 33-45296/33-45295).

10.17 Form of Amendment, dated as of December 8, 1992, to the Tax Indemnification Agreement (incorporated by reference to Exhibit 10.30 to 1992 Form S-1, Registration Nos. 33-45296/33-45295).

10.18 Form of Amendment No. 1, dated as of February 2, 1993, to the Management Subscription Agreements (incorporated by reference to Exhibit 10.39 to Form S-1, Registration No. 33-66740).

10.19 Rights Agreement, dated April 29, 1993, between UCC and Chemical Bank as Rights Agent (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of UCC, filed on April 30, 1993).

10.20 Form of Amendment No. 1 to the Rights Agreement, dated October 31, 1995 between UCC and Chemical Bank, as Rights Agent (incorporated by reference to Exhibit 4.2 to Form 8-K filed on November 2, 1995).

10.21 UCC 1993 Stock Option Plan (incorporated by reference to Exhibit 28.1 to UCC's Registration Statement on Form S-8, Registration No. 33-62030, filed on May 4, 1993).

10.22 Form of Amendment No. 2 to the UCC 1993 Stock Option Plan (incorporated by reference to Exhibit 10.2 to the April 1995 Form 10-Q).

10.23 Form of Amendment No. 2, dated as of November 15, 1993, to the Management Subscription Agreements (incorporated by reference to Exhibit 10.21 to the 1994 Form 10-K).

10.24 Form of Executive Stock Option Agreement, dated as of November 15, 1993 (incorporated by reference to Exhibit 10.22 to the 1994 Form 10-K).

10.25 Form of Management Investor and Other Key Personnel Option Agreement, dated as of December 15, 1993 (incorporated by reference to Exhibit 10.23 to the 1994 Form 10-K).

10.26 Form of Non-Employee Director Stock Option Agreement, dated as of September 13, 1994 (incorporated by reference to

Exhibit 10.24 to the 1994 Form 10-K).

10.27 Form of Non-Employee Director Stock Option Agreement, dated as of March 5, 1996 (filed herewith).

10.28 Form of Employment Agreement, dated as of August 21, 1996, between Uniroyal Chemical and four executive officers of Uniroyal Chemical (filed herewith).

10.29 Form of Supplemental Retirement Agreement, dated as of August 21, 1996, between Uniroyal Chemical and two executive officers of Uniroyal Chemical (filed herewith).

10.30 Form of Supplemental Retirement Agreement, dated as of August 21, 1996, between Uniroyal Chemical and two executive officers of Uniroyal Chemical (filed herewith).

12 Computation of earnings to fixed charges ratio for the fiscal years 1992, 1993, 1994, 1995 and 1996 (filed herewith).

21 Subsidiaries of the Registrants (No Response Required).

27 Financial Data Schedules for Uniroyal Chemical and UCC (filed herewith).

CERTIFICATE OF INCORPORATION
OF
UNIROYAL CHEMICAL CORPORATION

I, the undersigned, for the purpose of incorporating and organizing a corporation under the General Corporation Law of the State of Delaware, do hereby execute this Certificate of Incorporation and do hereby certify as follows:

ARTICLE 1.

The name of the corporation (which is hereinafter referred to as the "Corporation") is:

Uniroyal Chemical Corporation

ARTICLE 2.

The address of the Corporation's registered office in the State of Delaware is The Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE 3.

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware.

ARTICLE 4.

Section a. The Corporation shall be authorized to issue 1,000 shares of capital stock, all of which 1,000 shares shall be shares of Common Stock, $.01 par value ("Common Stock").

Section b. Except as otherwise provided by law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. Each share of Common Stock shall have one vote, and the Common Stock shall vote together as a single class.

ARTICLE 5.

Any one or more directors may be removed, with or without cause, by the vote or written consent of the holders of a majority of the issued and outstanding shares of capital stock of the Corporation entitled to be voted at an election of directors.

ARTICLE 6.

In furtherance and not in limitation of the powers conferred by law, the Board of Directors of the Corporation (the "Board") is expressly authorized and empowered to make, alter and repeal the By-Laws of the Corporation.

ARTICLE 7.

Meetings of stockholders shall be held at such place, within or without the State of Delaware, as may be designated by or in the manner provided in the By-Laws, or, if not so designated, at the registered office of the Corporation in the State of Delaware. Elections of directors need not be by written ballot unless and to the extent that the By-Laws so provide.

ARTICLE 8.

The Corporation reserves the right at any time from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article.

ARTICLE 9.

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

ARTICLE 10.

The name and mailing address of the incorporator is Howard A. Mergelkamp III, Esq., c/o Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019.

IN WITNESS WHEREOF, I, the undersigned, being the incorporator hereinbefore named, do hereby further certify that the facts

hereinabove stated are truly set forth and, accordingly, I have hereunto set my hand this 21st day of August, 1996.

Howard A. Mergelkamp III
Incorporator

BY-LAWS

of

Uniroyal Chemical Corporation

dated as of August 21, 1996

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE -- The registered office of Uniroyal Chemical Corporation (the "Corporation") shall be established and maintained at the office of The Corporation Trust Company at The Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, State of Delaware, and said Corporation Trust Company shall be the registered agent of the Corporation in charge thereof.

SECTION 2. OTHER OFFICES -- The Corporation may have other offices, either within or without the State of Delaware, at such place or places as the Board of Directors may from time to time select or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS -- Annual meetings of stockholders for the election of directors, and for such other business as may be stated in the notice of the meeting, shall be held at such place, either within or without the State of Delaware, and at such time and date as the Board of Directors, by resolution, shall determine and as set forth in the notice of the meeting. If the Board of Directors fails so to determine the time, date and place of meeting, the annual meeting of stockholders shall be held at the registered office of the Corporation on the first Tuesday in April. If the date of the annual meeting shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. At each annual meeting, the stockholders entitled to vote shall elect a Board of Directors and they may transact such other corporate business as shall be stated in the notice of the meeting.

SECTION 2. SPECIAL MEETINGS -- Special meetings of the stockholders for any purpose or purposes may be called by the Chairman of the Board, the President or the Secretary, or by resolution of the Board of Directors.

SECTION 3. VOTING -- Each stockholder entitled to vote in accordance with the terms of the Certificate of Incorporation of the Corporation and these By-Laws may vote in person or by proxy, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. All elections for directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or the laws of the State of Delaware.

A complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, with the address of each, and the number of shares held by each, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is entitled to be present.

SECTION 4. QUORUM -- Except as otherwise required by law, by the Certificate of Incorporation of the Corporation or by these By-Laws, the presence, in person or by proxy, of stockholders holding shares constituting a majority of the voting power of the Corporation shall constitute a quorum at all meetings of the stockholders. In case a quorum shall not be present at any meeting, a majority in interest of the stockholders entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of stock entitled to vote shall be present. At any such adjourned meeting at which the requisite amount of stock entitled to vote shall be represented, any business may be transacted that might have been transacted at the meeting as originally noticed; but only those stockholders entitled to vote at the meeting as origi-nally noticed shall be entitled to vote at any adjournment or adjournments thereof.

SECTION 5. NOTICE OF MEETINGS -- Written notice, stating the place, date and time of the meeting, and the general nature of the business to be considered, shall be given to each stockholder entitled to vote thereat, at his or her address as it appears on the records of the Corporation, not less than ten nor

more than sixty days before the date of the meeting. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all the stockholders entitled to vote thereat.

SECTION 6. ACTION WITHOUT MEETING -- Unless otherwise provided by the Certificate of Incorporation of the Corporation, any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

SECTION 1. NUMBER AND TERM -- The business and affairs of the Corporation shall be managed under the direction of a Board of Directors which shall consist of not less than one person. The exact number of directors shall initially be one and may thereafter be fixed from time to time by the Board of Directors. Directors shall be elected at the annual meeting of stockholders and each director shall be elected to serve until his or her successor shall be elected and shall qualify. A director need not be a stockholder.

SECTION 2. RESIGNATIONS -- Any director may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Chairman of the Board, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 3. VACANCIES -- If the office of any director becomes vacant, the remaining directors in the office, though less than a quorum, by a majority vote, may appoint any qualified person to fill such vacancy, who shall hold office for the unexpired term and until his or her successor shall be duly chosen. If the office of any director becomes vacant and there are no remaining directors, the stockholders, by the affirmative vote of the holders of shares constituting a majority of the voting power of the Corporation, at a special meeting called for such purpose, may appoint any qualified person to fill such vacancy.

SECTION 4. REMOVAL -- Except as hereinafter provided, any director or directors may be removed either for or without cause at any time by the affirmative vote of the holders of a majority of the voting power entitled to vote for the election of directors, at an annual meeting or a special meeting called for the purpose, and the vacancy thus created may be filled, at such meeting, by the affirmative vote of holders of shares constituting a majority of the voting power of the Corporation.

SECTION 5. COMMITTEES -- The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more directors of the Corporation.

Any such committee, to the extent provided in the resolution of the Board of Directors, or in these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

SECTION 6. MEETINGS -- The newly elected directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the stockholders; or the time and place of such meeting may be fixed by consent of all the Directors.

Regular meetings of the Board of Directors may be held without notice at such places and times as shall be determined from time to time by resolution of the Board of Directors.

Special meetings of the Board of Directors may be called by the Chairman of the Board or the President, or by the Secretary on the written request of any director, on at least one day's notice to each director (except that notice to any director may be waived in writing by such director) and shall be held at such place or places as may be determined by the Board of Directors, or as shall be stated in the call of the meeting.

Unless otherwise restricted by the Certificate of Incorporation of the Corporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in any meeting of the Board of Directors or any committee thereof by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

SECTION 7. QUORUM -- A majority of the Directors shall constitute

a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned. The vote of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the Certificate of Incorporation of the Corporation or these By-Laws shall require the vote of a greater number.

SECTION 8. COMPENSATION -- Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board of Directors a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

SECTION 9. ACTION WITHOUT MEETING -- Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee.

ARTICLE IV

OFFICERS

SECTION 1. OFFICERS -- The officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Presidents, a Treasurer and a Secretary, all of whom shall be elected by the Board of Directors and shall hold office until their successors are duly elected and qualified. In addition, the Board of Directors may elect such Assistant Secretaries and Assistant Treasurers as they may deem proper. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

SECTION 2. CHAIRMAN OF THE BOARD -- The Chairman of the Board shall be the Chief Executive Officer of the Corporation. He or she shall preside at all meetings of the Board of Directors and shall have and perform such other duties as may be assigned to him or her by the Board of Directors. The Chairman of the Board shall have the power to execute bonds, mortgages and other

contracts on behalf of the Corporation, and to cause the seal of the Corporation to be affixed to any instrument requiring it, and when so affixed the seal shall be attested to by the signature of the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer.

SECTION 3. PRESIDENT -- The President shall be the Chief Operating Officer of the Corporation. He or she shall have the general powers and duties of supervision and management usually vested in the office of President of a corporation. The President shall have the power to execute bonds, mortgages and other contracts on behalf of the Corporation, and to cause the seal to be affixed to any instrument requiring it, and when so affixed the seal shall be attested to by the signature of the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer.

SECTION 4. VICE PRESIDENTS -- Each Vice President shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

SECTION 5. TREASURER -- The Treasurer shall be the Chief Financial Officer of the Corporation. He or she shall have the custody of the Corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. He or she shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositaries as may be designated by the Board of Directors. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Directors, the Chairman of the Board, or the President, taking proper vouchers for such disbursements. He or she shall render to the Chairman of the Board, the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he or she shall give the Corporation a bond for the faithful discharge of his or her duties in such amount and with such surety as the Board of Directors shall prescribe.

SECTION 6. SECRETARY -- The Secretary shall give, or cause to be given, notice of all meetings of stockholders and of the Board of Directors and all other notices required by law or by these By-Laws, and in case of his or her absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chairman of the Board or the President, or by the Board of Directors, upon whose request the meeting is called as provided in these By-Laws. He or she shall record all the proceedings of the meetings of the Board of Directors, any committees thereof and the stockholders of the Corporation in a book to be kept for that purpose, and shall perform such other

duties as may be assigned to him or her by the Board of Directors, the Chairman of the Board or the President. He or she shall have the custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors, the Chairman of the Board or the President, and attest to the same.

SECTION 7. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES --Assistant Treasurers and Assistant Secretaries, if any, shall be elected and shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the Board of Directors.

ARTICLE V

MISCELLANEOUS

SECTION 1. CERTIFICATES OF STOCK -- A certificate of stock shall be issued to each stockholder certifying the number of shares owned by such stockholder in the Corporation. Certificates of stock of the Corporation shall be of such form and device as the Board of Directors may from time to time determine.

SECTION 2. LOST CERTIFICATES -- A new certificate of stock may be issued in the place of any certificate theretofore issued by the Corporation, alleged to have been lost or destroyed, and the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate, or such owner's legal representatives, to give the Corporation a bond, in such sum as they may direct, not exceeding double the value of the stock, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any such certificate, or the issuance of any such new certificate.

SECTION 3. TRANSFER OF SHARES -- The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the Board of Directors may designate, by whom they shall be cancelled, and new certificates shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

SECTION 4. STOCKHOLDERS RECORD DATE -- In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment

thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting; (2) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (3) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the Board of Directors is required by law, shall be the first day on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 5. DIVIDENDS -- Subject to the provisions of the Certificate of Incorporation of the Corporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon stock of the Corporation as and when they deem appropriate. Before declaring any dividend there may be set apart out of any funds of the Corporation available for dividends, such sum or sums as the Board of Directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other

purposes as the Board of Directors shall deem conducive to the interests of the Corporation.

SECTION 6. SEAL -- The corporate seal of the Corporation shall be in such form as shall be determined by resolution of the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise imprinted upon the subject document or paper.

SECTION 7. FISCAL YEAR -- The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

SECTION 8. CHECKS -- All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

SECTION 9. NOTICE AND WAIVER OF NOTICE -- Whenever any notice is required to be given under these By-Laws, personal notice is not required unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in the United States mail, postage prepaid, addressed to the person entitled thereto at his or her address as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by law. Whenever any notice is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation of the Corporation or of these By-Laws, a waiver thereof, in writing and signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to such required notice.

ARTICLE VI

AMENDMENTS

These By-Laws may be altered, amended or repealed at any annual meeting of the stockholders (or at any special meeting thereof if notice of such proposed alteration, amendment or repeal to be considered is contained in the notice of such special meeting) by the affirmative vote of the holders of shares constituting a majority of the voting power of the Corporation. Except as otherwise provided in the Certificate of Incorporation of the Corporation, the Board of Directors may by majority vote of those present at any meeting at which a quorum is present alter, amend or repeal these By-Laws, or enact such other By-Laws as in their

judgment may be advisable for the regulation and conduct of the affairs of the Corporation.

EXHIBIT 4.24

$600,000,000

CREDIT AGREEMENT

Dated as of August 21, 1996

Among

CROMPTON & KNOWLES CORPORATION,
CROMPTON & KNOWLES COLORS INCORPORATED,
DAVIS-STANDARD CORPORATION,
INGREDIENT TECHNOLOGY CORPORATION,
and
UNIROYAL CHEMICAL COMPANY, INC.

as Borrowers

and

THE INITIAL LENDERS, INITIAL ISSUING BANKS AND SWING LINE BANK NAMED HEREIN

as Initial Lenders, Initial Issuing Banks and Swing Line Bank

and

CITICORP SECURITIES, INC.

as Arranger

and

CITICORP USA, INC.

as Agent

and

THE CHASE MANHATTAN BANK

as Managing Agent

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CREDIT AGREEMENT

CREDIT AGREEMENT dated as of August 21, 1996 among CROMPTON & KNOWLES CORPORATION, a Massachusetts corporation ("Crompton Corp."), CROMPTON & KNOWLES COLORS INCORPORATED, a Delaware corporation ("Crompton Colors"), DAVIS-STANDARD CORPORATION, a Delaware corporation ("Davis-Standard"), INGREDIENT TECHNOLOGY CORPORATION, a Delaware corporation ("ITC" and, together with Crompton Corp., Crompton Colors and Davis-Standard, the "Crompton Borrowers"), UNIROYAL CHEMICAL COMPANY, INC., a New Jersey corporation ("Uniroyal" or the "Uniroyal Borrower" and, together with the Crompton Borrowers, the "Borrowers"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders (the "Initial Lenders"), the Initial Issuing Banks (the "Initial Issuing Banks") and the Swing Line Bank (as hereinafter defined), CITICORP SECURITIES, INC., as Arranger (the "Arranger"), CITICORP USA, INC. ("Citicorp"), as agent (together with any successor

appointed pursuant to Article VII, the "Agent") for the Lender Parties (as hereinafter defined), and THE CHASE MANHATTAN BANK, as Managing Agent.

PRELIMINARY STATEMENTS:

(1) Each of Crompton Colors, Davis-Standard and ITC is a wholly owned Subsidiary (as hereinafter defined) of Crompton Corp.

(2) Pursuant to the Agreement and Plan of Merger dated as of April 30, 1996 (as amended, supplemented or otherwise modified in accordance with its terms, to the extent permitted in accordance with the Loan Documents (as hereinafter defined), the "Merger Agreement") between Crompton Corp. and Uniroyal Chemical Corporation, a Delaware corporation ("Uniroyal Corp."), Crompton Corp. has agreed to consummate a merger (the "Merger") with Uniroyal Corp. through Tiger Merger Corp., a Delaware corporation and a wholly owned Subsidiary of Crompton Corp. in which Uniroyal Corp. will be the surviving corporation.

(3) The Borrowers have requested that, immediately upon the consummation of the Merger, the Lender Parties lend to the Borrowers up to $600,000,000 to pay transaction fees and expenses incurred in connection with the Merger and that, from time to time, the Lender Parties lend to the Borrowers and issue Letters of Credit for the account of the Borrowers to redeem or repurchase public Debt (as hereinafter defined) of Uniroyal and Uniroyal Corp. and for other general corporate purposes, including, without limitation, to finance permitted acquisitions and Capital Expenditures (as hereinafter defined) and to provide working capital for the Borrowers and their respective Subsidiaries. The Lender Parties have indicated their willingness to agree to lend such amounts on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Advance" means a Working Capital Advance, a Swing Line Advance or a Letter of Credit Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agent" has the meaning specified in the recital of parties to this Agreement.

"Agent's Account" means the account of the Agent maintained by the Agent with Citibank at its office at 399 Park Avenue, New York, New York 10043, Account No. 3885-8061, Attention: Alexandra Lozovsky.

"Applicable Lending Office" means, with respect to each Lender Party, such Lender Party's Domestic Lending Office in the case of a Base Rate Advance and such Lender Party's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means (a) from the date hereof until December 31, 1996, 0.0% per annum for Base Rate Advances and 0.875% per annum for Eurodollar Rate Advances and (b) thereafter, a percentage per annum determined by reference to the Total Debt/EBITDA Ratio as set forth below:

Total Debt/EBITDA Ratio	Base Rate Advances	Eurodollar Rate Advances
Level I		
less than or equal to 2.0:1.0	0.0%	0.375%
Level II		
greater than 2.0:1.0, but less than or equal to 2.5:1.0	0.0%	0.500%
Level III		
greater than 2.5:1.0, but less than or equal to 3.0:1.0	0.0%	

0.625%

Level IV

greater than 3.0:1.0,
but less than or
equal to 3.5:1.0 0.0%
0.750%

Level V

greater than 3.5:1.0,
but less than or
equal to 4.0:1.0 0.0%
0.875%

Level VI

greater than 4.0:1.0 0.0%
1.000%

The Applicable Margin for each Advance shall be determined by reference to the Total Debt/EBITDA Ratio in effect from time to time; provided, however, that, at any date of determination of the Applicable Margin, if the relevant Financial Statements shall not have been delivered to the Agent and the Lender Parties by such date and Crompton Corp. shall have delivered to the Agent a certificate setting forth Crompton Corp.'s good faith estimate of the Total Debt/EBITDA Ratio for the immediately preceding Rolling Period, the Applicable Margin shall be determined by reference to such good faith estimate of the Total Debt/EBITDA Ratio, provided further that if, upon delivery by Crompton Corp. of such Financial Statements, such Financial Statements indicate that such estimate of the Total Debt/EBITDA Ratio was incorrect and, as a result thereof, the Applicable Margin was too low at such date of determination, such Applicable Margin shall be increased, as appropriate, with retroactive effect to the beginning of the Rolling Period during which such date of determination occurred, and the applicable Borrower shall immediately pay to the Agent for the account of the Lender Parties all additional interest due by reason of such increased Applicable Margin.

"Applicable Percentage" means (a) from the date hereof until December 31, 1996, 0.25% per annum for commitment fees, 0.625% per annum for Trade Letter of Credit fees and 0.875% per annum for Standby Letter of Credit fees and (b) thereafter, a percentage per annum determined by reference to the Total Debt/EBITDA Ratio as set forth below:

Total Debt/EBITDA Ratio	Commitment Fees	Trade Letter of Credit Fees	Standby Letter of Credit Fees

Level I			
less than or equal to 2.0:1.0	0.125%	0.125%	0.375%
Level II			
greater than 2.0:1.0, but less than or equal to 2.5:1.0	0.150%	0.250%	0.500%
Level III			
greater than 2.5:1.0, but less than or equal to 3.0:1.0	0.175%	0.375%	0.625%
Level IV greater than 3.0:1.0, but less than or equal to 3.5:1.0	0.250%	0.500%	0.750%
Level V greater than 3.5:1.0, but less than or equal to 4.0:1.0	0.250%	0.625%	0.875%
Level VI			
greater than 4.0:1.0	0.375%	0.750%	1.000%

The Applicable Percentage shall be determined by reference to the Total Debt/EBITDA Ratio in effect from time to time; provided, however, that, at any date of determination of the Applicable Percentage, if the relevant Financial Statements shall not have been delivered to the Agent and the Lender Parties by such date and Crompton Corp. shall have delivered to the Agent a certificate setting forth Crompton Corp.'s good faith estimate of the Total Debt/EBITDA Ratio for the immediately preceding Rolling Period, the Applicable Percentage shall be determined by reference to such good faith estimate of the Total Debt/EBITDA Ratio, provided further that if, upon delivery by Crompton Corp. of such Financial Statements, such Financial Statements indicate that such estimate of the Total Debt/EBITDA Ratio was incorrect and, as a result thereof, the Applicable Percentage was too low at such date of determination, such Applicable Percentage shall be increased, as appropriate, with retroactive effect to the beginning of the Rolling Period during which such date of determination occurred, and the applicable Borrower shall immediately pay to the Agent for the account of the Lender Parties all additional fees due by reason of such increased Applicable Percentage.

"Appropriate Lender" means, at any time, with respect to (a) any of the Working Capital Facilities, a Lender that has a Commitment with respect to such Facility at such time, (b) either of the Letter of Credit Facilities, (i) any Issuing Bank that has a Commitment with respect to such Facility at such time and (ii) if other Working Capital Lenders have made Letter of Credit Advances pursuant to Section 2.03(c) that are outstanding at such time, each such other Working Capital Lender and (c) either of the Swing Line Facilities, (i) the Swing Line Bank and (ii) if other Working Capital Lenders have made Swing Line Advances pursuant to Section 2.02(b) that are outstanding at such time, each such other Working Capital Lender.

"Arranger" has the meaning specified in the recital of parties to this Agreement.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender Party and an Eligible Assignee, and accepted by the Agent, in accordance with Section 8.07 and in substantially the form of Exhibit C hereto.
"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"Available Cash Flow" means, for any Fiscal Year, an amount equal to the sum of (a) Operating Cash Flow for the previous Fiscal Year, (b) the amount of Capital Expenditures permitted to be made in the previous Fiscal Year pursuant to Section 5.02(n) less the amount of Capital Expenditures actually made during the previous Fiscal Year, (c) the amount of dividends permitted to be paid by Crompton Corp. in the previous Fiscal Year pursuant to Section 5.02(g) less the amount of such dividends actually paid during the previous Fiscal Year, (d) the aggregate amount of Net Cash Proceeds from the sale or other disposition of assets pursuant to clause (iii) or (vi) (to the extent not used permanently to prepay Debt or to make Capital Expenditures) of Section 5.02(e) during the previous Fiscal Year and (e) $100,000,000.

"Bank Hedge Agreement" means any Hedge Agreement required or permitted under Article V that is entered into by and between any Borrower and any Hedge Bank.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate;

(b) the sum (adjusted to the nearest 1/4 of 1% or, if there is no nearest 1/4 of 1%, to the next higher 1/4 of 1%) of (i) 1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States; and

(c) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means an Advance that bears interest as provided in Section2.07(a)(i).

"Borrower's Account" means, with respect to any Borrower, the account of such Borrower maintained by such Borrower with Citibank at its office at 399 Park Avenue, NewYork, NewYork 10043, which account is, in the case of Crompton Color, Account No. 4070-6438, in the case of Crompton Corp., Account No. 4070-6411, in the case of Davis-Standard, Account No. 4070-6462, in the case of ITC, Account No. 4070-6446, and in the case of Uniroyal, Account No. 4049-8376.

"Borrowers" has the meaning specified in the recital of parties to this Agreement.

"Borrowing" means a Working Capital Borrowing or a Swing Line Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if

the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Capital Expenditures" means, for any Person for any period and without duplication, the sum of (a) all expenditures (including, without limitation, expenditures for environmental remediation) made, directly or indirectly, by such Person during such period for equipment, fixed or capital assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have been or should be, in accordance with GAAP, reflected as additions to property, plant or equipment on a Consolidated balance sheet of such Person plus (b) the aggregate principal amount of all Debt (including Obligations under Capitalized Leases) assumed or incurred in connection with any such expenditures but excluding (x) expenditures made in connection with the replacement or restoration of assets, to the extent such replacement or restoration is financed out of insurance proceeds paid on account of the loss of or damage to the assets so replaced or restored and (y) interest capitalized during construction; provided, however, that notwithstanding anything contained herein, Capital Expenditures shall not include any Investments.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Cash Equivalents" means any of the following, to the extent owned by any Borrower or any of its Subsidiaries free and clear of all Liens and having a maturity of not greater than 90 days from the date of acquisition thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit of or time deposits with any commercial bank that is a Lender Party or a member of the Federal Reserve System, issues (or the parent of which issues) commercial paper rated as described in clause(c), is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least $1 billion or (c)commercial paper in an aggregate amount of no more than $5,000,000 per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's or "A-1" (or the then equivalent grade) by S&P. "CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time.

"CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the

U.S. Environmental Protection Agency.

"Citibank" means Citibank, N.A.

"Citibank Seoul" means Citibank, N.A., Seoul Branch.

"Citicorp" has the meaning specified in the recital of parties to this Agreement.

"Collateral" means all "Collateral" referred to in the Collateral Documents and all other property that is or is intended to be subject to any Lien in favor of the Agent for the benefit of the Secured Parties.

"Collateral Documents" means the Security Agreement, the Louisiana Undertaking, the Blocked Account Letters (as defined in the Uniroyal Security Agreement) and any other agreement that creates or purports to create a Lien in favor of the Agent for the benefit of the Secured Parties.

"Collateral Release Date" means the earliest of (a) the latest of (i) the Termination Date, (ii) the payment in full of the Obligations of the Loan Parties under the Loan Documents (other than any indemnities) and (iii) the termination or expiration of all Bank Hedge Agreements, (b) the date on which the Agent receives evidence satisfactory to it that a Debt Rating of (i) BBB- or above from S&P and Ba1 or above from Moody's or (ii) Baa3 or above from Moody's and BB+ or above from S&P, in either case shall have been in effect continuously for three months and is then in effect, provided that Crompton Corp. shall not have been placed on "credit watch" with negative implications (or any like designation by S&P or Moody's from time to time) by either S&P or Moody's during such three-month period, and (c) the date on which the Agent receives evidence satisfactory to it that the Total Debt/EBITDA Ratio for the two Rolling Periods then most recently ended shall be less than or equal to 3.0:1.0 and the Interest Coverage Ratio for the two Rolling Periods then most recently ended shall be greater than or equal to 3.0:1.0, provided that in any event no Default shall have occurred and shall be continuing on such date.

"Commitment" means a Working Capital A Commitment, a Working Capital B-1 Commitment, a Working Capital B-2 Commitment or a Letter of Credit Commitment.

"Confidential Information" means information that any Borrower furnishes to the Agent or any Lender Party in a writing designated as confidential but does not include any such information that is or becomes generally available to the public other than as a result of a breach by the Agent or any Lender Party of its obligations hereunder or that is or becomes

available to the Agent or such Lender Party from a source other than a Borrower that is not, to the best of the Agent's or such Lender Party's knowledge, acting in violation of a confidentiality agreement with any Borrower.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.
"Conversion", "Convert" and "Converted" each refer to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.09 or 2.10.

"Crompton Borrowers" has the meaning specified in the recital of parties to this Agreement.

"Crompton Colors" has the meaning specified in the recital of parties to this Agreement.

"Crompton Corp." has the meaning specified in the recital of parties to this Agreement.

"Crompton Guarantors" means the Subsidiaries of Crompton Corp. listed on Part I of Schedule II hereto and each other Subsidiary of Crompton Corp. (other than, in any event, Uniroyal Corp. and its Subsidiaries) that shall be required to execute and deliver a guaranty pursuant to Section 5.01(k) or 5.01(l)(v).

"Crompton Security Agreement" has the meaning specified in Section 3.01(k)(vii).

"Davis-Standard" has the meaning specified in the recital of parties to this Agreement.

"Daylight Overdraft Bank" means Citibank.

"Daylight Overdraft Documents" means those documents and agreements entered into from time to time by the Daylight Overdraft Bank and any Loan Party, evidencing or relating to the Debt referred to in Section 5.02(b)(iii)(F).

"Debt" of any Person means, without duplication, (a)all indebtedness of such person for borrowed money, (b)all Obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days (unless the subject of a bona fide dispute) incurred in the ordinary course of such Person's business), (c)all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d)all Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are

limited to repossession or sale of such property), (e)all Obligations of such Person as lessee under Capitalized Leases, (f)all Obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (g)all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any capital stock of or other ownership or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock, valued, in the case of redeemable preferred stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h)all Obligations of such Person in respect of Hedge Agreements, (i)all Debt of others referred to in clauses(a) through (h) above or clause (j) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i)to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (ii)to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (iii)to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv)otherwise to assure a creditor against loss, and (j)all Debt referred to in clauses(a) through (i) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

"Debt Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by Crompton Corp. or, if applicable, the rating assigned in writing by either S&P or Moody's, as the case may be, as the "implied rating" of Crompton Corp.'s non-credit enhanced long-term senior unsecured Debt, provided that for purposes of the foregoing, if S&P or Moody's shall change the basis on which ratings are established, each reference to the Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Defaulted Advance" means, with respect to any Lender Party at any time, the portion of any Advance required to be made by such

Lender Party to any Borrower pursuant to Section2.01 or 2.02 at or prior to such time which has not been made by such Lender Party or the Agent for the account of such Lender Party pursuant to Section 2.02(e) as of such time. In the event that a portion of a Defaulted Advance shall be deemed made pursuant to Section2.15(a), the remaining portion of such Defaulted Advance shall be considered a Defaulted Advance originally required to be made pursuant to Section 2.01 on the same date as the Defaulted Advance so deemed made in part.

"Defaulted Amount" means, with respect to any Lender Party at any time, any amount required to be paid by such Lender Party to the Agent or any other Lender Party hereunder or under any other Loan Document at or prior to such time which has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender Party to (a) the Swing Line Bank pursuant to Section 2.02(b) to purchase a portion of a Swing Line Advance made by the Swing Line Bank, (b) any Issuing Bank pursuant to Section 2.03(c) to purchase a portion of a Letter of Credit Advance made by such Issuing Bank, (c) the Agent pursuant to Section 2.02(e) to reimburse the Agent for the amount of any Advance made by the Agent for the account of such Lender Party, (d)any other Lender Party pursuant to Section 2.13 to purchase any participation in Advances owing to such other Lender Party and (e)the Agent or any Issuing Bank pursuant to Section 7.05 to reimburse the Agent or such Issuing Bank for such Lender Party's ratable share of any amount required to be paid by the Lender Parties to the Agent or such Issuing Bank as provided therein. In the event that a portion of a Defaulted Amount shall be deemed paid pursuant to Section 2.15(b), the remaining portion of such Defaulted Amount shall be considered a Defaulted Amount originally required to be paid hereunder or under any other Loan Document on the same date as the Defaulted Amount so deemed paid in part.

"Defaulting Lender" means, at any time, any Lender Party that, at such time, (a)owes a Defaulted Advance or a Defaulted Amount or (b)shall take any action or be the subject of any action or proceeding of a type described in Section 6.01(f).

"Disclosed Litigation" has the meaning specified in Section 3.01(f).

"Domestic Lending Office" means, with respect to any Lender Party, the office of such Lender Party specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party, as the case may be, or such other office of such Lender Party as such Lender Party may from time to time specify to Crompton Corp. and the Agent.

"Domestic Subsidiary" of Crompton Corp. means any Subsidiary of Crompton Corp. other than a Foreign Subsidiary.

"EBITDA" means, for any period, net income (or net loss) calculated before the cumulative effect of accounting changes plus the sum of (a) interest expense, (b) income tax expense, (c) extraordinary losses included in net income, (d)depreciation expense, (e)amortization expense, (f)all foreign currency losses less foreign currency gains (but only to the extent such foreign currency gains do not exceed such foreign currency losses), (g) non-recurring expenses incurred in connection with the Merger in an amount not to exceed $70,000,000 in the aggregate and (h) non-recurring restructuring charges in an amount not to exceed $20,000,000 in any Fiscal Year or $50,000,000 in the aggregate after the Effective Date less extraordinary gains included in net income, determined on a Consolidated basis in accordance with GAAP for such period.

"Effective Date" means the first date on which the conditions set forth in Article III are satisfied.

"Eligible Assignee" means (a) with respect to any Facility (other than the Letter of Credit Facilities), (i)a Lender; (ii) an Affiliate of a Lender; and (iii)any other Person approved by the Agent and Crompton Corp., such approval not to be unreasonably withheld or delayed, and (b)with respect to the Letter of Credit Facilities, any Person approved by the Agent and Crompton Corp., such approval not to be unreasonably withheld or delayed; provided, however, that neither any Loan Party nor any Affiliate of a Loan Party shall qualify as an Eligible Assignee under this definition.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a)by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b)by any governmental or regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the

use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Loan Party, or under common control with any Loan Party, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i)the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c)the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e)the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f)the conditions for imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g)the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h)the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, such Plan.

"Eurocurrency Liabilities" has the meaning specified in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender

Party, the Office of such Lender Party specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender Party as such Lender Party may from time to time specify to Crompton Corp. and the Agent.

"Eurodollar Rate" means, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a)the rate per annum at which deposits in U.S. dollars are offered by the principal office of Citibank in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to Citibank's Eurodollar Rate Advance comprising part of such Borrowing to be outstanding during such Interest Period (or, if Citibank shall not have such a Eurodollar Rate Advance, $1,000,000) and for a period equal to such Interest Period by (b)a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period.

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section2.07(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Existing Debt" means Debt of the Borrowers and their respective Subsidiaries outstanding immediately before giving effect to the Merger.

"Existing Letters of Credit" has the meaning specified in Section 2.03(e).

"Facility" means any of any Working Capital Facility, either

Swing Line Facility or either Letter of Credit Facility.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Statements" means, at any time, the most recent financial statements furnished or required to be furnished by Crompton Corp. to the Agent and the Lender Parties pursuant to Section 5.03(b) or (c), as the case may be.

"Fiscal Year" means a fiscal year of Crompton Corp. and its Consolidated Subsidiaries ending on or about December 31 in any calendar year.

"Foreign Exchange Agreements" means currency swap agreements, currency future or option contracts and other similar agreements other than contracts or agreements under which neither any Loan Party nor any of its Subsidiaries has any obligation that may require payment in the future.

"Foreign Subsidiary" of Crompton Corp. means (a) solely for purposes of Section 5.02(a), (b), (d), (e) and (f), Uniroyal Chemical International Company, Gustafson International Company and Uniroyal Chemical Company Limited and (b) in all instances, any Subsidiary of Crompton Corp. (i) which is not incorporated in the United States and (ii)(A) substantially all of whose assets and properties are located, or substantially all of whose business is carried on, outside of the United States or (B) substantially all of whose assets consist of Subsidiaries that are Foreign Subsidiaries as defined in clauses (i) and (ii)(A) of this definition.

"GAAP" has the meaning specified in Section 1.03.

"Guaranties" means the Parent Guaranty, the Subsidiary Guaranty and any other guaranty delivered pursuant to Section 5.01(k) or 5.01(l)(v).

"Guarantors" means Crompton Corp. and the Subsidiary Guarantors.

"Hazardous Materials" means (a)petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and

radon gas and (b)any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means, collectively, Interest Rate Swap Agreements, Foreign Exchange Agreements and agreements designed to manage the total cost of publicly traded Debt obligations of the Borrowers.

"Hedge Bank" means any Lender Party or any of its Affiliates in its capacity as a party to a Bank Hedge Agreement.

"Indemnified Party" has the meaning specified in Section 8.04(b).

"Information Memorandum" means the information memorandum dated June 1996 used by the Arranger in connection with the syndication of the Commitments.

"Initial Extension of Credit" means the earlier to occur of the initial Borrowing and the initial issuance of a Letter of Credit hereunder.

"Initial Issuing Banks" has the meaning specified in the recital of parties to this Agreement.

"Initial Lenders" has the meaning specified in the recital of parties to this Agreement.

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Coverage Ratio" means, at any date of determination, the ratio of Consolidated EBITDA to interest payable on, and amortization of debt discount in respect of, all Debt (including, without limitation, the interest component of Capitalized Leases), in each case of Crompton Corp. and its Subsidiaries for the immediately preceding Rolling Period.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance, and ending on the last day of the period selected by the Borrower requesting such Borrowing or Conversion pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as such Borrower may, upon notice received by the Agent not later

than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) such Borrower may not select any Interest Period with respect to any Eurodollar Rate Advance under a Facility that ends after any principal repayment installment date for such Facility unless, after giving effect to such selection, the aggregate principal amount of Base Rate Advances and of Eurodollar Rate Advances having Interest Periods that end on or prior to such principal repayment installment date for such Facility shall be at least equal to the aggregate principal amount of Advances under such Facility due and payable on or prior to such date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Interest Rate Swap Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts and other similar agreements other than contracts or agreements under which neither any Loan Party nor any of its Subsidiaries has any obligation that may require payment in the future.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Inventory" has the meaning specified in Section 1 of the Uniroyal Security Agreement.

"Investment" in any Person means any loan or advance to such Person, any purchase or other acquisition of all or substantially all of the assets of any business of such Person or any capital stock or other ownership or profit interest, warrants, rights,

options, obligations or other securities of such Person, any capital contribution to such Person or any other investment in such Person, including, without limitation, any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (i) or (j) of the definition of "Debt" in respect of such Person.

"Issuing Banks" means (a) with respect to the Letter of Credit A Facility, each Initial Issuing Bank that has a Letter of Credit A Commitment set forth opposite its name on Schedule I hereto and any other Working Capital A Lender approved as an Issuing Bank by the Agent and, so long as no Default shall have occurred and be continuing, by Crompton Corp. (such approval not to be unreasonably withheld or delayed) and each Eligible Assignee to which a Letter of Credit A Commitment hereunder has been assigned pursuant to Section 8.07 and (b) with respect to the Letter of Credit B-1 Facility, each Initial Issuing Bank that has a Letter of Credit B-1 Commitment set forth opposite its name on Schedule I hereto and any other Working Capital B-1 Lender approved as an Issuing Bank by the Agent and, so long as no Default shall have occurred and be continuing, by Crompton Corp. (such approval not to be unreasonably withheld or delayed) and each Eligible Assignee to which a Letter of Credit B-1 Commitment hereunder has been assigned pursuant to Section 8.07 so long as, in each case, each such Lender or Eligible Assignee expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Applicable Lending Office and the amount of its Letter of Credit Commitment (which information shall be recorded by the Agent in the Register).

"ITC" has the meaning specified in the recital of parties to this Agreement.

"L/C Cash Collateral Account" has the meaning specified in the Security Agreement.

"L/C Related Documents" has the meaning specified in Section 2.04(e)(ii).

"Lender Party" means any Lender, any Issuing Bank or the Swing Line Bank.

"Lenders" means the Initial Lenders and each Person that shall become a Lender hereunder pursuant to Section 8.07.

"Letter of Credit" has the meaning specified in Section 2.01(f).

"Letter of Credit A Commitment" means, with respect to any Issuing Bank at any time, the amount set forth opposite such Issuing Bank's name on Schedule I hereto under the caption

"Letter of Credit A Commitment" or, if such Issuing Bank has entered into one or more Assignments and Acceptances, set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 8.07(d) as such Issuing Bank's "Letter of Credit A Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit A Facility" means, at any time, an amount equal to the lesser of (a) the aggregate amount of the Issuing Banks' Letter of Credit A Commitments at such time and (b) $50,000,000, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit Advance" means an advance made by any Issuing Bank or any Appropriate Lender pursuant to Section 2.03(c).

"Letter of Credit Agreement" has the meaning specified in Section 2.03(a).

"Letter of Credit B-1 Commitment" means, with respect to any Issuing Bank at any time, the amount set forth opposite such Issuing Bank's name on Schedule I hereto under the caption "Letter of Credit B-1 Commitment" or, if such Issuing Bank has entered into one or more Assignments and Acceptances, set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 8.07(d) as such Issuing Bank's "Letter of Credit B-1 Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit B-1 Facility" means, at any time, an amount equal to the lesser of (a) the aggregate amount of the Issuing Banks' Letter of Credit B-1 Commitments at such time and (b) $20,000,000, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit Commitment" means a Letter of Credit A Commitment or a Letter of Credit B-1 Commitment.

"Letter of Credit Facility" means the Letter of Credit A Facility or the Letter of Credit B-1 Facility.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means (a) for purposes of this Agreement and the Notes and any amendment, supplement or modification hereof or thereof and for all other purposes other than for purposes of the Guaranties and the Collateral Documents, (i) this Agreement, (ii)

the Notes, (iii) the Guaranties, (iv) the Collateral Documents and (v) each Letter of Credit Agreement and (b) for purposes of the Guaranties and the Collateral Documents, (i) this Agreement, (ii) the Notes, (iii) the Guaranties, (iv) the Collateral Documents, (v) each Letter of Credit Agreement, (vi) each Bank Hedge Agreement and (vii) the Daylight Overdraft Documents, in each case as amended, supplemented or otherwise modified from time to time.

"Loan Parties" means the Borrowers and the Guarantors.
"Louisiana Undertaking" has the meaning specified in Section 3.01(k)(xiv).

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of (a) Crompton Corp. and its Subsidiaries, taken as a whole, (b) Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries), taken as a whole, or (c) Uniroyal and its Subsidiaries, taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a)the business, condition (financial or otherwise), operations, performance, properties or prospects of (i) Crompton Corp. and its Subsidiaries, taken as a whole, (ii) Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries), taken as a whole, or (iii) Uniroyal and its Subsidiaries, taken as a whole, (b)the rights and remedies of the Agent or any Lender Party under any Loan Document or Related Document or (c)the ability of any Loan Party to perform its Obligations under any Loan Document or Related Document to which it is or is to be a party.

"Material Subsidiary" means, at any time, a Subsidiary of Crompton Corp. having at least $10,000,000 in assets on a Consolidated basis (determined as of the last day of the most recent fiscal quarter of Crompton Corp.) or at least $20,000,000 in revenues, on a Consolidated basis, for the 12-month period ending on the last day of the most recent fiscal quarter of Crompton Corp.; provided, however, that any Subsidiary formed or acquired after the last day of the most recent fiscal quarter of Crompton Corp. that would have been a Material Subsidiary if it had been formed or acquired on or prior to the last day of such fiscal quarter shall be a Material Subsidiary for purposes hereof from and after the date of its formation or acquisition.

"Merger" has the meaning specified in the Preliminary Statements.

"Merger Agreement" has the meaning specified in the Preliminary

Statements.

"Minor Subsidiaries" means those Subsidiaries of Crompton Corp. listed on Schedule III hereto.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a)is maintained for employees of any Loan Party or any ERISA Affiliate and at least one Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Naugatuck" means Naugatuck Treatment Company, a Connecticut corporation.
"Net Cash Proceeds" means, with respect to any sale, lease, transfer or other disposition of any asset or the sale or issuance of any Debt or capital stock or other ownership or profit interest, any securities convertible into or exchangeable for capital stock or other ownership or profit interest or any warrants, rights, options or other securities to acquire capital stock or other ownership or profit interest by any Person, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) by or on behalf of such Person in connection with such transaction after deducting therefrom only (without duplication) (a)reasonable and customary brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees and commissions and (b)the amount of taxes payable in connection with or as a result of such transaction, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid to a Person that is not an Affiliate of such Person or any Loan Party or any Affiliate of any Loan Party and are properly attributable to such transaction or to the asset that is the subject thereof; provided, however, that in the case of taxes that are deductible under clause (b) but for the fact that at the time of receipt of such cash, such taxes have not been actually paid or are not then payable, such Person may deduct an amount equal to the amount reserved in accordance with GAAP for such Person's reasonable estimate of such taxes, other than taxes for which such Person is indemnified; provided

further, however, that if the amount deducted pursuant to clause (b) above is greater than the amount actually so paid, the amount of such excess shall constitute Net Cash Proceeds.

"Note" means a Working Capital A Note, a Working Capital B-1 Note or a Working Capital B-2 Note.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Issuance" has the meaning specified in Section 2.03(a).

"Notice of Swing Line Borrowing" has the meaning specified in Section 2.02(b).

"NPL" means the National Priorities List under CERCLA.

"Obligation" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section6.01(f). Without limiting the generality of the foregoing, the Obligations of each Loan Party under the Loan Documents include (a)the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by such Loan Party under any Loan Document and (b)the obligation of such Loan Party to reimburse any amount in respect of any of the foregoing that any Lender Party, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"OECD" means the Organization for Economic Cooperation and Development.

"Operating Cash Flow" means, for any Fiscal Year, an amount equal to "cash flow from operations" for such Fiscal Year as set forth on the statement of cash flows furnished for such Fiscal Year pursuant to Section 5.03(c) less scheduled principal amounts of Debt paid or to be paid (other than in connection with the refinancing or replacement of any Surviving Debt) by Crompton Corp. and its Subsidiaries during such Fiscal Year.

"Other Taxes" has the meaning specified in Section 2.12(b).

"Parent Guaranty" has the meaning specified in Section 3.01(k)(ix).

"PBGC" means the Pension Benefit Guaranty Corporation or any successor agency or entity performing substantially the same functions.

"Permitted Liens" has the meaning specified in Section 5.02(a)(ii).

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Pledged Debt" has the meaning specified in the Security Agreement.

"Pro Rata Share" of any amount means (a) with respect to any Working Capital A Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Working Capital A Commitment at such time and the denominator of which is the Working Capital A Facility at such time, (b) with respect to any Working Capital B-1 Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Working Capital B-1 Commitment at such time and the denominator of which is the Working Capital B-1 Facility and (c) with respect to any Working Capital B-2 Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Working Capital B-2 Commitment at such time and the denominator of which is the Working Capital B-2 Facility.

"Receivables" has the meaning specified in Section 1 of the Uniroyal Security Agreement.

"Receivables Securitization" has the meaning specified in Section 5.02(e).

"Register" has the meaning specified in Section 8.07(d).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Related Documents" means the Merger Agreement, the Uniroyal Indentures, the Uniroyal Senior Notes, the Uniroyal Corp. Senior Notes, the Uniroyal Corp. Senior Subordinated Notes and the Uniroyal Corp. Subordinated Discount Notes and the Tax Agreement.

"Required Lenders" means at any time Lenders owed or holding at

least 51% of the sum of the aggregate Working Capital A Commitments, Working Capital B-1 Commitments and Working Capital B-2 Commitments at such time, or, if the Working Capital A Commitments, Working Capital B-1 Commitments and Working Capital B-2 Commitments have been terminated, 51% of the sum of the aggregate outstanding Working Capital A Advances, Working Capital B-1 Advances and Working Capital B-2 Advances at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time the aggregate amount of the Working Capital A Commitment, Working Capital B-1 Commitment and Working Capital B-2 Commitment of such Lender at such time.

"Responsible Officer" means any officer of any Loan Party or any of its Subsidiaries.

"Rolling Period" means, with respect to any fiscal quarter of Crompton Corp. and its Subsidiaries, such fiscal quarter and the three consecutive immediately preceding fiscal quarters.

"S&P" means Standard & Poor's Rating Group, a division of The McGraw-Hill Companies.

"Secured Parties" means the Agent, the Lender Parties, the Hedge Banks and the Daylight Overdraft Bank.

"Security Agreement" has the meaning specified in Section 3.01(k)(viii).

"Seoul Guaranty" means the guaranty made by the Uniroyal Borrower in favor of Citibank Seoul, which has issued bank guaranties of the obligations of Unikor Chemical Inc. (Korea), a joint venture 50% owned by the Uniroyal Borrower, to certain banks organized and located in Korea.

"Seoul Guaranty Amount" means a fluctuating dollar amount equal to the amount of the Uniroyal Borrower's obligations under the Seoul Guaranty, not to exceed $2,000,000 or such other amount (not to exceed, in any event, $5,000,000) as agreed from time to time by Citibank, the Uniroyal Borrower and the Agent.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and no Person other than the Loan Parties and the ERISA Affiliates or (b)was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Solvent" and "Solvency" mean, with respect to any Person on a

particular date, that on such date (a)the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b)the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c)such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d)such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Amount" means the aggregate amount of the Working Capital B-2 Commitments on the "Change of Control Purchase Date" (as defined in the Uniroyal Indentures), after giving effect to any reduction of such Commitments on or prior to such date pursuant to Section 2.05(a).

"Standby Letter of Credit" means any Letter of Credit issued under either Letter of Credit Facility, other than a Trade Letter of Credit.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a)the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b)the interest in the capital or profits of such partnership, joint venture or limited liability company or (c)the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Subsidiary Guarantors" means the Crompton Guarantors and the Uniroyal Guarantors.

"Subsidiary Guaranty" has the meaning specified in Section 3.01(k)(x).

"Surviving Debt" has the meaning specified in Section 3.01(d).

"Swing Line A Advance" means an advance made by (a) the Swing Line Bank pursuant to Section 2.01(d) or (b)any Working Capital A Lender pursuant to Section 2.02(b).

"Swing Line A Borrowing" means a borrowing consisting of a Swing Line A Advance made by the Swing Line Bank.

"Swing Line A Facility" has the meaning specified in Section 2.01(d).

"Swing Line Advance" means a Swing Line A Advance or a Swing Line B-1 Advance.

"Swing Line B-1 Advance" means an advance made by (a) the Swing Line Bank pursuant to Section 2.01(e) or (b)any Working Capital B-1 Lender pursuant to Section .02(b).

"Swing Line B-1 Borrowing" means a borrowing consisting of a Swing Line B-1 Advance made by the Swing Line Bank.

"Swing Line B-1 Facility" has the meaning specified in Section 2.01(e).

"Swing Line Bank" means Citicorp.

"Swing Line Borrowing" means a Swing Line A Borrowing or a Swing Line B-1 Borrowing.

"Swing Line Facility" means the Swing Line A Facility or the Swing Line B-1 Facility.

"Tax Agreement" means the Tax Agreement to be entered into by Crompton Corp. and some or all of its Subsidiaries.

"Taxes" has the meaning specified in Section 2.12(a).

"Termination Date" means the earlier of August 21, 2001 and the date of termination in whole of the Working Capital A Commitments, the Working Capital
B-1 Commitments, the Working Capital B-2 Commitments and the Letter of Credit Commitments pursuant to Section 2.05 or 6.01.

"Total Debt" of any Person means all Debt of such Person of the types referred to in clauses (a) though (e) of the definition of "Debt".

"Total Debt/EBITDA Ratio" means, at any date of determination, the ratio of Consolidated Total Debt of Crompton Corp. and its Subsidiaries as at the end of the immediately preceding Rolling Period to Consolidated EBITDA of Crompton Corp. and its Subsidiaries for such immediately preceding Rolling Period.

"Trade Letter of Credit" means any Letter of Credit that is issued under either Letter of Credit Facility for the benefit of a supplier of Inventory to any Borrower or any of its Subsidiaries to effect payment for such Inventory, the conditions to drawing under which include the presentation to the Issuing Bank that issued such Letter of Credit of negotiable bills of lading, invoices and related documents.

"Type" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"Uniroyal" has the meaning specified in the recital of parties to this Agreement.

"Uniroyal Borrower" has the meaning specified in the recital of parties to this Agreement.

"Uniroyal Corp." has the meaning specified in the Preliminary Statements.

"Uniroyal Corp. Senior Notes" means the 10-1/2% Senior Notes due 2002 in an aggregate principal amount of $300,000,000, issued by Uniroyal Corp. pursuant to an Indenture dated as of February 8, 1993 between Uniroyal Corp. and State Street Bank and Trust Company, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Uniroyal Corp. Senior Subordinated Notes" means the 11% Senior Subordinated Notes due 2003 in an aggregate principal amount of $325,000,000, issued by Uniroyal Corp. pursuant to an Indenture dated as of February 8, 1993 between Uniroyal Corp. and United States Trust Company of New York, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Uniroyal Corp. Subordinated Discount Notes" means the 12% Subordinated Discount Notes due 2005 in an aggregate principal amount of $229,952,000, issued by Uniroyal Corp. pursuant to an Indenture dated as of February 8, 1993 between Uniroyal Corp. and Shawmut Bank Connecticut, National Association, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Uniroyal Guarantors" means Uniroyal Corp., the Subsidiaries of Uniroyal Corp. listed on Part II of Schedule II hereto and each other Subsidiary of Uniroyal Corp. that shall be required to execute and deliver a guaranty pursuant to Section 5.01(k).

"Uniroyal Indentures" means the Indenture dated as of February 8, 1993 between Uniroyal Corp. and State Street Bank and Trust Company, as Trustee, pursuant to which the Uniroyal Corp. Senior

Notes were issued, the Indenture dated as of February 8, 1993 between Uniroyal Corp. and United States Trust Company of New York, as Trustee, pursuant to which the Uniroyal Corp. Senior Subordinated Notes were issued, the Indenture dated as of February 8, 1993 between Uniroyal Corp. and Shawmut Bank Connecticut, National Association, as Trustee, pursuant to which the Uniroyal Corp. Subordinated Discount Notes were issued, and the Indenture dated as of September 1, 1993 between Uniroyal and State Street Bank and Trust Company, as Trustee, pursuant to which the Uniroyal Senior Notes were issued, in each case as amended, supplemented or otherwise modified or refinanced or refunded from time to time in accordance with its terms, to the extent permitted in accordance with the Loan Documents.

"Uniroyal Security Agreement" has the meaning specified in Section 3.01(k)(viii).

"Uniroyal Senior Notes" means the 9% Senior Notes issued by Uniroyal pursuant to an Indenture dated as of September 1, 1993 between Uniroyal and State Street Bank and Trust Company, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Unused Working Capital Commitment" means, with respect to any Working Capital Facility and any Working Capital Lender at any time, (a)such Lender's Working Capital Commitment under such Working Capital Facility at such time minus (b)the sum of (i)the aggregate principal amount of all Working Capital Advances, Swing Line Advances and Letter of Credit Advances made under such Working Capital Facility by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii)such Lender's Pro Rata Share of (A)the aggregate Available Amount of all Letters of Credit outstanding under such Working Capital Facility at such time, (B)the aggregate principal amount of all Letter of Credit Advances made under such Working Capital Facility by the Issuing Banks pursuant to Section 2.03(c) and outstanding at such time, (C)the aggregate principal amount of all Swing Line Advances made under such Working Capital Facility by the Swing Line Bank pursuant to Section 2.01(d) or (e), as the case may be, and outstanding at such time and (D) in the case of the Working Capital B-1 Facilities, the amount of the Working Capital B-1 Commitments then reserved pursuant to Section 2.01(g).

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"Welfare Plan" means a welfare plan, as defined in Section 3(1)

of ERISA, that is maintained for employees of any Loan Party or in respect of which any Loan Party could have liability.

"Withdrawal Liability" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

"Working Capital A Advance" has the meaning specified in Section 2.01(a).

"Working Capital A Borrowing" means a borrowing consisting of simultaneous Working Capital A Advances of the same Type made by the Working Capital A Lenders.

"Working Capital A Commitment" means, with respect to any Working Capital A Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Working Capital A Commitment" or, if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Agent pursuant to Section8.07(d) as such Lender's "Working Capital A Commitment", as such amount may be reduced at or prior to such time pursuant to Section2.05.

"Working Capital A Facility" means, at any time, the aggregate amount of the Working Capital A Lenders' Working Capital A Commitments at such time.

"Working Capital A Lender" means any Lender that has a Working Capital A Commitment.

"Working Capital A Note" means a promissory note of any Crompton Borrower payable to the order of any Working Capital A Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Working Capital A Advances made by such Lender.

"Working Capital Advance" means a Working Capital A Advance, a Working Capital B-1 Advance or a Working Capital B-2 Advance.

"Working Capital B-1 Advance" has the meaning specified in Section 2.01(b).

"Working Capital B-1 Borrowing" means a borrowing consisting of simultaneous Working Capital B-1 Advances of the same Type made by the Working Capital B-1 Lenders.

"Working Capital B-1 Commitment" means, with respect to any Working Capital B-1 Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Working Capital B-1 Commitment" or, if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Agent pursuant

to Section 8.07(d) as such Lender's "Working Capital B-1 Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Working Capital B-1 Facility" means, at any time, the aggregate amount of the Working Capital B-1 Lenders' Working Capital B-1 Commitments at such time.

"Working Capital B-1 Lender" means any Lender that has a Working Capital B-1 Commitment.

"Working Capital B-1 Note" means a promissory note of the Uniroyal Borrower payable to the order of any Working Capital B-1 Lender, in substantially the form of Exhibit A-2 hereto, evidencing the aggregate indebtedness of the Uniroyal Borrower to such Lender resulting from the Working Capital B-1 Advances made by such Lender.

"Working Capital B-2 Advance" has the meaning specified in Section 2.01(c).

"Working Capital B-2 Borrowing" means a borrowing consisting of simultaneous Working Capital B-2 Advances of the same Type made by the Working Capital B-2 Lenders.

"Working Capital B-2 Commitment" means, with respect to any Working Capital B-2 Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Working Capital B-2 Commitment" or, if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(d) as such Lender's "Working Capital B-2 Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Working Capital B-2 Facility" means, at any time, the aggregate amount of the Working Capital B-2 Lenders' Working Capital B-2 Commitments at such time.

"Working Capital B-2 Lender" means any Lender that has a Working Capital B-2 Commitment.

"Working Capital B-2 Note" means a promissory note of the Uniroyal Borrower payable to the order of any Working Capital B-2 Lender, in substantially the form of Exhibit A-3 hereto, evidencing the aggregate indebtedness of the Uniroyal Borrower to such Lender resulting from the Working Capital B-2 Advances made by such Lender.

"Working Capital Borrowing" means a Working Capital A Borrowing, a Working Capital B-1 Borrowing or a Working Capital B-2

Borrowing.

"Working Capital Facility" means a Working Capital A Facility, a Working Capital B-1 Facility or a Working Capital B-2 Facility.

"Working Capital Lender" means a Working Capital A Lender, a Working Capital B-1 Lender or a Working Capital B-2 Lender.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(f), in the case of Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries), and Section 4.01(g), in the case of Uniroyal Corp. and its Subsidiaries ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND THE LETTERS OF CREDIT

SECTION 2.01. The Advances. (a) The Working Capital A Advances. Each Working Capital A Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Working Capital A Advance") to any Crompton Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Advance not to exceed such Lender's Unused Working Capital Commitment under the Working Capital A Facility at such time. Each Working Capital A Borrowing shall be in an aggregate amount of $5,000,000 (or, if the Swing Line Bank shall, in its sole discretion, decline to make a Swing Line A Advance on such Business Day after a request therefor by such Crompton Borrower pursuant to Section 2.01(d), $1,000,000) or an integral multiple of $1,000,000 in excess thereof and shall consist of Working Capital A Advances made simultaneously by the Working Capital A Lenders ratably according to their Working Capital A Commitments. Within the limits of each Working Capital A Lender's Unused Working Capital Commitment under the Working Capital A Facility in effect from time to time, the Crompton Borrowers may borrow under this Section 2.01(a), prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(a).

(b)The Working Capital B-1 Advances. Each Working Capital B-1

Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Working Capital B-1 Advance") to the Uniroyal Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Advance not to exceed such Lender's Unused Working Capital Commitment under the Working Capital B-1 Facility at such time. Each Working Capital B-1 Borrowing shall be in an aggregate amount of $5,000,000 (or, if the Swing Line Bank shall, in its sole discretion, decline to make a Swing Line B-1 Advance on such Business Day after a request therefor by the Uniroyal Borrower pursuant to Section 2.01(e), $1,000,000) or an integral multiple of $1,000,000 in excess thereof and shall consist of Working Capital B-1 Advances made simultaneously by the Working Capital B-1 Lenders ratably according to their Working Capital B-1 Commitments. Within the limits of each Working Capital B-1 Lender's Unused Working Capital Commitment under the Working Capital B-1 Facility in effect from time to time, the Uniroyal Borrower may borrow under this Section 2.01(b), prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(b).

(c)The Working Capital B-2 Advances. Each Working Capital B-2 Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Working Capital B-2 Advance") to the Uniroyal Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Advance not to exceed such Lender's Unused Working Capital Commitment under the Working Capital B-2 Facility at such time. Each Working Capital B-2 Borrowing shall be in an aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Working Capital B-2 Advances made simultaneously by the Working Capital B-2 Lenders ratably according to their Working Capital B-2 Commitments. Within the limits of each Working Capital B-2 Lender's Unused Working Capital Commitment under the Working Capital B-2 Facility in effect from time to time, the Uniroyal Borrower may borrow under this Section 2.01(c), prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(c).

(d)The Swing Line A Advances. Any Crompton Borrower may request the Swing Line Bank to make, and the Swing Line Bank may, if in its sole discretion it elects to do so, make, on the terms and conditions hereinafter set forth, Swing Line A Advances to such Crompton Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date (i) in an aggregate amount not to exceed at any time outstanding $10,000,000 (the "Swing Line A Facility") and (ii) in an amount for each such Swing Line A Borrowing not to exceed the aggregate of the Unused Working Capital Commitments under the Working Capital A Facility of the Working Capital A Lenders at such time.

No Swing Line A Advance shall be used for the purpose of funding the payment of principal of any other Swing Line A Advance. Each Swing Line A Borrowing shall be in an amount of $500,000 or an integral multiple of $100,000 in excess thereof and shall be made as a Base Rate Advance. Within the limits of the Swing Line A Facility and within the limits referred to in clause (ii) above, so long as the Swing Line Bank, in its sole discretion, elects to make Swing Line A Advances, the Crompton Borrowers may borrow under this Section 2.01(d), repay pursuant to Section 2.04(d) or prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(d).

(e)The Swing Line B-1 Advances. The Uniroyal Borrower may request the Swing Line Bank to make, and the Swing Line Bank may, if in its sole discretion it elects to do so, make, on the terms and conditions hereinafter set forth, Swing Line B-1 Advances to the Uniroyal Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date (i) in an aggregate amount not to exceed at any time outstanding $10,000,000 (the "Swing Line B-1 Facility") and (ii) in an amount for each such Swing Line Borrowing not to exceed the aggregate of the Unused Working Capital Commitments under the Working Capital B-1 Facility of the Working Capital B-1 Lenders at such time. No Swing Line B-1 Advance shall be used for the purpose of funding the payment of principal of any other Swing Line B-1 Advance. Each Swing Line B-1 Borrowing shall be in an amount of $500,000 or an integral multiple of $100,000 in excess thereof and shall be made as a Base Rate Advance. Within the limits of the Swing Line B-1 Facility and within the limits referred to in clause (ii) above, so long as the Swing Line Bank, in its sole discretion, elects to make Swing Line B-1 Advances, the Uniroyal Borrower may borrow under this Section 2.01(e), repay pursuant to Section 2.04(d) or prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(e).

(f)Letters of Credit. Each Issuing Bank severally agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (together with the Existing Letters of Credit referred to in Section 2.03(e), the "Letters of Credit") for the account of any Borrower from time to time on any Business Day during the period from the date hereof until 30 days before the Termination Date (i) in an aggregate Available Amount for all Letters of Credit issued by such Issuing Bank not to exceed at any time such Issuing Bank's Letter of Credit Commitment at such time under the Facility which the applicable Notice of Issuance specifies as the Facility under which such Letter of Credit is to be issued, (ii) in an Available Amount for each such Letter of Credit to be issued under the Letter of Credit A Facility not to exceed the lesser of (x) the Letter of Credit A Facility at such time and (y) the Unused Working Capital Commitments of the Working Capital A Lenders under the Working Capital A Facility at such time and

(iii) in an Available Amount for each such Letter of Credit to be issued under the Letter of Credit B-1 Facility not to exceed the lesser of (x) the Letter of Credit B-1 Facility at such time and (y) the Unused Working Capital Commitments of the Working Capital B-1 Lenders under the Working Capital B-1 Facility at such time. Letters of Credit issued under the Letter of Credit A Facility shall be issued for the account of any Crompton Borrower and Letters of Credit issued under the Letter of Credit B-1 Facility shall be issued for the account of the Uniroyal Borrower. No Letter of Credit shall have an expiration date (including all rights of the applicable Borrower or the beneficiary to require renewal) later than the earlier of 30 days before the Termination Date and (A) in the case of a Standby Letter of Credit, one year after the date of issuance thereof and (B) in the case of a Trade Letter of Credit, 90 days after the date of issuance thereof. Within the limits of the Letter of Credit A Facility or the Letter of Credit B-1 Facility, as the case may be, and subject to the limits referred to above, the Crompton Borrowers or the Uniroyal Borrower, as the case may be, may request the issuance of Letters of Credit under this Section 2.01(f), repay any Letter of Credit Advances resulting from drawings thereunder pursuant to Section 2.03(c) and request the issuance of additional Letters of Credit under this Section 2.01(f).

(g)Set Aside of Working Capital B-1 Commitments in Respect of the Seoul Guaranty. Each Working Capital B-1 Lender's Pro Rata Share of an aggregate amount of Working Capital B-1 Commitments equal to the Seoul Guaranty Amount shall be reserved to ensure that sufficient funds may be made available to the Uniroyal Borrower for payment to Citibank Seoul of the Seoul Guaranty Amount as the same becomes due and payable. The amount of Working Capital B-1 Commitments reserved under this Section 2.01(g) shall equal the Seoul Guaranty Amount from time to time.

SECTION 2.02. Making the Advances. (a) Except as otherwise provided in Section 2.02(b) or 2.03, each Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on (x) the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurodollar Rate Advances, or (y) the first Business Day prior to the date of the proposed Borrowing (or, if the Swing Line Bank shall, in its sole discretion, decline to make a Swing Line Advance on the date of the proposed Borrowing after a request therefor by a Borrower pursuant to Section 2.01(d) or (e), the date of the proposed Borrowing) in the case of a Borrowing consisting of Base Rate Advances, by any Borrower to the Agent, which shall give to each Appropriate Lender prompt notice thereof by telex or telecopier. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed immediately in writing, or telex or telecopier, in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing,

(ii) Facility under which such Borrowing is to be made, (iii) Type of Advances comprising such Borrowing, (iv) aggregate amount of such Borrowing and (v) in the case of a Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Advance. Each Appropriate Lender shall, before 11:00 A.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing in accordance with the respective Commitments under the applicable Facility of such Lender and the other Appropriate Lenders. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the relevant Borrower by crediting the relevant Borrower's Account.

(b)Each Swing Line Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the date of the proposed Swing Line Borrowing, by any Borrower to the Swing Line Bank and the Agent. Each such notice of a Swing Line Borrowing (a "Notice of Swing Line Borrowing") shall be by telephone, confirmed immediately in writing, or telex or telecopier, specifying therein the requested (i) date of such Borrowing, (ii) amount of such Borrowing and (iii) maturity of such Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing). If, in its sole discretion, it elects to make the requested Swing Line Advance, the Swing Line Bank will make the amount thereof available to the Agent at the Agent's Account, in same day funds. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the relevant Borrower by crediting the relevant Borrower's Account. Upon written demand by the Swing Line Bank with an outstanding Swing Line A Advance or Swing Line B-1 Advance, as the case may be, with a copy of such demand to the Agent, each other Working Capital A Lender or Working Capital B-1 Lender, as the case may be, shall purchase from the Swing Line Bank, and the Swing Line Bank shall sell and assign to each such other Working Capital A Lender or Working Capital B-1 Lender, as the case may be, such other Lender's Pro Rata Share of such outstanding Swing Line A Advance or Swing Line B-1 Advance, as the case may be, as of the date of such demand, by making available for the account of its Applicable Lending Office to the Agent for the account of the Swing Line Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Swing Line A Advance or Swing Line B-1 Advance, as the case may be, to be purchased by such Lender. Each Borrower hereby agrees to each such sale and assignment. Each Working Capital A Lender agrees to purchase its Pro Rata Share of an outstanding Swing Line A Advance and each Working Capital B-1 Lender agrees to purchase

its Pro Rata Share of an outstanding Swing Line B-1 Advance on (i) the Business Day on which demand therefor is made by the Swing Line Bank, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by the Swing Line Bank to any other Working Capital Lender of a portion of a Swing Line Advance, the Swing Line Bank represents and warrants to such other Lender that the Swing Line Bank is the legal and beneficial owner of such interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swing Line Advance, the Loan Documents or any Loan Party. If and to the extent that any Working Capital A Lender or Working Capital B-1 Lender, as the case may be, shall not have so made the amount of such Swing Line A Advance or Swing Line B-1 Advance, as the case may be, available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Swing Line Bank until the date such amount is paid to the Agent, at the Federal Funds Rate. If such Lender shall pay to the Agent such amount for the account of the Swing Line Bank on any Business Day, such amount so paid in respect of principal shall constitute a Swing Line Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Swing Line Advance made by the Swing Line Bank shall be reduced by such amount on such Business Day.

(c)Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrowers may not select Eurodollar Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than $5,000,000 or if the obligation of the Appropriate Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.09 or Section 2.10 and (ii) the Working Capital Advances may not be outstanding as part of more than 12 separate Borrowings.

(d)Each Notice of Borrowing and Notice of Swing Line Borrowing shall be irrevocable and binding on the Borrower giving such notice. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower giving such notice shall indemnify each Appropriate Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is

not made on such date.

(e)Unless the Agent shall have received notice from an Appropriate Lender prior to the date of any Borrowing under a Facility under which such Lender has a Commitment that such Lender will not make available to the Agent such Lender's ratable portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with subsection (a) or (b) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the relevant Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the relevant Borrower severally agree to repay or pay to the Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid or paid to the Agent, at (i) in the case of the Borrowers, the interest rate applicable at such time under Section 2.07 to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall pay to the Agent such corresponding amount, such amount so paid shall constitute such Lender's Advance as part of such Borrowing for all purposes.

(f)The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

(g)The Uniroyal Borrower hereby irrevocably authorizes and appoints Citibank as its attorney-in-fact to execute and deliver a Notice of Borrowing in accordance with Section 2.02(a) or a Notice of Swing Line Borrowing in accordance with Section 2.02(b), on behalf of and in the name of the Uniroyal Borrower, for a Working Capital B-1 Borrowing or Swing Line B-1 Borrowing, as the case may be, in an aggregate amount not to exceed the Seoul Guaranty Amount. The Uniroyal Borrower hereby authorizes each of Citibank and Citibank Seoul, in its discretion, to hold the proceeds of such Borrowing as collateral for, and/or then or at any time thereafter to apply such proceeds in whole or in part against the Obligations of the Uniroyal Borrower under the Seoul Guaranty. Each Working Capital B-1 Lender severally agrees, notwithstanding any other term or condition of this Agreement (including, without limitation, any non-fulfillment of any of the conditions specified in Article III), to make an Advance to or for the account of the Uniroyal Borrower for the purposes specified in the proviso to the first sentence of Section 2.14 hereof, on any Business Day during the period from the date

hereof until the Termination Date, in an aggregate amount not to exceed such Lender's Pro Rata Share of the amount of Working Capital B-1 Commitments then reserved pursuant to Section 2.01(g); provided that, after giving effect to the Advances made pursuant to this Section 2.02(g), the sum of the aggregate principal amount of Working Capital B-1 Advances, Swing Line B-1 Advances and Letter of Credit B-1 Advances then outstanding plus the Available Amount of all Letters of Credit issued under the Letter of Credit B-1 Facility and then outstanding shall not exceed the aggregate Working Capital B-1 Commitments.

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the second Business Day prior to the date of the proposed issuance of such Letter of Credit, by any Crompton Borrower to any Issuing Bank under the Letter of Credit A Facility or by the Uniroyal Borrower to any Issuing Bank under the Letter of Credit B-1 Facility, which shall give to the Agent and each Appropriate Lender prompt notice thereof by telex or telecopier. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telephone, confirmed immediately in writing, or telex or telecopier, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit, (C) expiration date of such Letter of Credit, (D) name and address of the beneficiary of such Letter of Credit, (E) Facility under which such Letter of Credit is to be issued and (F) form of such Letter of Credit, and shall be accompanied by such application and agreement for letter of credit as such Issuing Bank may specify to the relevant Borrower for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If (x) the requested form of such Letter of Credit is acceptable to such Issuing Bank in its sole discretion and (y) it has not received notice of objection to such issuance from Appropriate Lenders holding at least 51% of the Working Capital A Commitments or Working Capital B-1 Commitments, as the case may be, such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower requesting the issuance of such Letter of Credit at its office referred to in Section 8.02 or as otherwise agreed with such Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b)Letter of Credit Reports. Each Issuing Bank shall furnish (A) to the Agent on the first Business Day of each week a written report summarizing issuance and expiration dates of Letters of Credit issued by such Issuing Bank during the previous week and drawings during such week under all Letters of Credit issued by

such Issuing Bank, (B) to each Appropriate Lender on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued by such Issuing Bank during the preceding month and drawings during such month under all Letters of Credit issued by such Issuing Bank and (C) to the Agent and each Appropriate Lender on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit issued by such Issuing Bank.

(c)Drawing and Reimbursement. The payment by any Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by such Issuing Bank of a Letter of Credit Advance, which shall be a Base Rate Advance, in the amount of such draft. Upon payment by any Issuing Bank of a draft drawn under any Letter of Credit, such Issuing Bank shall give prompt notice thereof to the applicable Borrower and the Agent. Upon written demand by any Issuing Bank with an outstanding Letter of Credit Advance, with a copy of such demand to the Agent, each Appropriate Lender shall purchase from such Issuing Bank, and such Issuing Bank shall sell and assign to each such Appropriate Lender, such Lender's Pro Rata Share of such outstanding Letter of Credit Advance as of the date of such purchase, by making available for the account of its Applicable Lending Office to the Agent for the account of such Issuing Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Letter of Credit Advance to be purchased by such Lender. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Borrower hereby agrees to each such sale and assignment. Each Appropriate Lender agrees to purchase its Pro Rata Share of an outstanding Letter of Credit Advance on (i) the Business Day on which demand therefor is made by the Issuing Bank which made such Advance, provided notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by an Issuing Bank to any Appropriate Lender of a portion of a Letter of Credit Advance, such Issuing Bank represents and warrants to such Appropriate Lender that such Issuing Bank is the legal and beneficial owner of such interest being assigned by it, free and clear of any liens, but makes no other representation or warranty and assumes no responsibility with respect to such Letter of Credit Advance, the Loan Documents or any Loan Party. If and to the extent that any Appropriate Lender shall not have so made the amount of such Letter of Credit Advance available to the Agent, such Appropriate Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by such Issuing Bank until the date such amount is paid to

the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Letter of Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Letter of Credit Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d)Failure to Make Letter of Credit Advances. The failure of any Lender to make the Letter of Credit Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Letter of Credit Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Letter of Credit Advance to be made by such other Lender on such date.

(e)Existing Letters of Credit. Pursuant to the Credit Agreement dated as of December 21, 1995 (the "1995 Credit Agreement") among the Uniroyal Borrower, the lender parties party thereto and Citicorp as agent for the lender parties thereunder, the "Issuing Bank" thereunder issued "Letters of Credit" (such Letters of Credit as are outstanding under the 1995 Credit Agreement on the Effective Date and set forth on Schedule 2.03(e) hereto being the "Existing Letters of Credit") for the account of the Uniroyal Borrower. Effective as of the Effective Date: (i) the "Issuing Bank" under the 1995 Credit Agreement will be deemed to have sold and transferred, and each Working Capital B-1 Lender hereunder will be deemed to have purchased and received, without further action on the part of any party, an undivided interest and participation in such Existing Letters of Credit, based on such Working Capital B-1 Lender's Pro Rata Share of the Working Capital B-1 Facility; and (ii) the Existing Letters of Credit will be deemed to be Letters of Credit hereunder.

SECTION 2.04. Repayment of Advances. (a) Working Capital A Advances. Each Crompton Borrower shall repay to the Agent for the ratable account of the Working Capital A Lenders on the Termination Date the aggregate principal amount of the Working Capital A Advances made to such Crompton Borrower and then outstanding.

(b)Working Capital B-1 Advances. The Uniroyal Borrower shall repay to the Agent for the ratable account of the Working Capital B-1 Lenders on the Termination Date the aggregate principal amount of the Working Capital B-1 Advances then outstanding.

(c)Working Capital B-2 Advances. The Uniroyal Borrower shall repay to the Agent for the ratable account of the Working Capital B-2 Lenders on the Termination Date the aggregate outstanding

principal amount of the Working Capital B-2 Advances then outstanding.

(d)Swing Line Advances. Each Borrower shall repay to the Agent for the account of the Swing Line Bank and each other Working Capital Lender that has made a Swing Line Advance the outstanding principal amount of each Swing Line Advance made by each of them and owing by such Borrower on the earlier of the maturity date specified in the applicable Notice of Swing Line Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing) and the Termination Date.

(e)Letter of Credit Advances. (i) Each Borrower shall repay to the Agent for the account of each Issuing Bank and each other Working Capital Lender that has made a Letter of Credit Advance on the earlier of the second Business Day following the date on which such Letter of Credit is drawn and the Termination Date the outstanding principal amount of each Letter of Credit Advance made by each of them.

(ii)The Obligations of each Borrower under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances:

(A)any lack of validity or enforceability of any Loan Document, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(B)any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of any Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(C)the existence of any claim, set-off, defense or other right that any Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any Issuing Bank or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(D)any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(E) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(F) any exchange, release or non-perfection of any Collateral or other collateral, or any release or amendment or waiver of or consent to departure from any Guaranty or any other guarantee, for all or any of the Obligations of any Borrower in respect of the L/C Related Documents; or

(G) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower, any Guarantor or any other guarantor.

SECTION 2.05. Termination or Reduction of the Commitments. (a) Optional. Crompton Corp. may, on its own behalf and on behalf of the other Borrowers, upon at least two Business Days' notice to the Agent, terminate in whole or reduce in part the unused portion of either Letter of Credit Facility, either Swing Line Facility or the Unused Working Capital Commitments under any Working Capital Facility; provided, however, that each partial reduction of a Facility (i) shall be in an aggregate amount of $10,000,000 or an integral multiple of $5,000,000 in excess thereof and (ii) shall be made ratably among the Appropriate Lenders in accordance with their Commitments with respect to such Facility.

(b) Mandatory. (i) The aggregate Working Capital B-2 Commitments of the Working Capital B-2 Lenders shall be automatically and permanently reduced, on a pro rata basis, on the following dates in the amounts indicated:

Date	Amount
December 31, 1997	5% of the Specified Amount
December 31, 1998	10% of the Specified Amount
December 31, 1999	15% of the Specified Amount

(ii) The Letter of Credit A Facility or Letter of Credit B-1 Facility, as the case may be, shall be permanently reduced from time to time on the date of each reduction in the Working Capital A Facility or Working Capital B-1 Facility, as the case may be, by the amount, if any, by which the amount of the Letter of Credit A Facility or Letter of Credit B-1 Facility, as the case may be, exceeds the Working Capital A Facility or Working Capital B-1 Facility, as the case may be, after giving effect to such reduction of such Working Capital Facility.

(iii) The Swing Line A Facility or Swing Line B-1 Facility, as the case may be, shall be permanently reduced from time to time on the date of each reduction in the Working Capital A Facility or Working Capital B-1 Facility, as the case may be, by the amount, if any, by which the amount of the Swing Line A Facility or Swing Line B-1 Facility, as the case may be, exceeds the Working Capital A Facility or Working Capital B-1 Facility, as the case may be, after giving effect to such reduction of such Working Capital Facility.

(iv) Upon the date of receipt by Crompton Corp. or any of its Subsidiaries of the Net Cash Proceeds from the sale or other disposition of assets pursuant to clause (vii) of Section 5.02(e), the Working Capital Facilities shall be automatically and permanently reduced, on a pro rata basis, by the amount of such Net Cash Proceeds to the extent required under such clause (vii).

SECTION 2.06. Prepayments. (a) Optional. Each Borrower may, upon at least one Business Day's notice in the case of Base Rate Advances and three Business Days' notice in the case of Eurodollar Rate Advances, in each case to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding aggregate principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the aggregate principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) if any prepayment of a Eurodollar Rate Advance is made on a date other than the last day of an Interest Period for such Advance, such Borrower shall also pay any amounts owing pursuant to Section 8.04(c).

(b)Mandatory. (i) The Crompton Borrowers shall, on each Business Day, prepay an aggregate principal amount of the Working Capital A Advances comprising part of the same Borrowings, the Letter of Credit A Advances and the Swing Line A Advances equal to the amount by which (A) the sum of the aggregate principal amount of (x) the Working Capital A Advances, (y) the Letter of Credit A Advances and (z) the Swing Line A Advances then outstanding plus the aggregate Available Amount of all Letters of Credit then outstanding under the Working Capital A Facility exceeds (B) the Working Capital A Facility on such Business Day.

(ii)The Uniroyal Borrower shall, on each Business Day, prepay an aggregate principal amount of the Working Capital B-1 Advances comprising part of the same Borrowings, the Letter of Credit B-1 Advances and the Swing Line B-1 Advances equal to the amount by which (A) the sum of the aggregate principal amount of (x) the

Working Capital B-1 Advances, (y) the Letter of Credit B-1 Advances and (z) the Swing Line B-1 Advances then outstanding plus the aggregate Available Amount of all Letters of Credit then outstanding under the Working Capital B-1 Facility exceeds (B) the Working Capital B-1 Facility on such Business Day.

(iii) The Uniroyal Borrower shall, on each Business Day, prepay an aggregate principal amount of the Working Capital B-2 Advances comprising part of the same Borrowings equal to the amount by which the aggregate principal amount of the Working Capital B-2 Advances then outstanding exceeds the Working Capital B-2 Facility on such Business Day.

(iv) The Crompton Borrowers shall, on each Business Day, pay to the Agent for deposit in the relevant L/C Cash Collateral Account an amount sufficient to cause the aggregate amount on deposit in such Account to equal the amount by which the aggregate Available Amount of all Letters of Credit then outstanding under the Working Capital A Facility exceeds the Letter of Credit A Facility on such Business Day.

(v) The Uniroyal Borrower shall, on each Business Day, pay to the Agent for deposit in the relevant L/C Cash Collateral Account an amount sufficient to cause the aggregate amount on deposit in such Account to equal the amount by which the aggregate Available Amount of all Letters of Credit then outstanding under the Letter of Credit B-1 Facility exceeds the Letter of Credit B-1 Facility on such Business Day.

(vi) Prepayments of the Working Capital A Facility or Working Capital B-1 Facility made pursuant to clause (i) or (ii) above shall be first applied to prepay Letter of Credit Advances then outstanding under such Facility until such Advances are paid in full, second applied to prepay Swing Line Advances then outstanding under such Facility until such Advances are paid in full, third applied to prepay Working Capital Advances then outstanding under such Facility comprising part of the same Borrowings until such Advances are paid in full and fourth deposited in the relevant L/C Cash Collateral Account to cash collateralize 100% of the Available Amount of the Letters of Credit then outstanding under such Facility.

(vii) All prepayments under this subsection (b) shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

SECTION 2.07. Interest. (a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Advance made to such Borrower and owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i)Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (A) the Base Rate in effect from time to time plus (B) the Applicable Margin in effect from time to time, payable in arrears quarterly on the first day of each October, January, April and July during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii)Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) the Eurodollar Rate for such Interest Period for such Advance plus (B) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b)Default Interest. Upon the occurrence and during the continuance of an Event of Default, each Borrower shall pay interest on (i) the unpaid principal amount of each Advance made to such Borrower and owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid, in the case of interest, on the Type of Advance on which such interest has accrued pursuant to clause (a)(i) or (a)(ii) above, and, in all other cases, on Base Rate Advances pursuant to clause (a)(i) above.

(c)Notice of Interest Rate. Promptly after receipt of a Notice of Borrowing pursuant to Section 2.02(a), the Agent shall give notice to the relevant Borrower and each Appropriate Lender of the applicable interest rate determined by the Agent for purposes of clause (a)(i) or (ii).

SECTION 2.08. Fees. (a) Commitment Fee. The Borrowers jointly and severally agree to pay to the Agent for the account of the Lenders a commitment fee, from August 15, 1996 in the case of each Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in

the case of each other Lender until the Termination Date, payable in arrears on the date of the initial Borrowing hereunder, thereafter quarterly on the first Business Day of each quarter, commencing August 1, 1996, and on the Termination Date, at a rate per annum equal to the Applicable Percentage in effect from time to time on the average daily Unused Working Capital Commitments of such Lender (without giving effect to clause (b)(ii)(D) of the definition of "Unused Working Capital Commitment"); provided, however, that any commitment fee accrued with respect to any of the Commitments of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Borrowers so long as such Lender shall be a Defaulting Lender except to the extent that such commitment fee shall otherwise have been due and payable by the Borrowers prior to such time; and provided further that no commitment fee shall accrue on any of the Commitments of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(b)Letter of Credit Fees, Etc. (i) The Borrowers jointly and severally agree to pay to the Agent for the account of each Working Capital A Lender and each Working Capital B-1 Lender a commission, payable quarterly in arrears on the first Business Day of each January, April, July and October, commencing October 1, 1996, and on the earliest to occur of the full drawing, expiration, termination or cancellation of any Letter of Credit and on the Termination Date, on such Lender's Pro Rata Share of the average daily aggregate Available Amount during such quarter of all Letters of Credit issued under the Working Capital A Facility and Working Capital B-1 Facility, respectively, and outstanding from time to time at the rate per annum equal to the Applicable Percentage in effect from time to time.

(ii)Any Borrower giving a Notice of Issuance shall pay to each Issuing Bank, for its own account, such commissions, issuance fees, fronting fees, transfer fees and other fees and charges in connection with the issuance or administration of the requested Letter of Credit as such Borrower and such Issuing Bank shall agree.

(c)Agent's Fees. The Borrowers jointly and severally agree to pay to the Agent for its own account such fees as may from time to time be agreed between the Borrowers and the Agent.

SECTION 2.09. Conversion of Advances. (a) Optional. Any Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.07 and 2.10, Convert all or any portion of the Advances of one Type made to such Borrower comprising the same Borrowing into Advances of the other Type;

provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(c), no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(c) and each Conversion of Advances comprising part of the same Borrowing under any Facility shall be made ratably among the Appropriate Lenders in accordance with their Commitments under such Facility. Each such notice of Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for such Advances. Each notice of Conversion shall be irrevocable and binding on the Borrower giving such notice.

(b)Mandatory. (i) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000, such Advances shall automatically Convert into Base Rate Advances.

(ii)If any Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances made to such Borrower in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify such Borrower and the Appropriate Lenders, whereupon each such Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance.

(iii)Upon the occurrence and during the continuance of any Event of Default, (x) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (y) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.10. Increased Costs, Etc. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender Party of agreeing to make or of making, funding or maintaining Eurodollar Rate Advances or of agreeing to issue or of issuing or maintaining Letters of Credit or of agreeing to make or of making or maintaining Letter of Credit Advances (excluding for purposes of this Section 2.10 any such increased costs resulting from (i)

Taxes or Other Taxes (as to which Section 2.12 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender Party is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrowers jointly and severally agree to pay from time to time, upon demand by such Lender Party (with a copy of such demand to the Agent), to the Agent for the account of such Lender Party additional amounts sufficient to compensate such Lender Party for such increased cost; provided, however, that, before making any such demand, each Lender Party agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender Party, be otherwise disadvantageous to such Lender Party. A certificate as to the amount of such increased cost, submitted to the Borrowers by such Lender Party, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender Party determines that either (i) the enactment of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender Party or any corporation controlling such Lender Party and that the amount of such capital is increased by or based upon the existence of such Lender Party's commitment to lend or to issue Letters of Credit hereunder and other commitments of such type or the issuance or maintenance of the Letters of Credit (or similar contingent obligations), then, upon demand by such Lender Party (with a copy of such demand to the Agent), the Borrowers jointly and severally agree to pay to the Agent for the account of such Lender Party, from time to time as specified by such Lender Party, additional amounts sufficient to compensate such Lender Party in the light of such circumstances, to the extent that such Lender Party reasonably determines such increase in capital to be allocable to the existence of such Lender Party's commitment to lend or to issue Letters of Credit hereunder or to the issuance or maintenance of any Letters of Credit; provided, however, that, before making any such demand, each Lender Party agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such additional amounts payable under this subsection (b) and would not, in the reasonable judgment of such Lender Party, be otherwise

disadvantageous to such Lender Party. A certificate as to such amounts submitted to the Borrowers by such Lender Party shall be conclusive and binding for all purposes, absent manifest error.

(c) If, with respect to any Eurodollar Rate Advances made or to be made under any Facility, Appropriate Lenders holding at least 51% of the Commitments under such Facility notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrowers and the Appropriate Lenders, whereupon (i) each such Eurodollar Rate Advance under such Facility will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Appropriate Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrowers that such Lenders have determined that the circumstances causing such suspension no longer exist.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to continue to fund or maintain Eurodollar Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrowers through the Agent, (i) each Eurodollar Rate Advance under each Facility under which such Lender has a Commitment will automatically, upon such demand, Convert into a Base Rate Advance and (ii) the obligation of the Appropriate Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrowers that such Lender has determined that the circumstances causing such suspension no longer exist.

SECTION 2.11. Payments and Computations. (a) Each Borrower shall make each payment hereunder and under the Notes, irrespective of any right of counterclaim or set-off (except as otherwise provided in Section 2.15), not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause like funds to be distributed (i) if such payment by such Borrower is in respect of principal, interest, commitment fees or any other Obligation then payable hereunder and under the Notes to more than one Lender Party, to such Lender Parties for the account of their respective Applicable Lending Offices ratably in accordance with the amounts of such respective Obligations then payable to such Lender Parties and (ii) if such payment by such Borrower is in respect

of any Obligation then payable hereunder to one Lender Party, to such Lender Party for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date of such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender Party assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) If the Agent receives funds for application to the Obligations under the Loan Documents under circumstances for which the Loan Documents do not specify the Advances or the Facility to which, or the manner in which, such funds are to be applied, the Agent may, but shall not be obligated to, elect to distribute such funds to each Lender Party ratably in accordance with such Lender Party's proportionate share of the principal amount of all outstanding Advances and the Available Amount of all Letters of Credit then outstanding, in repayment or prepayment of such of the outstanding Advances or other Obligations owed to such Lender Party, and for application to such principal installments, as the Agent shall direct.

(c) Each Borrower hereby authorizes each Lender Party, if and to the extent payment owed to such Lender Party is not made when due hereunder or, in the case of a Lender, under the Note held by such Lender, to charge from time to time against any or all of such Borrower's accounts with such Lender Party any amount so due.

(d) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees and Letter of Credit commissions shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(e) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, that, if such extension would cause

payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(f)Unless the Agent shall have received notice from a Borrower prior to the date on which any payment is due to any Lender Party hereunder that such Borrower will not make such payment in full, the Agent may assume that such Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each such Lender Party on such due date an amount equal to the amount then due such Lender Party. If and to the extent any Borrower shall not have so made such payment in full to the Agent, each such Lender Party shall repay to the Agent forthwith on demand such amount distributed to such Lender Party together with interest thereon, for each day from the date such amount is distributed to such Lender Party until the date such Lender Party repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.12. Taxes. (a) Any and all payments by any Borrower hereunder or under the Notes shall be made, in accordance with Section 2.11, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, (i) in the case of each Lender Party and the Agent, respectively, taxes that are imposed on its overall net income or the overall net income of its branch by the United States and taxes that are imposed on its overall net income or the overall net income of its branch (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction under the laws of which such Lender Party or the Agent, respectively, is organized or any political subdivision thereof, (ii) in the case of each Lender Party, taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction in which the principal office or such Lender Party's Applicable Lending Office is located or any political subdivision thereof and (iii) in the case of the Agent, taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the jurisdiction in which the office through which the Agent performs its activities hereunder is located (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender Party or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.12) such Lender Party or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been

made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrowers jointly and severally agree to pay any present or future stamp, documentary, excise, property or similar taxes, charges or levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) The Borrowers jointly and severally agree to indemnify each Lender Party and the Agent for and hold them harmless against the full amount of Taxes and Other Taxes, and for the full amount of taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.12, imposed on or paid by such Lender Party or the Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender Party or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrowers shall furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment. In the case of any payment hereunder or under the Notes by or on behalf of any Borrower through an account or branch outside the United States or by or on behalf of any Borrower by a payor that is not a United States person, if such Borrower determines that no Taxes are payable in respect thereof, such Borrower shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender Party organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender or Initial Issuing Bank, as the case may be, and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter as requested in writing by the Borrowers (but only so long thereafter as such Lender Party remains lawfully able to do so), provide each of the Agent and the Borrowers with two accurate and complete original signed Internal Revenue Service forms 1001 or 4224 or (in the case of a

Lender Party that is claiming exemption from United States withholding tax under Section 871(h) or 881(c) of the Internal Revenue Code with respect to payments of "portfolio interest") two accurate and complete signed original Forms W-8 (and, if such Lender Party delivers Forms W-8, two signed certificates certifying that such Lender Party is not (i) a "bank" for purposes of Section 881(c) of the Internal Revenue Code, (ii) is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Borrower, (iii) is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code) and (iv) is not a conduit entity participating in a conduit financing arrangement (as defined in Treasury Regulation Section 1.881-3), as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender Party is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the accurate and complete forms provided by a Lender Party at the time such Lender Party first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender Party provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender Party becomes a party to this Agreement, the Lender Party assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includible in Taxes) United States withholding tax, if any, applicable with respect to the Lender Party assignee on such date.

(f) For any period with respect to which a Lender Party has failed to provide the Borrowers with the appropriate form described in subsection (e) above (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided or if such form otherwise is not required under subsection (e) above), such Lender Party shall not be entitled to indemnification under subsection (a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender Party become subject to Taxes because of its failure to deliver a form required hereunder, the Borrowers shall take such steps, at such Lender Party's sole expense, as such Lender Party shall reasonably request to assist such Lender Party to recover such Taxes.

(g)Any Lender Party claiming any additional amounts payable pursuant to this Section 2.12 shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amount which may thereafter accrue and would not, in the reasonable judgment of such Lender Party, be otherwise disadvantageous to such Lender Party.

(h)If the Agent or any Lender Party, in its sole opinion, determines that it has finally and irrevocably received or been granted a refund in respect of any Taxes or Other Taxes as to which indemnification has been paid by Crompton Corp. pursuant to Section 2.12(a) or (c), it shall promptly remit such refund (including any interest) to Crompton Corp., net of all out-of-pocket expenses of the Agent or such Lender Party; provided, however, that Crompton Corp., upon the request of the Agent or such Lender Party, agrees promptly to return such refund (plus any interest) to such party in the event such party is required to repay such refund to the relevant taxing authority. The Agent or such Lender Party shall provide Crompton Corp. with a copy of any notice or assessment from the relevant taxing authority (deleting any confidential information contained therein) requiring repayment of such refund. Nothing contained herein shall impose an obligation on the Agent or any Lender Party to apply for any refund.

SECTION 2.13. Sharing of Payments, Etc. If any Lender Party shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) (a) on account of Obligations due and payable to such Lender Party hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender Party at such time to (ii) the aggregate amount of the Obligations due and payable to all Lender Parties hereunder and under the Notes at such time) of payments on account of the Obligations due and payable to all Lender Parties hereunder and under the Notes at such time obtained by all the Lender Parties at such time or (b) on account of Obligations owing (but not due and payable) to such Lender Party hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing to such Lender Party at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lender Parties hereunder and under the Notes at such time) of payments on account of the Obligations owing (but not due and payable) to all Lender Parties hereunder and under the Notes at such time obtained by all of the Lender Parties at such time, such Lender Party shall forthwith purchase from the other Lender Parties such participations in the

Obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender Party to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender Party, such purchase from each other Lender Party shall be rescinded and such other Lender Party shall repay to the purchasing Lender Party the purchase price to the extent of such Lender Party's ratable share (according to the proportion of (i) the purchase price paid to such Lender Party to (ii) the aggregate purchase price paid to all Lender Parties) of such recovery together with an amount equal to such Lender Party's ratable share (according to the proportion of (i) the amount of such other Lender Party's required repayment to (ii) the total amount so recovered from the purchasing Lender Party) of any interest or other amount paid or payable by the purchasing Lender Party in respect of the total amount so recovered. Each Borrower agrees that any Lender Party so purchasing a participation from another Lender Party pursuant to this Section 2.13 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender Party were the direct creditor of such Borrower in the amount of such participation.

SECTION 2.14. Use of Proceeds. The proceeds of the Advances and issuances of Letters of Credit under the Working Capital A Facility and the Working Capital B-1 Facility shall be available (and each Borrower agrees that it shall use such proceeds and Letters of Credit) solely to pay transaction fees and expenses incurred in connection with the Merger, redeem or repurchase certain public Existing Debt of Uniroyal Corp. and Uniroyal, and for other general corporate purposes, including, without limitation, to finance permitted acquisitions and Capital Expenditures and provide working capital for the Borrowers and their respective Subsidiaries; provided that Advances made pursuant to Section 2.02(g) shall be used by the Uniroyal Borrower solely for the purpose of satisfying its obligations under the Seoul Guaranty. The proceeds of the Advances under the Working Capital B-2 Facility shall be available (and the Uniroyal Borrower agrees that it shall use such proceeds) solely to redeem, repurchase or defease, in full or in part, the Uniroyal Senior Notes, the Uniroyal Corp. Senior Notes, the Uniroyal Corp. Senior Subordinated Notes and the Uniroyal Corp. Subordinated Discount Notes.

SECTION 2.15. Defaulting Lenders. (a) In the event that, at any one time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to any Borrower and (iii) such Borrower shall be required to make any payment hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower may, so

long as no Default shall occur or be continuing at such time and to the fullest extent permitted by applicable law, set off and otherwise apply the Obligation of such Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted Advance. In the event that, on any date, such Borrower shall so set off and otherwise apply its Obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by such Borrower shall constitute for all purposes of this Agreement and the other Loan Documents an Advance by such Defaulting Lender made on the date under the Facility pursuant to which such Defaulted Advance was originally required to have been made pursuant to Section 2.01. Such Advance shall be a Base Rate Advance and shall be considered, for all purposes of this Agreement, to comprise part of the Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to Section 2.01, even if the other Advances comprising such Borrowing shall be Eurodollar Rate Advances on the date such Advance is deemed to be made pursuant to this subsection (a). Each Borrower shall notify the Agent at any time such Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by any Borrower to or for the account of such Defaulting Lender which is paid by such Borrower, after giving effect to the amount set off and otherwise applied by such Borrower pursuant to this subsection (a), shall be applied by the Agent as specified in subsection (b) or (c) of this Section 2.15.

(b) In the event that, at any one time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to the Agent or any of the other Lender Parties and (iii) any Borrower shall make any payment hereunder or under any other Loan Document to the Agent for the account of such Defaulting Lender, then the Agent may, on its behalf or on behalf of such other Lender Parties and to the fullest extent permitted by applicable law, apply at such time the amount so paid by such Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. In the event that the Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Agent shall constitute for all purposes of this Agreement and the other Loan Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Agent shall be retained by the Agent or distributed by the Agent to such other Lender Parties,

ratably in accordance with the respective portions of such Defaulted Amounts payable at such time to the Agent and such other Lender Parties and, if the amount of such payment made by any Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Agent and the other Lender Parties, in the following order of priority:

(i) first, to the Agent for any Defaulted Amount then owing to the Agent; and

(ii) second, to any other Lender Parties for any Defaulted Amounts then owing to such other Lender Parties, ratably in accordance with such respective Defaulted Amounts then owing to such other Lender Parties.

Any portion of such amount paid by any Borrower for the account of such Defaulting Lender remaining, after giving effect to the amount applied by the Agent pursuant to this subsection (b), shall be applied by the Agent as specified in subsection (c) of this Section 2.15.

(c) In the event that, at any one time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) any Borrower, the Agent or any other Lender Party shall be required to pay or distribute any amount hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower or such other Lender Party shall pay such amount to the Agent to be held by the Agent, to the fullest extent permitted by applicable law, in escrow or the Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Agent in escrow under this subsection (c) shall be deposited by the Agent in an account with Citibank, in the name and under the control of the Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be Citibank's standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Agent in escrow under, and applied by the Agent from time to time in accordance with the provisions of, this subsection (c). The Agent shall, to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Loan Documents to the Agent or any other Lender Party, as and when such Advances or amounts are required to be made or paid and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such

time, in the following order of priority:

(i) first, to the Agent for any amount then due and payable by such Defaulting Lender to the Agent hereunder;

(ii) second, to any other Lender Parties for any amount then due and payable by such Defaulting Lender to such other Lender Parties hereunder, ratably in accordance with such respective amounts then due and payable to such other Lender Parties; and

(iii) third, to such Borrower for any Advance then required to be made by such Defaulting Lender pursuant to a Commitment of such Defaulting Lender.

In the event that any Lender Party that is a Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Agent in escrow at such time with respect to such Lender Party shall be distributed by the Agent to such Lender Party and applied by such Lender Party to the Obligations owing to such Lender Party at such time under this Agreement and the other Loan Documents ratably in accordance with the respective amounts of such Obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.15 are in addition to other rights and remedies that the Borrowers may have against such Defaulting Lender with respect to any Defaulted Advance and that the Agent or any Lender Party may have against such Defaulting Lender with respect to any Defaulted Amount.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Initial Extension of Credit. The obligation of each Lender to make an Advance or of any Issuing Bank to issue a Letter of Credit on the occasion of the Initial Extension of Credit hereunder is subject to the satisfaction of the following conditions precedent before or concurrently with the Initial Extension of Credit:

(a) The Merger shall have been consummated substantially in accordance with the terms of the Merger Agreement, without any waiver or amendment not consented to by the Lender Parties of any material term, provision or condition set forth therein, and in material compliance with all applicable laws.

(b) The Merger Agreement shall be in full force and effect.

(c) The Lender Parties shall be satisfied with the corporate and

legal structure and capitalization of each Loan Party and each of its Subsidiaries, including the terms and conditions of the charter, bylaws and each class of capital stock of each Loan Party and each such Subsidiary and of each agreement or instrument relating to such structure or capitalization.

(d)The Lender Parties shall be satisfied that all Existing Debt, other than the Debt identified on Schedule 3.01(d) (the "Surviving Debt"), has been prepaid, redeemed or defeased in full or otherwise satisfied and extinguished.

(e)There shall have occurred no material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of (i) before and after giving effect to the Merger and the other transactions contemplated by this Agreement, Crompton Corp. and its Subsidiaries, taken as a whole, since December 31, 1995, (ii) after giving effect to the Merger and the other transactions contemplated by this Agreement, Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries), taken as a whole, since December 31, 1995 or (iii) before and after giving effect to the Merger and the other transactions contemplated by this Agreement, Uniroyal and its Subsidiaries, taken as a whole, since September 30, 1995.

(f)There shall exist no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect other than the matters described on Schedule 3.01(f) (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of the Merger, this Agreement, any Note, any other Loan Document, any Related Document or the consummation of the transactions contemplated hereby, and there shall have been no material adverse change in the status, or financial effect on any Loan Party or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(f).

(g)The Lender Parties shall have completed a due diligence investigation of the Borrowers and their respective Subsidiaries in scope, and with results, satisfactory to the Lender Parties, and nothing shall have come to the attention of the Lender Parties during the course of such due diligence investigation to lead them to believe (i) that the Information Memorandum was or has become misleading, incorrect or incomplete in any material respect, (ii) that, following the consummation of the Merger, Crompton Corp. and its Subsidiaries would not have good and marketable title to all material assets of Uniroyal Corp. and its Subsidiaries reflected in the Information Memorandum and (iii) that the Merger will have a Material Adverse Effect;

without limiting the generality of the foregoing, the Lender Parties shall have been given such access to the management, records, books of account, contracts and properties of the Borrowers and their respective Subsidiaries as they shall have requested.

(h)All stock of the Borrowers (other than Crompton Corp.) and the Borrowers' Subsidiaries, to the extent owned by the Borrowers and their Subsidiaries, shall be owned by the Borrowers or one or more of the Borrowers' Subsidiaries, in each case free and clear of any lien, charge or encumbrance; the Agent shall have a valid and perfected first priority lien on and security interest in the Collateral (other than as to matters of perfection and priority of the security interest in the Pledged Accounts (as defined in the Uniroyal Security Agreement) and the Other Accounts (as defined in the Uniroyal Security Agreement)) for the benefit of the Secured Parties; all filings, recordations and searches necessary or desirable in connection with such liens and security interests shall have been duly made; and all filing and recording fees and taxes shall have been duly paid.

(i)All governmental and third party consents and approvals (including, without limitation, any consents or approvals required under the documents relating to the Uniroyal Corp. Senior Notes and the Uniroyal Corp. Senior Subordinated Notes) necessary in connection with Loan Documents and the transactions contemplated thereby (including, without limitation, the Merger) shall have been obtained (without the imposition of any conditions that are not reasonably acceptable to the Lender Parties) and shall remain in effect other than such governmental or third party consents and approvals the failure to obtain which shall not (x) be materially adverse to any of the Borrowers, in each case together with its respective Subsidiaries, taken as a whole, (y) affect the enforceability, validity or binding effect of any of the Loan Documents required to be executed and delivered prior to or on the Effective Date or (z) expose the Agent or the Lender Parties to personal liability; all applicable waiting periods shall have expired without any action being taken by any competent authority; and no law or regulation shall be applicable in the judgment of the Lender Parties that restrains, prevents or imposes materially adverse conditions upon the Loan Documents or the transactions contemplated thereby (including, without limitation, the Merger).

(j)The Borrowers shall have paid all accrued fees and expenses of the Agent and the Lender Parties (including the accrued fees and expenses of counsel to the Agent and local counsel to the Lender Parties).

(k)The Agent shall have received on or before the day of the Initial Extension of Credit the following, each dated such day

(unless otherwise specified), in form and substance satisfactory to the Agent (unless otherwise specified) and (except for the Notes) in sufficient copies for each Lender Party:

(i)The Notes payable to the order of the Lenders.

(ii)Certified copies of the resolutions of the Board of Directors of each Borrower, and each other Loan Party approving the Merger, this Agreement, the Notes, each other Loan Document and each Related Document to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with respect to the Merger, this Agreement, the Notes, each other Loan Document and each Related Document.

(iii)A copy of a certificate of the Secretary of State of the jurisdiction of its incorporation, dated reasonably near the date of the Initial Extension of Credit, listing the charter of each Borrower and each other Loan Party and each amendment thereto on file in his office and certifying that (A) such amendments are the only amendments to such Borrower's or such other Loan Party's charter on file in his office, (B) each Borrower and each other Loan Party have paid all franchise taxes to the date of such certificate and (C) each Borrower and each other Loan Party are duly incorporated and in good standing under the laws of the State of the jurisdiction of its incorporation.

(iv)Certified copies of a certificate of merger or other confirmation from the Secretary of State of the State of Delaware satisfactory to the Lender Parties of the consummation of the Merger.

(v)A certificate of each Borrower and each other Loan Party, signed on behalf of such Borrower or such other Loan Party, as the case may be, by its President or a Vice President and its Secretary or any Assistant Secretary, dated the date of the Initial Extension of Credit (the statements made in which certificate shall be true on and as of the date of the Initial Extension of Credit), certifying as to (A) the absence of any amendments to the charter of such Borrower or such other Loan Party since the date of the Secretary of State's certificate referred to in Section 3.01(k)(iii), (B) a true and correct copy of the bylaws of such Borrower or such other Loan Party as in effect on the date of the Initial Extension of Credit, (C) the due incorporation and good standing of such Borrower or such other Loan Party organized under the laws of the State of its incorporation, and the absence of any proceeding for the dissolution or liquidation of such Borrower or such other Loan Party, (D) the truth of the representations and warranties contained in the Loan Documents as though made on and as of the date of the Initial Extension of Credit and (E) the absence of

any event occurring and continuing, or resulting from the Initial Extension of Credit, that constitutes a Default.

(vi)A certificate of the Secretary or an Assistant Secretary of each Borrower and each other Loan Party certifying the names and true signatures of the officers of such Borrower or such other Loan Party authorized to sign this Agreement, the Notes, each other Loan Document and each Related Document to which they are or are to be parties and the other documents to be delivered hereunder and thereunder.

(vii)A security agreement in substantially the form of Exhibit D-1 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Crompton Security Agreement"), duly executed by each Crompton Borrower and each Crompton Guarantor, together with:

(A)certificates representing the Pledged Shares referred to therein accompanied by undated stock powers executed in blank, and instruments evidencing the Pledged Debt (except as otherwise provided in Sections 5.02(b)(i)(D) and 5.02(b)(ii)) referred to therein indorsed in blank,

(B)duly executed proper financing statements, to be filed under the Uniform Commercial Code of all jurisdictions that the Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Crompton Security Agreement, covering the Collateral described in the Crompton Security Agreement,

(C)completed requests for information, dated on or before the date of the Initial Extension of Credit, listing all effective financing statements filed in the jurisdictions referred to in clause (B) above that name any Crompton Borrower or any Crompton Guarantor as debtor, together with copies of such other financing statements,

(D)evidence of the completion of all other recordings and filings of or with respect to the Crompton Security Agreement that the Agent may deem necessary or desirable in order to perfect and protect the Liens created thereby, and

(E)evidence that all other action that the Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Crompton Security Agreement has been taken.

(viii)A security agreement in substantially the form of Exhibit D-2 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Uniroyal Security Agreement" and, together with the Crompton Security Agreement and

each security agreement delivered pursuant to Section 5.01(k), in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Security Agreement"), duly executed by the Uniroyal Borrower and each Uniroyal Guarantor, together with:

(A)duly executed proper financing statements, to be filed on or before the day of the Initial Extension of Credit under the Uniform Commercial Code of all jurisdictions that the Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Uniroyal Security Agreement, covering the Collateral described in the Uniroyal Security Agreement,

(B)completed requests for information, dated on or before the date of the Initial Extension of Credit, listing all effective financing statements filed in the jurisdictions referred to in clause (A) above that name the Uniroyal Borrower or any Uniroyal Guarantor as debtor, together with copies of such other financing statements,

(C)evidence of the completion of all other recordings and filings of or with respect to the Uniroyal Security Agreement that the Agent may deem necessary or desirable in order to perfect and protect the Liens created thereby,

(D)evidence of the insurance required by the terms of the Security Agreement,

(E)instruments evidencing the Pledged Debt (except as otherwise provided in Sections 5.02(b)(i)(D) and 5.02(b)(ii)) referred to therein endorsed in blank, and

(F)evidence that all other action that the Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Uniroyal Security Agreement has been taken.

(ix)A guaranty in substantially the form of Exhibit E-1 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Parent Guaranty"), duly executed by Crompton Corp.

(x)A guaranty in substantially the form of Exhibit E-2 (together with each other guaranty delivered pursuant to Section 5.01(k), in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Subsidiary Guaranty"), duly executed by each Subsidiary Guarantor.

(xi)Certified copies of each of the Related Documents, duly executed by the parties thereto and in form and substance

satisfactory to the Lender Parties, together with all agreements, instruments and other documents delivered in connection therewith.

(xii) Such financial, business and other information regarding each Loan Party and its Subsidiaries as the Lender Parties shall have requested, including, without limitation, information as to possible contingent liabilities, tax matters, environmental matters, obligations under Plans, Multiemployer Plans and Welfare Plans, collective bargaining agreements and other arrangements with employees, audited annual financial statements of Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries) dated December 30, 1995, audited annual financial statements of Uniroyal Corp. and its Subsidiaries dated October 1, 1995, interim financial statements dated the end of the most recent fiscal quarter for which financial statements are available, pro forma financial statements as to Crompton Corp. and its Subsidiaries after giving effect to the Merger and the other transactions, on a Consolidated basis, of balance sheets, income statements and cash flow statements for the one-year period ended on or about March 31, 1996 and forecasts prepared by management of the Borrowers, in form and substance satisfactory to the Lender Parties, on a Consolidated basis and, to the extent otherwise available, on a Consolidating basis, of balance sheets, income statements and cash flow statements for the first year following January 1, 1996 and on an annual basis for each year thereafter until the Termination Date.

(xiii) Certificates, in substantially the form of Exhibit G, attesting to the Solvency of each Loan Party after giving effect to the Merger and the other transactions contemplated hereby, from its chief financial officer.

(xiv) A supplement to the Uniroyal Security Agreement in respect of Collateral located in the State of Louisiana in substantially the form of Exhibit D-3 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Louisiana Undertaking"), duly executed by the Uniroyal Borrower and the Uniroyal Guarantors.

(xv) An environmental assessment report, in form and substance satisfactory to the Lender Parties, from Environmental Safety and Designs, Inc., as to any hazards, costs or liabilities under Environmental Laws to which any Loan Party or any of its Subsidiaries may be subject, the amount and nature of which and the Borrowers' plans with respect to which shall be acceptable to the Lender Parties, together with evidence, in form and substance satisfactory to the Lender Parties, that all Environmental Laws applicable to the consummation of the Merger shall have been materially complied with.

(xvi)A letter, in form and substance satisfactory to the Agent, from Crompton Corp. to KPMG Peat Marwick LLP, its independent certified public accountants, advising such accountants that the Agent and the Lender Parties have been authorized to exercise all rights of the Borrowers to require such accountants to disclose any and all financial statements and any other information of any kind that they may have with respect to the Borrowers and their respective Subsidiaries and directing such accountants to comply with any reasonable request of the Agent or any Lender Party for such information; provided that all requests for such information shall be provided through Crompton Corp.

(xvii)A favorable opinion of Wachtell, Lipton, Rosen & Katz, special counsel for the Loan Parties, in substantially the form of Exhibit F-1 hereto and as to such other matters as any Lender Party through the Agent may reasonably request.

(xviii)A favorable opinion of John T. Ferguson, II, Esq., General Counsel and Corporate Secretary of Crompton Corp. and its Subsidiaries, in substantially the form of Exhibit F-2 hereto and as to such other matters as any Lender Party through the Agent may reasonably request.

(xix)A favorable opinion of John T. Ferguson, II, Esq., General Counsel and Corporate Secretary of Crompton Corp. and its Subsidiaries, in substantially the form of Exhibit F-3 hereto and as to such other matters as any Lender Party through the Agent may reasonably request.

(xx)A favorable opinion of local counsel to the Loan Parties or Lender Parties, as the case may be, listed on Schedule 3.01(k)(xx) in the jurisdictions listed on Schedule 3.01(k)(xx) in form and substance satisfactory to the Agent and as to such other matters as any Lender Party through the Agent may reasonably request.

(xxi)A favorable opinion of Shearman & Sterling, counsel for the Agent, in form and substance satisfactory to the Agent.

SECTION 3.02. Conditions Precedent to Each Borrowing and Issuance. The right of the Borrowers to request and the obligation of each Appropriate Lender to make an Advance (other than a Letter of Credit Advance made by an Issuing Bank or a Working Capital Lender pursuant to Section 2.03(c) and a Swing Line Advance made by a Working Capital Lender pursuant to Section 2.02(b)) on the occasion of each Borrowing (including the Initial Extension of Credit), and the right of the Borrowers to request and the obligation of each Issuing Bank to issue a Letter of Credit (including the initial issuance) and the right of the Borrowers to request a Swing Line Borrowing, shall be subject to the further conditions precedent that on the date of such

Borrowing or issuance (a) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing, Notice of Swing Line Borrowing or Notice of Issuance and the acceptance by the relevant Borrower of the proceeds of such Borrowing or of such Letter of Credit shall constitute a representation and warranty by such Borrower that both on the date of such notice and on the date of such Borrowing or issuance such statements are true):

(i) the representations and warranties contained in each Loan Document are correct on and as of such date, before and after giving effect to such Borrowing or issuance and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Borrowing or issuance, in which case as of such specific date; and

(ii) no event has occurred and is continuing, or would result from such Borrowing or issuance or from the application of the proceeds therefrom, that constitutes a Default;

and (b) the Agent shall have received such other approvals, opinions or documents as any Appropriate Lender through the Agent may reasonably request.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender Party shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender Parties unless an officer of the Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender Party prior to the Initial Extension of Credit specifying its objection thereto and, if the Initial Extension of Credit consists of a Borrowing, such Lender Party shall not have made available to the Agent such Lender Party's ratable portion of such Borrowing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrowers. Each Borrower represents and warrants as follows:

(a) Each Loan Party (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing

as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed would not have a Material Adverse Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. All of the outstanding capital stock of the Borrowers has been validly issued and is fully paid and non-assessable.

(b) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Subsidiaries of each Loan Party as of the date hereof, showing as of the date hereof (as to each such Subsidiary) the jurisdiction of its incorporation, the number of shares of each class of capital stock authorized, and the number outstanding, on the date hereof and the percentage of the outstanding shares of each such class owned (directly or indirectly) by such Loan Party and the number of shares covered by all outstanding options, warrants, rights of conversion or purchase and similar rights at the date hereof. All of the outstanding capital stock of all of such Subsidiaries to the extent owned by the Borrowers and their Subsidiaries has been validly issued, is fully paid and non-assessable and is owned by such Loan Party or one or more of its Subsidiaries free and clear of all Liens, except those created under the Loan Documents. Each such Subsidiary (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed would not have a Material Adverse Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(c) The execution, delivery and performance by each Loan Party of this Agreement, the Notes, each other Loan Document and each Related Document to which it is or is to be a party, and the consummation of the Merger and the other transactions contemplated hereby, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Loan Party's charter or bylaws, (ii) violate any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in

the breach of, or constitute a default under, any loan agreement, indenture, mortgage, deed of trust or other instrument or material contract or material lease binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such loan agreement, indenture, mortgage, deed of trust or other instrument or material contract or material lease, the violation or breach of which would have a Material Adverse Effect.

(d)No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Loan Party of this Agreement, the Notes, any other Loan Document or any Related Document to which it is or is to be a party, or for the consummation of the Merger or the other transactions contemplated hereby, (ii) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created by the Collateral Documents (including the first priority nature thereof) or (iv) the exercise by the Agent or any Lender Party of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d), all of which have been duly obtained, taken, given or made and are in full force and effect. All applicable waiting periods in connection with the Merger and the other transactions contemplated hereby have expired without any action having been taken by any competent authority restraining, preventing or imposing materially adverse conditions upon the Merger or the rights of the Loan Parties or their Subsidiaries freely to transfer or otherwise dispose of, or to create any Lien on, any properties now owned or hereafter acquired by any of them.

(e)This Agreement has been, and each of the Notes, each other Loan Document and each Related Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each of the Notes, each other Loan Document and each Related Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms.

(f)The Consolidated balance sheet of Crompton Corp. and its

Subsidiaries as at December 30, 1995, and the related Consolidated statement of income and Consolidated statement of cash flows of Crompton Corp. and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of KPMG Peat Marwick LLP, independent public accountants, and the Consolidated balance sheet of Crompton Corp. and its Subsidiaries as at March 30, 1996, and the related Consolidated statement of income and Consolidated statement of cash flows of Crompton Corp. and its Subsidiaries for the three months then ended, duly certified by the chief financial officer of Crompton Corp., copies of which have been furnished to each Lender Party, fairly present, subject, in the case of said balance sheet as at March 30, 1996, and said statements of income and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated financial condition of Crompton Corp. and its Subsidiaries as at such dates and the Consolidated results of operations of Crompton Corp. and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles applied on a consistent basis, and since December 30, 1995, there has been no Material Adverse Change.

(g)The Consolidated balance sheet of Uniroyal Corp. and its Subsidiaries as at October 1, 1995, and the related Consolidated statement of income and Consolidated statement of cash flows of Uniroyal Corp. and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Deloitte & Touche LLP, independent public accountants, and the Consolidated balance sheet of Uniroyal Corp. and its Subsidiaries as at March 31, 1996, and the related Consolidated statement of income and Consolidated statement of cash flows of Uniroyal Corp. and its Subsidiaries for the six months then ended, duly certified by the chief financial officer of Uniroyal Corp., copies of which have been furnished to each Lender Party, fairly present, subject, in the case of said balance sheet as at March 31, 1996, and said statements of income and cash flows for the six months then ended, to year-end audit adjustments, the Consolidated financial condition of Uniroyal Corp. and its Subsidiaries as at such date and the Consolidated results of operations of Uniroyal Corp. and its Subsidiaries for the period ended on such dates, all in accordance with generally accepted accounting principles applied on a consistent basis, and since October 1, 1995, there has been no Material Adverse Change.

(h)The Consolidated pro forma balance sheet of Crompton Corp. and its Subsidiaries and the related Consolidated pro forma statements of income and cash flows of Crompton Corp. and its Subsidiaries, in each case contained in the Proxy Statement dated July 23, 1996, copies of which have been furnished to each Lender Party, fairly present the Consolidated pro forma financial condition of Crompton Corp. and its Subsidiaries as at such date and the Consolidated pro forma results of operations of Crompton

Corp. and its Subsidiaries for the period ended on such date, in each case giving effect to the Merger and the other transactions contemplated hereby.

(i)The Consolidated and consolidating forecasted balance sheets, income statements and cash flows statements of Crompton Corp. and its Subsidiaries delivered to the Lender Parties pursuant to Section 3.01(k)(xii) or 5.03 were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in the light of conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, Crompton Corp.'s good faith estimate of its future financial performance.

(j)Neither the Information Memorandum nor any other information, exhibit or report furnished by any Loan Party to the Agent or any Lender Party in connection with the negotiation of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading.

(k)There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries, including any Environmental Action, pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or (ii) purports to affect the legality, validity or enforceability of the Merger, this Agreement, any Note, any other Loan Document or any Related Document or the consummation of the transactions contemplated hereby, and there has been no material adverse change in the status, or financial effect on any Loan Party or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(f).

(l)No proceeds of any Advance or drawings under any Letter of Credit will be used to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(m)No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Advance or drawings under any Letter of Credit will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

(n)(i) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan that has had or is reasonably expected to have a Material Adverse Effect.

(ii)Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and furnished to the Lender Parties, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(iii)Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan that has had or is reasonably expected to have a Material Adverse Effect.

(iv)Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA which, in either event, has had or is reasonably expected to have a Material Adverse Effect.

(o)(i) Except as disclosed in Part I of Schedule 4.01(o) hereto, the operations and properties of each Loan Party and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without material ongoing obligations or costs, and no circumstances exist that would be reasonably likely to (i) form the basis of an Environmental Action against any Loan Party or any of its Subsidiaries or any of their properties that could have a Material Adverse Effect or (ii) cause any such property to be subject to any material restrictions on ownership, occupancy, use or transferability under any Environmental Law in effect on the date hereof.

(ii)Except as disclosed in Part II of Schedule 4.01(o) hereto or as would not, individually or in the aggregate, result in a Material Adverse Effect, none of the properties currently or formerly owned or operated by any Loan Party or any of its Subsidiaries is listed or, to the best knowledge of any Loan Party, proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; there are no and never have been any underground or aboveground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by any Loan Party or any of its Subsidiaries or, to the best of its knowledge, on any property formerly owned or operated by any Loan Party or any of its

Subsidiaries; there is no asbestos or asbestos-containing material on any property currently owned or operated by any Loan Party or any of its Subsidiaries; and Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by any Loan Party or any of its Subsidiaries.

(iii)Except as disclosed in Part III of Schedule 4.01(o) hereto, neither any Loan Party nor any of its Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any governmental or regulatory authority or the requirements of any Environmental Law; and all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by any Loan Party or any of its Subsidiaries have been disposed of in a manner not reasonably expected to result in material liability to any Loan Party or any of its Subsidiaries.

(p)The Collateral Documents create a valid and, upon the making of the filings referred to in Section 5.01(l), perfected first priority interest in the Collateral (other than as to matters of perfection and priority of the security interest in the Pledged Accounts (as defined in the Uniroyal Security Agreement) and the Other Accounts (as defined in the Uniroyal Security Agreement)), securing the payment of the Secured Obligations (as defined in the Collateral Documents), and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken except, during the period immediately following the Effective Date specified in Section 5.01(l) the filings and other actions referred to in Section 5.01(l). The Loan Parties are the legal and beneficial owners of the Collateral free and clear of any Lien, except for the liens and security interests created or permitted under the Loan Documents.

(q)The Merger will not be taxable to any Loan Party or any of its Subsidiaries or Affiliates.

(r)Neither any Loan Party nor any of its Subsidiaries is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any Advances, nor the issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by any Borrower, nor the consummation of the other transactions contemplated hereby, will violate any

provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(s)Each Loan Party is, individually and together with its Subsidiaries, Solvent.

(t)Set forth on Schedule 4.01(t) hereto is a complete and accurate list of all Existing Debt (other than Surviving Debt), showing as of the date hereof the principal amount outstanding thereunder.

(u)Set forth on Schedule 3.01(d) hereto is a complete and accurate list of all Surviving Debt, showing as of the date hereof the principal amount outstanding thereunder.

(v)The aggregate revenues of the Minor Subsidiaries (other than Crompton and Knowles I.P.R. Corporation), on a Consolidated basis, do not exceed $250,000 for the twelve-month period ending on the last day of the most recent fiscal quarter of Crompton Corp., and the aggregate book value of the assets of the Minor Subsidiaries (other than Crompton and Knowles I.P.R. Corporation), on a Consolidated basis, as at the end of the most recent fiscal quarter of Crompton Corp. does not exceed $250,000.
(w)Set forth on Schedule 4.01(w) hereto is a complete and accurate list of all Material Subsidiaries existing as of the date hereof.

(x)Crompton and Knowles I.P.R. Corporation does not conduct any business or engage in any activity and has no material assets other than an intercompany receivable in an amount that does not exceed $33,000,000.

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, each Borrower will:

(a)Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970, except, in any case, where the failure so to comply, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect and would not be reasonably likely to subject any

Loan Party or any of its Subsidiaries to any criminal penalties or any Lender Party to any civil or criminal penalties.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all federal income and other material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither any Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim (x) that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained or (y) in respect of which the Lien resulting therefrom, if any, attaches to its property and becomes enforceable against its other creditors, to the extent that the aggregate amount of all such taxes, assessments, charges or claims does not exceed $3,000,000.

(c) Maintenance of Insurance. Maintain (or maintain on behalf of each of its Subsidiaries), and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which such Borrower or such Subsidiary operates; it being understood and agreed that Crompton Corp. and its Subsidiaries may self-insure to the extent consistent with prudent business practice.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries (other than any Minor Subsidiary) to preserve and maintain, its existence, legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, privileges and franchises; provided, however, that such Borrower and its Subsidiaries may consummate the Merger and any other merger or consolidation permitted under Section 5.02(d); provided further that neither any Borrower nor any of its Subsidiaries shall be required to preserve any legal structure, legal name, right, permit, license, approval, privilege or franchise if such Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to such Borrower, such Subsidiary or the Lender Parties or, with respect to permits, licenses, approvals, privileges and franchises, that the loss thereof could not be reasonably expected to have a Material Adverse Effect; provided still further that, prior to the Collateral Release Date, if any Borrower or any of its Subsidiaries shall determine not to preserve any legal structure or legal name (to the extent permitted under the immediately

preceding proviso), the Borrowers and their Subsidiaries shall take such action (within such time as may be required under the Collateral Documents or under the Uniform Commercial Code (as defined in the Security Agreement)) as the Agent may deem necessary or desirable to perfect and protect the Liens created under the Collateral Documents.

(e)Visitation Rights. At any reasonable time and from time to time, during regular business hours and upon reasonable prior notice, permit the Agent or any of the Lender Parties or any agents or representatives thereof, to examine and make copies of and abstracts from the records (other than (i) records subject to attorney-client privilege or confidentiality agreements and (ii) records relating to trade secrets) and books of account of, and visit the properties of, any Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of any Borrower and any of its Subsidiaries with any of their respective officers or directors and with their independent certified public accountants and authorize and direct such accountants to disclose to the Agent or any of the Lender Parties any and all financial statements and other information of any kind that they may have with respect to any Borrower and any of its Subsidiaries.

(f)Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of such Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g)Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

(h)Compliance with Terms of Leaseholds. Make all payments and otherwise perform all obligations in respect of all leases of real property to which such Borrower or any of its Subsidiaries is a party, keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or cancelled, notify the Agent of any default by any party with respect to such leases and cooperate with the Agent in all respects to cure any such default, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

(i)Performance of Related Documents. Perform and observe all of the terms and provisions of each Related Document to be performed or observed by it, maintain each such Related Document in full force and effect, enforce such Related Document in accordance with its terms, take all such action to such end as may be from time to time requested by the Agent and, upon request of the Agent, make to each other party to each such Related Document such demands and requests for information and reports or for action as such Borrower is entitled to make under such Related Document, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

(j)Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates other than wholly owned Subsidiaries (except the Minor Subsidiaries) of Crompton Corp. on terms which have been determined by the applicable Borrower's board of directors or such Subsidiary's board of directors, board of trustees or managing partners, as the case may be, to be at least as favorable to the Borrowers as would be obtainable on an arm's length basis at the time of such transaction for a comparable transaction with a Person who is not an Affiliate; provided, however, the foregoing restriction shall not apply to (i) the execution by Crompton Corp. and certain of its Subsidiaries of, and payments by Crompton Corp. and any of its Subsidiaries pursuant to, the Tax Agreement, (ii) the payment of reasonable and customary fees to members of the board of directors of Crompton Corp. or any of its Subsidiaries who are not employees of Crompton Corp. or any of its Subsidiaries, (iii) loans and advances to officers, directors and employees of Crompton Corp. or any of its Subsidiaries for travel, entertainment, moving and other relocation expenses made in the ordinary course of business to the extent otherwise permitted hereunder, (iv) subject to the provisions of this Agreement, any transaction between or among Crompton Corp. and any of its wholly owned Subsidiaries or between Uniroyal and Premier Chemical Company, Ltd. (so long as Premier Chemical Company, Ltd. remains at least 80% owned, directly or indirectly, by Crompton Corp.), (v) payment by Crompton Corp. and its Subsidiaries of ordinary and customary compensation to their respective employees in the ordinary course of business, (vi) any dividends or other distributions permitted by Section 5.02(g), (vii) transactions with Monochem, Inc. and Rubicon Inc. on terms that are customary in the ordinary course of business of Uniroyal and its Subsidiaries as currently practiced, (viii) a Receivables Securitization and (ix) transactions in addition to those permitted by the foregoing clauses of this subsection (j) which in the aggregate involve amounts not in excess of $500,000 per

year.

(k) Covenant to Guarantee Obligations and Give Security. (i) At such time as any new direct or indirect Material Subsidiaries of any Loan Party are formed or acquired by such Loan Party or at such time as any Minor Subsidiary shall have revenues which exceed $250,000 for the twelve-month period ending on the last day of the most recent fiscal quarter of Crompton Corp. or the aggregate book value of the assets of such Minor Subsidiary, as at the end of the most recent fiscal quarter of Crompton Corp. exceeds $250,000, in each case to the extent not prohibited by the terms of the Uniroyal Indentures then in effect and at the expense of the Borrowers, within 30 days after such formation or acquisition, cause each such Material Subsidiary (other than any Foreign Subsidiary) or each such Minor Subsidiary, as the case may be, and cause each direct and indirect parent (other than the Borrowers and any Foreign Subsidiary) of such Material Subsidiary or each such Minor Subsidiary, as the case may be, (if it has not already done so), to duly execute and deliver to the Agent a guaranty, in form and substance satisfactory to the Agent, guaranteeing the other Loan Parties' Obligations under the Loan Documents;

(ii) At any time prior to the Collateral Release Date, at such time as any new direct or indirect Material Subsidiaries of any Loan Party are formed or acquired by such Loan Party or at such time as any Minor Subsidiary shall have revenues which exceed $250,000 for the twelve-month period ending on the last day of the most recent fiscal quarter of Crompton Corp. or the aggregate book value of the assets of such Minor Subsidiary, as at the end of the most recent fiscal quarter of Crompton Corp. exceeds $250,000, in each case to the extent not prohibited by the terms of the Uniroyal Indentures then in effect and at the expense of the Borrowers, within 30 days after such formation or acquisition, duly execute and deliver, and cause each such Material Subsidiary (other than any Foreign Subsidiary) or each such Minor Subsidiary, as the case may be, and each direct and indirect parent of such Material Subsidiary or each such Minor Subsidiary, as the case may be, (other than any Foreign Subsidiary except to the extent provided in the proviso below), if it has not already done so, to duly execute and deliver, to the Agent, in the case of Crompton Corp. or any of its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries), pledge agreements (pledging the capital stock of its Subsidiaries, except to the extent provided in the proviso below) and, in the case of any direct or indirect Subsidiary of Uniroyal Corp., security agreements (granting a security interest in Inventory and Receivables), as specified by and in form and substance satisfactory to the Agent, securing payment of all the Obligations of such Borrower, such Subsidiary or such parent, as the case may be, under the Loan Documents and constituting Liens

on all such properties; provided that with respect to the pledge of the capital stock of any Foreign Subsidiary, such pledge shall cover not more than 66% of the outstanding capital stock of such Foreign Subsidiary if it is directly owned by a Loan Party and not cover any of the outstanding capital stock of such Foreign Subsidiary if it is directly or indirectly owned by another Foreign Subsidiary;

(iii) At any time prior to the Collateral Release Date, upon the request of the Agent following the occurrence and during the continuance of an Event of Default, in each case to the extent not prohibited by the terms of the Uniroyal Indentures then in effect and at the expense of the Borrowers:

(A)within 30 days after such request, duly execute and deliver, and cause each of its Subsidiaries (other than any Foreign Subsidiary) and each direct and indirect parent of such Subsidiary (if it has not already done so) (other than any Foreign Subsidiary except to the extent required in the proviso below) to duly execute and deliver, to the Agent mortgages, pledges, assignments and other security agreements, as specified by and in form and substance satisfactory to the Agent, securing payment of all the Obligations of such Borrower, such Subsidiary or such parent, as the case may be, under the Loan Documents and constituting Liens on all such properties; provided that with respect to the pledge of the capital stock of any Foreign Subsidiary, such pledge shall cover not more than 66% of the outstanding capital stock of such Foreign Subsidiary if it is directly owned by a Loan Party and not cover any of the outstanding capital stock of such Foreign Subsidiary if it is directly or indirectly owned by another Foreign Subsidiary; and

(B)within 30 days after such request, take, and cause such Subsidiary (other than any Foreign Subsidiary) or such parent (other than any Foreign Subsidiary) to take, whatever action (including, without limitation, the recording of mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents) may be necessary or advisable in the opinion of the Agent to vest in the Agent (or in any representative of the Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the mortgages, pledges, assignments and security agreements delivered pursuant to this Section 5.01(k), enforceable against all third parties in accordance with their terms;

(iv)Within 60 days after such formation, acquisition or request, deliver to the Agent, upon the request of the Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Agent and the other Secured Parties, of counsel for the Loan Parties acceptable to the Agent as to the guaranties, mortgages,

pledges, assignments and security agreements referred to in clauses (i), (ii) and (iii) above being the legal, valid and binding obligations of each Loan Party party thereto enforceable in accordance with their terms and as to such other matters as the Agent may reasonably request; and

(v)At any time and from time to time, promptly execute and deliver any and all further instruments and documents and take all such other action as the Agent may deem necessary or desirable in obtaining the full benefits of, or in perfecting and preserving the Liens of, the guaranties, mortgages, pledges, assignments and security agreements referred to in clauses (i), (ii) and (iii) above.

(l)Conditions Subsequent. Deliver to the Agent, in form and substance satisfactory to the Agent and in sufficient copies for each Lender Party, as soon as possible and in any event within 60 days after the Initial Extension of Credit (or such later date as may be agreed by Crompton Corp. and the Agent or such later date otherwise provided below):

(i)acknowledgment copies of proper financing statements, duly filed under the Uniform Commercial Code of all jurisdictions that the Collateral Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Agreement, covering the Collateral described in the Security Agreement,

(ii)completed requests for information, listing the financing statements referred to in clause (i) above and all other effective financing statements filed in the jurisdictions referred to in clause (i) above that name any Loan Party as debtor, together with copies of such financing statements,

(iii)(A) evidence that such action as the Agent may deem necessary or desirable in order to perfect and protect the Liens created under the Crompton Security Agreement on the capital stock held by any Crompton Borrower or Crompton Guarantor in any of its Foreign Subsidiaries that are Material Subsidiaries has been taken, and (B) at the sole discretion of the Agent, evidence that such actions as the Agent may deem necessary or desirable in order to perfect and protect the Liens created under the Crompton Security Agreement on the capital stock held by any Crompton Borrower or Crompton Guarantor in any of its Foreign Subsidiaries that are not Material Subsidiaries; provided that in any event such Liens shall cover not more than 66% of the outstanding capital stock of Foreign Subsidiaries directly owned by such Loan Party and shall not cover any capital stock of any Foreign Subsidiary directly or indirectly owned by a Foreign Subsidiary,

(iv)evidence that all other action as the Agent may deem

necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Collateral Documents has been taken, and

(v)within 90 days after the date hereof, (A) cause (1) Crompton & Knowles I.P.R. Corporation (if it has not already done so) to duly execute and deliver to the Agent a guaranty, in form and substance satisfactory to the Agent, guaranteeing the other Loan Parties' Obligations under the Loan Documents, (2) Crompton & Knowles I.P.R. Corporation (if it has not already done so) to duly execute and deliver to the Agent, a pledge agreement, pledging the intercompany Debt owed to Crompton & Knowles I.P.R. Corporation, in form and substance satisfactory to the Agent, securing payment of its Obligations under the Loan Documents and constituting Liens on all such properties and (3) each direct and indirect parent of Crompton & Knowles I.P.R. Corporation to duly execute and deliver to the Agent, a pledge agreement, pledging the capital stock of Crompton & Knowles I.P.R. Corporation, in form and substance satisfactory to the Agent, securing payment of its Obligations under the Loan Documents and constituting Liens on all such properties or (B) fully dissolve and liquidate the assets of Crompton & Knowles I.P.R. Corporation (if it has not already done so).

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, no Borrower will, at any time:

(a)Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file or suffer to exist, or permit any of its Subsidiaries to sign or file or suffer to exist, under the Uniform Commercial Code of any jurisdiction, a financing statement that names any Borrower or any of its Subsidiaries as debtor, or sign or suffer to exist, or permit any of its Subsidiaries to sign or suffer to exist, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, excluding, however, from the operation of the foregoing restrictions the following:

(i)Liens created under the Loan Documents;

(ii)with respect to any Person, all of the following (collectively, the "Permitted Liens"):

(A)pledges or deposits by such Person under workers' compensation

laws, unemployment insurance laws or similar legislation or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States Government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or for charges relating thereto (including, without limitation, interest, penalties and certain other similar charges) or import duties or for the payment of rent;

(B)(x) liens imposed by law, such as carriers', warehousemen's and mechanics' liens or (y) other liens arising out of judgments or awards against such Person with respect to which such Person shall then be prosecuting an appeal or other proceedings for review or otherwise arising out of judicial proceedings to the extent such liens do not constitute an Event of Default;

(C)liens for taxes, assessments or governmental charges or levies to the extent not required to be paid by Section 5.01(b); and

(D)minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Debt or other extensions of credit and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person.

(iii)Liens existing on the date hereof and described on Schedule 5.02(a) hereto;

(iv)purchase money Liens upon or in real property or personal property (other than Inventory of Uniroyal Corp. and its Subsidiaries) acquired or held by any Borrower or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of any such property to be subject to such Liens, or Liens existing on any such property at the time of acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price); provided, however, that no such Lien shall extend to or cover any property other than the property being acquired, constructed or improved, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced; and provided further that the

aggregate principal amount of the Debt secured by Liens permitted by this clause (iv) shall not exceed the amount permitted under Section 5.02(b)(iii)(B) at any time outstanding and that any such Debt shall not otherwise be prohibited by the terms of the Loan Documents;

(v)Liens arising in connection with Capitalized Leases permitted under Section 5.02(b)(iii)(C); provided that no such Lien shall extend to or cover any Collateral or assets other than the assets subject to such Capitalized Leases;

(vi)Liens on property of a Person existing at the time such Person is merged into or consolidated with any Borrower or any Subsidiary of such Borrower or becomes a Subsidiary of such Borrower; provided that such Liens were not created in contemplation of such merger, consolidation or investment and do not extend to any assets other than those of the Person merged into or consolidated with such Borrower or such Subsidiary or acquired by such Borrower or such Subsidiary;

(vii)Liens arising in connection with any lease permitted under Section 5.02(c), provided that no such Lien shall extend to or cover any assets other than the assets subject to such lease;

(viii)Liens securing Debt incurred by Foreign Subsidiaries pursuant to Section 5.02(b)(iii)(G) and (H);

(ix)Liens on accounts receivable (and in property securing or otherwise supporting such accounts receivable together with proceeds thereof) of Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries) in connection with a Receivables Securitization;

(x)Liens securing Obligations of Crompton Corp. or any of its Subsidiaries in an aggregate amount not to exceed $5,000,000 at any time outstanding;

(xi)filings for information purposes only under the Uniform Commercial Code, as amended, of any state in connection with a lease of property (other than Capitalized Leases); and

(xii)Liens to secure any extension, renewal or replacement (or successive extensions, renewals or replacements) as a whole, or in part, of any Debt secured by any Lien referred to in the foregoing clauses (iii) through (vii), provided that (i) such extended, renewed or replacement Lien shall be limited to all or part of the same type of property that secured the Lien extended, renewed or replaced (plus improvements on such property) and (ii) the Debt secured by such Lien at such time is not increased to an amount in excess of the original principal amount of the Debt secured by such Lien.

(b) Debt. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt other than:

(i) in the case of the Borrowers,

(A) Debt of the Uniroyal Borrower in respect of the Seoul Guaranty, provided that the U.S. dollar equivalent of the amount of such Debt shall not exceed U.S.$5,000,000,

(B) Debt in respect of Interest Rate Swap Agreements designed to hedge against fluctuations in interest rates incurred in the ordinary course of business and consistent with prudent business practice in an aggregate notional amount not to exceed $400,000,000 at any time outstanding,

(C) Debt in respect of Foreign Exchange Agreements designed to hedge against fluctuations in foreign exchange rates incurred in the ordinary course of business and consistent with prudent business practice in an aggregate notional amount not to exceed $100,000,000 at any time outstanding, and

(D) Debt owed to Crompton Corp. or to a wholly owned Subsidiary of Crompton Corp, provided that, solely with respect to any Borrower, Guarantor and Uniroyal Chemical Ltd., such Debt (x) shall, to the extent not prohibited by the terms of the Uniroyal Indentures then in effect, constitute Pledged Debt (as defined in the Security Agreement) other than any such Debt owing to any Minor Subsidiary and (y) shall, to the extent not prohibited by the terms of the Uniroyal Indentures then in effect, be evidenced by promissory notes in form and substance satisfactory to the Agent and such promissory notes shall be pledged as security for the Obligations under the Loan Documents of the holder thereof and delivered to the Agent pursuant to the terms of the Security Agreement,

(ii) in the case of any of such Borrower's Subsidiaries (other than any Minor Subsidiary), Debt owed to any Borrower or to a wholly owned Subsidiary of any Borrower, provided that, solely with respect to any Borrower, Guarantor and Uniroyal Chemical Ltd., such Debt (A) shall, to the extent not prohibited by the terms of the Uniroyal Indentures then in effect, constitute Pledged Debt (as defined in the Security Agreement) other than any such Debt owing to any Minor Subsidiary and (B) shall be evidenced by promissory notes in form and substance satisfactory to the Agent and such promissory notes shall be pledged as security for the Obligations under the Loan Documents of the holder thereof and delivered to the Agent pursuant to the terms of the Security Agreement, and

(iii)in the case of the Borrowers and their respective Subsidiaries (other than any Minor Subsidiary except as provided below),

(A)Debt under the Loan Documents,

(B)Debt secured by Liens permitted by Section 5.02(a)(iv) not to exceed in the aggregate, together with Debt referred to in clause (C) below, $100,000,000 at any time outstanding,

(C)(i) Capitalized Leases not to exceed in the aggregate, together with Debt referred to in clause (B) above, $100,000,000 at any time outstanding and (ii) in the case of Capitalized Leases to which any Subsidiary of any Borrower is a party, Debt of such Borrower of the type described in clause (i) of the definition of "Debt" guaranteeing the Obligations of such Subsidiary under such Capitalized Leases,

(D)the Surviving Debt listed on Part I of Schedule 3.01(d) hereto, and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, any Surviving Debt, provided that the terms of any such extending, refunding or refinancing Debt, and of any agreement entered into and of any instrument issued in connection therewith, are otherwise permitted by the Loan Documents; provided further that the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such extending, refunding or refinancing Debt, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Loan Parties or the Lender Parties than the terms of any agreement or instrument governing the Surviving Debt being extended, refunded or refinanced and the interest rate applicable to any such extending, refunding or refinancing Debt does not exceed the then market interest rate for companies having a credit standing similar to that of Crompton Corp. at such time, provided still further that the principal amount of such Surviving Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing plus the amount of any redemption premium stipulated in the indenture relating to such Surviving Debt or other reasonable premium paid in connection with any redemption of, or tender offer or exchange offer for, or open market purchase of, such Surviving Debt, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing, provided still further that any Debt refinancing the Surviving Debt with respect to the Receivables Securitization listed on Part I of Schedule 3.01(d) may be incurred up to 6 months after the termination of such Receivables Securitization,

(E) Debt of any Person that becomes a Subsidiary of any Borrower after the date hereof in accordance with the terms of Section 5.02(f) which Debt is existing at the time such Person becomes a Subsidiary of such Borrower (other than Debt incurred solely in contemplation of such Person becoming a Subsidiary of such Borrower),

(F) Debt owing to the Daylight Overdraft Bank in respect of any daylight overdraft facility or in connection with any automated clearing house transfers of funds in an aggregate amount outstanding at any time not to exceed $10,000,000 in the case of the Crompton Borrowers and $10,000,000 in the case of the Uniroyal Borrower,

(G) (i) Debt of any Foreign Subsidiary or any of its Subsidiaries incurred for business purposes, provided that the aggregate Debt described in this clause (G) for all such Persons at any one time outstanding shall not exceed the sum of (A) 60% of the book value of Inventory of Foreign Subsidiaries plus (B) 90% of the book value of Receivables of Foreign Subsidiaries plus (C) $100,000,000 and (ii) Debt of any Borrower of the type described in clause (i) of the definition of "Debt" guaranteeing up to 40% of the Obligations of Foreign Subsidiaries outstanding under clause (i) above,

(H) Debt of Foreign Subsidiaries relating to sales of accounts receivable pursuant to Section 5.02(e)(v),

(I) Debt, if any, of Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries and the Minor Subsidiaries), incurred in connection with a Receivables Securitization,

(J) short term, unsecured Debt in an aggregate amount not to exceed $75,000,000 at any time outstanding, provided, however, that the aggregate amount of Debt issued or incurred pursuant to this clause (J) and clause (K) shall not exceed in the aggregate $125,000,000 at any time outstanding,

(K) other Debt in an aggregate amount not to exceed $75,000,000 at any time outstanding, provided, however, that the aggregate amount of Debt issued or incurred pursuant to clause (J) and this clause (K) shall not exceed in the aggregate $125,000,000 at any time outstanding,

(L) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business,

(M) unsecured Debt of Naugatuck in an aggregate amount not to exceed $1,000,000 at any time outstanding, and

(N)intercompany Debt owing to Crompton & Knowles I.P.R. Corporation in an amount not to exceed $33,000,000 at any time outstanding subject, however, to the provisions of Section 5.01(l)(v).

(c)Lease Obligations. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any obligations as lessee for the rental or hire of real or personal property of any kind under leases or agreements to lease (including Capitalized Leases) having an original term of one year or more that would cause the direct and contingent liabilities of Crompton Corp. and its Subsidiaries, on a Consolidated basis, in respect of all such obligations to exceed $50,000,000 payable in any period of 12 consecutive months; provided, however, that no Minor Subsidiary (other than Naugatuck) shall create, incur, assume or suffer to exist any obligations as lessee for the rental or hire of real or personal property of any kind under leases or agreements to lease (including Capitalized Leases).

(d)Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that (i) the Borrowers and their Subsidiaries may consummate the Merger, (ii) Uniroyal Corp. may merge into or consolidate with Crompton Corp., (iii) any Foreign Subsidiary may merge into or consolidate with any other Foreign Subsidiary; (iv) any Foreign Subsidiary may merge into or consolidate with any Domestic Subsidiary, provided that such Domestic Subsidiary shall survive such merger, (v) any Domestic Subsidiary of Crompton Corp. (other than the Borrowers and Uniroyal Corp. and its Subsidiaries) may merge into or consolidate with any other Domestic Subsidiary of Crompton Corp. (other than the Borrowers and Uniroyal Corp. and its Subsidiaries) so long as if any Loan Party is party to such merger or consolidaton, such Loan Party shall survive such merger or consolidation, (vi) any Domestic Subsidiary of Uniroyal Corp. may merge into or consolidate with any other Domestic Subsidiary of Uniroyal Corp. so long as if any Loan Party is party to such merger or consolidation, such Loan Party shall survive such merger or consolidation, (vii) after the Collateral Release Date, any Subsidiary of Crompton Corp. (other than the other Borrowers) may merge into or consolidate with any Borrower or any other Subsidiary of Crompton Corp. so long as if any Borrower is party to such merger or consolidation, such Borrower shall survive such merger or consolidation, (viii) in connection with any acquisition permitted under Section 5.02(f), any Subsidiary of Crompton Corp. may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided that the Person surviving such merger shall be a wholly owned Subsidiary of Crompton Corp. and (ix) in

connection with any sale or other disposition permitted under Section 5.02(e) (other than clause (ii) thereof), any Subsidiary of Crompton Corp. may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided, however, that in each case, immediately after giving effect thereto, no event shall occur and be continuing that constitutes a Default and, in the case of any such merger to which Crompton Corp. is a party, Crompton Corp. is the surviving corporation.

(e)Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets other than Inventory to be sold in the ordinary course of its business, except:

(i)sales of Inventory in the ordinary course of its business,

(ii)in a transaction authorized by Section 5.02(d) (other than clause (ix) thereof),

(iii)sales of assets and for fair value in an aggregate amount not to exceed $50,000,000 in any Fiscal Year,

(iv)the sale or other disposition of damaged, worn out or obsolete property that is no longer necessary for the proper conduct of the business of Crompton Corp. and its Subsidiaries in the ordinary course of business,

(v)sales of accounts receivable of Foreign Subsidiaries on a basis which is non-recourse to Crompton Corp. and its Subsidiaries (other than any Minor Subsidiary) (which accounts receivable shall at no time exceed 25% of the aggregate accounts receivable of Crompton Corp. and its Consolidated Subsidiaries),

(vi)sales of assets after the Effective Date having an aggregate fair market value of not more than the greater of (A) $100,000,000 and (B) an amount equal to 5% of Consolidated sales of Crompton Corp. and its Subsidiaries since the Effective Date, provided that the Net Cash Proceeds of such asset sales are applied to purchase substantially similar assets (whether by means of an acquisition of stock or assets or otherwise) constituting Investments permitted under Section 5.02(f) or Capital Expenditures permitted under Section 5.02(n) or to prepay permanently Debt of Crompton Corp. or any of its Subsidiaries,

(vii)sales of accounts receivable of Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries and the Minor Subsidiaries) in connection with agreements for limited recourse or non-recourse sales by Crompton Corp. or any of its

Subsidiaries (other than Uniroyal Corp. and its Subsidiaries and the Minor Subsidiaries) for cash, provided that (A) any such agreement is of a type and on terms customary for comparable transactions in the good faith judgment of the Board of Directors of Crompton Corp., (B) such agreement does not create any interest in any asset other than accounts receivable (and property securing or otherwise supporting accounts receivable) and proceeds of the foregoing and (C) the Net Cash Proceeds thereof in excess of $25,000,000 shall be applied to the permanent reduction of the Facilities in accordance with Section 2.05(b)(iv) (a "Receivables Securitization"),

(viii) the sale of assets listed in a letter dated the Effective Date from Crompton Corp. addressed and delivered to the Lender Parties on or prior to the Effective Date, and

(ix) the transfer of assets among Loan Parties to the extent permitted under Section 5.02(f)(vii).

(f) Investments in Other Persons. Make or hold, or permit any of its Subsidiaries to make or hold, any Investment in any Person other than:

(i) equity Investments by the Borrowers and their Subsidiaries in their Subsidiaries outstanding on the date hereof and additional equity investments in wholly owned Subsidiaries (other than any Minor Subsidiary), which Subsidiaries were in existence on the date hereof;

(ii) loans and advances to employees in the ordinary course of the business of the Borrowers and their Subsidiaries (other than any Minor Subsidiary) as presently conducted in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(iii) Investments by the Borrowers and their Subsidiaries in Cash Equivalents;

(iv) Investments by the Borrowers in Hedge Agreements permitted under Sections 5.02(b)(i)(B) and (C);

(v) Investments consisting of intercompany Debt permitted under Section 5.02(b)(i)(D) or (ii);

(vi) Investments existing on the date hereof and described on Part I of Schedule 5.02(f) hereto;

(vii) Investments consisting of the contribution of assets of (A) any Loan Party to any other Loan Party in an aggregate amount not to exceed $50,000,000 in any Fiscal Year or $100,000,000 in the aggregate after the Effective Date, (B) any Domestic Subsidiary

to any Foreign Subsidiary in an aggregate amount not to exceed $25,000,000 in any Fiscal Year or $50,000,000 in the aggregate after the Effective Date, (C) any Foreign Subsidiary to any other Foreign Subsidiary, (D) any Foreign Subsidiary to any Domestic Subsidiary (other than any Minor Subsidiary) and (E) Uniroyal to Uniroyal Chemical Leasing Company, Inc. in an amount not to exceed $100,000,000 in the aggregate after the Effective Date;

(viii) Investments by Crompton Corp. and its Subsidiaries in (A) the joint ventures listed on Part II of Schedule 5.02(f) and other joint ventures and non-wholly owned Subsidiaries in an aggregate amount invested (including, without limitation, assumption of debt, noncompetition arrangements, "earn-outs" and other deferred payment arrangements) not to exceed $50,000,000 and (B) Monochem, Inc. and Rubicon, Inc.; provided that with respect to Investments made under this clause (viii): (1) immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom; (2) any business acquired or invested in pursuant to this clause (viii) shall be in the same general line of business or substantially related lines of business as the business of Crompton Corp. or such Subsidiary; and (3) immediately after giving effect to the acquisition of a company or business pursuant to this clause (viii), Crompton Corp. shall be in pro forma compliance with the covenants contained in Section 5.04, calculated based on the relevant Financial Statements, as though such acquisition had occurred at the beginning of the 12-month period covered thereby, as evidenced by a certificate of the chief financial officer or treasurer of Crompton Corp. furnished to the Lender Parties, demonstrating such compliance;

(ix)other Investments (other than Investments in Minor Subsidiaries) in an aggregate amount invested not to exceed the sum of (A) an amount equal to the aggregate Net Cash Proceeds of any equity issued by Crompton Corp. after the Effective Date and (B) in any Fiscal Year, an amount equal to Available Cash Flow for such Fiscal Year; provided that with respect to Investments made under this clause (ix): (1) any newly acquired or created Subsidiary of any Borrower or any of its Subsidiaries shall be a wholly owned Subsidiary thereof; (2) immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom; (3) any business acquired or invested in pursuant to this clause (ix) shall be in the same general line of business or substantially related lines of business as the business of such Borrower or any of its Subsidiaries; and (4) immediately after giving effect to the acquisition of a company or business pursuant to this clause (ix), Crompton Corp. shall be in pro forma compliance with the covenants contained in Section 5.04, calculated based on the relevant Financial Statements, as though such acquisition had occurred at the beginning of the 12-month period covered thereby,

as evidenced by a certificate of the chief financial officer or treasurer of Crompton Corp. furnished to the Lender Parties, demonstrating such compliance; and

(x) additional equity Investments in Naugatuck and intercompany Debt incurred by Naugatuck not to exceed $5,000,000 in the aggregate from the date hereof.

(g) Dividends, Etc. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its capital stock or any warrants, rights or options to acquire such capital stock, now or hereafter outstanding, return any capital to its stockholders as such, make any distribution of assets, capital stock, warrants, rights, options, obligations or securities to its stockholders as such or issue or sell any capital stock or any warrants, rights or options to acquire such capital stock, or permit any of its Subsidiaries to do any of the foregoing or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of any Borrower or any warrants, rights or options to acquire such capital stock or to issue or sell any capital stock or any warrants, rights or options to acquire such capital stock, except that, so long as no Default shall have occurred and be continuing at the time of any action described in clauses (i) and (ii) below or would result therefrom, (i) Crompton Corp. may (A) declare and pay dividends and distributions payable only in common stock of Crompton Corp., (B) issue and sell shares of its capital stock, (C) purchase, redeem, retire, defease or otherwise acquire shares of its capital stock with the proceeds received from the issue of new shares of its capital stock with equal or inferior voting powers, designations, preferences and rights and (D) declare and pay cash dividends to its stockholders and purchase, redeem, retire or otherwise acquire shares of its own outstanding capital stock for cash in an amount not to exceed in the Fiscal Year ending on or about December 31, 1996, $15,000,000, and in any Fiscal Year thereafter the greater of (I) $15,000,000 and (II) 50% of Consolidated net income of Crompton Corp. and its Subsidiaries for the immediately preceding Fiscal Year computed in accordance with GAAP, and (ii) any Subsidiary of Crompton Corp. may (A) declare and pay cash dividends to any Borrower (including, without limitation, the declaration and payment of cash dividends by Uniroyal to Uniroyal Corp.) and (B) declare and pay cash dividends to any other wholly owned Subsidiary of any Borrower of which it is a Subsidiary.

(h) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof.

(i) Charter Amendments. Amend, or permit any of its Subsidiaries to amend, its certificate of incorporation or bylaws in any

material respect.

(j)Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in (i) accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles or (ii) Fiscal Year, except in each case, as necessary to make such Fiscal Year the same with respect to Uniroyal Corp. and Crompton Corp.

(k)Amendment, Etc. of Related Documents. Cancel or terminate any Related Document or consent to or accept any cancellation or termination thereof, amend, modify or change in any manner any term or condition of any Related Document or give any consent, waiver or approval thereunder, waive any default under or any breach of any term or condition of any Related Document, agree in any manner to any other amendment, modification or change of any term or condition of any Related Document or take any other action in connection with any Related Document, in each case that would impair in any material respect the value of the interest or rights of any Borrower thereunder or that would impair the rights or interests of the Agent or any Lender Party, or permit any of its Subsidiaries to do any of the foregoing.

(l)Negative Pledge. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of its property or assets other than (i) in favor of the Secured Parties, (ii) in connection with any Surviving Debt, any Debt extending the maturity of, or refunding or refinancing, in whole or in part, any Surviving Debt in accordance with Section 5.02(b)(iii)(D) (to the extent the agreement or instrument evidencing such Surviving Debt contained such a provision or agreement) and any Debt outstanding on the date such Subsidiary first becomes a Subsidiary (so long as such agreement was not entered into solely in contemplation of such Subsidiary becoming a Subsidiary) or (iii) in connection with any lease permitted under Section 5.02(c) solely to the extent that such lease prohibits a Lien on the lease or the property subject to such lease.

(m)Partnerships, Etc. Become a general partner in any general or limited partnership or joint venture, or permit any of its Subsidiaries to do so, other than any Subsidiary the sole assets of which consist of its interest in such partnership or joint venture.

(n)Capital Expenditures. Make, or permit any of its Subsidiaries to make, any Capital Expenditures that would cause the aggregate of all such Capital Expenditures made by Crompton Corp. and its Subsidiaries in any period set forth below to exceed the amount set forth below for such period.

Fiscal Year Ending On or About	Amount
December 31, 1996	$100,000,000
December 31, 1997	$100,000,000
December 31, 1998	$110,000,000
December 31, 1999	$110,000,000
December 31, 2000	$110,000,000
December 31, 2001 and thereafter	$110,000,000

plus, for each Fiscal Year set forth above, an amount equal to (i) the excess, if any, of the amount set opposite the immediately preceding Fiscal Year over the aggregate amount of such Capital Expenditures actually made during such Fiscal Year (other than pursuant to clause (ii) below), provided that any Capital Expenditures made in any Fiscal Year shall be applied first against any amount permitted to be carried over from the immediately preceding Fiscal Year and (ii) the amount of any Net Cash Proceeds received with respect to the sale, lease, transfer or other disposition of assets pursuant to Section 5.02(e)(vi), solely to the extent such Net Cash Proceeds are not used to make Investments permitted under Section 5.02(f) or to prepay permanently Debt of Crompton Corp. or any of its Subsidiaries, provided that such amount of Net Cash Proceeds shall not be carried over to any subsequent Fiscal Year pursuant to clause (i) above.

(o) Minor Subsidiaries. Permit any Minor Subsidiary (other than Naugatuck Treatment Company) to enter into or conduct any business or engage in any activity (including, without limitation, any action or transaction that is required or restricted with respect to any Borrower and its Subsidiaries under Section 5.01 and this Section 5.02).

SECTION 5.03. Reporting Requirements. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, Crompton Corp. will furnish to the Agent and the Lender Parties:

(a) Default Notice. As soon as possible and in any event within five days after any Responsible Officer of any Borrower becomes aware of the occurrence of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of the chief financial officer, treasurer or chief accounting officer of such Borrower setting forth details of such Default and the action that such Borrower has taken and proposes to take with respect thereto.

(b) Quarterly Financials. As soon as available and in any event within 50 days after the end of each of the first three quarters of each Fiscal Year, Consolidated and, to the extent otherwise available, consolidating balance sheets of Crompton Corp. and its Subsidiaries and Consolidated balance sheets of Uniroyal Corp. and its Subsidiaries, in each case, as of the end of such quarter and Consolidated and, to the extent otherwise available, consolidating statements of income and a Consolidated statement of cash flows of Crompton Corp. and its Subsidiaries and Consolidated statements of income and of cash flows of Uniroyal Corp. and its Subsidiaries, in each case, for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and Consolidated and, to the extent otherwise available, consolidating statements of income and a Consolidated statement of cash flows of Crompton Corp. and its Subsidiaries and Consolidated statements of income and of cash flows of Uniroyal Corp. and its Subsidiaries, in each case, for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or treasurer of such Borrower as having been prepared in accordance with GAAP, together with (i) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that such Borrower has taken and proposes to take with respect thereto and (ii) a schedule in form satisfactory to the Agent of the computations used by Crompton Corp. in determining compliance with the covenants contained in Sections 5.04(a) and (b), provided that in the event of any change in GAAP used in the preparation of such financial statements, Crompton Corp. shall also provide, if necessary for the determination of compliance with Section 5.04, a statement of reconciliation conforming such financial statements to GAAP.

(c) Annual Financials. As soon as available and in any event within 95 days after the end of each Fiscal Year, a copy of the annual report for such year for Crompton Corp. and its Subsidiaries, including therein a Consolidated balance sheet of Crompton Corp. and its Subsidiaries as of the end of such Fiscal Year and a Consolidated statement of income and a Consolidated statement of cash flows of Crompton Corp. and its Subsidiaries for such Fiscal Year, in each case accompanied by an opinion acceptable to the Required Lenders of KPMG Peat Marwick LLP or other independent public accountants of recognized standing acceptable to the Required Lenders, and a Consolidated and, to the extent otherwise available, consolidating balance sheets of Crompton Corp. and Uniroyal Corp. and their respective Subsidiaries as of the end of such Fiscal Year and Consolidated

and, to the extent otherwise available, consolidating statements of income and a Consolidated statement of cash flows of Crompton Corp. and Uniroyal Corp. and their respective Subsidiaries for such Fiscal Year, all in reasonable detail and duly certified by the chief financial officer or treasurer of such Borrower as having been prepared in accordance with GAAP, together with (i) a certificate of such accounting firm to the Lender Parties stating that in the course of the regular audit of the business of Crompton Corp. and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default has occurred and is continuing, or if, in the opinion of such accounting firm, a Default has occurred and is continuing, a statement as to the nature thereof, (ii) a schedule in form satisfactory to the Agent of the computations used by such accountants in determining, as of the end of such Fiscal Year, compliance with the covenants contained in Sections 5.04(a) and (b), provided that in the event of any change in GAAP used in the preparation of such financial statements, Crompton Corp. shall also provide, if necessary for the determination of compliance with Section 5.04, a statement of reconciliation conforming such financial statements to GAAP and (iii) a certificate of the chief financial officer or treasurer of each Borrower stating that no Default has occurred and is continuing or, if a default has occurred and is continuing, a statement as to the nature thereof and the action that such Borrower has taken and proposes to take with respect thereto.
(d) Annual Forecasts. As soon as available and in any event no later than 30 days after the end of each Fiscal Year, forecasts prepared by management of Crompton Corp. and Uniroyal Corp., in form satisfactory to the Agent, of balance sheets, income statements and cash flow statements for Crompton Corp. and its Subsidiaries, Uniroyal Corp. and its Subsidiaries and Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries) on an annual basis for the Fiscal Year following such Fiscal Year then ended and for each Fiscal Year thereafter until the Termination Date.

(e) Annual Budget. As soon as available and in any event within 30 days after the end of each Fiscal Year, an annual budget for Crompton Corp. and its Subsidiaries, Uniroyal Corp. and its Subsidiaries and Crompton Corp. and its Subsidiaries (other than Uniroyal Corp. and its Subsidiaries), prepared by management of Crompton Corp. and Uniroyal Corp. consisting of balance sheets, income statements and cash flow statements on a quarterly basis for the Fiscal Year following such Fiscal Year then ended in form and substance satisfactory to the Agent.

(f) ERISA Events and ERISA Reports. (i) Promptly and in any event within 15 days after any Loan Party or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a

statement of the chief financial officer or treasurer of Crompton Corp. describing such ERISA Event and the action, if any, that such Loan Party or such ERISA Affiliate has taken and proposes to take with respect thereto and (ii) promptly and in any event within two days after the date any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information.

(g) Plan Terminations. Promptly and in any event within three Business Days after receipt thereof by any Loan Party or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan.

(h) Plan Annual Reports. Promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan.

(i) Multiemployer Plan Notices. Promptly and in any event within five Business Days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (i) the imposition of Withdrawal Liability by any such Multiemployer Plan, (ii) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (iii) the amount of liability incurred, or that may be incurred, by such Loan Party or any ERISA Affiliate in connection with any event described in clause (i) or (ii).

(j) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Loan Party or any of its Subsidiaries of the type described in Section 4.01(k), and promptly after the occurrence thereof, notice of any adverse change in the status or the financial effect on any Loan Party or any of its Subsidiaries of the Disclosed Litigation from that described on Schedule 3.01(f).

(k) Securities Reports. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that any Loan Party or any of its Subsidiaries sends to its outside stockholders, and copies of all regular, periodic and special reports, and all registration statements, that any Loan Party or any of its Subsidiaries files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or with any national securities exchange.

(l) Creditor Reports. Promptly after the furnishing thereof, copies of any statement or report furnished to any other holder of the securities of any Loan Party or of any of its Subsidiaries pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lender Parties pursuant to any other clause of this Section 5.03.

(m) Agreement Notices. Promptly upon receipt thereof, copies of all notices of any default or breach and all other material requests and other documents received by any Loan Party or any of its Subsidiaries under or pursuant to any Related Document or indenture, loan or credit or similar agreement and, from time to time upon request by the Agent, such information and reports regarding the Related Documents as the Agent may reasonably request.

(n) Revenue Agent Reports. Within 10 days after receipt, copies of all Revenue Agent Reports (Internal Revenue Service Form 886), or other written proposals of the Internal Revenue Service, that propose, determine or otherwise set forth positive adjustments to the Federal income tax liability of the affiliated group (within the meaning of Section 1504(a)(1) of the Internal Revenue Code) of which Crompton Corp. is a member aggregating $3,000,000 or more.

(o) Environmental Conditions. Promptly after the assertion or occurrence thereof, notice of any Environmental Action against or of any noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be expected to have a Material Adverse Effect.

(p) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party or any of its Subsidiaries as any Lender Party (through the Agent) may from time to time reasonably request.

SECTION 5.04. Financial Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, Crompton Corp. will:

(a) Leverage Ratio. Maintain at the end of each fiscal quarter of Crompton Corp. a Total Debt/EBITDA Ratio of not more than the amount set forth below for each Rolling Period set forth below:

Rolling Period Ending On or About	Ratio
September 30, 1996	4.00:1.0

December 31, 1996	4.00:1.0
March 31, 1997	4.00:1.0
June 30, 1997	4.00:1.0
September 30, 1997	3.75:1.0
December 31, 1997	3.75:1.0
March 31, 1998	3.75:1.0
June 30, 1998	3.50:1.0
September 30, 1998	3.50:1.0
December 31, 1998	3.50:1.0
March 31, 1999	3.25:1.0
June 30, 1999	3.00:1.0
September 30, 1999	3.00:1.0
December 31, 1999	3.00:1.0
March 31, 2000	3.00:1.0
June 30, 2000	3.00:1.0
September 30, 2000	3.00:1.0
December 31, 2000	3.00:1.0
March 31, 2001	3.00:1.0
June 30, 2001 thereafter	3.00:1.0

(b) Interest Coverage Ratio. Maintain at the end of each fiscal quarter of Crompton Corp. an Interest Coverage Ratio of not less than the amount set forth below for each Rolling Period set forth below:

Rolling Period Ending On or About	Ratio
September 30, 1996	2.50:1.0
December 31, 1996	2.50:1.0
March 31, 1997	2.50:1.0
June 30, 1997	2.50:1.0
September 30, 1997	2.75:1.0
December 31, 1997	2.75:1.0
March 31, 1998	2.75:1.0
June 30, 1998	2.75:1.0
September 30, 1998	2.75:1.0
December 31, 1998	3.00:1.0
March 31, 1999	3.00:1.0
June 30, 1999	3.00:1.0
September 30, 1999	3.25:1.0
December 31, 1999	3.25:1.0
March 31, 2000	3.50:1.0
June 30, 2000	3.50:1.0
September 30, 2000	3.50:1.0

December 31, 2000	3.50:1.0
March 31, 2001	3.50:1.0
June 30, 2001 and thereafter	3.50:1.0

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) (i) any Borrower shall fail to pay any principal of any Advance when the same shall become due and payable or (ii) any Borrower shall fail to pay any interest on any Advance, or any Loan Party shall fail to make any other payment under any Loan Document, in each case under this clause (ii) within five days after the same becomes due and payable; or

(b) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) any Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 2.14, 5.01(d), (e), (k) or (l), 5.02, 5.03(a) or 5.04; or

(d) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 15 days after the earlier of the date on which (A) a Responsible Officer becomes aware of such failure or (B) written notice thereof shall have been given to Crompton Corp. by the Agent or any Lender Party; or

(e) any Loan Party or any of its Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Debt that is outstanding in a principal or notional amount of at least $10,000,000 either individually or in the aggregate (but excluding Debt outstanding hereunder) of such Loan Party or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in

such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature; or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) any Loan Party or any of its Material Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Loan Party or any of its Material Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or any Loan Party or any of its Material Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g)any judgment or order for the payment of money in excess of $10,000,000 shall be rendered against any Loan Party or any of its Material Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall not be an Event of Default under this Section 6.01(g) if and to the extent that the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof so long as such insurer, which shall be rated at least "A" by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(h)any non-monetary judgment or order shall be rendered against

any Loan Party or any of its Material Subsidiaries that is reasonably likely to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i)any provision of any Loan Document after delivery thereof pursuant to Section 3.01 or 5.01(k) shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing; or

(j)any Collateral Document after delivery thereof pursuant to Section 3.01 or 5.01(k) shall for any reason (other than pursuant to the terms thereof or as a result of action taken or failure to take action by the Agent or any Lender Party) cease to create a valid and perfected first priority lien on and security interest in the Collateral purported to be covered thereby; or

(k)(i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of Crompton Corp. (or other securities convertible into such Voting Stock) representing 20% or more of the combined voting power of all Voting Stock of Crompton Corp.; or
(ii) during any period of up to 24 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of Crompton Corp. shall cease for any reason to constitute a majority of the board of directors of Crompton Corp. (except to the extent that individuals who at the beginning of such 24-month period were replaced by individuals (x) elected by 66-2/3% of the remaining members of the board of directors of Crompton Corp. or
(y) nominated for election by a majority of the remaining members of the board of directors of Crompton Corp. and thereafter elected as directors by the shareholders of Crompton Corp.); or
(iii) Crompton Corp. shall at any time for any reason cease to be the record and beneficial owner of 100% of the capital stock of the other Borrowers; or

(l)(i) any ERISA Event shall have occurred with respect to a Plan; (ii) the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist exceeds $10,000,000; and (iii) such ERISA Events (considered in the aggregate) are reasonably likely to result in obligations on the part of the Loan Parties to make payments in the aggregate in excess of $10,000,000 in any given calendar year; or

(m)any Loan Party or any ERISA Affiliate shall have been notified

by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Loan Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), requires payments exceeding $10,000,000 in any given calendar year; or

(n) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding $10,000,000;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Commitment of each Lender Party and the obligation of each Appropriate Lender to make Advances (other than Letter of Credit Advances by an Issuing Bank or a Working Capital Lender pursuant to Section 2.03(c) and Swing Line Advances by a Working Capital Lender pursuant to Section 2.02(b)) and of each Issuing Bank to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Loan Party or any of its Subsidiaries under the Federal Bankruptcy Code, (x) the Commitment of each Lender Party and the obligation of each Lender to make Advances (other than Letter of Credit Advances by an Issuing Bank or a Working Capital Lender pursuant to Section 2.03(c) and Swing Line Advances by a Working Capital Lender pursuant to Section 2.02(b)) and of each Issuing Bank to issue Letters of Credit shall automatically be terminated and (y) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Borrower.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent shall at the request, or may with the consent, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrowers to, and forthwith upon such demand the Borrowers jointly and severally agree to, pay to the Agent on behalf of the Lender Parties in same day funds at the Agent's office designated in such demand, for deposit in the relevant L/C Cash Collateral Account, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding. If at any time the Agent determines that any funds held in such L/C Cash Collateral Account are subject to any right or claim of any Person other than the Agent and the Lender Parties or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrowers jointly and severally agree to, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited and held in such L/C Cash Collateral Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in such L/C Cash Collateral Account that the Agent determines to be free and clear of any such right and claim.

SECTION 6.03. Actions in Respect of Working Capital B-1 Commitments Reserved Pursuant to Section 2.01(g). If, at any time and from time to time, any Working Capital B-1 Commitments are reserved pursuant to Section 2.01(g) and either (i) an Event of Default shall have occurred and be continuing or (ii) the Termination Date shall have occurred, then, upon the occurrence of any of the events described in clause (i) or (ii) above, Citibank may, whether in addition to the taking by the Agent of any of the actions described in Section 6.01 or 6.02 or otherwise, make demand upon the Uniroyal Borrower to, and forthwith upon such demand the Uniroyal Borrower will, pay to Citibank in same day funds at Citibank's office designated in such demand, for deposit in a special cash collateral account to be maintained in the name of Citibank Seoul and under the sole dominion and control of Citibank at such place as shall be designated by Citibank, an amount equal to the Seoul Guaranty Amount on the date of such demand.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Lender Party (in its capacities as a Lender, a Swing Line Bank (if applicable), an Issuing Bank (if applicable) and, on behalf of itself and its

Affiliates, a potential Hedge Bank) hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to the Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lender Parties and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender Party prompt notice of each notice given to it by any Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (a) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (b) may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender Party and shall not be responsible to any Lender Party for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of any Loan Party or to inspect the property (including the books and records) of any Loan Party; (e) shall not be responsible to any Lender Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; and (f) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by

telegram, telecopy or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citicorp and Affiliates. With respect to its Commitments, the Advances made by it and the Notes issued to it, Citicorp shall have the same rights and powers under the Loan Documents as any other Lender Party and may exercise the same as though it were not the Agent; and the term "Lender Party" or "Lender Parties" shall, unless otherwise expressly indicated, include Citicorp in its individual capacity. Citicorp and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person who may do business with or own securities of any Loan Party or any such Subsidiary, all as if Citicorp were not the Agent and without any duty to account therefor to the Lender Parties.

SECTION 7.04. Lender Party Credit Decision. Each Lender Party acknowledges that it has, independently and without reliance upon the Agent or any other Lender Party and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender Party also acknowledges that it will, independently and without reliance upon the Agent or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. (a) Each Lender Party severally agrees to indemnify the Agent (to the extent not promptly reimbursed by the Borrowers) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Agent under the Loan Documents; provided, however, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender Party agrees to reimburse the Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under Section 8.04, to the extent that the Agent is not promptly reimbursed for such costs and expenses by the Borrowers. For purposes of this Section 7.05(a), the Lender Parties' respective ratable shares of any amount shall be determined, at any time, according to their

respective Working Capital Commitments at such time. In the event that any Defaulted Advance shall be owing by any Defaulting Lender at any time, such Lender Party's Commitment with respect to the Facility under which such Defaulted Advance was required to have been made shall be considered to be unused for purposes of this Section 7.05(a) to the extent of the amount of such Defaulted Advance. The failure of any Lender Party to reimburse the Agent promptly upon demand for its ratable share of any amount required to be paid by the Lender Party to the Agent as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse the Agent for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse the Agent for such other Lender Party's ratable share of such amount.

(b)Each Lender Party severally agrees to indemnify each Issuing Bank (to the extent not promptly reimbursed by the Borrowers) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Issuing Bank in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Issuing Bank under the Loan Documents; provided, however, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender Party agrees to reimburse such Issuing Bank promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under Section 8.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrowers. For purposes of this Section 7.05(b), the Lender Parties' respective ratable shares of any amount shall be determined, at any time, according to their respective Working Capital Commitments at such time. In the event that any Defaulted Advance shall be owing by any Defaulting Lender at any time, such Lender Party's Commitment with respect to the Facility under which such Defaulted Advance was required to have been made shall be considered to be unused for purposes of this Section 7.05(b) to the extent of the amount of such Defaulted Advance. The failure of any Lender Party to reimburse such Issuing Bank promptly upon demand for its ratable share of any amount required to be paid by the Lender Parties to such Issuing Bank as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse such Issuing Bank for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse such Issuing Bank for such other Lender Party's ratable

share of such amount.

(c)Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement and obligations of each Lender Party contained in this Section 7.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

SECTION 7.06. Successor Agents. The Agent may resign as to any or all of the Facilities at any time by giving written notice thereof to the Lender Parties and the Borrowers and may be removed as to all of the Facilities at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent as to such of the Facilities as to which the Agent has resigned or been removed, subject, so long as no Default shall have occurred and be continuing, to the consent of Crompton Corp., such consent not to be unreasonably withheld or delayed. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lender Parties, appoint a successor Agent, subject, so long as no Default shall have occurred and be continuing, to the consent of Crompton Corp., such consent not to be unreasonably withheld or delayed, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least $250,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent as to all of the Facilities and upon the execution and filing or recording of such financing statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Required Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Collateral Documents, such successor Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. Upon the acceptance of any appointment as Agent hereunder by a successor Agent as to less than all of the Facilities and upon the execution and filing or recording of such financing statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Required Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Collateral Documents, such successor Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent as to such Facilities, other than with respect to funds transfers and other similar aspects of the administration of Borrowings under

such Facilities, issuances of Letters of Credit (notwithstanding any resignation as Agent with respect to the Letter of Credit Facility) and payments by the Borrowers in respect of such Facilities, and the retiring Agent shall be discharged from its duties and obligations under this Agreement as to such Facilities, other than as aforesaid. After any retiring Agent's resignation or removal hereunder as Agent as to all of the Facilities, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent as to any Facilities under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes or any other Loan Document, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed (or, in the case of the Collateral Documents, consented to) by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (a) no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, do any of the following at any time: (i) waive any of the conditions specified in Section 3.01 or, in the case of the Initial Extension of Credit, Section 3.02, (ii) change the number of Lenders or the percentage of (x) the Commitments, (y) the aggregate unpaid principal amount of the Advances or (z) the aggregate Available Amount of outstanding Letters of Credit that, in each case, shall be required for the Lenders or any of them to take any action hereunder, (iii) reduce or limit the obligations of any Guarantor under Section 1 of the Guaranty to which it is a party or otherwise limit such Guarantor's liability with respect to the Obligations owing to the Agent and the Lender Parties, (iv) release all or substantially all of the Collateral in any transaction or series of related transactions or permit the creation, incurrence, assumption or existence of any Lien on all or substantially all of the Collateral in any transaction or series of related transactions to secure any Obligations other than Obligations owing to the Secured Parties under the Loan Documents and other than Debt owing to any other Person, provided that, in the case of any Lien on all or substantially all of the Collateral to secure Debt owing to any other Person, (A) such Lien shall be subordinated to the Liens created under the Loan Documents on terms acceptable to the Required Lenders and (B) the Required Lenders shall otherwise permit the creation, incurrence, assumption or existence of such Lien and, to the extent not otherwise permitted under Section 5.02(b), of such Debt,

(v) amend this Section 8.01, or (vi) limit the liability of any Loan Party under any of the Loan Documents and (b) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender that has a Commitment under any Working Capital Facility if affected by such amendment, waiver or consent, (i) increase the Commitments of such Lender or subject such Lender to any additional obligations, (ii) reduce the principal of, or interest on, the Notes held by such Lender or any fees or other amounts payable hereunder to such Lender, (iii) postpone any date fixed for any payment or prepayment of principal of, or interest on, the Notes held by such Lender or any fees or other amounts payable hereunder to such Lender or (iv) change the order of application of any prepayment set forth in Section 2.06 in any manner that materially affects such Lender; provided further that no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Bank or each Issuing Bank, as the case may be, in addition to the Lenders required above to take such action, affect the rights or obligations of the Swing Line Bank or of the Issuing Banks, as the case may be, under this Agreement; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication) and mailed, telegraphed, telecopied, telexed or delivered, if to the Borrowers, addressed both c/o Crompton Corp. at its address at One Station Place, Metro Center, Stamford, CT 06902, Attention: Chief Financial Officer and c/o Uniroyal Corp. at its address at World Headquarters, Benson Road, Middlebury, CT 06749, Attention: Chief Financial Officer; if to any Initial Lender or any Initial Issuing Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender Party, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender Party; and if to the Agent, at its address at 399 Park Avenue, New York, New York 10043, Attention: Robert Kosian; or, as to the Borrowers or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrowers and the Agent. All such notices and communications shall (a) when mailed, be effective three Business Days after the same is deposited in the mails, (b) when mailed for next day delivery by a reputable freight company or reputable overnight courier service, be effective one Business Day thereafter, and (c) when sent by telegraph, telecopier or telex, be effective when the same is confirmed by telephone, telecopier confirmation or return

telecopy or telex answerback, respectively, except that notices and communications to the Agent pursuant to Article II, III or VII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof. Delivery of a notice from any Borrower pursuant to Section 5.03(a) shall be deemed, solely with respect to such Section, notice from all Borrowers.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender Party or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrowers jointly and severally agree to pay on demand (i) all costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents (including, without limitation, (A) all due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto, with respect to advising the Agent as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto) and (ii) all costs and expenses of the Agent and the Lender Parties in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including, without limitation, the reasonable fees and expenses of counsel for the Agent and each Lender Party with respect thereto).

(b)The Borrowers jointly and severally agree to indemnify and hold harmless the Agent, each Lender Party and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that

may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with (i) the Facilities, the actual or proposed use of the proceeds of the Advances or the Letters of Credit, the Loan Documents or any of the transactions contemplated thereby, including, without limitation, any acquisition or proposed acquisition (including, without limitation, the Merger and any of the other transactions contemplated hereby) by Crompton Corp. or any of its Subsidiaries or Affiliates of all or any portion of the stock or substantially all the assets of Uniroyal Corp. or any of its Subsidiaries or (ii) the actual or alleged presence of Hazardous Materials on any property of any Loan Party or any of its Subsidiaries or any Environmental Action relating in any way to any Loan Party or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of any investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrowers also jointly and severally agree not to assert any claim against the Agent, any Lender Party or any of their Affiliates, or any of their respective officers, directors, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Facilities, the actual or proposed use of the proceeds of the Advances or the Letters of Credit, the Loan Documents or any of the transactions contemplated thereby.

(c)If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by any Borrower to or for the account of a Lender Party other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.09(b)(i) or 2.10(d), acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender Party other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by Crompton Corp. pursuant to Section 8.07(a), such Borrower shall, upon demand by such Lender Party (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender Party any amounts required to compensate

such Lender Party for any additional losses, costs or expenses that it may reasonably incur as a result of such payment, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender Party to fund or maintain such Advance.

(d) If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of such Loan Party by the Agent or any Lender Party, in its sole discretion, and will result in an increase in the amount owing by such Loan Party to the Agent or such Lender Party.

(e) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Borrowers contained in Sections 2.10 and 2.12 and this Section 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

SECTION 8.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender Party and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender Party or such Affiliate to or for the credit or the account of any Borrower against any and all of the Obligations of such Borrower now or hereafter existing under this Agreement and the Note or Notes (if any) held by such Lender Party, irrespective of whether such Lender Party shall have made any demand under this Agreement or such Note or Notes and although such obligations may be unmatured. Each Lender Party agrees promptly to notify any Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender Party and its respective Affiliates under this Section 8.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender Party and its respective Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by each Borrower and the Agent and when the Agent shall have been notified by each

Initial Lender and each Initial Issuing Bank that such Initial Lender and such Initial Issuing Bank has executed it and thereafter shall be binding upon and inure to the benefit of each Borrower, the Agent and each Lender Party and their respective successors and assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender Parties.

SECTION 8.07. Assignments and Participations. (a) Each Lender may (and, so long as no Default shall have occurred and be continuing, if demanded by Crompton Corp. (following a demand by such Lender pursuant to Section 2.10 or 2.12 or if such Lender shall be a Defaulting Lender) assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment or Commitments, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of all of the Facilities, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $20,000,000 or, if the aggregate amount of the Commitment of such assigning Lender is less than 20,000,000, all of such Lender's Commitment, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by Crompton Corp. pursuant to this Section 8.07(a) shall be arranged by Crompton Corp. after consultation with the Administrative Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement and the other Loan Documents or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement and the other Loan Documents, (v) no Lender shall be obligated to make any such assignment as a result of a demand by Crompton Corp. pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the applicable Borrowers or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, (vi) no such assignments shall be permitted without the consent of the Agent until the Agent shall have notified the Lender Parties that syndication of the Commitments hereunder has

been completed, and (vii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of $3,500.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender or Issuing Bank, as the case may be, hereunder and (y) the Lender or Issuing Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's or Issuing Bank's rights and obligations under this Agreement, such Lender or Issuing Bank shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the Lender Party assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender Party makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; (ii) such assigning Lender Party makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or any other Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender Party or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee

appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender or Issuing Bank, as the case may be.

(d)The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lender Parties and the Commitment under each Facility of, and principal amount of the Advances owing under each Facility to, each Lender Party from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Lender Parties shall treat each Person whose name is recorded in the Register as a Lender Party hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender Party at any reasonable time and from time to time upon reasonable prior notice.

(e)Upon its receipt of an Assignment and Acceptance executed by an assigning Lender Party and an assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers. In the case of any assignment by a Lender, within five Business Days after its receipt of such notice, each Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Note or Notes a new Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it under a Facility pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder under such Facility, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1, A-2 or A-3 hereto, as the case may be.

f)Each Issuing Bank may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the undrawn portion of its Letter of Credit Commitment at any time; provided,

however, that (i) except in the case of an assignment to a Person that immediately prior to such assignment was an Issuing Bank or an assignment of all of an Issuing Bank's rights and obligations under this Agreement, the amount of the Letter of Credit Commitment of the assigning Issuing Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $10,000,000 and shall be in an integral multiple of $1,000,000 in excess thereof, (ii) each such assignment shall be to an Eligible Assignee and (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of $3,500.

(g)Each Lender Party may sell participations to one or more Persons (other than any Loan Party or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments, the Advances owing to it and the Note or Notes (if any) held by it); provided, however, that (i) such Lender Party's obligations under this Agreement (including, without limitation, its Commitments) shall remain unchanged, (ii) such Lender Party shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender Party shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, the Agent and the other Lender Parties shall continue to deal solely and directly with such Lender Party in connection with such Lender Party's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or release all or substantially all of the Collateral.

(h)Any Lender Party may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrowers furnished to such Lender Party by or on behalf of the Borrowers; provided, however, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Lender Party.

(i)Notwithstanding any other provision set forth in this Agreement, any Lender Party may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 8.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.09. No Liability of the Issuing Banks. Each Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither any Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the relevant Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to such Borrower, to the extent of any direct, but not consequential, damages suffered by such Borrower that such Borrower proves were caused by (i) such Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 8.10. Release of Collateral. As soon as practicable after the Collateral Release Date, the Agent shall, at the

expense of the Borrowers, execute and deliver to Crompton Corp. such documents as Crompton Corp. shall reasonably request to evidence the release of the Collateral from the liens and security interest created under the Collateral Documents.

SECTION 8.11. Confidentiality. Neither the Agent nor any Lender Party shall disclose any Confidential Information to any Person without the consent of Crompton Corp., other than (a) to the Agent's or such Lender Party's Affiliates and their officers, directors, partners, employees, agents and advisors and to actual or prospective Eligible Assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, provided that, other than with respect to Confidential Information otherwise permitted to be disclosed pursuant to clause (d) below, the Agent or such Lender Party shall, unless prohibited by applicable law or regulation or court order, give notice to Crompton Corp. of any such requirement to disclose such Confidential Information, and, if practicable, such notice shall be given prior to such disclosure, provided, however, that the failure to give such notice shall not prohibit such disclosure, (c) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Borrowers received by it from such Lender Party and (d) as requested or required by any state, federal or foreign authority or examiner or the National Association of Insurance Commissioners or any state or federal authority regulating such Lender Party.

SECTION 8.12. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b)Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do

so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.13. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.14. Waiver of Jury Trial. Each of the Borrowers, the Agent and the Lender Parties irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances or the actions of the Agent or any Lender Party in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CROMPTON & KNOWLES
CORPORATION

By /s/Peter Barna/Charles J. Marsden
Title:

CROMPTON & KNOWLES COLORS
INCORPORATED

By /s/Peter Barna
Title:

DAVIS-STANDARD CORPORATION

By /s/Peter Barna
Title:

INGREDIENT TECHNOLOGY
CORPORATION

By /s/Peter Barna
Title:

UNIROYAL CHEMICAL COMPANY, INC.

By /s/Frank Manganella
Title: Treasurer

CITICORP SECURITIES, INC., as Arranger

By /s/Robin F. Lenna
Title:

CITICORP USA, INC., as Agent

By /s/Keith R. Karoko
Title:

THE CHASE MANHATTAN BANK, as Managing Agent

By /s/Robert Sacks
Title:

Initial Lenders

CITICORP USA, INC.

By /s/Keith R. Karoko
Title:

THE CHASE MANHATTAN BANK

By /s/Robert Sacks
Title:

ABN AMRO BANK, N.V., NEW YORK
BRANCH

By /s/Nancy W. Lanzoni
Title: Nancy W. Lanzoni, Group VP

By /s/David W. Stack
Title: David W. Stack, Assistant VP

BANCA COMMERCIALE ITALIANA -
NEW YORK BRANCH

By /s/Charles Dougherty
Title: Vice President
By /s/Brian Carlson
Title: Assistant Vice President

BANK OF AMERICA ILLINOIS
By /s/Wendy L. Loring
Title: Wendy L. Loring, Vice President

THE BANK OF NEW YORK

By /s/David P. Judge
Title: Vice President

BANK OF BOSTON CONNECTICUT

By /s/Joann Keller
Title: Senior Vice President

BHF - BANK AKTIENGESELLSCHAFT

By /s/Linda Pace
Title: AVP

CIBC, INC.

By /s/Judy Domowski
Title:

CORESTATES BANK, N.A.

By /s/Brian M. Haley
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/John Oberle
Title: Vice President

FIRST UNION NATIONAL BANK

By /s/Robert Waters
Title: Vice President

FLEET NATIONAL BANK

By /s/Robert C. Rubino
Title: Vice President

SOCIETE GENERALE

By /s/Salvatore Galatiota
Title: First Vice President

TORONTO DOMINION (NEW YORK), INC.

By /s/Jorge Garcia
Title: Vice President

Initial Issuing Banks

CITIBANK, N.A.

By /s/Robin F. Lenna
Title:

BANK OF BOSTON CONNECTICUT

By /s/Joanne Keller
Title: Senior Vice President

FORM OF UNIROYAL SECURITY AGREEMENT

UNIROYAL SECURITY AGREEMENT

Dated August 21, 1996

From

THE PERSONS LISTED ON THE SIGNATURE PAGES HEREOF

as Pledgors

to

CITICORP USA, INC.,

as Agent

T A B L E O F C O N T E N T S

UNIROYAL SECURITY AGREEMENT

UNIROYAL SECURITY AGREEMENT dated August 21, 1996 made by the Persons listed on the signature pages hereof and the Additional Pledgors (as defined in Section 20(b)) (such Persons so listed and the Additional Pledgors being, collectively, the "Pledgors") to CITICORP USA, INC. as agent (in such capacity, the "Agent") for the Secured Parties (as defined in the Credit Agreement referred to below).

PRELIMINARY STATEMENTS.

(1)Uniroyal Chemical Company, Inc. (the "Uniroyal Borrower") has entered into a Credit Agreement dated as of August 21, 1996 (said Agreement, as it may hereafter be amended, supplemented or otherwise modified from time to time, being the "Credit Agreement"; capitalized terms used herein and not otherwise defined herein are used herein as therein defined) with Crompton & Knowles Corporation, Crompton & Knowles Colors Incorporated, Davis-Standard Corporation, Ingredient Technology Corporation, the lender parties party thereto (the "Lender Parties"), Citicorp Securities, Inc., as Arranger, Citicorp USA, Inc., as Agent and The Chase Manhattan Bank, as Managing Agent.

(2)The Uniroyal Borrower maintains a non-interest bearing cash collection account (the "Collection Account") with Citibank, N.A. ("Citibank") at its office at 399 Park Avenue, New York, New York 10043, Account No. 4055-5094, in the name of the Uniroyal

Borrower but under the sole control and dominion of the Agent and subject to the terms of this Agreement.

(3)The Uniroyal Borrower maintains a non-interest bearing cash concentration account (the "Cash Concentration Account") with Citibank at its office at 399 Park Avenue, New York, New York 10043, Account No. 4049-8376, in the name of the Uniroyal Borrower and subject to the terms of this Agreement.

(4)The Uniroyal Borrower has opened a non-interest (but subject to investment pursuant to Section 6) cash collateral account (an "L/C Cash Collateral Account") with Citibank at its office at 399 Park Avenue, New York, New York 10043, Account No. 4070-5742, in the name of the Uniroyal Borrower and subject to the terms of this Agreement.

(5)Each Pledgor will derive substantial direct and indirect benefit from the transactions contemplated by the Credit Agreement.

(6)It is a condition precedent to the making of Advances and the issuance of Letters of Credit by the Lender Parties under the Credit Agreement and the entry by the Hedge Banks into Bank Hedge Agreements with the Borrowers from time to time that each Pledgor shall have granted the assignment and security interest and made the pledge and assignment contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender Parties to make Advances and to issue Letters of Credit under the Credit Agreement and to induce the Hedge Banks to enter into Bank Hedge Agreements with the Borrowers from time to time, each Pledgor hereby agrees with the Agent for the ratable benefit of the Secured Parties as follows:

SECTION 1. Grant of Security. Each Pledgor hereby assigns and pledges to the Agent for the ratable benefit of the Secured Parties, and hereby grants to the Agent for the ratable benefit of the Secured Parties a security interest in, the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by such Pledgor, wherever located and whether now or hereafter existing (collectively, the "Collateral"):

(a)all of such Pledgor's right, title and interest, whether now owned or hereafter acquired, in and to all inventory in all of its forms, wherever located, now or hereafter existing (including, but not limited to, (i) all herbicides, agricides, insecticides, foliar nutrients, plant growth regulants, fungicides, seed treatment chemicals and equipment, chemicals and polymers and specialty chemicals and raw materials and work in process therefor, finished goods thereof and materials used or

consumed in the manufacture or production thereof, (ii) inventory in which such Pledgor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which such Pledgor has an interest or right as consignee) and (iii) inventory that is returned to or repossessed by such Pledgor), and all accessions thereto and products thereof and documents therefor (any and all such inventory, accessions, products and documents being the "Inventory");

(b)all of such Pledgor's (i) right, title and interest, whether now owned or hereafter acquired, in and to all accounts, contract rights, chattel paper, instruments, deposit accounts, general intangibles and other obligations of any kind, now or hereafter existing, but only to the extent the foregoing arise out of or in connection with, and constitute a right of payment of money or other property for, the sale or lease of goods or the rendering of services other than intercompany royalty payments, licensing fees, technology transfer payments and other similar intercompany payments (to the extent not referred to in clause (c) below, the "Receivables") and (ii) rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to the Receivables (the "Related Contracts");

(c)all of such Pledgor's right, title and interest in and to the following (collectively, the "Account Collateral"):

(i)the Cash Concentration Account, all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Cash Concentration Account;

(ii)the Collection Account, all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Collection Account;

(iii)the L/C Cash Collateral Account, all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing such L/C Cash Collateral Account;

(iv)all Pledged Accounts (as hereinafter defined), all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Pledged Accounts;
(v)all Other Accounts (as hereinafter defined), all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing such accounts;

(vi)all notes, certificates of deposit, deposit accounts, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Agent for or on behalf of such Pledgor in substitution for or in addition to any or all of the then existing Account Collateral; and

(vii)all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Account Collateral; and

(d)All of the following (the "Security Collateral"):

(i)the indebtedness (whether or not evidenced by instruments) set forth opposite such Pledgor's name on Schedule III hereto and issued by the obligors indicated therein (collectively referred to herein as the "Initial Pledged Debt", and together with the indebtedness referred to in clause (ii) below, the "Pledged Debt") and the instruments (if any) evidencing such Initial Pledged Debt, all security therefor and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Initial Pledged Debt; and

(ii)all additional indebtedness from time to time owed to such Pledgor by any obligor of the Initial Pledged Debt (whether or not evidenced by instruments) and the instruments evidencing such indebtedness (if any), and all additional indebtedness owed to such Pledgor by any other obligor to the extent required pursuant to Section 5.01(k) of the Credit Agreement, all security therefor and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness;

(e)all proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds that constitute property of the types described in clauses (a), (b), (c) and (d) of this Section 1) and, to the extent not otherwise included, all (i) payments under insurance (whether or not the Agent is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, and (ii) cash.

SECTION 2. Security for Obligations. This Agreement secures, in the case of each Pledgor, the payment of all Obligations of such Pledgor now or hereafter existing under the Loan Documents, which shall not exceed, so long as any Uniroyal Indenture remains in effect, the maximum amount of Debt permitted to be incurred by such Pledgor under such Uniroyal Indenture, whether direct or indirect, absolute or contingent, including any extensions, modifications, substitutions, amendments and renewals thereof, whether for principal (including reimbursement for amounts drawn under Letters of Credit), interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise (all such Obligations being the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement

secures, as to each Pledgor, the payment of all amounts that constitute part of the Secured Obligations of such Pledgor and that would be owed by such Pledgor to the Secured Parties under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Pledgor.

SECTION 3. Pledgors Remain Liable. Anything herein to the contrary notwithstanding, (a) each Pledgor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Agent of any of its rights hereunder shall not release any Pledgor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or any other Loan Document, nor shall any Secured Party be obligated to perform any of the obligations or duties of any Pledgor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Delivery of Security Collateral and Account Collateral. All certificates or instruments representing or evidencing any Security Collateral or Account Collateral have been or shall be delivered to and held by or on behalf of the Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Agent. If any Event of Default shall have occurred and be continuing, the Agent shall have the right to transfer to or to register in the name of the Agent or any of its nominees any or all of the Security Collateral and Account Collateral. In addition, the Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Account Collateral for certificates or instruments of smaller or larger denominations.

SECTION 5. Maintaining the Collection Account, the Cash Concentration Account and the L/C Cash Collateral Account. So long as any Advance shall remain unpaid, any Letter of Credit or Bank Hedge Agreement shall be outstanding or any Lender Party shall have any Commitment under the Credit Agreement:

(a) The Pledgor will maintain the Collection Account and the Cash Concentration Account with Citibank.

(b) It shall be a term and condition of the Collection Account and the L/C Cash Collateral Account, notwithstanding any term or condition to the contrary in any other agreement relating to such

Collection Account or such L/C Cash Collateral Account, as the case may be, and except as otherwise provided by the provisions of Section 8 and Section 18, that no amount (including interest on Collateral Investments) shall be paid or released to or for the account of, or withdrawn by or for the account of, the Pledgor or any other Person from such Collection Account or L/C Cash Collateral Account, as the case may be.

The Collection Account, the Cash Concentration Account and the L/C Cash Collateral Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate banking or governmental authority, as may now or hereafter be in effect.

SECTION 6. As to Account Collateral. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding, any Bank Hedge Agreement shall be in effect or any Lender Party shall have any Commitment under the Credit Agreement:

(a)Each Pledgor shall comply with its current cash management policies and practices, and shall not make any material change to such policies and practices which could adversely affect the interests of the Secured Parties without the prior written consent of the Agent.

(b)Each Pledgor shall instruct each Person obligated at any time to make any payment to such Pledgor for any reason (an "Obligor") to make such payment to a Pledged Account (as defined in Section 9(d)) or to the Collection Account and shall pay to the Agent for deposit in the Collection Account, at the end of each Business Day, all proceeds of Collateral.

(c)Each Pledgor shall not make any deposit in any deposit account other than a deposit in the Cash Concentration Account or an Other Account (as defined in Section 9(d)) or an Excepted Account (as defined in Section 9(d)) in accordance with its then current cash management policies and practices in accordance with Section 6(a), provided that in the case of deposits in the Excepted Accounts, no amount deposited therein shall constitute proceeds of Collateral, other than amounts transferred directly from the Cash Concentration Account.

(d)Upon the occurrence and during the continuance of an Event of Default, at the Agent's request, within 15 Business Days of such request (or such later time as the Agent and Crompton Corp. shall agree), (i) each Pledgor shall give written notice to the Agent of (A) the name and address of each bank with which each Pledged Account or Other Account is maintained by such Pledgor, (B) the account number of each such Pledged Account or Other Account and (C) the full name under which such Pledged Account or Other

Account is maintained, (ii) each Pledgor shall enter into letter agreements (the "Pledged Account Letters") in form and substance satisfactory to the Agent among such Pledgor, the Agent and each bank with which such Pledgor maintains a Pledged Account or, at the option of such Pledgor, shall close such account, (iii) each Pledgor shall enter into letter agreements (the "Other Account Letters", and together with the Pledged Account Letters, the "Blocked Account Letters") in form and substance satisfactory to the Agent among such Pledgor, the Agent and each bank with which such Pledgor maintains an Other Account or, at the option of such Pledgor, shall close such account, (iv) upon any termination of any Pledged Account Letter or other agreement with respect to the maintenance of a Pledged Account, such Pledgor shall promptly notify all Obligors that were making payments to such Pledged Account to make all future payments to another Pledged Account or to the Collection Account, and (v) each Pledgor agrees to close any or all Pledged Accounts and terminate any or all Pledged Account Letters at the request of the Agent upon five Business Days' notice thereof.

SECTION 7. Investing of Amounts in the Cash Concentration Account and the L/C Cash Collateral Account. If requested by the Uniroyal Borrower and until the Uniroyal Borrower in any way amends such request, the Agent will direct Citibank to, subject to the provisions of Section 8 and Section 18, from time to time (a) invest amounts on deposit in the Cash Concentration Account and the L/C Cash Collateral Account in such Cash Equivalents in the name of the Agent or as to which all action required by Section 10 shall have been taken as the Uniroyal Borrower may select and the Agent may approve and (b) invest interest paid on the Cash Equivalents referred to in clause (a) above, and reinvest other proceeds of any such Cash Equivalents that may mature or be sold, in each case in such Cash Equivalents in the name of the Agent or as to which all action required by Section 10 shall have been taken as such Uniroyal Borrower may select and the Agent may approve (the Cash Equivalents referred to in clauses (a) and (b) above being collectively "Collateral Investments"). Interest and proceeds that are not invested or reinvested in Collateral Investments as provided above shall be deposited and held in the Cash Concentration Account or the L/C Cash Collateral Account, as the case may be.

SECTION 8. Release of Amounts. So long as no Event of Default shall have occurred and be continuing, the Agent will direct Citibank to pay and release to the Uniroyal Borrower or at its order or, at the request of the Uniroyal Borrower, apply to the Obligations of the Uniroyal Borrower under the Loan Documents, such amounts on deposit in the Collection Account, the Cash Concentration Account and the L/C Cash Collateral Account at the times and in the amounts specified in the Credit Agreement, or, if such times or amounts are not specified in the Credit

Agreement, such amounts on deposit shall be released at the Uniroyal Borrower's direction.

SECTION 9. Representations and Warranties. Each Pledgor represents and warrants as follows:

(a) As of the Effective Date, all of the Inventory is located at the places specified in Schedule II hereto. The chief place of business and chief executive office of such Pledgor and the office where such Pledgor keeps its records concerning the Receivables and all originals of all chattel paper that evidence Receivables, are located at the address specified opposite the name of such Pledgor on Schedule IV. None of the Receivables is evidenced by a promissory note or other instrument which has not been pledged to the Agent for the ratable benefit of the Secured Parties and delivered to the Agent pursuant to the terms of this Agreement.

(b) Such Pledgor is the legal and beneficial owner of the Collateral of such Pledgor free and clear of any Lien, claim, option or rights of others except for the liens and security interests created under this Agreement or permitted under the Credit Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral (including, without limitation, general intangibles relating to the Collateral) or listing such Pledgor or any of its Subsidiaries or any trade names of such Pledgor or any of its Subsidiaries as debtor is on file in any recording office, except such as may have been filed in favor of the Agent relating to this Agreement or such as may have been filed in connection with other Liens permitted under the Credit Agreement.

(c) Such Pledgor has exclusive possession and control of the Inventory, except the Inventory locations marked by an asterisk in Schedule II.

(d) Such Pledgor has no lockbox accounts, deposit accounts, disbursement accounts or other accounts other than (i) the deposit accounts into which an Obligor deposits proceeds received in respect of Inventory Receivables or Related Contracts owing to such Pledgor (each a "Pledged Account"), (ii) the other accounts into which such Pledgor deposits proceeds received in respect of Inventory Receivables or Related Contracts owing to such Pledgor (each an "Other Account") and (iii) such other accounts into which no proceeds of Collateral are deposited (each an "Excepted Account").

(e) The Initial Pledged Debt constitutes all of the outstanding indebtedness owed to such Pledgor by the issuers thereof.

(f) The principal place of business and chief executive office of

such Pledgor are located at the address specified opposite the name of such Pledgor on Schedule IV.

(g) Such Pledgor has no trade names except as set forth on Schedule I hereto; such trade names were adopted in good faith; and, to the best of such Pledgor's knowledge, there exist no adverse claims against such trade names as of the Effective Date.

(h) This Agreement and the pledge of the Collateral pursuant hereto create in favor of the Agent for the benefit of the Secured Parties a valid and perfected first priority security interest in the Collateral (other than as to matters of perfection and priority of the security interest in the Pledged Accounts and the Other Accounts) of such Pledgor, securing the payment of the Secured Obligations of such Pledgor, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Such Pledgor has not granted any security interest in the Collateral to any other Person.

(i) No consent of any other Person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party is required (i) for the grant by such Pledgor of the assignment and security interest granted hereunder, for the pledge by such Pledgor of the Collateral pursuant hereto or for the execution, delivery or performance of this Agreement by such Pledgor, (ii) for the perfection or maintenance of the pledge, assignment and security interest created hereunder (including the first priority nature of such pledge, assignment or security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code, which financing statements shall have been duly filed within 60 days after the Initial Extension of Credit (or such later date as may be agreed by the Borrowers and the Agent), or (iii) for the exercise by the Agent of its rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement.

(j) The Inventory that has been produced by such Pledgor has been produced in compliance with all requirements of the Fair Labor Standards Act.

(k) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

SECTION 10. Further Assurances. (a) Each Pledgor agrees that from time to time, at the expense of such Pledgor, such Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Agent may reasonably request, in order to perfect and protect any pledge, assignment or security interest

granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Pledgor will: (i) at the request of the Agent, mark conspicuously each document included in the Inventory of such Pledgor and each chattel paper included in the Receivables of such Pledgor with a legend, in form and substance satisfactory to the Agent, indicating that such document or chattel paper is subject to the security interest granted hereby; (ii) if any Collateral shall be evidenced by a promissory note or other instrument or chattel paper, at the request of the Agent, deliver and pledge to the Agent hereunder such note or instrument or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Agent; and (iii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Agent may reasonably request, in order to perfect and preserve the pledge, assignment and security interests granted or purported to be granted hereunder.

(b)Each Pledgor hereby authorizes the Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of such Pledgor where permitted by law, provided that the Agent shall give reasonably prompt notice of any such filing to such Pledgor. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c)Each Pledgor will furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail.

SECTION 11. As to Inventory. (a) Each Pledgor shall keep the Inventory (other than Inventory sold in the ordinary course of business) at any of the places therefor specified in Section 9(a) or, upon 20 days' prior written notice to the Agent, at such other places in a jurisdiction where all action required by Section 10 shall have been taken with respect to the Inventory.

(b)Each Pledgor shall pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Inventory, except to the extent not required pursuant to Section 5.01(b) of the Credit Agreement. In producing the Inventory, each Pledgor shall comply with all requirements of the Fair Labor Standards Act.

SECTION 12. Insurance. (a) Each Pledgor shall, at its own expense, maintain insurance with respect to the Inventory in such amounts, against such risks, in such form and with such insurers, as shall be satisfactory to the Agent from time to time. Each policy for property damage insurance with respect to Inventory shall provide for all losses (except for losses of less than $250,000 per occurrence) to be paid directly to the Agent. Each such policy shall in addition (i) name the Agent as loss payee, (ii) provide that there shall be no recourse against the Agent for payment of premiums or other amounts with respect thereto and (iii) provide that at least 10 days' prior written notice of cancellation or of lapse shall be given to the Agent by the insurer. Each Pledgor shall, if so requested by the Agent upon an Event of Default, deliver to the Agent duplicate policies of such insurance and, as often as the Agent may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, each Pledgor shall, at the request of the Agent, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of Section 10 and use its best efforts to cause the insurers to acknowledge notice of such assignment.

(b)Reimbursement under any liability insurance maintained by the Uniroyal Borrower pursuant to this Section 12 may be paid directly to the Person who shall have incurred liability covered by such insurance. In case of any loss involving damage to Inventory when subsection (c) of this Section 12 is not applicable, the Uniroyal Borrower shall make or cause to be made the necessary repairs to such Inventory or replacements of any Inventory, and any proceeds of insurance maintained by the Uniroyal Borrower pursuant to this Section 12 shall be paid to the Uniroyal Borrower as reimbursement for the costs of such repairs or replacements.

(c)Upon the occurrence and during the continuance of any Event of Default or the actual or constructive total loss (in excess of $250,000 per occurrence) of any Inventory, all insurance payments in respect of such Inventory shall be paid to and applied by the Agent as specified in Section 18(b).

SECTION 13. Place of Perfection; Records; Collection of Receivables. (a) Each Pledgor shall keep its chief place of business and chief executive office and the office where it keeps its records concerning the Collateral, and all originals of all chattel paper that evidence Receivables, at the location therefor specified in Section 9(a) or, upon 20 days' prior written notice to the Agent, at such other locations in a jurisdiction where all actions required by Section 10 shall have been taken with respect to the Collateral. Each Pledgor will hold and preserve such records and chattel paper and will permit representatives of the

Agent at any reasonable time and from time to time during regular business hours and upon reasonable prior notice to inspect and make abstracts from such records and chattel paper.

(b) Except as otherwise provided in this subsection (b), each Pledgor shall continue to collect in the ordinary course of its business in a manner consistent with past practices, at its own expense, all amounts due or to become due to such Pledgor under the Receivables. The Agent shall have the right at any time, upon the occurrence and during the continuance of an Event of Default and upon written notice to the Pledgor of its intention to do so, to notify the Obligors under any Receivables of the assignment of such Receivables to the Agent and to direct such Obligors to make payment of all amounts due or to become due to such Pledgor thereunder directly to the Agent and, upon such notification and at the expense of such Pledgor, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Pledgor might have done. After receipt by such Pledgor of the notice from the Agent referred to in the preceding sentence and so long as such Event of Default is continuing, (i) all amounts and proceeds (including instruments) received by such Pledgor in respect of the Receivables shall be received in trust for the benefit of the Agent hereunder, shall be segregated from other funds of such Pledgor and shall be forthwith paid over to the Agent in the same form as so received (with any necessary endorsement) to be deposited in the Collection Account and either (A) released to the Uniroyal Borrower on the terms set forth in Section 8 so long as no Event of Default shall have occurred and be continuing or (B) if an Event of Default shall have occurred and be continuing, applied as provided by Section 18(b) and (ii) such Pledgor shall not adjust, settle or compromise the amount or payment of any Receivable, release wholly or partly any Obligor thereof, or allow any credit or discount thereon.

SECTION 14. Transfers and Other Liens. Each Pledgor agrees that it shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral of such Pledgor (other than sales, assignments, options and other dispositions permitted under the terms of the Credit Agreement) or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Pledgor, except for the Liens created under the Collateral Documents and any other Liens permitted under the Credit Agreement.

SECTION 15. Agent Appointed Attorney-in-Fact. Each Pledgor hereby irrevocably appoints the Agent such Pledgor's attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor or otherwise, from time to time after the occurrence and during the continuance of

an Event of Default in the Agent's discretion, to take any action and to execute any instrument that the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to obtain and adjust insurance required to be paid to the Agent pursuant to Section 12,

(b) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(c) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) or (b) above, and

(d) to file any claims or take any action or institute any proceedings that the Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the rights of the Agent with respect to any of the Collateral.

SECTION 16. Agent May Perform. If any Pledgor fails to perform any agreement contained herein, the Agent may, but without any obligation to do so and without further notice, itself perform, or cause performance of, such agreement, and the expenses of the Agent incurred in connection therewith shall be payable by such Pledgor under Section 19(b). The Agent agrees to notify the Uniroyal Borrower of any such performance; provided, however, that the failure to give such notice shall not affect the Agent's right to perform or the validity of such performance.

SECTION 17. The Agent's Duties. The powers conferred on the Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Agent or any other Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Agent accords its own property.

SECTION 18. Remedies. If any Event of Default shall have

occurred and be continuing:

(a) The Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of New York at such time (the "Uniform Commercial Code") (whether or not the Uniform Commercial Code applies to the affected Collateral) and also may (i) require any Pledgor to, and each Pledgor hereby agrees that it will at its expense and upon request of the Agent forthwith, assemble all or part of the Collateral pledged by it (other than the Receivables and the Account Collateral) as directed by the Agent and make it available to the Agent at a place and time to be designated by the Agent that is reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Agent may deem commercially reasonable. Each Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to such Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by the Agent as Collateral and all cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may in the discretion of the Agent, be held by the Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Agent pursuant to Section 19) in whole or in part by the Agent for the ratable benefit of the Secured Parties, against all or any part of the Secured Obligations in such order as the Agent shall elect. In determining the amount of any such cash to be applied against the Secured Obligations owing to the Hedge Banks other than Secured Obligations theretofore accrued and unpaid, the Agent shall be fully protected in relying on the Agreement Values of the Bank Hedge Agreements. "Agreement Value" means, for any Bank Hedge Agreement on any date of determination, the amount, if any, that would be payable to the Hedge Bank in respect of "agreement value" as though such Bank Hedge Agreement were terminated on such date, calculated as provided in the International Swap Dealers Association Inc. Code of Standard Wording, Assumptions and Provisions for Swaps, 1992 Edition; each determination of

Agreement Value shall be made by the Agent in good faith and in reliance on any information, including information provided by such Hedge Bank, that it believes accurate, but without any obligation to verify such information. Any surplus of such cash or cash proceeds held by the Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the Pledgors or to whomsoever may be lawfully entitled to receive such surplus.

(c) The Agent may exercise any and all rights and remedies of the Pledgors in respect of the Collateral.

(d) All payments received by each Pledgor in respect of the Collateral shall be received in trust for the benefit of the Agent, shall be segregated from other funds of such Pledgor and shall be forthwith paid over to the Agent in the same form as so received (with any necessary endorsement).

(e) The Agent may, without notice to the Uniroyal Borrower except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Secured Obligations against the Uniroyal Borrower's Collection Account, the Cash Concentration Account and the L/C Cash Collateral Account or any part thereof.

SECTION 19. Indemnity and Expenses. (a) Each Pledgor agrees to defend, protect, indemnify and hold harmless each Secured Party from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Agent's or such other Secured Party's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) Each Pledgor will upon demand, pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral of such Pledgor, (iii) the exercise or enforcement of any of the rights of the Agent or any other Secured Party against such Pledgor, or (iv) the failure by such Pledgor to perform or observe any of the provisions hereof.

(c) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Pledgors contained in this Section 19 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of

the other Loan Documents.

SECTION 20. Amendments; Waivers; Etc. (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(b)Upon the execution and delivery by any Person of a security agreement supplement in substantially the form of Exhibit A hereto (each a "Uniroyal Security Agreement Supplement"), (i) such Person shall be referred to as an "Additional Pledgor" and shall be and become a Pledgor and each reference in this Agreement to "Pledgor" shall also mean and be a reference to such Additional Pledgor, and (ii) the annexes attached to each Uniroyal Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I, II and III hereto, and the Collateral Agent may attach such annexes as supplements to such Schedules; and each reference to such Schedules shall mean and be a reference to such Schedules as supplemented pursuant hereto.

SECTION 21. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and, if to any Pledgor, mailed, telecopied, telegraphed, telexed or delivered to it, addressed to it c/o Uniroyal Corp. at its address at World Headquarters, Benson Road, Middlebury, CT 06749, Attention: Chief Financial Officer, and if to the Agent, mailed, telecopied, telegraphed, telexed or delivered to it, addressed to it at the address of the Agent specified in the Credit Agreement, or as to any party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section. All such notices and other communications shall (a) when mailed, be effective three Business Days after the same is deposited in the mails, (b) when mailed for next day delivery by a reputable freight company or reputable overnight courier service, be effective one Business Day thereafter, and (c) when sent by telegraph, telecopier or telex, be effective when the same is confirmed by telephone, telecopier confirmation or return telecopy or telex answerback, respectively.

SECTION 22. Continuing Security Interest; Assignments. This Agreement shall create a continuing security interest in the

Collateral and shall (a) remain in full force and effect until the Collateral Release Date, (b) be binding upon each Pledgor, its successors and assigns and (c) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender Party may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender Party herein or otherwise, in each case as provided in Section 8.07 of the Credit Agreement. No Pledgor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Secured Parties.

SECTION 23. Release and Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Collateral of any Pledgor, in accordance with the terms of the Loan Documents, the Agent will, at such Pledgor's expense, execute and deliver to such Pledgor such documents as such Pledgor shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby; provided, however, that (i) at the time of such request and such release no Event of Default shall have occurred and be continuing and (ii) the Uniroyal Borrower shall have delivered to the Agent, at least ten Business Days prior to the date of the proposed release, a written request for release describing the item of Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a form of release for execution by the Agent and a certification by the Uniroyal Borrower to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Agent may request.

(b)Upon the Collateral Release Date, the pledge, assignment and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the respective Pledgor. Upon any such termination or release, the Agent will, at such Pledgor's expense, execute and deliver to such Pledgor such documents as such Pledgor shall reasonably request to evidence such termination.

SECTION 24. Security Interest Absolute. The Obligations of each Pledgor hereunder are independent of the Obligations of any other Loan Party under the Loan Documents, and a separate action or actions may be brought or prosecuted against each Pledgor whether action is brought against any other Loan Party or whether any other Loan Party is joined in any such action or actions. All

rights of the Collateral Agent and security interests hereunder, and all obligations of each Pledgor hereunder, shall be absolute and unconditional, irrespective of, and each Pledgor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the circumstances described in the Guaranties or any other circumstance that might constitute a discharge available to, or a discharge of, any Borrower or any Guarantor.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Secured Party or by any other Person upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise, all as though such payment had not been made.

SECTION 25. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 26. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the Uniform Commercial Code are used herein as therein defined.

IN WITNESS WHEREOF, each Pledgor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

GUSTAFSON, INC.

By
Title:

GUSTAFSON INTERNATIONAL COMPANY

By

Title:

LOKAR ENTERPRISES, INC.

By
Title:

TRACE CHEMICALS, INC.

By
Title:

UNIROYAL CHEMICAL BRAZIL HOLDING, INC.

By
Title:

UNIROYAL CHEMICAL COMPANY,
INC.

By
Title:

UNIROYAL CHEMICAL CORPORATION

By
Title:

UNIROYAL CHEMICAL EXPORT
LIMITED

By
Title:

UNIROYAL CHEMICAL INTERNATIONAL
COMPANY

By
    Title:

UNIROYAL CHEMICAL LEASING
     COMPANY, INC.

By
    Title:

SCHEDULE I
TO THE UNIROYAL SECURITY AGREEMENT

TRADE NAMES

Uniroyal Chemical Company, Inc. only sells as Uniroyal Chemical Company, Inc.

SCHEDULE II
TO THE UNIROYAL SECURITY AGREEMENT

LOCATIONS OF INVENTORY

SCHEDULE III
TO THE UNIROYAL SECURITY AGREEMENT

PLEDGED DEBT

Debt of the Uniroyal Borrower and the Uniroyal Guarantors evidenced by the intercompany promissory note dated August 21, 1996 made by CK Holding Corporation, CNK Disposition Corp., Crompton & Knowles Colors Incorporated, Crompton & Knowles Corporation, Crompton & Knowles Overseas Corporation, Davis-Standard Corporation, Ingredient Technology Corporation, Kem Manufacturing Corporation, Gustafson, Inc., Gustafson International Company, Lokar Enterprises, Inc., Trace Chemicals, Inc., Uniroyal Chemical Brazil Holding, Inc., Uniroyal Chemical Company, Inc., Uniroyal Chemical Corporation, Uniroyal Chemical Export Limited, Uniroyal Chemical International Company, Uniroyal Chemical Leasing Company Inc. and Uniroyal Chemical Ltd.

SCHEDULE IV
TO THE UNIROYAL SECURITY AGREEMENT

CHIEF EXECUTIVE OFFICES OF PLEDGORS

Uniroyal Chemical Corporation
c/o Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749
Fed. Tax ID #: 06-1258925

Gustafson International Company
c/o Gustafson, Inc.
1400 Preston Road
Suite 400
Plano, TX 75093
Fed. Tax ID #: 75-2295890

Uniroyal Chemical Brazil Holding, Inc.
c/o Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749
06-1237209
Fed. Tax ID #: 06-1237209

Uniroyal Chemical Export Limited
c/o Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749
Fed. Tax ID #: 06-1431523

Uniroyal Chemical International Company
c/o Gustafson, Inc.
1400 Preston Road
Suite 400
Plano, TX 75093
Fed. Tax ID #: 75-2270460

Uniroyal Chemical Leasing Company, Inc.
c/o Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749

Lokar Enterprises, Inc.
c/o Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749

Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749
Fed. Tax ID #: 06-1148490

Gustafson, Inc.
1400 Preston Road, Suite 400
Plano, TX 75093
Fed. Tax ID #: 41-0795292

Trace Chemicals, Inc.
839 Brinkman Drive
Pekin, IL 61554
Fed. Tax ID #: 37-1032576

EXHIBIT A TO THE UNIROYAL SECURITY AGREEMENT

FORM OF UNIROYAL SECURITY AGREEMENT SUPPLEMENT

Citicorp USA, Inc., as Agent

under the Credit Agreement
referred to below
399 Park Avenue
New York, New York 10043 [Date]

Attention: Robert Kosian

Uniroyal Security Agreement dated as of August 21, 1996
made by Uniroyal Chemical Company, Inc. and the other
Pledgors to Citicorp USA, Inc., as Agent

Ladies and Gentlemen:

Reference is made to the above-captioned Uniroyal Security Agreement (such Uniroyal Security Agreement, as in effect on the date hereof and as it may hereafter be amended, modified or otherwise supplemented from time to time, being the "Uniroyal Security Agreement"). The terms defined in the Uniroyal Security Agreement (or in the Credit Agreement referred to therein) and not otherwise defined herein are used herein as therein defined.

The undersigned hereby agrees, as of the date first above written, to become a Pledgor under the Uniroyal Security Agreement as if it were an original party thereto and agrees that each reference in the Uniroyal Security Agreement to "Pledgor" shall also mean and be a reference to the undersigned.

The undersigned hereby assigns and pledges to the Agent for the ratable benefit of the Secured Parties, and hereby grants to the Agent for the ratable benefit of the Secured Parties as security for the Secured Obligations a lien on and security interest in, all of the right, title and interest of the undersigned, whether now owned or hereafter acquired, in and to the Collateral owned by the undersigned, including, but not limited to, the property listed on Annex I hereto. Schedules I, II and III to the Uniroyal Security Agreement are hereby supplemented by Annexes I, II and III hereto, respectively. The undersigned hereby certifies that such Annexes have been prepared by the undersigned in substantially the form of Schedules I, II and III to the Uniroyal Security Agreement and are accurate and complete as of the date hereof.

The undersigned hereby makes each representation and warranty set forth in Section 9 of the Uniroyal Security Agreement (as supplemented by the attached Annexes) to the same extent as each other Pledgor and hereby agrees to be bound as a Pledgor by all

of the terms and provisions of the Uniroyal Security Agreement to the same extent as each other Pledgor.

This Uniroyal Security Agreement Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

[NAME OF ADDITIONAL
PLEDGOR]

By
Title:

Address of Chief Executive
Office and for Notices:
[Address]

FORM OF LOUISIANA UNDERTAKING

LOUISIANA UNDERTAKING

Dated as of August 21, 1996

To the Lender Parties party to the
Credit Agreement referred
to below and to Citicorp USA, Inc.,
as Agent for such Lender Parties

Ladies and Gentlemen:

We refer to the Uniroyal Security Agreement dated as of August 21, 1996 (as amended, supplemented or otherwise modified from time to time, the "Security Agreement"), made and executed by the Pledgors party thereto in favor of Citicorp, USA, Inc., as Agent (in such capacity, the "Agent") for the Secured Parties referred to in the Credit Agreement dated as of August 21, 1996 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Uniroyal Chemical Company, Inc. ("Uniroyal"), Crompton & Knowles Corporation, Crompton & Knowles Colors Incorporated, Davis-Standard Corporation, Ingredient Technology Corporation, the Lender Parties party thereto, Citicorp Securities, Inc., as Arranger, Citicorp USA, Inc., as Agent and The Chase Manhattan Bank, as Managing Agent. Unless otherwise defined herein, the terms defined in the Credit Agreement or the Security Agreement shall be used herein as therein defined.

Each Pledgor hereby agrees, with respect to any and all Collateral located in the State of Louisiana (the "Louisiana Collateral") that the Security Agreement is hereby supplemented, effective as of the date first above written, as follows:

(a) In the event the Louisiana Collateral or any part thereof is seized as an incident to an action for the recognition or enforcement of the security interest granted under the Security Agreement by executory process, ordinary process, sequestration, writ of fieri facias, or otherwise, each Pledgor hereby agrees that any court issuing any such order shall, if petitioned for by

the Agent, direct the sheriff or the United States Marshal, as applicable, to appoint as a keeper of the Louisiana Collateral, the Agent, or any agent designated by the Agent, or any person named by the Agent at the time such seizure is effected. This designation is made pursuant to LSA-R.S. 9:5136 through 5140.2, inclusive, as the same may be amended from time to time, and the Agent shall be entitled to all the rights and benefits afforded thereunder including reasonable compensation.

(b) The Agent may exercise in respect of the Louisiana Collateral, in addition to all other rights and remedies provided for herein or in the Security Agreement or otherwise available to it, all of the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of Louisiana at such time, whether or not the Uniform Commercial Code of the State of Louisiana applies to the affected Louisiana Collateral.

(c)Each Pledgor hereby confesses judgment in the amount of the Secured Obligations for purposes of executory process in favor of the Agent or of any future holder, bona fide purchaser, or assignee of the Secured Obligations of such Pledgor under the Security Agreement, and it shall be lawful for the Agent, without making demand and without notice or putting into default, the same being hereby expressly waived, to cause all and singular the Louisiana Collateral to be seized and sold under executory or ordinary process by any court of competent jurisdiction or to proceed with enforcement of its security interests in any other manner provided by law, to be sold with or without appraisement, to the highest bidder for cash or on such other terms as the plaintiff in such proceedings may direct. To the extent otherwise applicable at all, each Pledgor hereby expressly waives all of the following: (i) the benefit of appraisement, as provided in Articles 2332, 2336, 2723, and 2724 of the Louisiana Code of Civil Procedure (the "Louisiana Code"), and all other laws conferring the same; (ii) the demand and three (3) days delay accorded by Articles 2639 and 2721 of the Louisiana Code, (iii) the notice of seizure required by Article 2293 of the Louisiana Code, and conferring the same; (iv) the three (3) days delay provided by Articles 2331 and 2722 of the Louisiana Code, and the other provisions of Articles 2331, 2722, and 2723 of the Louisiana Code, and (v) all other Articles of the Louisiana Code not specifically mentioned above, in each case, as amended from time to time; and each Pledgor expressly agrees to the immediate seizure of the Louisiana Collateral in the event of suit thereon.

This Undertaking shall not operate as a waiver of any right, power or remedy of the Agent under the Security Agreement nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document.

Without duplication of any amount payable under Section 8.04 of the Credit Agreement, Uniroyal agrees: (a) to indemnify the Agent from and against any and all claims, losses and liabilities growing out of or resulting from this Undertaking (including, without limitation, enforcement of this Undertaking), except claims, losses or liabilities resulting from the Agent's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction; and (b) upon demand, to pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Agent may incur in connection with (i) the administration of this Undertaking, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Louisiana Collateral, (iii) the exercise or enforcement of any of the rights of the Agent or the Lender Parties hereunder or (iv) the failure by any Pledgor to perform or observe any of the provisions hereof.

This Undertaking may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Undertaking by telecopier shall be effective as delivery of a manually executed counterpart of this Undertaking.

This Undertaking shall be governed by, and construed in accordance with, the laws of the State of Louisiana.

Very truly yours,

GUSTAFSON, INC.

By
    Title:

GUSTAFSON INTERNATIONAL COMPANY

By
    Title:

LOKAR ENTERPRISES, INC.

By

Title:

TRACE CHEMICALS, INC.

By
Title:

UNIROYAL CHEMICAL BRAZIL HOLDING, INC.

By
Title:

UNIROYAL CHEMICAL COMPANY, INC.

By
Title:

UNIROYAL CHEMICAL CORPORATION
By
Title:

UNIROYAL CHEMICAL EXPORT LIMITED

By
Title:

UNIROYAL CHEMICAL INTERNATIONAL COMPANY

By
Title:

UNIROYAL CHEMICAL LEASING COMPANY, INC.

By
Title:

WITNESSES:

Acknowledged this 21st
day of August, 1996

CITICORP USA, INC.
as Agent for the Secured Parties

By
Title:

FORM OF SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY

Dated August 21, 1996

From
THE GUARANTORS NAMED HEREIN

as Guarantors

in favor of

THE SECURED PARTIES REFERRED TO IN
THE CREDIT AGREEMENT REFERRED TO HEREIN

T A B L E O F C O N T E N T S

SCHEDULE I-Uniroyal Guarantors and Crompton Guarantors

SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY dated August 21, 1996 made by the Persons listed on the signature pages hereof (each, a "Guarantor", and collectively the "Guarantors"), in favor of the Secured Parties (as defined in the Credit Agreement referred to below).

PRELIMINARY STATEMENT. Crompton & Knowles Corporation ("Crompton Corp."), Crompton & Knowles Colors Incorporated ("Crompton Colors"), Davis-Standard Corporation ("Davis-Standard") and Ingredient Technology Corporation ("ITC" and, together with Crompton Corp., Crompton Colors and Davis-Standard, the "Crompton Borrowers") and Uniroyal Chemical Company, Inc. (together with the Crompton Borrowers, the "Borrowers") have entered into a Credit Agreement dated as of August 21, 1996 (said Agreement, as it may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms used herein and not otherwise defined are used herein as therein defined) with the lender parties party thereto (the "Lender Parties"), Citicorp Securities, Inc., as Arranger, Citicorp USA, Inc., as Agent and The Chase Manhattan Bank, as Managing Agent. Each Guarantor may receive a portion of the proceeds of the Advances under the Credit Agreement and will derive substantial direct and indirect benefit from the transactions contemplated by the Credit Agreement. It is a condition precedent to the making of Advances and the issuance of Letters of Credit by the Lender Parties under the Credit Agreement and the entry by the Hedge Banks into Bank Hedge Agreements with the Borrowers from time to time that each Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender Parties to make Advances and to issue Letters of Credit under the Credit Agreement and the Hedge Banks to enter into Bank Hedge Agreements with the Borrowers from time to time, each Guarantor, jointly and severally with each other Guarantor, hereby agrees as follows:

Section 1. Guaranty; Limitation of Liability. (a) Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of each other Loan Party now or hereafter existing under the Loan Documents, whether for principal (including reimbursement for amounts drawn under Letters of Credit), interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise (such Obligations being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) incurred by the

Agent or any other Secured Party in enforcing any rights under this Guaranty and the other Loan Documents. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any Loan Party to the Agent or any other Secured Party under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Loan Party.

(b)(i)Uniroyal Guarantors. Each Guarantor listed on Part A of Schedule I hereto (each, a "Uniroyal Guarantor" and collectively, the "Uniroyal Guarantors"), and by its acceptance of this Guaranty, the Agent and each other Secured Party, hereby confirms that it is the intention of all such parties that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to this Guaranty. To effectuate the foregoing intention, the Agent, the other Secured Parties and the Guarantors hereby irrevocably agree that the Obligations of each Uniroyal Guarantor under this Guaranty shall not exceed the lesser of (A) so long as any Uniroyal Indenture remains in effect, the maximum amount of Debt permitted to be incurred under such Uniroyal Indenture and (B) the maximum amount as will, after giving effect to such maximum amount (including, without limitation, the net benefit realized by the Uniroyal Guarantors from the proceeds of the Advances made from time to time by the Borrowers to the Uniroyal Guarantors or any Subsidiary of any Uniroyal Guarantor) and all other contingent and fixed liabilities of such Uniroyal Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the Obligations of such other Guarantor under this Guaranty, result in the Obligations of such Uniroyal Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance. For purposes hereof, "Bankruptcy Law" means Title 11, U.S. Code, or any similar Federal or state law for the relief of debtors.

(ii)Crompton Guarantors. The liability of each Guarantor listed on Part B of Schedule I hereto (each a "Crompton Guarantor") under this Guaranty with respect to the Obligations of each other Loan Party (other than any Loan Party that is a Subsidiary of such Crompton Guarantor) guaranteed hereunder shall not exceed the maximum amount as will, after giving effect to such maximum amount (including, without limitation, the net benefit realized by the Crompton Guarantors from the proceeds of the Advances made from time to time by the Borrowers to the Crompton Guarantors or any Subsidiary of any Crompton Guarantor) and all other contingent and fixed liabilities of such Crompton Guarantor that

are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the Obligations of such other Guarantor under this Guaranty, result in the Obligations of such Crompton Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance.

(iii) Each Guarantor agrees that in the event any payment shall be required to be made to the Secured Parties under this Guaranty or the Parent Guaranty or any other guaranty, such Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other Guarantor and Crompton Corp. and each other guarantor so as to maximize the aggregate amount paid to the Secured Parties under the Loan Documents.

Section 2. Guaranty Absolute. Each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or any other Secured Party with respect thereto. The Obligations of each Guarantor under this Guaranty are independent of the Guaranteed Obligations or any other Obligations of any other Loan Party under the Loan Documents, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce this Guaranty, irrespective of whether any action is brought against any Borrower or any other Loan Party or whether such Borrower or any other Loan Party is joined in any such action or actions. The liability of each Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Loan Party under the Loan Documents, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Borrower or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of Collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral for all or any of the Guaranteed Obligations or any other Obligations of any other Loan Party under the Loan Documents or any other assets of any Loan Party or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Loan Party or any of its Subsidiaries;

(f) any failure of any Secured Party to disclose to any Borrower or any Guarantor any information relating to the financial condition, operations, properties or prospects of any other Loan Party now or in the future known to any Secured Party (each Guarantor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the failure of any other person to execute any guaranty or agreement or the release or reduction of liability of any guarantor or other surety with respect to the Guaranteed Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agent or any other Secured Party that might otherwise constitute a defense available to, or a discharge of, any Borrower, any Guarantor or any other guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Secured Party or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or any other Loan Party or otherwise, all as though such payment had not been made.

Section 3. Waivers and Acknowledgments. (a) Each Guarantor hereby waives promptness, diligence, notice of acceptance, presentment, demand for performance, protest, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty or the rights of the Secured Parties under this Guaranty and any requirement that the Agent or any other Secured Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Loan Party or any other Person or any Collateral.

(b) Each Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether

existing now or in the future.

(c) Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Loan Documents and that the waivers set forth in Section 2 and this Section 3 are knowingly made in contemplation of such benefits.

Section 4. Subrogation. No Guarantor will exercise any rights that it may now or hereafter acquire against any Borrower or any other insider guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's Obligations under this Guaranty or any other Loan Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Secured Party against each Borrower or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from each Borrower or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Bank Hedge Agreements shall have expired or terminated and the Commitments shall have expired or terminated. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty and the later of (i) the Termination Date and (ii) the expiration or termination of all Bank Hedge Agreements, such amount shall be held in trust for the benefit of the Agent and the other Secured Parties and shall forthwith be paid to the Agent to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) any Guarantor shall make payment to the Agent or any other Secured Party of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall be paid in full in cash and (iii) the Termination Date shall have occurred and all Bank Hedge Agreements shall have expired or terminated, the Agent and the other Secured Parties will, at any Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor.

Section 5. Payments Free and Clear of Taxes, Etc. (a) Any and all payments made by any Guarantor hereunder shall be made, in accordance with Section 2.11 of the Credit Agreement, free and clear of and without deduction for any and all present or future Taxes. If any Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Agent or any other Secured Party, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Agent or such other Secured Party (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Guarantor shall make such deductions and (iii) such Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Guarantor agrees to pay any present or future Other Taxes.

(c) The Guarantors jointly and severally agree to indemnify the Agent and each other Secured Party for and hold them harmless against the full amount of Taxes and Other Taxes, and for the full amount of taxes of any kind imposed by any jurisdiction on amounts payable under this Section 5, imposed on or paid by the Agent or such other Secured Party (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date the Agent or such other Secured Party (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes by or on behalf of any Guarantor, such Guarantor will furnish to the Agent, at its address referred to in the Credit Agreement, the original or a certified copy of a receipt evidencing such payment. In the case of any payment hereunder by or on behalf of any Guarantor through an account or branch outside the United States or by or on behalf of such Guarantor by a payor that is not a United States person, if such Guarantor determines that no Taxes are payable in respect thereof, such Guarantor shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Upon the reasonable request in writing of any Guarantor, each Secured Party organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution

and delivery of the Credit Agreement in the case of each Initial Lender or Initial Issuing Bank, as the case may be, and on the date of the Assignment and Acceptance or other agreement pursuant to which it becomes a Secured Party in the case of each other Secured Party, and from time to time thereafter upon the reasonable request in writing by any Guarantor (but only so long thereafter as such Secured Party remains lawfully able to do so), provide the Agent and such Guarantor with Internal Revenue Service forms 1001 or 4224 or (in the case of a Secured Party that is claiming exemption from United States withholding tax under Section 871(h) or 881(c) of the Internal Revenue Code with respect to payments of "portfolio interest") two accurate and complete signed original Forms W-8 (and, if such Secured Party delivers Forms W-8, two signed certificates certifying that such Secured Party (i) is not a "bank" for purposes of Section 881(c) of the Internal Revenue Code, (ii) is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Borrower, (iii) is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code) and (iv) is not a conduit entity participating in a conduit financing arrangement (as defined in Treasury Regulation Section 1.881-3), as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Secured Party is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to the Credit Agreement. If the accurate and complete forms provided by a Secured Party at the time such Secured Party first becomes a party to the Credit Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Secured Party provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Secured Party assignee becomes a party to the Credit Agreement, the Secured Party assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Secured Party assignee on such date.

(f)For any period with respect to which a Secured Party has failed to provide any Guarantor following such Guarantor's request therefor pursuant to subsection (e) above with the appropriate form described in subsection (e) above (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided or if such

form otherwise is not required under subsection (e) above), such Secured Party shall not be entitled to indemnification under subsection (a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Secured Party become subject to Taxes because of its failure to deliver a form required hereunder, such Guarantor shall take such steps, at such Lender Party's sole expense, as such Secured Party shall reasonably request to assist such Secured Party to recover such Taxes.

(g)Any Secured Party claiming any additional amounts payable pursuant to this Section 5 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Secured Party, be otherwise disadvantageous to such Secured Party.

(h)If any Secured Party, in its sole opinion, determines that it has finally and irrevocably received or been granted a refund in respect of any Taxes or Other Taxes as to which indemnification has been paid by Crompton Corp. pursuant to Section 5(a) or (b), it shall promptly remit such refund (including any interest) to Crompton Corp., net of all out-of-pocket expenses of such Secured Party; provided, however, that Crompton Corp., upon the request of such Secured Party, agrees promptly to return such refund (plus any interest) to such party in the event such party is required to repay such refund to the relevant taxing authority. Such Secured Party shall provide Crompton Corp. with a copy of any notice or assessment from the relevant taxing authority (deleting any confidential information contained therein) requiring repayment of such refund. Nothing contained herein shall impose an obligation on any Secured Party to apply for any refund.

(i)Without prejudice to the survival of any other agreement of any Guarantor hereunder or under any other Loan Document, the agreements and obligations of each Guarantor contained in this Section 5 and in Section 12 shall survive the payment in full of the Guaranteed Obligations and all other amounts payable under this Guaranty.

Section 6. Representations and Warranties. Each Guarantor hereby represents and warrants as follows:

(a)Such Guarantor (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it

owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed would not have a Material Adverse Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. All of the outstanding capital stock of such Guarantor has been validly issued and is fully paid and non-assessable.

(b) The execution, delivery and performance by such Guarantor of this Guaranty and each other Loan Document and each Related Document to which it is or is to be a party, and the consummation of the Merger and the other transactions contemplated hereby, are within such Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Guarantor's charter or bylaws, (ii) violate any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any loan agreement, indenture, mortgage, deed of trust or other instrument or material contract or material lease binding on or affecting such Guarantor, any of its Subsidiaries or any of their properties or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of such Guarantor or any of its Subsidiaries. Neither such Guarantor nor any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which would have a Material Adverse Effect.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by such Guarantor of this Guaranty, any other Loan Document or any Related Document to which it is or is to be a party, or for the consummation of the Merger or the other transactions contemplated hereby, (ii) the grant by such Guarantor of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created by the Collateral Documents (including the first priority nature thereof) or (iv) the exercise by the Agent or any Lender Party of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d) to the Credit

Agreement, all of which have been duly obtained, taken, given or made and are in full force and effect. All applicable waiting periods in connection with the Merger and the other transactions contemplated hereby and by the Credit Agreement have expired without any action having been taken by any competent authority restraining, preventing or imposing materially adverse conditions upon the Merger or the rights of such Guarantor or its Subsidiaries freely to transfer or otherwise dispose of, or to create any Lien on, any properties now owned or hereafter acquired by any of them.

(d) This Guaranty has been, and each other Loan Document and each Related Document to which such Guarantor will be a party when delivered pursuant to the Credit Agreement will have been, duly executed and delivered by such Guarantor. This Guaranty is, and each other Loan Document and each Related Document to which it will be a party when delivered pursuant to the Credit Agreement will be, the legal, valid and binding obligation of such Guarantor, enforceable against such Guarantor in accordance with its terms.

(e) There is no action, suit, investigation, litigation or proceeding affecting such Guarantor or any of its Subsidiaries, including any Environmental Action, pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or (ii) purports to affect the legality, validity or enforceability of the Merger, this Guaranty, any other Loan Document or any Related Document or the consummation of the transactions contemplated by the Loan Documents, and there has been no material adverse change in the status, or financial effect on such Guarantor or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(f) of the Credit Agreement.

(f) There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.

(g) Such Guarantor has, independently and without reliance upon the Agent or any other Secured Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty, and such Guarantor has established adequate means of obtaining from any other Loan Parties on a continuing basis information pertaining to, and is now and on a continuing basis will be completely familiar with, the financial condition, operations, properties and prospects of such other Loan Parties.

Section 7. Covenants. Each Guarantor covenants and agrees that, so long as any part of the Guaranteed Obligations shall remain unpaid, any Letter of Credit shall be outstanding, any Lender

Party shall have any Commitment or any Hedge Bank shall have any obligation under any Bank Hedge Agreement, such Guarantor will, unless the Required Lenders shall otherwise consent in writing, perform or observe, and cause its Subsidiaries to perform or observe, all of the terms, covenants and agreements that the Loan Documents state that the Borrowers are to cause such Guarantor or such Subsidiaries to perform or observe.

Section 8. Amendments, Etc. No amendment or waiver of any provision of this Guaranty and no consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Agent and the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all of the Secured Parties (other than any Lender Party that is, at such time, a Defaulting Lender), (a) reduce or limit the liability of such Guarantor hereunder or release such Guarantor, (b) postpone any date fixed for payment hereunder or (c) change the number of Secured Parties required to take any action hereunder.

Section 9. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication) and mailed, telegraphed, telecopied, telexed or delivered to it, if to any Guarantor, addressed both c/o Crompton Corp. at its address at One Station Place, Metro Center, Stamford, CT 06902, Attention: Chief Financial Officer and c/o Uniroyal Corp. at its address at World Headquarters, Benson Road, Middlebury, CT 06749, Attention: Chief Financial Officer, if to the Agent or any Lender Party, at its address specified in the Credit Agreement, if to any Hedge Bank, at its address specified in the Bank Hedge Agreement to which it is a party, or as to any party at such other address as shall be designated by such party in a written notice to each other party. All such notices and other communications shall (a) when mailed, be effective three Business Days after the same is deposited in the mails, (b) when mailed for next day delivery by a reputable freight company or reputable overnight courier service, be effective one Business Day thereafter, and (c) when sent by telegraph, telecopier or telex, be effective when the same is confirmed by telephone, telecopier confirmation or return telecopy or telex answerback, respectively. Delivery of a notice to any Guarantor at the above addresses shall be deemed notice to all Guarantors.

Section 10. No Waiver; Remedies. No failure on the part of the Agent or any other Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the

exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 11. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 of the Credit Agreement to authorize the Agent to declare the Notes due and payable pursuant to the provisions of said Section 6.01, each Lender Party and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender Party or such Affiliate to or for the credit or the account of any Guarantor against any and all of the Obligations of such Guarantor now or hereafter existing under this Guaranty, whether or not such Lender Party shall have made any demand under this Guaranty and although such Obligations may be unmatured. Each Lender Party agrees promptly to notify such Guarantor after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender Party and its respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender Party and its respective Affiliates may have.

Section 12. Indemnification. Without limitation on any other Obligations of any Guarantor or remedies of the Secured Parties under this Guaranty, each Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless each Secured Party from and against, and shall pay on demand, any and all losses, liabilities, damages, costs, expenses and charges (including the fees and disbursements of such Secured Party's legal counsel) suffered or incurred by such Secured Party as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of any Loan Party enforceable against such Loan Party in accordance with their terms, except to the extent such loss, liability, damages, cost, expense or charge is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Secured Party's gross negligence or willful misconduct.

Section 13. Continuing Guaranty; Assignments under the Credit Agreement. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty and the later of (i) the Termination Date and (ii) the expiration or termination of all Bank Hedge Agreements, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be

enforceable by the Agent and the other Secured Parties and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Secured Party may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party herein or otherwise, in each case as and to the extent provided in Section 8.07 of the Credit Agreement. No Guarantor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Secured Parties.

Section 14. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 15. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc. (a) This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

(b)Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty or any of the other Loan Documents to which it is or is to be a party, or for recognition or enforcement of any judgment, and each Guarantor hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Guaranty or any of the other Loan Documents to which it is or is to be a party in the courts of any jurisdiction.

(c)Each Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty or any of the other Loan Documents to which it is or is to be a party in any New York State or federal

court. Each Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d)Each Guarantor hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the transactions contemplated thereby or the actions of the Agent or any other Secured Party in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

CK HOLDING CORPORATION

By
Title:

CNK DISPOSITION CORP.

By
Title:

CROMPTON & KNOWLES COLORS INCORPORATED

By
Title:

CROMPTON & KNOWLES OVERSEAS CORPORATION

By
Title:

DAVIS-STANDARD CORPORATION

By
Title:

INGREDIENT TECHNOLOGY CORPORATION

By
Title:

GUSTAFSON, INC.

By
Title:

GUSTAFSON INTERNATIONAL COMPANY

By
Title:

KEM MANUFACTURING CORPORATION

By
Title:

LOKAR ENTERPRISES, INC.

By
Title:

TRACE CHEMICALS, INC.

By
Title:

UNIROYAL CHEMICAL BRAZIL HOLDING, INC.

By
Title:

UNIROYAL CHEMICAL COMPANY, INC.

By
Title:

UNIROYAL CHEMICAL CORPORATION

By
Title:

UNIROYAL CHEMICAL EXPORT LIMITED

By
Title:

UNIROYAL CHEMICAL INTERNATIONAL
COMPANY

By
Title:

UNIROYAL CHEMICAL LEASING
COMPANY, INC.

By
Title:

SCHEDULE I TO THE GUARANTY

PART A:
UNIROYAL GUARANTORS

Gustafson, Inc.
Gustafson International Company
Lokar Enterprises, Inc.
Trace Chemicals, Inc.
Uniroyal Chemical Brazil Holding, Inc.
Uniroyal Chemical Company, Inc.
Uniroyal Chemical Corporation
Uniroyal Chemical Export Limited
Uniroyal Chemical International Company
Uniroyal Chemical Leasing Company, Inc.

PART B:
CROMPTON GUARANTORS

CK Holding Corporation
CNK Disposition Corp.
Crompton & Knowles Colors Incorporated
Crompton & Knowles Overseas Corporation
Davis-Standard Corporation
Ingredient Technology Corporation
Kem Manufacturing Corporation

FORM OF
NON-EMPLOYEE DIRECTOR
STOCK OPTION AGREEMENT

AGREEMENT made as of March 5, 1996, by and between Uniroyal Chemical Corporation, a Delaware corporation (the "Company"), and the non-employee director identified on the signature page hereto (the "Optionee").

WHEREAS, the Company has adopted the Uniroyal Chemical Corporation 1993 Stock Option Plan (the "Plan"); and

WHEREAS, the Optionee currently serves as a non-employee director of the Company; and

WHEREAS, pursuant to the terms of the Plan, the Company must automatically grant to each non-employee director as of March 5, 1996, the date of the Company's annual meeting of stockholders (the "Grant Date"), an option under the Plan to acquire an aggregate of 3,000 Shares, on the terms set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

2. Grant of Option. The Optionee is hereby granted a non-qualified stock option (the "Option") to purchase an aggregate of 3,000 Shares, pursuant to the terms of this Agreement and the provisions of the Plan.

3. Option Price. The exercise price of the Option shall be $8.75 per Share issuable thereunder.

4. Conditions to Exercisability. (a) The Option shall become exercisable as to 33-1/3 of the Shares covered thereby on the date hereof and as to an additional 33-1/3 percent of such Shares on each of the next two succeeding anniversaries of the date hereof.

(b) The Option shall become exercisable upon the occurrence of a Change in Control.

5. Period of Option. The Option shall expire upon the first to occur of (i) the date ten years and one day from the Grant Date or (ii) the date three years from the Optionee's cessation of membership on the Board for any reason.

6. Exercise of Option. (a) The Option shall be exercised in the following manner: the Optionee, or the person or persons having the right to exercise the Option upon the death or Disability of the Optionee, shall deliver to the Secretary of the Company written notice, substantially in the form set forth as Exhibit A hereto, specifying the number of Shares which he elects to purchase. The Optionee (or such other person) must include with such notice full payment of the exercise price for the Shares being purchased pursuant to such notice. Payment of the exercise price must be made in cash, by certified or cashier's check or by personal check subject to collection; provided, however, that in lieu of payment in cash or by check, upon the request of the Optionee, the Company may, in its discretion, allow the Optionee to exercise the Option or a portion thereof by (i) transferring Shares (provided such Shares were owned by the Optionee for at least six months prior to the exercise of the Option) having an aggregate Fair Market Value on the date of exercise equal to such exercise price or (ii) a cash- less exercise procedure (if such a procedure has been established for the Plan).

(b) The Company may, in its discretion, require that the Optionee pay to the Company, at the time of exercise of any portion of the Option, any such additional amount as the Company deems necessary to satisfy its liability to withhold federal, state or local income tax or any other taxes incurred by reason of the exercise or the transfer of Shares thereupon.

(c) If the Plan or any law, regulation or interpretation requires the Company to take any action regarding the Shares before the Company issues certificates for the Shares being purchased, the Company may delay delivering the certificates for the Shares for the period necessary to take such action; provided, that the Company shall use its reasonable best efforts to promptly take any such action. The certificate or certificates representing the Shares acquired pursuant to the Option may bear a legend restricting the transfer of such Shares, and the Company may impose stop transfer instructions to implement such restrictions, if applicable.

(d) The Optionee will not be deemed to be a holder of any Shares pursuant to exercise of the Option until the date of the issuance of a stock certificate to him for such Shares and until the Shares are paid for in full.

7. Representations. (a) The Company represents and warrants that this Agreement has been authorized by all necessary corporate action of the Company and is a valid and binding agreement of the Company enforceable against it in accordance with its terms.

(b) The Optionee represents and warrants that he is not a party

to any agreement or instrument which would prevent him from entering into this Agreement.

8. Entire Agreement. This Agreement and the Plan contain all the understandings between the parties hereto pertaining to the matters referred to herein, and supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect thereto. The Optionee represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, bases or effect of this Agreement or otherwise.

9. Non-transferability. The Option shall not be transferable by the Optionee to whom granted otherwise than by will or the laws of descent and distribution, and the Option may be exercised during the lifetime of such Optionee only by the Optionee or Optionee's guardian or legal representative. The terms of the Option shall be binding upon the beneficiaries, executors, administrators, heirs and successors of the Optionee.

10. Amendment or Modification, Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing, signed by the Optionee and by a duly authorized officer of the Company. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

11. Notices. Any notice to be given hereunder shall be in writing and shall be delivered personally, sent by courier or telecopy (with confirmation of transmission) or registered or certified mail (postage prepaid, return receipt requested) addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing.

UNIROYAL CHEMICAL CORPORATION
c/o Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749
Attn: General Counsel
Telecopier: (203) 573-4301

Any notice delivered personally or by courier under this Section 11 shall be deemed given on the date delivered and any notice

sent by telecopy (with confirmation of transmission) or registered or certified mail (postage prepaid, return receipt requested) shall be deemed given on the date telecopied or mailed.

12. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

13. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

14. Governing Law. This agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of laws principles.

15. Headings. All descriptive headings of sections and paragraphs in this Agreement are intended solely for convenience, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph.

16. Construction. This Agreement is made under and subject to the provisions of the Plan, and all of the provisions of the Plan are hereby incorporated herein as provisions of this Agreement. If there is a conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan will govern. By signing this Agreement, the Optionee confirms that he has received a copy of the Plan and has had an opportunity to review the contents thereof.

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

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

UNIROYAL CHEMICAL CORPORATION

By:
Name: Ira J. Krakower
Title: Vice President

OPTIONEE

EMPLOYMENT AGREEMENT

AGREEMENT made this day of August, 1996, between UNIROYAL CHEMICAL COMPANY, INC., a New Jersey corporation with offices at Middlebury, Connecticut (the "Company"), and (the "Executive").

WHEREAS, the Company is engaged in the extremely competitive business of developing, manufacturing and marketing crop protection chemicals, rubber chemicals, plastic and petroleum additives, elastomers and urethane prepolymers throughout the United States, Canada, Western Europe and certain other areas of the world; and

WHEREAS, the Executive, as a result of training, expertise and personal application over the years, has acquired and will continue to acquire considerable and unique expertise and knowledge which are of considerable value to the Company in the conduct, management and operation of its business; and

WHEREAS, by virtue of the Executive's considerable and unique expertise and knowledge, and of the position in which the Executive is employed and will be employed hereunder, the Company considers the Executive a key management employee; and

WHEREAS, Uniroyal Chemical Corporation, a Delaware corporation ("UCC") and a parent of the Company, has been acquired (the "Acquisition") by Crompton & Knowles Corporation, a Massachusetts corporation ("Crompton"); and

WHEREAS, Crompton and the Executive (and certain other persons) have entered into a Supplemental Executive Retirement Agreement, dated as of the date hereof (the "SERA"); and

WHEREAS, the Company desires to terminate the employment contract pursuant to which the Executive is currently employed and in consideration therefor agrees and desires to employ the Executive on the terms and conditions set forth herein; and

WHEREAS, the Executive acknowledges that the Executive is a key management employee and is willing to terminate the employment contract pursuant to which the Executive is currently employed and to waive any right or entitlement to any payments under such contract resulting from the Acquisition and is desirous and willing to continue employment on the terms and conditions expressed herein; and

WHEREAS, the Company is willing to provide the Executive

with certain benefits in the event of the termination of the Executive's employment with the Company, including in the event of a Change in Control (as hereinafter defined);

NOW THEREFORE, in consideration of the continued employment of the Executive by the Company and the benefits to be derived by the Executive hereunder, and of the Executive's agreement to continue employment by the Company as provided herein, the parties mutually agree as follows:

1. Employment. The Company hereby agrees to continue to employ the Executive, and the Executive hereby agrees to continue to serve the Company, on the terms and conditions set forth herein.

2. Term. This Agreement shall be effective until the earlier to occur of (i) the second anniversary of the date hereof or (ii) the Executive's normal retirement date under the SERA or any successor retirement agreement ("Normal Retirement Date") ; provided, however, that beginning on the date one year after the date hereof, and on each annual anniversary of such date (each such date being referred to as a "Renewal Date"), the term hereof shall be automatically extended so as to terminate on the earlier of (x) two years from such Renewal Date or (y) the Executive's Normal Retirement Date, unless at least six months prior to a Renewal Date the Company shall give notice that the term hereof shall not be so extended.

3. Position, Duties and Place of Performance. The Executive shall initially serve as and shall have such responsibilities, duties and authority as he may have as of the Closing Date (as hereinafter defined) or as may from time to time be assigned to the Executive by the Board of Directors of the Company (the "Board"). The Executive shall devote substantially all his working time and efforts to the business and affairs of the Company. In connection with the Executive's employment by the Company, the Executive shall be based at the principal executive offices of the Company in Middlebury, Connecticut, or at such other location within a forty (40) mile radius of Middlebury, Connecticut as may be determined by the Board, except for required travel on the Company's business to the extent consistent with the Company's practices.

4. Sign-on Incentive. In consideration of the Executive's entering into this Agreement, the Company has paid to the Executive in cash the sum of $.

5. Compensation and Related Matters. As compensation and consideration for the performance by the Executive of the Executive's duties, responsibilities and covenants pursuant to this Agreement, the Company will pay the Executive and the

Executive agrees to accept in full payment for such performance the amounts and benefits set forth below.

(a) Salary. During the period of the Executive's employment hereunder, the Company shall pay to the Executive an annual base salary at a rate of $ commencing on the closing date of the Acquisition (the "Closing Date") or such higher rate as may from time to time be determined by the Board, such salary to be paid in substantially equal installments no less frequently than monthly. This salary may be increased from time to time by the Company in its sole discretion and, if so increased, shall not thereafter during the term of this Agreement be decreased. Compensation of the Executive by salary payments shall not be deemed exclusive and shall not prevent the Executive from participating in any other compensation or benefit plan of the Company. The salary payments (including any increased salary payments) hereunder shall not in any way limit or reduce any other obligation of the Company hereunder or under any other compensation or benefit plan or agreement under which the Executive is entitled to receive payment or other benefits from the Company, and no other compensation, benefit or payment hereunder or under any other compensation or benefit plan or agreement under which the Executive is entitled to receive payments or other benefits from the Company shall in any way limit or reduce the obligation of the Company to pay the Executive's salary hereunder.

(b) Bonus. During the term of the Executive's employment hereunder:

(i) the Executive shall be eligible to receive a cash bonus for the Company's fiscal year ending September 30, 1996, to be determined and paid by the Company in accordance with the Uniroyal Chemical Company, Inc. Management Incentive Plan ("MIP") as in effect on the date hereof, provided, however, that neither the costs associated with the consummation of the Acquisition nor any extraordinary write-off taken by the Company after the date of this Agreement shall be taken into account in determining whether any such bonus is due the Executive, and, if so, the amount thereof;

(ii) the Executive shall be eligible to receive a cash bonus for the last three months of calendar year 1996 to be determined and paid based on the Company's actual results of operations for such three month period and on an extension and proration of the MIP for the Company's 1996 fiscal year; and

(iii) commencing on January 1, 1997, the Executive shall participate in any annual bonus plan made generally available to executives of Crompton in positions comparable to that of Executive (the "Bonus Plans") on a basis no less

favorable than similarly situated executives of Crompton. Subject to this Agreement and to the rules and regulations governing the Bonus Plans which are communicated in writing to the Executive from time to time, the Executive agrees that the actual award of any cash bonus pursuant to a Bonus Plan, may pursuant to the terms of such plan, be subject to the achievement of certain financial goals by the Company and/or Crompton and/or certain personal performance goals established for the Executive with respect to any period for which a cash bonus may be paid pursuant to a Bonus Plan.

(c) Long Term Incentive Plan. During the term of the Executive's employment hereunder, the Executive shall be entitled to participate in any long term incentive plan made generally available to executives of Crompton in positions comparable to that of Executive on a basis no less favorable than similarly situated executives of Crompton.

(d) Expenses. During the term of the Executive's employment hereunder, the Executive shall be entitled to receive prompt reimbursement for all reasonable and customary travel and entertainment expenses or other out-of-pocket business expenses incurred by the Executive in fulfilling the Executive's duties and responsibilities hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Company, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(e) Other Benefits. The Executive shall be entitled to (i) participate in all of the employee benefit plans and arrangements of the Company and enjoy all of the perquisites in effect on the date hereof in which the Executive participates, or (ii) participate in plans, arrangements or perquisites providing the Executive with at least equivalent benefits to those referred to in clause (i) of this sentence (including without limitation each retirement, thrift and profit sharing plan, group life insurance and accident plan, medical and dental insurance plans, and disability plan), provided that the Company shall not make any changes in such plans, arrangements or perquisites that would adversely affect the Executive's rights or benefits thereunder; provided, however, that such a change may be made to a plan in which salaried employees of the Company participate, including termination of any such plan, arrangement or perquisite, if (x) it does not result in a proportionately greater reduction in the rights of or benefits to the Executive as compared with any other salaried employee of the Company or cause the benefits of the Executive to be less favorable in the aggregate than those available to similarly situated executives of Crompton or (y) it is required by law or a technical change. The Executive shall be entitled to participate in or receive benefits under any employee

benefit plan, arrangement or perquisite made available by the Company in the future to its executive employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans, arrangements and perquisites. Nothing paid to the Executive under any plan, arrangement or perquisite presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Executive pursuant to paragraph (a) of this Section 5. Any payments or benefits payable to the Executive under this Section 5 in respect of any year during which the Executive is employed by the Company for less than the entire such year shall, unless otherwise provided in the applicable plan or arrangement, be prorated in accordance with the number of days in such year during which he is so employed.

(f) Vacations. The Executive shall be entitled to paid vacation in each calendar year, determined in accordance with the Company's vacation policy. The Executive shall also be entitled to all paid holidays and personal days given by the Company to its executive employees.

6. Termination. The Executive's employment hereunder may be terminated under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. If, in the written opinion of a qualified physician selected by the Company, the Executive shall become unable to perform his duties hereunder due to physical or mental illness, and in connection therewith, the Executive has received and continues to receive benefit payments pursuant to the Company's Long-Term Disability Plan or any successor plan thereto, the Company may terminate the Executive's employment hereunder.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon:

(i) the willful and continuous neglect or refusal to perform the Executive's duties or responsibilities, or the willful taking of actions which materially impair the Executive's ability to perform his duties or responsibilities which continues after being brought to the attention of the Executive (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination (as defined in subsection (e) hereof) by the Executive for Good Reason (as defined in subsection (d) hereof)); or

(ii) the willful act or failure to act by the Executive in misconduct which is materially and manifestly injurious to the Company and which is brought to the attention of the Executive in writing not more than thirty days from the date of its discovery by the Company or the Board (including (1) intentional theft or embezzlement from the Company or its divisions, affiliates, predecessors, successors, or direct or indirect parents or subsidiaries (the "Group"), (2) intentional provision of services in competition to the Group which would have been prohibited under Section 8 hereof had it occurred after the Termination Date and (3) intentional disclosure to a competitor of the Group of any confidential proprietary information of the Group which disclosure is prohibited by Section 10 hereof; but, notwithstanding anything set forth in this paragraph (ii), not including (w) neglect of duties, (x) bad judgement or negligence, (y) any act or failure to act by the Executive believed in good faith to have been in or not opposed to the interests of the Group, or (z) any act or failure to act by the Executive in respect of which a determination could properly be made that the Executive met the applicable standard of conduct prescribed for indemnification, reimbursement or payment of expenses under the By-laws of the Company or the laws of the State of New Jersey or the Directors' and Officers' liability insurance of the Company, if any, in each case in effect at the time of such act or failure to act).

For purposes of this subsection (c), no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith or without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause without (1) reasonable written notice to the Executive specifying in detail the specific reasons for the Company's intention to terminate for Cause, (2) an opportunity for the Executive, together with his counsel, to be heard before the Board, and (3) delivery to the Executive of a Notice of Termination, as defined in subsection (e) hereof, approved by the affirmative vote of not less than a majority of the entire membership of the Board finding that in the good faith opinion of the Board, the Executive was guilty of conduct set forth above in clause (i) or (ii) hereof, and specifying the particulars thereof in detail.

(d) Convenience. The Company may terminate the Executive's employment hereunder at any time for Convenience. For purposes of this Agreement, a termination shall be deemed to be for "Convenience" if it is for any reason other than Death, Disability or Cause (which are provided for in subsections (a), (b) and (c) of this Section 6) or for no reason.

(e) Good Reason.

(i) The Executive may terminate his employment hereunder (A) for Good Reason or (B) otherwise upon written notice to the Company.

(ii) For purposes of this Agreement, "Good Reason" shall mean, without the Executive's express written consent, the occurrence of any of the following circumstances unless, in the case of clauses (A), (B), (C), (D) and (F) below, such circumstances are fully corrected prior to the Date of Termination (as defined in subsection (g) of this Section 6) specified in the Notice of Termination (as defined in subsection (f) of this Section 6) given in respect thereof: (A) a diminution in the Executive's position, duties, responsibilities or authority (except during periods when the Executive is unable to perform all or substantially all of the Executive's duties and/or responsibilities on account of the Executive's illness (either physical or mental) or other incapacity), (B) a reduction in either the Executive's annual rate of base salary or level of participation in any bonus or incentive plan for which he is eligible under Section 5(b) hereof, (C) an elimination or reduction of the Executive's participation in any benefit plan generally available to employees at the Executive's level, unless the Company continues to offer the Executive benefits substantially similar to those made available by such plan; provided, however, that a change to a plan in which all salaried employees of the Company generally participate, including termination of any such plan, if it does not result in a proportionately greater reduction in the rights of or benefits to the Executive as compared with the other salaried employees of the Company or is required by law or a technical change shall not be deemed to be Good Reason, (D) failure to provide facilities or services which are suitable as determined by the Board to the Executive's position and adequate for the performance of the Executive's duties and responsibilities, (E) failure of any successor (whether direct or indirect, by purchase of stock or assets, merger, consolidation or otherwise) to the Company to assume the Company's obligations hereunder or failure by the Company to remain liable to the Executive hereunder after an assignment by the Company of this Agreement, in each case as contemplated by Section 11 hereof, (F) any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of subsection (f) of this Section 6 (and for purposes of this Agreement no such purported termination shall be effective), or (G) a termination of employment by the Executive within the thirty day period commencing on the 270th day following the sale or other disposition to a person, entity or group (as defined in Rule 13d-5 ("Rule 13d-5") under the Securities Exchange Act of 1934, as amended) other than one or more members of the Group of the division or Subsidiary (as

defined in subsection (h) of this Section 6) of the Company, as the case may be, by which the Executive is employed, provided, however, Good Reason shall not exist if (i) the Executive has accepted employment with the successor or acquiring entity and such successor or acquiring entity has assumed this Agreement, or (ii) the Executive is offered a position with a member of the Group in a position of comparable prestige, responsibility and salary (and without relocation). The Executive's right to terminate employment pursuant to this subsection shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder; provided, however, that the Executive shall be deemed to have waived his rights pursuant to circumstances constituting Good Reason hereunder if he shall not have provided to the Company a Notice of Termination within ninety (90) days following his knowledge of the circumstances constituting Good Reason.

(f) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive (other than a termination pursuant to subsection (a) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 12. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated pursuant to subsection (a) above, the date of his death, (ii) if the Executive's employment is terminated pursuant to subsection (b) above, thirty days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty day period), (iii) if the Executive's employment is terminated pursuant to subsection (c) or (e) above, the date specified in the Notice of Termination which, in the case of a termination for Cause shall not be less than fifteen days from the date such Notice of Termination is given, and in the case of a termination for Good Reason or a termination pursuant to subsection 6(e)(i)(B) hereof shall not be less than fifteen (15) nor more than thirty (30) days from the date such Notice of Termination is given), (iv) if the Executive's employment is terminated by the Company other than for Cause, thirty days from the date the Executive is notified of such termination, or (v) if the Executive terminates his employment and fails to provide written notice to the Company of such termination, the date of such termination; provided, however,

that if within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this provision), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, then the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties, by a binding arbitration award or by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); and provided, further, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the foregoing, if the dispute is resolved in favor of the Company, the Date of Termination shall not be deemed to have been extended for purposes of this Agreement. If the Date of Termination is extended by a notice of dispute, the rights of the parties upon a final determination shall be governed by the terms of this Agreement, regardless of whether the Agreement otherwise remains in effect on the date of such final determination. Notwithstanding the pendency of any such dispute, the Company will continue to pay to the Executive his full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this subsection. Amounts paid under this subsection are in addition to all other amounts due under this Agreement or under any other compensation or benefit plan, agreement or arrangement under which the Executive is entitled to receive payments or other benefits from the Company, and shall not be offset against or reduce any other amounts due under this Agreement or under any other compensation or benefit plan, agreement or arrangement under which the Executive is entitled to receive payments or other benefits from the Company, and shall not be reduced by any compensation earned by the Executive as the result of employment by another employer.

(h) "Subsidiary" of any Person shall mean (i) any corporation that is directly or indirectly through one or more intermediaries, controlled (as such term is defined under the Securities Act of 1933, as amended) by such Person, (ii) any corporation more than 50% of the voting capital stock of which is owned, directly or indirectly, by such Person or (iii) any other Person that is directly or indirectly controlled (as such term is defined under the Securities Act) by such Person or in which such Person holds, directly or indirectly, a majority voting or ownership interest.

(i) "Person" shall mean any individual, group, corporation, partnership, joint venture, trust, joint stock company, unincorporated organization or government or political department or agency thereof or other entity of whatever nature.

7. Compensation Upon Termination, Death or During Disability.

(a) During any period that the Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness the Executive shall continue to receive his full base salary at the rate then in effect for such period (offset by any payments to the Executive received pursuant to disability benefit plans maintained by the Company) until his employment is terminated pursuant to Section 6(b) hereof, and upon such termination, the Company shall within ten days following the Date of Termination, make a lump sum payment to the Executive in an amount equal to the sum of (A) the Executive's annual base salary rate in effect as of the date Notice of Termination is given and (B) the average of the last three annual bonus payments awarded to the Executive under the Bonus Plans.

(b) If the Executive's employment is terminated by his death, the Company shall within ten days following the date of the Executive's death and in accordance with Section 6(a) hereof, (i) pay any amounts due to the Executive under Section 5 through the date of his death and (ii) pay to the Executive's legal representative a lump sum payment in an amount equal to the sum of (A) the Executive's annual base salary rate in effect as of the date of the Executive's death and (B) the average of the last three annual bonus payments awarded to the Executive under the Bonus Plans.

(c) If the Executive's employment is terminated by the Company for Cause or by the Executive for other than Good Reason, the Company shall pay the Executive his full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination, including any expenses owed pursuant to Section 4(c) and amounts under any compensation plan or program of the Company, at the time such payments are due and the Company shall, thereafter, have no further obligations to the Executive under this Agreement.

(d) If (A) the Company shall terminate the Executive's employment for Convenience (it being understood that a purported termination for disability pursuant to Section 6(b) hereof or for Cause which is disputed and finally determined not to have been

proper shall be a termination by the Company for Convenience) or (B) the Executive shall terminate his employment for Good Reason; then

(i) the Company shall pay the Executive his full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination including any expenses owed pursuant to Section 4(c) and amounts under any compensation plan or program of the Company, at the time such payments are due;

(ii) in lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination, the Company shall pay as liquidated damages to the Executive an amount equal to the sum of (A) the product of (1) the sum of (a) the Executive's annual base salary rate, in effect as of the date Notice of Termination is given, (b) the average of the last three annual bonus payments under the Bonus Plans awarded to the Executive, and (c) the amount contributed or required to be contributed by the Company, with respect to the Executive, to any of the Company's qualified defined contribution plans for the twelve-month period ending on the Date of Termination multiplied by (2) (w) if the Executive terminates his employment for Good Reason or the Company terminates the Executive's employment other than for Cause, in either case within one year after the occurrence of a Change in Control, the number three or (x) in any other case, the number two, and (B) the present value, as determined by the Company's independent accountants or actuaries (to be reasonably acceptable to the Executive), of any additional pension the Executive would have accrued under the Company's defined benefit plan qualified under the Code (as defined in subsection (f) of this Section 7) if the Executive, following the Date of Termination, had remained employed by the Company for a period, and earned compensation during such period at the Executive's annual base salary rate in effect as of the date of Notice of Termination, or (y) three years, if the Executive terminates his employment for Good Reason or the Company terminates the Executive's employment other than for Cause, in either case within one year after the occurrence of a Change in Control or (z) two years in any other case. Any payment to be made pursuant to this Paragraph shall be made in a lump sum on or before the tenth day following the Date of Termination;

(iii) the Company shall continue the participation of the Executive for a period of two years (except, if the Executive terminates his employment for Good Reason or the Company terminates the Executive's employment other than for Cause, in either case within one year after the occurrence of a Change in Control, such period shall be three years), in all medical, life and other employee "welfare" benefit plans and

programs in which the Executive was entitled to participate immediately prior to the Date of Termination provided that the Executive's continued participation is possible under the general terms and provisions of such plans and programs. In the event that the Executive's participation in any such plan or program is barred, the Company shall arrange to provide the Executive with benefits substantially similar to those which the Executive would otherwise have been entitled to receive under such plans and programs from which his continued participation is barred;

(iv) the Company shall pay to the Executive an amount equal to the product of (A) the amount of all legal fees and expenses incurred by the Executive as a result of such termination, including all such fees and expenses, if any, incurred in contesting, arbitrating or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code, to any payment or benefit provided hereunder multiplied by (B) (x) 100% if the Executive shall be successful in contesting or arbitrating or seeking to enforce such rights or benefits or (y) 50% if the Executive shall not be successful, provided that such claim has been brought in good faith by the Executive; and

(v) if the Company shall fulfill its obligations to the Executive pursuant to this Section 7(d) plus any amounts payable pursuant to Section 7(f) hereof, his full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination including any expenses owed pursuant to Section 4(c) and amounts under any compensation plan or program of the Company, at the time such payments are due and the Company shall, thereafter, have no further obligations to the Executive under this Agreement.

(e) For purposes of this Agreement, a "Change in Control" shall mean (i) a change in control of Crompton, of a nature that would be required to be reported in response to Item 1(a) of the Current Report on Form 8-K, as in effect on January 1, 1988, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a "Change in Control" shall be deemed to have occurred if: (x) a third person, including a "group" as such term is used in Section 13(d)(3) of the Exchange Act, other than the trustee of any employee benefit plan of Crompton, becomes the beneficial owner, directly or indirectly, of 20% or more of the combined voting power of Crompton's outstanding voting securities ordinarily having the right to vote for the election of directors of Crompton; (y) during any period of 24 consecutive months

individuals who, at the beginning of such consecutive 24-month period, constitute the Board of Directors of Crompton (the "Crompton Board" generally and, as of the date of this Agreement, the "Incumbent Board") cease for any reason (other than retirement upon reaching normal retirement age, disability, or death) to constitute at least a majority of the Crompton Board; provided that any person becoming a director of Crompton subsequent to the date hereof whose election, or nomination for election by Crompton's shareholders, was approved by a vote of at least three quarters of the directors comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Crompton, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (z) Crompton shall cease to be a publicly owned corporation having its outstanding Common Stock listed on the New York Stock Exchange or quoted in the NASDAQ National Market System; or (ii) the sale or other disposition to a third person, including a "group" as such term is used in Section 13(d)(3) of the Exchange Act, other than Crompton, a direct or indirect wholly-owned Subsidiary of Crompton, or the trustee of any employee benefit plan of Crompton or the Company, of (x) a majority of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company or (y) the division or subsidiary of the Company by which the Executive is employed.

(f) If the Executive becomes entitled to any payment or benefit whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company (or any person whose actions result in a Change in Control or any person affiliated with the Company or such person) in connection with any termination of the Executive's employment within one year following a Change in Control (all such payments being called the "Severance Payment") which is subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay the Executive pursuant to the procedures set forth below an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Severance Payment and any federal and state and local income tax and Excise Tax upon such payment shall be equal to the Severance Payment.

In the event of a Change in Control: (A) the Company shall in good faith determine the extent to which it believes any portion of the Severance Payment is subject to the Excise Tax and shall pay to the Executive on or prior to the thirtieth day

following the Date of Termination an amount the Company believes to be the applicable Gross-Up Payment; (B) if, thereafter, there is an assertion by the Internal Revenue Service that any additional portion of the Severance Payment is subject to the Excise Tax, promptly upon notice of such assertion the Company shall determine the extent to which such assertion is contested and shall (x) pay to the Executive within thirty days of such determination the Gross-Up Payment appropriate with respect to amounts not contested, and (y) immediately assume and conduct, at its own expense, the contest of such assertion. In any case in which the Company shall contest an assertion, the Company shall, in good faith, consult with the Executive concerning the appropriate actions or positions to be taken in contesting such assertion, including whether any action to contest such assertion shall initially be by way of judicial or administrative proceedings, or both, and, if judicial action with respect to such assertion is undertaken, the court before which such action shall be commenced. Upon a finding that any additional Excise Tax must be paid, the Company shall, within thirty days of such determination, pay to the Executive the Gross-Up Payment (including any interest, penalties, and other expenses, related to contesting such assertion).

(g) The Executive shall not be required to mitigate the amount of any payment provided for in this Section 7 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 7 be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

(h) Notwithstanding any provision of this Agreement to the contrary, upon the termination of the Executive's employment by the Company prior to the date two years following the date hereof, other than such a termination which is preceded by a Change of Control of Crompton described in Section 7(e)(i) hereof, the agreement dated October 30, 1989, between the Company and the Executive pursuant to which the Executive was employed by the Company prior to the date of this Agreement (the "Prior Agreement") shall govern payments by the Company to the Executive in connection with such termination of the Executive's employment; provided, that the sign on incentive paid to the Executive pursuant to Section 4 hereof shall not be considered for purposes of determining the amount due the Executive under the Prior Agreement; and, provided further,that any amount due the Executive from the Company under the Prior Agreement shall be reduced by the sum of the sign on incentive paid to the Executive by the Company upon the execution of this Agreement pursuant to Section 4 hereof less that portion of such sign on incentive paid with respect to the Company's 1986 LTI Plan.

(i) The obligations of the Company to make payments and provide benefits under this Section 7 accruing prior to the termination of this Agreement shall survive such termination.

8. Covenant Not to Compete. The Executive acknowledges that, as a key management employee, the Executive will be involved, on a high level, in the development, implementation and management of the Company's national and international business strategies and plans, including those which involve the Company's finances, research, marketing, planning, operations, industrial relations and acquisitions. By virtue of the Executive's unique and sensitive position and special background, employment of the Executive by a competitor of the Company represents a serious competitive danger to the Company, and the use of the Executive's talent and knowledge and information about the Company's business, strategies and plans can and would constitute a valuable competitive advantage over the Company. In view of the foregoing, the Executive covenants and agrees that, if the Executive's employment is terminated (i) for Cause, (ii) pursuant to an event constituting Good Reason or by the Company for Convenience, in either case within one year of the occurrence of a Change in Control; or (iii) in any other case, for a period of three years in the case of clauses (i) and (ii) of this sentence, and two years in the case of clause (iii) of this sentence, after the Date of Termination the Executive will not engage or be engaged, in any capacity, directly or indirectly, including but not limited as employee, agent, consultant, manager, executive, owner or stockholder (except as a passive investor holding less than a 5% equity interest in any enterprise) in any business entity engaged in competition with any business conducted by the Company on the Date of Termination in North America or in any business entity engaged in direct competition with the business division of the Company for which the Executive was employed on the Date of Termination in Europe; provided, that the Executive may be employed by a competitor of the Company so long as the Executive's duties and responsibilities do not relate directly or indirectly to the activities of the new employer which are competitive with the business segment of the Company in which the Executive was employed at any time prior to the Date of Termination.

The covenant not to compete contained in this Section 8 shall survive the termination of this Agreement.

If any court determines that the covenant not to compete contained in this Section 8, or any part hereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision as the case may be, and, in its reduced form, such provision shall then be enforceable.

9. Assignment of Inventions, Patents, Etc. The Executive agrees that all processes, technologies, designs and inventions ("Inventions"), including new contributions, improvements, ideas and discoveries, whether patentable or not, conceived, developed, invented or made by the Executive during the term of this Agreement shall belong to the Company, provided that such Inventions grew out of the Executive's work with the Company or any of its subsidiaries or affiliates, are related in any manner to the business (commercial or experimental) of the Company or any of its subsidiaries or affiliates or are conceived or made on the Company's time or with the use of the Company's facilities or materials. The Executive, either during the term of this Agreement or thereafter as required by the Company, shall further: (a) promptly disclose such Inventions to the Company; (b) assign the Company, without additional compensation, all patent and other rights to such Inventions for the United States and foreign countries; (c) sign all papers necessary to carry out the foregoing; and (d) give testimony or otherwise take action in support of the Executive's status as the inventor of such Inventions.

It is the desire and intent of the parties that the terms, provisions, covenants and remedies contained in this Section 9 and in Section 10 shall be enforceable to the fullest extent permitted by applicable law or public policy. If any such term, provision, covenant or remedy or the application thereof to any person or circumstance shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant or remedy shall be construed in a manner so as to permit its enforceability to the fullest extent permitted by applicable law or public policy. In any case, the remaining provisions of this Agreement or the application thereof to any person or circumstance other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

10. Confidentiality. In addition to any obligation regarding inventions, patents, ideas or other intellectual property set forth in Section 9, the Executive acknowledges that the Company's trade secrets and confidential and proprietary information, including without limitation:

(a) unpublished information concerning the Company's:

(i) research activities and plans,

(ii) marketing or sales plans,

(iii) pricing or pricing strategies,

(iv) operational techniques, and

(v) strategic plans;

(b) unpublished financial information, including information concerning revenues, profits and profit margins;

(c) internal confidential manuals; and

(d) any "material inside information" as such phrase is used for purposes of the Securities Exchange Act of 1934, as amended;

all constitute valuable, special and unique information of the Company. In recognition of this fact, the Executive agrees that the Executive will not disclose any such trade secrets or confidential or proprietary information (except (i) information which becomes publicly available without violation of this Agreement, (ii) information of which the Executive did not know and should not have known was disclosed to the Executive in violation of any other person's confidentiality obligation, (iii) disclosure required in connection with any legal process and (iv) disclosure which the Executive reasonably and in good faith believes to be in or not opposed to the interests of the Company) to any person, firm, corporation, association or other entity, for any reason or purpose whatsoever, nor shall the Executive make use of any such information for the benefit of any person, firm, corporation or other entity except the Company and its subsidiaries or affiliates. The Executive's obligation to keep all of such information confidential shall be in effect during and for a period of three years after the Date of Termination; provided, however, that the Executive will keep confidential and will not disclose any trade secret or similar information protected under law as intangible property (subject to the same exceptions set forth in the parenthetical clause above) for so long as such protection under law is extended.

11. Binding Agreement. This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with he terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

12. Notice. Notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered, if delivered

personally, or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, and when received if delivered otherwise, addressed as follows:

If to the Executive:

If to the Company:

Uniroyal Chemical Company, Inc.
Benson Road
Middlebury, CT 06749

Attention: John T. Ferguson II

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

13. General Provisions. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer of the Company as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Connecticut without regard to its conflicts of law principles.

14. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

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

16. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in the State of Connecticut, in accordance with the rules of the

American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of Sections 8, 9 or 10 of this Agreement and the Executive hereby consents that such restraining order or injunction may be granted without the necessity of the Company's posting any bond, and provided further that the Executive shall be entitled to seek specific performance of his right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. The expenses of such arbitration shall be borne by the Company.

17. Entire Agreement. This Agreement, together with the Basic Agreements, sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreement, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative or any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and canceled.

18. Limitation on Damages. In the event Executive purports to terminate this employment because of an alleged breach of this Agreement by the Company, the maximum damages to which executive will be entitled for a cause of action for such breach shall be the amounts specified in this Agreement, plus interest and costs awarded, if any.

19. Injunctive Relief. The Executive agrees that in addition to any other remedy provided at law or in equity or in this Agreement, the Company shall be entitled to a temporary restraining order and both preliminary and permanent injunctions restraining Executive from violating any provision of Sections 8, 9 and 10 of this Agreement.

20. Consent to Jurisdiction and Forum. The Executive hereby expressly and irrevocably agrees that the Company may bring any action, whether at law or in equity, arising out of or based upon this agreement or the Executive's employment by the Company in the state of Connecticut or in any federal court therein. The Executive hereby irrevocably consents to personal jurisdiction in such court and to accept service of process in accordance with the provisions of the laws of the State of Connecticut. In the event the Company commences any such action in the State of Connecticut or in any Federal court therein, the Company agrees to reimburse the Executive for the reasonable expenses incurred by the Executive in his appearance in such forum which are in addition to the expenses the Executive would

have incurred by appearing in the forum of the Executive's residence, including but not limited to additional legal fees.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

UNIROYAL CHEMICAL COMPANY, INC.

By:_____
Name:
Title:

_____

SUPPLEMENTAL RETIREMENT AGREEMENT

AGREEMENT dated as of the day of August, 1996 (the "Agreement") by and between (the "Executive") and Uniroyal Chemical Company, Inc., a New Jersey corporation (the "Corporation").

WITNESSETH:

WHEREAS, the Corporation is engaged in the extremely competitive business of developing, manufacturing and marketing crop protection chemicals, rubber chemicals, plastic and petroleum additives, elastomers and urethane prepolymers throughout the United States, Canada, Western Europe and certain other areas of the world;

WHEREAS, the Executive, as a result of training, expertise and personal application over the years, has acquired and will continue to acquire considerable and unique expertise and knowledge which are of considerable value to the Corporation;

WHEREAS, the Corporation wishes to induce the Executive to continue in its employ, recognizing that in the case of the Executive and a limited number of other key executive employees to whom similar contracts may be offered, the ordinary retirement benefits provided under the Corporation's retirement systems do not afford sufficient incentive in terms of economic security, when compared with retirement arrangements available from other prospective employers who have been, are, or may be competing for such key executive employees' services; and

WHEREAS, the Executive and the Corporation wish to terminate the Supplemental Executive Retirement Agreement between the Executive and the Corporation dated the 30th day of October, 1989, and to enter into this Agreement with respect to supplemental retirement benefits to be provided the Executive by the Corporation;

NOW, THEREFORE, in consideration of the continued employment of the Executive by the Corporation and the benefits to be derived by the Executive hereunder, the Executive and the Corporation hereby agree as follows:

1. Nothing herein shall be deemed a contract of employment for any minimum fixed term, or shall restrict the freedom of the Corporation or the Executive to terminate the

employment relationship between them at any time.

2. The Supplemental Executive Retirement Agreement between the Executive and the Corporation dated the 30th day of October, 1989, is terminated effective on the date hereof and shall be of no further force or effect.

3. For the purposes of this Agreement, the following terms shall have the following meanings:

(a) CKC" shall mean Crompton & Knowles Corporation and its Subsidiaries".

(b) "Actuarial Consultants" shall mean the actuarial consultants employed by Crompton & Knowles Corporation, the parent of the Corporation, in connection with its employee benefit plans.

(c) "Normal Retirement Date" shall mean the first day of the month on or next after the Executive's sixty-fifth (65th) birthday.

(d) "Compensation" shall mean all of the Executive's cash compensation paid by the Corporation or CKC for a calendar year, including salary, any amount contributed by the Executive to a cash or deferred plan under Section 401(k) of the Internal Revenue Code of 1986, as amended, and any incentive compensation award or bonus with respect to such year (even if paid in a subsequent year), but excluding any incentive compensation award or bonus paid during such year with respect to a prior year and extraordinary earnings such as the sign on incentive paid to the Executive pursuant to Section 4 of an employment agreement with the Corporation dated August 21, 1996, insurance costs or income from the exercise of stock options.

(e) "Actuarial Equivalent" shall mean an amount of equivalent value computed on the basis of the actuarial assumptions used from time to time by the Actuarial Consultants in connection with the employee benefit plans of CKC, but using an interest assumption which is not less than the Pension Benefit Guaranty Corporation's interest assumption, if any, in effect at the beginning of the month as of which the computation is made.

(f) "Company Plan Benefit" shall mean the amount of benefit payable to or in respect of the Executive from any defined benefit pension plan maintained by CKC, calculated in the form of a straight life annuity (regardless of the form in which such benefit may actually be payable).

(g) "Cause" shall mean (i) the Executive's willful and continued failure to substantially perform assigned duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated

failure resulting from termination for Good Reason), after a demand for substantial performance is delivered to the Executive by the Board of Directors of the Corporation (the "Board"), specifically identifying the manner in which the Board believes that the duties have not been substantially performed, or (ii) the Executive's willful conduct which is demonstrably and materially injurious to the Corporation. For purposes of this sub-paragraph (e), no act, or failure to act, shall be considered "willful" unless done, or omitted to be done, not in good faith and without reasonable belief that such action or omission was in the best interest of the Corporation.

(h) "Good Reason" shall mean (i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles, and reporting requirements), authority, duties, or responsibilities as contemplated by any employment agreement between the Executive and the Corporation, or any other action by the Corporation which results in a diminishment in such position, authority, duties, or responsibilities, other than an insubstantial and inadvertent action which is remedied by the Corporation promptly after receipt of notice thereof given by the Executive; (ii) any failure by the Corporation to comply with any of the provisions of any employment agreement between the Executive and the Corporation, other than an insubstantial and inadvertent failure which is remedied by the Corporation promptly after receipt of notice thereof given by the Executive; (iii) any change not concurred in by the Executive in the location of the office at which the Executive is principally based, except for a change to a location within a 40 mile radius of Middlebury, CT, and travel reasonably required in the performance of the Executive's responsibilities and substantially consistent with prior business travel obligations of the Executive; or (iv) any purported termination by the Corporation of the Executive's employment otherwise than as permitted by any employment agreement between the Executive and the Corporation.

(i) "Change in Control" shall mean (i) a change in control of Crompton & Knowles of a nature that would be required to be reported in response to Item 1(a) of the Current Report on Form 8-K, as in effect on January 1, 1988, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a "Change in Control" shall be deemed to have occurred if (x) a third person, including a "group" as such term is used in Section 13(d)(3) of the Exchange Act, other than the trustee of any employee benefit plan of Crompton & Knowles, becomes the beneficial owner, directly or indirectly, of 20% or more of the combined voting power of Crompton & Knowles' outstanding voting securities ordinarily having the right to vote for the election of directors of Crompton & Knowles; (y) during any period of 24 consecutive months individuals who, at the beginning of such consecutive 24-month period, constitute the

Board of Directors of Crompton & Knowles (the "Crompton & Knowles Board" generally and, as of the date of this Agreement, the "Incumbent Board") cease for any reason (other than retirement upon reaching normal retirement age, disability, or death) to constitute at least a majority of the Crompton & Knowles Board; provided that any person becoming a director of Crompton & Knowles subsequent to the date hereof whose election, or nomination for election by Crompton & Knowles' shareholders, was approved by a vote of at least three quarters of the directors comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Crompton & Knowles, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (z) Crompton & Knowles shall cease to be a publicly owned corporation having its outstanding Common Stock listed on the New York Stock Exchange or quoted in the NASDAQ National Market System; or (ii) the sale or other disposition to a third person, including a "group" as such term is used in Section 13(d)(3) of the Exchange Act, other than Crompton & Knowles, a direct or indirect wholly-owned Subsidiary of Crompton & Knowles, or the trustee of any employee benefit plan of Crompton & Knowles or the Corporation, of (x) a majority of the combined voting power of the Corporation's outstanding voting securities ordinarily having the right to vote for the election of directors of the Corporation or (y) the division or Subsidiary of the Corporation by which the Executive is employed.

(j) "Projected Compensation" shall mean (i) for any calendar year throughout which the Executive is employed by the Corporation, his Compensation (as defined in paragraph 3(b) hereof) for such year, and (ii) for any calendar year during or after which his employment by the Corporation has been terminated, the compensation the Executive would have received for such year if he had received (A) salary at a rate determined by projecting his annual rate of salary at the end of the last full calendar year of his employment by the Corporation forward at a rate equal to 5% in excess of the annual percentage change in the Consumer Price Index as published by the U.S. Bureau of Labor Statistics for such year and (B) a bonus equal to 40% of his salary as thus projected.

(k) "Alternate Benefit Amount" shall mean the sum of $, plus interest thereon from the date of this Agreement to the date of termination of the Executive's employment with the Corporation, calculated for each six month period commencing on January 1 and July 1 at an interest rate per annum equal to the six month London interbank offerred rate for prime banks on deposits in U.S. dollars as published in a newspaper of daily circulation in London, England on the day preceding the date of this Agreement (in the case of the period from the date of this Agreement to and

including December 31, 1996), and, thereafter, on the December 31 or June 30 (or, if no such rate is published on any such date, on the last day prior thereto that such an interest rate is so published) immediately preceding each such six month period , plus 0.75%.

(l) "Subsidiary" shall mean, with respect to any Person, (i) any corporation that is directly or indirectly through one or more intermediaries, controlled (as such term is defined under the Securities Act of 1933, as amended) by such Person, (ii) any corporation more than 50% of the voting capital stock of which is owned, directly or indirectly, by such Person or (iii) any other Person that is directly or indirectly controlled (as such term is defined under the Securities Act) by such Person or in which such Person holds, directly or indirectly, a majority voting or ownership interest.

(m) "Person" shall mean any individual, group, corporation, partnership, joint venture, trust, joint stock company, unincorporated organization or government or political department or agency thereof or other entity of whatever nature.

4. Anything in this Agreement to the contrary notwithstanding, and provided that the Executive has not received payment pursuant to paragraph 7 of this Agreement and does not elect pursuant to sub-paragraph 8(b) or paragraph 6 to receive a benefit described in paragraphs 5 or 6 of this Agreement, upon the termination of the Executive's employment with CKC for any reason, the Executive shall be entitled to receive a supplemental retirement benefit equal to the Alternate Benefit Amount payable in the forms described in paragraph 8.

5. If the Executive shall remain in the employ of CKC until and shall reach his Normal Retirement Date and does not receive the Alternate Benefit Amount as a supplemental retirement benefit pursuant to paragraph 4 of this Agreement, he shall be entitled to receive a supplemental retirement benefit under this Agreement which shall be at an annual rate equal to the amount by which

(a) Fifty five percent (55%) of the Executive's average annual Compensation during those five (5) calendar years in which such Compensation was highest during the ten (10) calendar years immediately preceding his Normal Retirement Date

exceeds

(b) the annual amount of the Company Plan Benefit payable to the Executive, determined as of his Normal Retirement Date.

Such supplemental retirement benefit shall commence on the Executive's actual retirement date and shall be payable in one of

the benefit payment forms described in paragraph 8.

6. If the Executive's employment by CKC shall be terminated (other than by reason of his death or disability or by CKC for Cause) prior to his Normal Retirement Date and he does not receive the Alternate Benefit Amount as a supplemental retirement benefit pursuant to paragraph 4 of this Agreement, he shall be entitled to receive a reduced supplemental retirement benefit under this Agreement which shall be at an annual rate computed as follows:

(a) There shall first be determined the amount which is equal to fifty five percent (55%) of the Executive's average annual Compensation during those five (5) calendar years in which such Compensation was highest during the ten (10) calendar years immediately preceding the year in which the termination of his employment occurs.

(b) The amount thus determined shall be multiplied by a fraction in which the numerator shall be the number of full years of continuous service the Executive shall have completed with CKC (including the Corporation prior to its acquisition by Cromption & Knowles Corporation and Uniroyal, Inc.) prior to the the termination of his employment and the denominator shall be the number of full years of continuous service he would have completed with CKC (including the Corporation prior to its acquisition by Crompton & Knowles Corporation and Uniroyal, Inc.) on his Normal Retirement Date had he remained in the continuous service of CKC until his Normal Retirement Date.

(c) There shall then be subtracted from the amount thus determined the annual amount of the Company Plan Benefit payable to the Executive, determined as of the date of the termination of his employment.

Such reduced supplemental retirement benefit shall commence on the first day of the month following the month in which the Executive attains age 62 and shall be payable in one of the benefit payment forms described in paragraph 8.

Anything in this paragraph to the contrary notwithstanding, if, prior to his Normal Retirement Date but after a Change in Control shall have occurred, the Executive's employment by CKC shall terminate other than by reason of his death or disability the Executive shall be entitled to elect to receive a supplemental retirement benefit under this Agreement in lieu of any benefit he is entitled to receive under sub-paragraphs (a)-(c), inclusive, of this paragraph 6 or otherwise under the terms of this Agreement, which shall be at an annual rate computed as follows:

(d) If the Executive has not attained the age of 55 on the date his termination of employment occurs, his benefit shall be

equal to the amount by which

(i) Fifty five percent (55%) of the Executive's average annual Projected Compensation during those five (5) calendar years in which such Projected Compensation is highest during the ten (10) calendar years immediately preceding the year in which he would have attained age 55

exceeds

(ii) the annual amount of the Company Plan Benefit payable to the Executive, determined as of the date of the termination of his employment.

(e) If the Executive has attained age 55 on the date his termination of employment occurs, his benefit shall be equal to the amount determined under sub-paragraphs (a) and (c) of this paragraph without the application of sub-paragraph (b) hereof.

Such supplemental retirement benefit under sub-paragraph (d) or (e) hereof shall commence on the first day of the month following the month in which the Executive attains age 65 and shall be payable in one of the benefit payment forms described in paragraph 8.

7. If the Executive is not eligible to receive or, if eligible, waives his right to any payments and is not receiving any payments pursuant to this Agreement, if the Executive becomes qualified for benefits under any long term disability plan sponsored by CKC as a result of total disability while in the employment of CKC, CKC, if it has not done so already, shall pay to the Executive in a lump sum as soon as practicable following the commencement of such disability the Alternate Benefit Amount.

8. (a) The normal form in which the benefit payable under this Agreement shall be paid shall be a lump sum payment of the Alternate Benefit Amount which the Corporation shall pay to the Executive not later than ten days following the termination of the Executive's employment by CKC. In lieu of such lump sum payment of the Alternate Benefit Amount, the Executive may elect to receive the Actuarial Equivalent of such lump sum payment (as determined by the Actuarial Consultants) payable either (i) as an annuity providing for monthly payments for life and without refund, (ii) as an annuity providing for monthly payments for life with a period certain of up to 180 months, in the form of a monthly benefit payable for a period certain, or (iii) in the form of a monthly benefit payable for life with continuation of such payments (or a specified percentage thereof) to such beneficiary as the Executive may designate for the life of such beneficiary.

(b) In lieu of the benefit described in sub-paragraph 8(a) the Executive, if eligible, may elect to receive a benefit as provided in paragraph 5 or sub-paragraphs 6(a)-(e) of this Agreement, in the form of a monthly benefit payable for life and

without refund.

(c) The Executive may further elect to receive any benefit described in sub-paragraph 8(b) in the form of a monthly benefit payable for life with a period certain of up to 180 months, in the form of a monthly benefit payable for a period certain, or in the form of a monthly benefit payable for life with continuation of such payments (or a specified percentage thereof) to such beneficiary as the Executive may designate for the life of such beneficiary. The amount of benefit payable under each such alternative benefit payment form shall be the Actuarial Equivalent of the benefit payable in the form to which the Executive would otherwise be entitled under sub-paragraph 8(b).

(d) The elections described in sub-paragraphs 8(a), 8(b) or 8(c) shall be made in writing delivered to the Secretary of the corporation employing Executive not less than one year prior to the termination of the Executive's employment by the corporation employing Executive and may not be changed or rescinded thereafter. The Executive shall have the right to designate in writing the beneficiary or beneficiaries to receive the benefit, if any, which is payable under any benefit payment form after the Executive's death and may change his designation of beneficiary from time to time, at any time prior to the date on which benefit payments are to commence. If there shall be no beneficiary designated and surviving at the Executive's death, the estate of the Executive shall be the beneficiary. Whenever any benefits hereunder become payable to the beneficiary of the Executive, the Corporation may, in its discretion, authorize payment of such benefits to the beneficiary in a single lump sum which is the Actuarial Equivalent of such benefits.

Anything in this paragraph 8 to the contrary notwithstanding, at any time after the date on which benefit payments commence, the Executive may elect to receive his unpaid benefits hereunder in a single lump sum in an amount which is equal to 90% of the Actuarial Equivalent of the benefit payable in the form to which the Executive is otherwise entitled hereunder on the date as of which such election is made.

9. If the Executive shall die while currently receiving a benefit under this Agreement and the Executive shall have elected a benefit payment form other than a monthly benefit payable for life with no period certain, any benefits payable after his death shall be paid to his beneficiary in accordance with the provisions of the benefit payment form elected by the Executive. If the Executive shall die prior to receiving a benefit under this Agreement, the Alternate Benefit Amount shall be paid in a lump sum to his beneficiary as a death benefit as soon as practicable following the Executive's death in lieu of any other benefit under this Agreement ; provided that the Beneficiary entitled thereto may

elect to have such benefit paid in any of the forms described in paragraph 8 in an amount which is the Actuarial Equivalent of the form of benefit otherwise payable under this paragraph. Such death benefit shall be in addition to any Company Plan Benefit or benefits under any group life insurance plan sponsored by the Corporation which is payable on account of the Executive's death.

10. Anything in this Agreement to the contrary notwithstanding, if at any time during the five year period immediately following termination of his employment with the Corporation the Executive shall directly or indirectly compete with CKC, whether as an individual proprietor or entrepreneur or as an officer, employee, partner, stockholder, or in any capacity connected with any enterprise, in any business in which CKC is engaged at the time of the termination of the Executive's employment within any state or possession of the United States of America or any foreign country within which business is then specifically planned by CKC to be conducted, CKC may suspend the payment of any benefits hereunder to the Executive until such competition shall have ceased, and in the event such competition by the Executive shall not have ceased to the satisfaction of CKC within 90 days after CKC shall have given written notice to the Executive to cease the conduct thereof, CKC may at any time thereafter terminate its obligations under this Agreement. For the purpose of the preceding sentence, conducting business, doing business, or engaging in business shall be deemed to embrace sales to customers or performance of services for customers who are within a relevant geographical area, without any necessity of any presence of CKC therein. Nothing herein, however, shall prohibit the Executive from acquiring or holding any issue of stock or securities of any company which has any securities listed on a national exchange or quoted in the daily listing of over-the-counter market securities, provided that at any one time he and members of his immediate family do not own more than five percent (5%) of the voting securities of any such company.

11. This Agreement is an unfunded plan maintained for the purpose of providing deferred compensation for one of a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974. CKC will make all benefit payments hereunder solely on a current disbursement basis out of the general assets of CKC, including without limitation from assets held in any grantor trust established by CKC for the purpose of making some or all of such payments.

12. This Agreement shall bind and run to the benefit of the successors and assigns of CKC, including any corporation or other form of business organization with which it may merge or consolidate or to which it may transfer substantially all of its assets.

13. The rights of the Executive under this Agreement shall not be assigned, hypothecated, or otherwise transferred in any manner.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, the Executive has hereunto signed his name and the Corporation has caused this instrument to be executed in its name and on its behalf by its duly authorized officer, as of the day and year first above written.

_____
Executive

UNIROYAL CHEMICAL COMPANY, INC.

By:
Its:

SUPPLEMENTAL RETIREMENT AGREEMENT

AGREEMENT dated as of the day of August, 1996 (the "Agreement") by and between (the "Executive") and Uniroyal Chemical Company, Inc., a New Jersey corporation (the "Corporation").

WITNESSETH:

WHEREAS, the Corporation is engaged in the extremely competitive business of developing, manufacturing and marketing crop protection chemicals, rubber chemicals, plastic and petroleum additives, elastomers and urethane prepolymers throughout the United States, Canada, Western Europe and certain other areas of the world;

WHEREAS, the Executive, as a result of training, expertise and personal application over the years, has acquired and will continue to acquire considerable and unique expertise and knowledge which are of considerable value to the Corporation;

WHEREAS, the Corporation wishes to induce the Executive to continue in its employ, recognizing that in the case of the Executive and a limited number of other key executive employees to whom similar contracts may be offered, the ordinary retirement benefits provided under the Corporation's retirement systems do not afford sufficient incentive in terms of economic security, when compared with retirement arrangements available from other prospective employers who have been, are, or may be competing for such key executive employees' services; and

WHEREAS, the Executive and the Corporation wish to terminate the Supplemental Executive Retirement Agreement between the Executive and the Corporation dated the first day of July, 1992, and to enter into this Agreement with respect to supplemental retirement benefits to be provided the Executive by the Corporation;

NOW, THEREFORE, in consideration of the continued employment of the Executive by the Corporation and the benefits to be derived by the Executive hereunder, the Executive and the Corporation hereby agree as follows:

1. Nothing herein shall be deemed a contract of employment for any minimum fixed term, or shall restrict the freedom of the Corporation or the Executive to terminate the employment

relationship between them at any time.

2. The Supplemental Executive Retirement Agreement between the Executive and the Corporation dated the first day of July, 1992, is terminated effective on the date hereof and shall be of no further force or effect.

3. For the purposes of this Agreement, the following terms shall have the following meanings:

(a) CKC" shall mean Crompton & Knowles Corporation and its Subsidiaries".

(b) "Actuarial Consultants" shall mean the actuarial consultants employed by Crompton & Knowles Corporation, the parent of the Corporation, in connection with its employee benefit plans.

(c) "Normal Retirement Date" shall mean the first day of the month on or next after the Executive's sixty-fifth (65th) birthday.

(d) "Compensation" shall mean all of the Executive's cash compensation paid by the Corporation or CKC for a calendar year, including salary, any amount contributed by the Executive to a cash or deferred plan under Section 401(k) of the Internal Revenue Code of 1986, as amended, and any incentive compensation award or bonus with respect to such year (even if paid in a subsequent year), but excluding any incentive compensation award or bonus paid during such year with respect to a prior year and extraordinary earnings such as the sign on incentive paid to the Executive pursuant to Section 4 of an employment agreement with the Corporation dated August 21, 1996, insurance costs or income from the exercise of stock options.

(e) "Actuarial Equivalent" shall mean an amount of equivalent value computed on the basis of the actuarial assumptions used from time to time by the Actuarial Consultants in connection with the employee benefit plans of CKC, but using an interest assumption which is not less than the Pension Benefit Guaranty Corporation's interest assumption, if any, in effect at the beginning of the month as of which the computation is made.

(f) "Company Plan Benefit" shall mean the amount of benefit payable to or in respect of the Executive from any defined benefit pension plan maintained by CKC, calculated in the form of a straight life annuity (regardless of the form in which such benefit may actually be payable).

(g) "Cause" shall mean (i) the Executive's willful and continued failure to substantially perform assigned duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated

failure resulting from termination for Good Reason), after a demand for substantial performance is delivered to the Executive by the Board of Directors of the Corporation (the "Board"), specifically identifying the manner in which the Board believes that the duties have not been substantially performed, or (ii) the Executive's willful conduct which is demonstrably and materially injurious to the Corporation. For purposes of this sub-paragraph (e), no act, or failure to act, shall be considered "willful" unless done, or omitted to be done, not in good faith and without reasonable belief that such action or omission was in the best interest of the Corporation.

(h) "Good Reason" shall mean (i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles, and reporting requirements), authority, duties, or responsibilities as contemplated by any employment agreement between the Executive and the Corporation, or any other action by the Corporation which results in a diminishment in such position, authority, duties, or responsibilities, other than an insubstantial and inadvertent action which is remedied by the Corporation promptly after receipt of notice thereof given by the Executive; (ii) any failure by the Corporation to comply with any of the provisions of any employment agreement between the Executive and the Corporation, other than an insubstantial and inadvertent failure which is remedied by the Corporation promptly after receipt of notice thereof given by the Executive; (iii) any change not concurred in by the Executive in the location of the office at which the Executive is principally based, except for a change to a location within a 40 mile radius of Middlebury, CT, and travel reasonably required in the performance of the Executive's responsibilities and substantially consistent with prior business travel obligations of the Executive; or (iv) any purported termination by the Corporation of the Executive's employment otherwise than as permitted by any employment agreement between the Executive and the Corporation.

(i) "Change in Control" shall mean (i) a change in control of Crompton & Knowles of a nature that would be required to be reported in response to Item 1(a) of the Current Report on Form 8-K, as in effect on January 1, 1988, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a "Change in Control" shall be deemed to have occurred if (x) a third person, including a "group" as such term is used in Section 13(d)(3) of the Exchange Act, other than the trustee of any employee benefit plan of Crompton & Knowles, becomes the beneficial owner, directly or indirectly, of 20% or more of the combined voting power of Crompton & Knowles' outstanding voting securities ordinarily having the right to vote for the election of directors of Crompton & Knowles; (y) during any period of 24 consecutive months individuals who, at the beginning of such consecutive 24-month period, constitute the

Board of Directors of Crompton & Knowles (the "Crompton & Knowles Board" generally and, as of the date of this Agreement, the "Incumbent Board") cease for any reason (other than retirement upon reaching normal retirement age, disability, or death) to constitute at least a majority of the Crompton & Knowles Board; provided that any person becoming a director of Crompton & Knowles subsequent to the date hereof whose election, or nomination for election by Crompton & Knowles' shareholders, was approved by a vote of at least three quarters of the directors comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Crompton & Knowles, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (z) Crompton & Knowles shall cease to be a publicly owned corporation having its outstanding Common Stock listed on the New York Stock Exchange or quoted in the NASDAQ National Market System; or (ii) the sale or other disposition to a third person, including a "group" as such term is used in Section 13(d)(3) of the Exchange Act, other than Crompton & Knowles, a direct or indirect wholly-owned Subsidiary of Crompton & Knowles, or the trustee of any employee benefit plan of Crompton & Knowles or the Corporation, of (x) a majority of the combined voting power of the Corporation's outstanding voting securities ordinarily having the right to vote for the election of directors of the Corporation or (y) the division or Subsidiary of the Corporation by which the Executive is employed.

(j) "Projected Compensation" shall mean (i) for any calendar year throughout which the Executive is employed by the Corporation, his Compensation (as defined in paragraph 3(b) hereof) for such year, and (ii) for any calendar year during or after which his employment by the Corporation has been terminated, the compensation the Executive would have received for such year if he had received (A) salary at a rate determined by projecting his annual rate of salary at the end of the last full calendar year of his employment by the Corporation forward at a rate equal to 5% in excess of the annual percentage change in the Consumer Price Index as published by the U.S. Bureau of Labor Statistics for such year and (B) a bonus equal to 40 of his salary as thus projected.

(k) "Subsidiary" shall mean, with respect to any Person, (i) any corporation that is directly or indirectly through one or more intermediaries, controlled (as such term is defined under the Securities Act of 1933, as amended) by such Person, (ii) any corporation more than 50% of the voting capital stock of which is owned, directly or indirectly, by such Person or (iii) any other Person that is directly or indirectly controlled (as such term is defined under the Securities Act) by such Person or in which such Person holds, directly or indirectly, a majority voting or

ownership interest.

(l) "Person" shall mean any individual, group, corporation, partnership, joint venture, trust, joint stock company, unincorporated organization or government or political department or agency thereof or other entity of whatever nature.

4. If, prior to his Normal Retirement Date, the Executive's employment with CKC shall be terminated by CKC for Cause, he shall thereby forfeit all rights and benefits under this Agreement. If the employment of the Executive shall be terminated on or after his Normal Retirement Date, this Agreement shall continue in full force and effect, and the Executive shall become entitled to the rights and benefits hereinafter set forth upon the occurrence of the events respectively giving rise thereto.

5. If the Executive shall remain in the employ of CKC until and shall reach his Normal Retirement Date, he shall be entitled to receive a supplemental retirement benefit under this Agreement which shall be at an annual rate equal to the amount by which

(a) Fifty five percent (55%) of the Executive's average annual Compensation during those five (5) calendar years in which such Compensation was highest during the ten (10) calendar years immediately preceding his Normal Retirement Date

exceeds

(b) the annual amount of the Company Plan Benefit payable to the Executive, determined as of his Normal Retirement Date.

Such supplemental retirement benefit shall commence on the Executive's actual retirement date and shall be payable in one of the benefit payment forms described in paragraph 8, as the Executive shall elect.

6. If the Executive's employment by CKC shall be terminated by CKC or the Executive (other than by reason of his death or disability) prior to his Normal Retirement Date under circumstances not resulting in his forfeiture of benefits and rights under paragraph 4 of this Agreement, he shall be entitled to receive a reduced supplemental retirement benefit under this Agreement which shall be at an annual rate computed as follows:

(a) There shall first be determined the amount which is equal to fifty five percent (55%) of the Executive's average annual Compensation during those five (5) calendar years in which such Compensation was highest during the ten (10) calendar years immediately preceding the year in which the termination of his employment occurs.

(b) The amount thus determined shall be multiplied by a fraction in which the numerator shall be the number of full years of continuous service the Executive shall have completed with CKC (including the Corporation prior to its acquisition by Crompton & Knowles Corporation and Uniroyal, Inc.) prior to the the termination of his employment and the denominator shall be the number of full years of continuous service he would have completed with CKC (including the Corporation prior to its acquisition by Crompton & Knowles Corporation and Uniroyal, Inc.) on his Normal Retirement Date had he remained in the continuous service of CKC until his Normal Retirement Date.

(c) There shall then be subtracted from the amount thus determined the annual amount of the Company Plan Benefit payable to the Executive, determined as of the date of the termination of his employment.

Such reduced supplemental retirement benefit shall commence on the first day of the month following the month in which the Executive attains age 62 and shall be payable in one of the benefit payment forms described in paragraph 8, as the Executive shall elect.

Anything in this paragraph or paragraph 4 to the contrary notwithstanding, if, prior to his Normal Retirement Date but after a Change in Control shall have occurred, CKC shall terminate the Executive's employment other than for Cause, disability, or death or the employment of the Executive shall be terminated voluntarily by the Executive for Good Reason, he shall be entitled to elect to receive a supplemental retirement benefit under this Agreement in lieu of any benefit he is entitled to receive under sub-paragraphs (a)-(c), inclusive, of this paragraph 6, which shall be at an annual rate computed as follows:

(d) If the Executive has not attained the age of 55 on the date his termination of employment occurs, his benefit shall be equal to the amount by which

(i) Fifty five percent (55%) of the Executive's average annual Projected Compensation during those five (5) calendar years in which such Projected Compensation is highest during the ten (10) calendar years immediately preceding the year in which he would have attained age 55

exceeds

(ii) the annual amount of the Company Plan Benefit payable to the Executive, determined as of the date of the termination of his employment.

(e) If the Executive has attained age 55 on the date his termination of employment occurs, his benefit shall be equal to the amount determined under sub-paragraphs (a) and (c) of this

paragraph without the application of sub-paragraph (b) hereof.

Such supplemental retirement benefit under sub-paragraph (d) or (e) hereof shall commence on the first day of the month following the month in which the Executive attains age 65 and shall be payable in one of the benefit payment forms described in paragraph 8, as the Executive shall elect.

7. If the Executive becomes qualified for benefits under any long term disability plan sponsored by the Corporation as a result of total disability while in the employment of the Corporation, but prior to his Normal Retirement Date, he shall become entitled to a disability benefit hereunder which shall be at an annual rate computed as follows:

(a) There shall first be determined the amount which is equal to fifty five percent (55%) of the Executive's average annual Compensation during those five (5) calendar years in which such Compensation was highest during the ten (10) calendar years preceding the year in which his disability occurs.

(b) The amount thus determined shall be multiplied by a fraction in which the numerator shall be the number of full years of continuous service the Executive shall have completed with CKC (including the Corporation prior to its acquisition by Crompton & Knowles Corporation and Uniroyal, Inc.) prior to the the termination of his employment and the denominator shall be the number of full years of continuous service he would have completed with CKC (including the Corporation prior to its acquisition by Crompton & Knowles Corporation and Uniroyal, Inc.) on his Normal Retirement Date had he remained in the continuous service of CKC until his Normal Retirement Date.

(c) There shall then be subtracted from the amount thus determined the annual amount of the Company Plan Benefit payable to the Executive, determined as of the date his disability benefit hereunder is to commence.

Such disability benefit shall commence on the date the benefits payable to the Executive under such long term disability plan sponsored by the Corporation cease, if the Executive is then living, and shall be payable in one of the benefit payment forms described in paragraph 8, as the Executive shall elect.

8. The normal form in which the benefit payable under paragraphs 5, 6, or 7 of this Agreement shall be paid shall be a monthly benefit payable for life and without refund. In lieu of such normal benefit payment form, the Executive may elect to receive his benefit hereunder in the form of a monthly benefit payable for life with a period certain of up to 180 months, in the form of a monthly benefit payable for a period certain, or in the

form of a monthly benefit payable for life with continuation of such payments (or a specified percentage thereof) to such beneficiary as the Executive may designate for the life of such beneficiary. The amount of benefit payable under each such alternative benefit payment form shall be the Actuarial Equivalent of the benefit payable in the normal form to which the Executive would otherwise be entitled hereunder. Any election of an alternative benefit payment form shall be made in writing and may be changed or rescinded by the Executive at any time prior to the date on which benefit payments are to commence. The Executive shall have the right to designate in writing the beneficiary or beneficiaries to receive the benefit, if any, which is payable under any benefit payment form after the Executive's death and may change his designation of beneficiary from time to time, at any time prior to the date on which benefit payments are to commence. If there shall be no beneficiary designated and surviving at the Executive's death, the estate of the Executive shall be the beneficiary. Whenever any benefits hereunder become payable to the beneficiary of the Executive, the Corporation may, in its discretion, authorize payment of such benefits to the beneficiary in a single lump sum which is the Actuarial Equivalent of such benefits.

Anything in this paragraph 8 to the contrary notwithstanding, at any time after the date on which benefit payments commence, the Executive may elect to receive his benefits hereunder in a single lump sum in an amount which is equal to 90% of the Actuarial Equivalent of the benefit payable in the normal form to which the Executive is otherwise entitled hereunder on the date as of which such election is made.

9. If the Executive shall die while currently receiving a benefit under the provisions of paragraphs 5, 6, or 7 of this Agreement and the Executive shall have elected a benefit payment form other than a monthly benefit payable for life with no period certain, any benefits payable after his death shall be paid to his beneficiary in accordance with the provisions of the benefit payment form elected by the Executive. If the Executive shall die after having reached his Normal Retirement Date but prior to his actual retirement date and the Executive shall have elected a benefit payment form other than a monthly benefit payable for life with no period certain, benefits shall be paid to his beneficiary as if the Executive had commenced to receive benefits hereunder on the first day of the month in which his death occurred. If the Executive shall die while in the active employ of the Corporation but prior to his Normal Retirement Date, or if the Executive shall die after having become entitled to receive a disability benefit under paragraph 7 but prior to his Normal Retirement Date, a death benefit shall be paid to the Executive's beneficiary, in lieu of any other benefit under this Agreement, which shall be at an annual rate equal to twenty percent (20%) of the Executive's average

annual Compensation during those five (5) calendar years in which such Compensation was highest during the ten (10) calendar years immediately preceding the year in which his death occurs or the year in which his disability occurred, as the case may be. Such death benefit, which shall be in addition to any Company Plan Benefit or benefits under any group life insurance plan sponsored by the Corporation which is payable on account of the Executive's death, shall be payable in equal monthly installments beginning on the first day of the month following that in which the death of the Executive occurs and continuing thereafter for a period certain of 120 months; provided that the Beneficiary entitled thereto may elect to have such benefit paid in any of the forms described in paragraph 8 in an amount which is the Actuarial Equivalent of the form of benefit otherwise payable under this paragraph.

If the Executive shall die after having become entitled to a benefit under sub-paragraph (d) or (e) of paragraph 6 hereof but prior to attaining age 65, a death benefit shall be paid to the Executive's beneficiary, in lieu of any other benefit under this Agreement, which shall be the single sum Actuarial Equivalent value as of the Executive's death of the benefit to which he would have been entitled had he survived to age 65. Such death benefit shall be payable in a lump sum as soon as practicable after the Executive's death; provided that the beneficiary entitled thereto may elect to have such death benefit paid in any of the forms described in paragraph 8.

10. Anything in this Agreement to the contrary notwithstanding, if at any time during the five year period immediately following termination of his employment with the Corporation the Executive shall directly or indirectly compete with CKC, whether as an individual proprietor or entrepreneur or as an officer, employee, partner, stockholder, or in any capacity connected with any enterprise, in any business in which CKC is engaged at the time of the termination of the Executive's employment within any state or possession of the United States of America or any foreign country within which business is then specifically planned by CKC to be conducted, CKC may suspend the payment of any benefits hereunder to the Executive until such competition shall have ceased, and in the event such competition by the Executive shall not have ceased to the satisfaction of CKC within 90 days after CKC shall have given written notice to the Executive to cease the conduct thereof, CKC may at any time thereafter terminate its obligations under this Agreement. For the purpose of the preceding sentence, conducting business, doing business, or engaging in business shall be deemed to embrace sales to customers or performance of services for customers who are within a relevant geographical area, without any necessity of any presence of CKC therein. Nothing herein, however, shall prohibit the Executive from acquiring or holding any issue of stock or securities of any company which has any securities listed on a

national exchange or quoted in the daily listing of over-the-counter market securities, provided that at any one time he and members of his immediate family do not own more than five percent (5%) of the voting securities of any such company.

11. This Agreement is an unfunded plan maintained for the purpose of providing deferred compensation for one of a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974. CKC will make all benefit payments hereunder solely on a current disbursement basis out of the general assets of CKC, including without limitation from assets held in any grantor trust established by CKC for the purpose of making some or all of such payments.

12. This Agreement shall bind and run to the benefit of the successors and assigns of the Corporation, including any corporation or other form of business organization with which it may merge or consolidate or to which it may transfer substantially all of its assets.

13. The rights of the Executive under this Agreement shall not be assigned, hypothecated, or otherwise transferred in any manner.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, the Executive has hereunto signed his name and the Corporation has caused this instrument to be executed in its name and on its behalf by its duly authorized officer, as of the day and year first above written.

_____
Executive

UNIROYAL CHEMICAL COMPANY, INC.

By:
Its:

EXHIBIT 12

UNIROYAL CHEMICAL CORPORATION
UNIROYAL CHEMICAL COMPANY, INC.

Computation of earnings to fixed charges ratio
(In thousands of dollars)

	Fiscal Years Ended				
	1996	1995	1994	1993	1992
Earnings (loss) before fixed charges:					
Income (loss) from continuing operations before income taxes (1)	($30,761)	$34,369	($204,925)	($18,259)	($29,809)
Interest and debt expense	106,456	114,034	128,567	120,567	125,444
Undistributed (earnings) loss of less than 50% owned affiliates	362	149	(32)	884	1,233
Interest portion of rent expense	2,705	2,193	2,051	2,012	1,942
Earnings (loss) before fixed charges	$78,762	$150,745	($74,339)	$105,204	$98,810
Fixed charges:					
Interest and debt expense	106,456	114,034	128,567	120,567	125,444

Interest portion of rent expense	2,705	2,193	2,051	2,012	1,942
Capitalized interest	1,677	2,518	378	964	2,397
Fixed charges	$110,838	$118,745	$130,996	$123,543	$129,783
Deficiency in earnings available to cover fixed charges	$32,076		$205,335	$18,339	$30,973
Ratio of earnings to fixed charges		1.27			

___

(1) Includes $52.6 million of merger and related costs and a $30 million special environmental provision in fiscal 1996, and a $191 million write-off of intangible assets in fiscal 1994.

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