

SECURITIES AND EXCHANGE COMMISSION

FORM DEF13E3

Definitive information statement of going private transaction by certain issuers

Filing Date: **1996-08-26**
SEC Accession No. **0000899243-96-001150**

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SUBJECT COMPANY

STERLING CHEMICALS INC

CIK: **795662** | IRS No.: **760185186** | State of Incorpor.: **DE** | Fiscal Year End: **0930**
Type: **DEF13E3** | Act: **34** | File No.: **005-40034** | Film No.: **96620188**
SIC: **2860** Industrial organic chemicals

Mailing Address
1200 SMITH ST SUITE 1900
HOUSTON TX 77002-4312

Business Address
1200 SMITH ST, SUITE 1900
HOUSTON TX 77002-4312
7136503700

FILED BY

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13E-3
RULE 13E-3 TRANSACTION STATEMENT
(PURSUANT TO SECTION 13(E) OF THE SECURITIES EXCHANGE ACT OF 1934)

AMENDMENT NO. 5

STERLING CHEMICALS HOLDINGS, INC.
(FORMERLY KNOWN AS STERLING CHEMICALS, INC.)
(NAME OF THE ISSUER)

STERLING CHEMICALS HOLDINGS, INC.
(THE SURVIVOR OF THE MERGER OF STERLING CHEMICALS, INC.
AND STX ACQUISITION CORP.)
THE STERLING GROUP, INC.

GORDON A. CAIN
WILLIAM A. MCMINN
(NAME OF PERSON(S) FILING STATEMENT)

COMMON STOCK, PAR VALUE \$.01 PER SHARE ("COMMON STOCK"), OF THE REGISTRANT
(TITLE OF CLASS OF SECURITIES)

85916E-10-3

(CUSIP NUMBER OF CLASS OF SECURITIES)

<TABLE>
<CAPTION>

<S>		<C>
ROBERT W. ROTEN		FRANK J. HEVRDEJS
PRESIDENT AND CHIEF EXECUTIVE OFFICER		PRESIDENT
STERLING CHEMICALS HOLDINGS, INC.		THE STERLING GROUP, INC.
1200 SMITH STREET, SUITE 1900		EIGHT GREENWAY PLAZA
HOUSTON, TEXAS 77002-4312		SUITE 702
		HOUSTON, TEXAS 77046

</TABLE>

(NAME, ADDRESSES AND TELEPHONE NUMBERS OF PERSONS AUTHORIZED TO
RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF PERSON(S) FILING STATEMENT)

This statement is filed in connection with (check the appropriate box):

- (a) The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C, or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- (b) The filing of a registration statement under the Securities Act of 1933.
- (c) A tender offer.
- (d) None of the above.

Check the following box if soliciting materials or information statement referred to in checking box (a) are preliminary copies:

CALCULATION OF FILING FEE

TRANSACTION VALUATION	AMOUNT OF FILING FEE
\$640,664,844*	\$125.00**

* Calculated based on a proposed cash payment of \$12.00 per share for 53,388,737 shares.

[x] Check box if any part of the fee is offset as provided by Rule D-11(a) (2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$128,133.00
 Form or Registration No.: Preliminary Proxy Statement
 Filing Party: Sterling Chemicals, Inc.
 Date Filed: May 23, 1996

** Paid herewith.

INTRODUCTION

This Rule 13e-3 Transaction Statement (the "Statement") relates to the Amended and Restated Agreement and Plan of Merger, dated as of April 24, 1996 (the "Merger Agreement"), between Sterling Chemicals, Inc., a Delaware corporation (the "Company") and STX Acquisition Corp., a Delaware corporation ("STX Acquisition"). STX Acquisition was formed in April 1996 by an investor group led by The Sterling Group, Inc. ("TSG") and The Unicorn Group, L.L.C. to effect the Merger. A copy of the Merger Agreement is attached as Annex A to the Proxy Statement filed by the Company (the "Proxy Statement"). The Proxy Statement is attached hereto as Exhibit (d) (1).

Upon the terms and subject to the conditions of the Merger Agreement, at the effective time of the transaction (the "Effective Time"): (a) STX Acquisition will be merged with and into the Company (the "Merger"), with the Company continuing as the surviving corporation (the "Surviving Corporation"); (b) the current directors of the Company will resign and will be replaced by the director candidates to be nominated by STX Acquisition; (c) substantially all of the operating assets and associated liabilities of the Company will be transferred to STX Chemicals Corp. ("Chemicals"), a wholly-owned subsidiary of the Surviving Corporation; (d) the stockholders of the Company will be entitled to (i) retain shares in the Surviving Corporation ("Rollover Shares") to the extent that they make an election to do so (a "Rollover Election"), subject to pro rata reduction in the event that Rollover Elections have been made to retain more than an aggregate of 5.0 million Rollover Shares and (ii) receive \$12.00 cash for each share of Common Stock of the Company ("Common Stock") not retained as a Rollover Share (the "Cash Payment"); and (e) the issued and outstanding shares of common stock of STX Acquisition will be converted into shares of common stock of the Surviving Corporation. Depending on the number of Rollover Shares, the issued and outstanding shares of common stock of STX Acquisition will be converted into up to 8,589,580 shares of common stock of the Surviving Corporation, representing approximately 79% of the total outstanding shares of the Surviving Corporation.

The Merger Agreement was approved by the stockholders of the Company at the Special Meeting of Stockholders of the Company held to consider the Merger Agreement on August 20, 1996. The closing of the Merger occurred on August 21, 1996.

The following cross reference sheet shows the location in the preliminary Proxy Statement relating to the Merger filed by the Company with the Securities and Exchange Commission. The information in the preliminary Proxy Statement, including all annexes thereto, is hereby expressly incorporated herein by

reference and the responses to each item of this Statement are qualified in their entirety by the provisions of the preliminary Proxy Statement. The Proxy Statement will be completed and, if appropriate, amended, prior to the time it is first sent or given to stockholders of the Company. This Statement will be amended to reflect such completion or amendment of the Proxy Statement.

CROSS REFERENCE SHEET

ITEM IN SCHEDULE 13E-3	LOCATION IN PROXY STATEMENT
Item 1(a) and (b).....	Outside Front Cover Page, "SUMMARY--Parties to the Transaction," "--Votes Required" "--Market Prices and Dividends," "THE SPECIAL MEETING--Purpose; Record Date; Voting at the Special Meeting," "--Votes Required" and "MARKET PRICES; DIVIDENDS."
Item 1(c) and (d).....	"SUMMARY--Market Prices; Dividends" and "MARKET PRICES; DIVIDENDS"
Item 1(e).....	Not applicable.
Item 1(f).....	Not applicable.
Item 2(a)-(d) and (g).....	Outside Front Cover Page, "SUMMARY--Parties to the Transaction, "--Transaction Sponsors," "INCORPORATION BY REFERENCE" and ANNEX D.
Item 2(e) and (f).....	Negative.
Item 3(a) and (b).....	"SUMMARY--Background," "Fairness of the Merger," "--Opinion of Financial Advisor," "SPECIAL FACTORS --Background," "--Fairness of the Merger", "--Opinion of Financial Advisor," "--Purpose and Structure of the Transaction," and "CERTAIN FINANCIAL PROJECTIONS."
Item 4(a) and 4(b).....	Outside Front Cover Page, "SUMMARY--Terms of the Merger," "--Effective Time of the Merger," "--Interests of Certain Persons in the Merger," "--Conditions to Consummation of the Merger," "--No Solicitation; Fiduciary Duties," "--Termination; Fees and Expenses," "SPECIAL FACTORS--Purpose and Structure of the Transaction," "THE MERGER--Terms of the Merger," "--Interests of Certain Persons in the Merger," "--Effective Time of the Merger," "--Summary of the Terms of Related Agreements," "--Appraisal Rights of Dissenting Stockholders" and ANNEX A.

Item 5(a) - (g).....	"SUMMARY--Terms of the Merger," "--Interests of Certain Persons in the Merger," "SPECIAL FACTORS--Purpose and Structure of the Transaction," "--Risks and Effects of the Merger," "--The Company's Business After the Merger," "THE MERGER--Interests
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of Certain Persons in the Merger," "--Source and Amount of Funds" and "DIRECTORS AND EXECUTIVE OFFICERS OF THE SURVIVING CORPORATION."

- Item 6(a), (c) and (d)..... "SUMMARY--Financing Arrangements," and "THE MERGER--Source and Amount of Funds."
- Item 6(b)..... "SUMMARY--Financing Arrangements," "THE MERGER--Source and Amount of Funds" and "FEES AND EXPENSES."
- Item 7(a) - (d)..... Outside Front Cover Page, "SUMMARY--Background," "--Recommendation of the Board; Fairness of the Merger," "--Opinion of Financial Advisor," "--Appraisal Rights of Dissenting Stockholders," "--Certain Tax Consequences of the Merger," "--Interests of Certain Persons in the Merger," "SPECIAL FACTORS--Background," "--Fairness of the Merger," "--Purpose and Structure of the Transaction," "--Recommendation of the Board," "--Opinion of Financial Advisor," "--Risks and Effects of the Merger," "--Certain Tax Consequences of the Merger," "--The Company's Business After the Merger," "THE MERGER--Interests of Certain Persons in the Merger" and "--Appraisal Rights of Dissenting Stockholders."
- Item 8(a) - (f)..... Outside Front Cover Page, "SUMMARY--Background," "--Recommendation of the Board," "--Fairness of the Merger," "--Opinion of Financial Advisor," "--Votes Required," "THE SPECIAL MEETING--Votes Required," "SPECIAL FACTORS--Background," "--Recommendation of the Board," "--Fairness of the Merger," "--Opinion of Financial Advisor," "CERTAIN FINANCIAL PROJECTIONS" and ANNEX B.
- Item 9(a) - (c)..... "SUMMARY--Background," "--Recommendation of the Board; Fairness of the Merger," "--Opinion of Financial Advisor," "--Interests of Certain Persons in the Merger," "SPECIAL FACTORS--Background," "--Fairness of the Merger" "--Recommendation of the Board," "--Opinion of Financial Advisor," "CERTAIN FINANCIAL PROJECTIONS" and ANNEX B.
- Item 10(a) and (b)..... "SUMMARY--Interests of Certain Persons in the Merger," "THE MERGER--Interests of Certain Persons in the Merger," "STOCK OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS," and ANNEX D.
- Item 11..... "SUMMARY--Terms of Related Agreements," "THE MERGER--Summary of the Terms of Related Agreements" and ANNEX A.
- Item 12(a) and (b)..... "SUMMARY--Recommendation of the Board; Fairness of the Merger," "--Terms of Related Agreements," "SPECIAL FACTORS--Recommendation of the Board" and "THE MERGER--Summary of the Terms of Related Agreements."
- Item 13(a)..... Outside Front Cover Page, "SUMMARY--Votes Required," "--Appraisal Rights of Dissenting Stockholders," "THE SPECIAL MEETING--Votes Required," "THE MERGER--Appraisal Rights of Dissenting Stockholders," the Notice of Special Meeting and ANNEX C.

Item 13(b).....	"SPECIAL FACTORS--Fairness of the Merger."
Item 13(c).....	Not applicable.
Item 14(a).....	"SUMMARY--Summary Historical Financial Data" and "SELECTED HISTORICAL FINANCIAL DATA."
Item 14(b).....	"SUMMARY--Summary Pro Forma Financial Data" and "PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION."
Item 15(a).....	"SPECIAL FACTORS--Risks and Effects of the Merger," "--The Company's Business After the Merger," "THE MERGER," "DIRECTORS AND EXECUTIVE OFFICERS OF THE SURVIVING CORPORATION," "FEES AND EXPENSES" and ANNEX A.
Item 15(b).....	"THE SPECIAL MEETING--Revocation and Use of Proxies; Solicitation."
Item 16.....	Proxy Statement, Letter to Stockholders and Notice of Special Meeting.
Item 17.....	Separately included herewith.

ITEM 1. ISSUER AND CLASS OF SECURITY SUBJECT TO THE TRANSACTION

(a) and (b) The information set forth on the Outside Front Cover Page and in "SUMMARY--Parties to the Transaction," "--Votes Required," "THE SPECIAL MEETING--Purpose; Record Date; Voting at the Special Meeting," "--Votes Required" "MARKET PRICES; DIVIDENDS" of the Proxy Statement is incorporated herein by reference.

(c) and (d) The information set forth in "SUMMARY--Market Prices; Dividends" and "MARKET PRICES; DIVIDENDS" of the Proxy Statement is incorporated herein by reference.

(e) Not applicable.

(f) Not applicable.

ITEM 2. IDENTITY AND BACKGROUND.

(a) - (d) and (g) This Statement is being filed by TSG, STX Acquisition, the Company, which is the issuer of the Common Stock, the class of equity securities to which this Statement relates, Mr. Gordon A. Cain and Mr. William A. McMinn (collectively, the "Filing Persons"). The information set forth on the Outside Front Cover Page and in "SUMMARY--Parties to the Transaction" "--Transaction Sponsors," "INCORPORATION BY REFERENCE" and ANNEX D of the Proxy Statement is incorporated herein by reference.

(e) and (f) During the last five years, none of the Filing Persons, nor to the best of their knowledge any of the officers, directors or control persons of the Filing Persons, (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining further violations of, or prohibiting activities subject to, Federal or State securities laws or finding a violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS.

(a) and (b) The information set forth in "SUMMARY--Background," "--Fairness of the Merger," "--Opinion of Financial Advisor," "SPECIAL FACTORS--Background," "Fairness of the Merger," "--Opinion of Financial Advisor," "--

Purpose and Structure of the Transaction," and "CERTAIN FINANCIAL PROJECTIONS" of the Proxy Statement is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) and (b) The information set forth on the Outside Front Cover Page and in "SUMMARY--Terms of the Merger," "--Effective Time of the Merger," "--Interests of Certain Persons in the Merger," "--Conditions to Consummation of the Merger," "--No Solicitation; Fiduciary Duties," "--Termination; Fees and Expenses," "SPECIAL FACTORS--Purpose and Structure of the Transaction," "THE MERGER--Terms of the Merger," "--Interests of Certain Persons in the Merger," "--Summary of the Terms of Related Agreements" and "--Appraisal Rights of Dissenting Stockholders" and ANNEX A of the Proxy Statement is incorporated by reference.

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ITEM 5. PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

(a) - (g) The information set forth in "SUMMARY--Terms of the Merger," "--Interests of Certain Persons in the Merger," "SPECIAL FACTORS--Purpose and Structure of the Transaction," "--Risks and Effects of the Merger," "--The Company's Business After the Merger," "THE MERGER--Interests of Certain Persons in the Merger," "--Source and Amount of Funds" and "DIRECTORS AND EXECUTIVE OFFICERS OF THE SURVIVING CORPORATION" of the Proxy Statement is incorporated herein by reference.

ITEM 6. SOURCE AND AMOUNTS OF FUNDS OR OTHER CONSIDERATION.

(a), (c) and (d) The information set forth in "SUMMARY--Financing Arrangements" and "THE MERGER--Source and Amount of Funds" of the Proxy Statement is incorporated herein by reference.

(b) The information set forth in "SUMMARY--Financing Arrangements," "THE MERGER--Source and Amount of Funds" and "FEES AND EXPENSES" of the Proxy Statement is incorporated herein by reference.

ITEM 7. PURPOSE(S), ALTERNATIVES, REASONS AND EFFECTS.

(a) - (d) The information set forth on the Outside Front Cover Page and in "SUMMARY--Background," "--Recommendation of the Board; Fairness of the Merger," "--Opinion of Financial Advisor," "--Appraisal Rights of Dissenting Stockholders," "--Certain Tax Consequences of the Merger," "--Interests of Certain Persons in the Merger," "SPECIAL FACTORS--Background," "--Fairness of the Merger," "--Purpose and Structure of the Transaction," "--Recommendation of the Board," "--Opinion of Financial Advisor," "--Risks and Effects of the Merger," "--Certain Tax Consequences of the Merger," "THE MERGER--Interests of Certain Persons in the Merger," and "--Appraisal Rights of Dissenting Stockholders" of the Proxy Statement is incorporated herein by reference.

ITEM 8. FAIRNESS OF THE TRANSACTION.

(a) - (f) The information set forth on the Outside Front Cover Page and in "SUMMARY--Background," "--Recommendation of the Board; Fairness of the Merger," "--Opinion of Financial Advisor," "--Votes Required," "THE SPECIAL MEETING--Votes Required," "SPECIAL FACTORS--Background," "--Recommendation of the Board," "--Fairness of the Merger," "--Opinion of Financial Advisor," "CERTAIN FINANCIAL PROJECTIONS" and Annex B of the Proxy Statement is incorporated herein by reference.

ITEM 9. REPORTS, OPINIONS, APPRAISALS AND CERTAIN NEGOTIATIONS.

(a) - (c) The information set forth in "SUMMARY--Background," "--Recommendation of the Board; Fairness of the Merger," "--Opinion of Financial Advisor," "--Interests of Certain Persons in the Merger," "SPECIAL FACTORS--Background," "--Fairness of the Merger," "--Recommendation of the Board," "--

Opinion of Financial Advisor," "CERTAIN FINANCIAL PROJECTIONS" and Annex B of the Proxy Statement is incorporated herein by reference. See also exhibits (b) (1), (b) (2), (b) (3), (b) (4) and (b) (5).

ITEM 10. INTEREST IN SECURITIES OF THE ISSUER.

(a) and (b) The information set forth in "SUMMARY--Interests of Certain Persons in the Merger," "THE MERGER--Interests of Certain Persons in the Merger," "STOCK OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS" and Annex D of the Proxy Statement is incorporated herein by reference.

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ITEM 11. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO THE ISSUER'S SECURITIES.

The information set forth in "SUMMARY--Terms of Related Agreements," "THE MERGER--Summary of the Terms of Related Agreements," and ANNEX A of the Proxy Statement is incorporated herein by reference. See also exhibits (c) (1), (c) (2), (c) (3), (c) (4), (c) (5), (c) (6), (c) (7), and (c) (8) attached hereto.

ITEM 12. PRESENT INTENTION AND RECOMMENDATION OF CERTAIN PERSONS WITH REGARD TO THE TRANSACTION.

(a) and (b) The information set forth in "SUMMARY--Recommendation of the Board; Fairness of the Merger," "SPECIAL FACTORS--Recommendation of the Board" and "THE MERGER--Summary of the Terms of Related Agreements" of the Proxy Statement is incorporated herein by reference.

ITEM 13. OTHER PROVISIONS OF THE TRANSACTION.

(a) The information set forth in the Outside Front Cover Page, "SUMMARY--Votes Required," "--Appraisal Rights of Dissenting Stockholders," "THE SPECIAL MEETING--Votes Required," "THE MERGER--Appraisal Rights of Dissenting Stockholders" and ANNEX C of the Proxy Statement, and in the Notice of Special Meeting attached to the Proxy Statement, is incorporated herein by reference.

(b) The information set forth in "SPECIAL FACTORS--Fairness of the Merger" of the Proxy Statement is incorporated herein by reference.

(c) Not applicable.

ITEM 14. FINANCIAL INFORMATION.

(a) The information set forth in "SUMMARY--Summary Historical Financial Data" and "SELECTED HISTORICAL FINANCIAL DATA" of the Proxy Statement is incorporated herein by reference.

(b) The information set forth in "SUMMARY - Summary Pro Forma Financial Data," and "PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION" of the Proxy Statement is incorporated herein by reference.

ITEM 15. PERSONS AND ASSETS EMPLOYED, RETAINED OR UTILIZED.

(a) The information set forth in "SPECIAL FACTORS--Risks and Effects of the Merger," "--The Company's Business After the Merger," "THE MERGER," "DIRECTORS AND EXECUTIVE OFFICERS OF THE SURVIVING CORPORATION," "FEES AND EXPENSES" and ANNEX A of the Proxy Statement is incorporated herein by reference.

(b) The information set forth in "THE SPECIAL MEETING--Revocation and Use of Proxies; Solicitation" of the Proxy Statement is incorporated herein by reference.

ITEM 16. ADDITIONAL INFORMATION.

Additional information concerning the Merger is set forth in the Proxy Statement, Letter to Stockholders and Notice of Special Meeting which are attached hereto as Exhibit (d) (1).

ITEM 17. MATERIAL TO BE FILED AS EXHIBITS.

- + (a) Credit Agreement among STX Chemicals Corp., Texas Commerce Bank National Association, Credit Suisse and the financial institutions named therein.

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- + (b) (1) Fairness opinion dated April 24, 1996 delivered by Lazard Freres & Co. LLC (filed herewith as Annex B to the Proxy Statement that is filed as Exhibit (d) (1) hereto).
- + (b) (2) Reports of Lazard Freres & Co. LLC dated April 2, 1996 and April 24, 1996 and delivered to the Board of Directors on April 2, 1996 and April 24, 1996.
- (b) (3) Opinion of Houlihan, Lokey, Howard & Zukin, Inc., dated August 21, 1996.
- (b) (4) Appraisal of Valuation Research Corporation, dated August 21, 1996.
- (b) (5) Appraisal of Valuation Research Corporation, dated August 21, 1996.
- + (c) (1) Merger Agreement (filed herewith as Annex A to the Proxy Statement that is filed as Exhibit (d) (1) hereto).
- + (c) (2) Inducement Agreement dated as of April 24, 1996.
- + (c) (3) Form of Tag-Along Agreement (filed herewith as Exhibit A to Annex A to the Proxy Statement that is filed as Exhibit (d) (1) hereto).
- + (c) (4) Agreement and Irrevocable Proxy executed by J. Virgil Waggoner, dated as of April 24, 1996.
- + (c) (5) Agreement and Irrevocable Proxy executed by Gordon A. Cain, dated as of April 24, 1996.
- + (c) (6) Agreement and Irrevocable Proxy executed by Robert W. Roten, dated as of April 24, 1996.
- + (c) (7) Agreement and Irrevocable Proxy executed by Frank J. Hevrdejs, dated as of April 24, 1996.
- + (c) (8) Agreement and Irrevocable Proxy executed by William C. Oehmig, dated as of April 24, 1996.
- + (d) (1) Proxy Statement of the Company, Notice of Special Meeting of Stockholders of the Company, Letter to Stockholders of the Company, Rollover Election Form and Proxy Card.
- + (e) (1) Section 262 of the Delaware General Corporation Law (filed herewith as Annex C to the Proxy Statement that is filed as Exhibit (d) (1) hereto).
- (f) None.

+ Previously filed.

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SIGNATURE

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

Dated: August 22, 1996

STERLING CHEMICALS HOLDINGS, INC.

By: /s/ ROBERT W. ROTEN
Robert W. Roten
President and Chief Executive Officer

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SIGNATURE

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

Dated: August 22, 1996

THE STERLING GROUP, INC.

By: /s/ FRANK J. HEVRDEJS
Name: Frank J. Hevrdejs
Title: President

10

SIGNATURE

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

Dated: August 22, 1996

/s/ GORDON A. CAIN

GORDON A. CAIN

11

SIGNATURE

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

Dated: August 22, 1996

/s/ WILLIAM A. MCMINN

WILLIAM A. MCMINN

INDEX TO EXHIBITS

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+ (d) (1)	Proxy Statement of the Company, Notice of Special Meeting of Stockholders of the Company, Letter to Stockholders of the Company, Rollover Election Form and Proxy Card.
+ (e) (1)	Section 262 of the Delaware General Corporation Law (filed herewith as Annex C to the Proxy Statement that is filed as Exhibit (d) (1) hereto).
(f)	None.

+ Previously filed.

[HOULIHAN, LOKEY, HOWARD & ZUKIN LOGO APPEARS HERE]

[A SPECIALTY INVESTMENT BANKING FIRM]

August 21, 1996

To the Lenders
Now or Hereafter Parties to the
Credit Agreement Referred to Below
and Texas Commerce Bank National Association
as Administrative Agent

Ladies and Gentlemen:

We understand that STX Acquisition Corp. ("SAC" hereinafter) has entered into an Agreement and Plan of Merger with Sterling Chemicals, Inc. ("SCI" hereinafter) whereby the stockholders of SAC will acquire a controlling interest in SCI through the merger of SAC with and into SCI (the "Acquisition" hereinafter) and will change its name to Sterling Chemicals Holdings, Inc. ("Holdings" hereinafter). We also understand that in connection with the Acquisition, STX Chemicals Corp. ("SCC" hereinafter), a wholly owned subsidiary of SAC, will obtain approximately \$450 million of senior secured financing, \$275 million of senior subordinated notes, and a \$6.5 million ESOP term loan and that SCC will change its name to Sterling Chemicals, Inc. (the "Company" hereinafter). We understand that approximately \$608 million of existing SCI common stock will be purchased by Holdings and that approximately \$15 million of stock appreciation rights, phantom stock and restricted stock will be purchased by the Company. We further understand that these purchases and the refinancing of certain debt will be funded through a combination of bank financing, subordinated debt and common stock. The merger and other related transactions disclosed to Houlihan, Lokey, Howard & Zukin, Inc. ("Houlihan Lokey") are referred to collectively herein as the "Transaction." It is our understanding that a significant part of the financing for the Transaction will be obtained by the Company from one or more institutional lenders (the "Lenders") pursuant to the credit agreement dated June 21, 1996 by and between STX Chemicals Corp., Texas Commerce Bank National Association, Credit Suisse and financial institutions now or hereafter parties thereto (the "Credit Agreement" hereinafter) and that Texas Commerce Bank National Association will serve as administrative agent (the "Agent" hereinafter) on behalf of the Lenders.

To the Lenders
Now or Hereafter Parties to the

You have requested our written opinion (the "Opinion") as to the matters set forth below. This Opinion values the Company as a going concern (including goodwill), on a pro forma basis, immediately after and giving effect to the Transaction and the associated indebtedness. For purposes of this Opinion, "fair value" shall be defined as the amount at which the Company would change hands between a willing buyer and a willing seller, each having reasonable knowledge of the relevant facts, neither being under any compulsion to act, with equity to both; and "present fair saleable value" shall be defined as the amount that may be realized if the Company's aggregate assets (including goodwill) are sold as an entirety with reasonable promptness in an arm's length transaction under present conditions for the sale of comparable business enterprises, as such conditions can be reasonably evaluated by Houlihan Lokey. We have used the same valuation methodologies in determining fair value and present fair saleable value for purposes of rendering this Opinion. The term "identified contingent liabilities" shall mean the stated amount of contingent liabilities identified to us and explained by responsible officers of the Company, upon whom we have relied without independent verification, including liabilities that may result from pending litigation, asserted claims and assessments, guaranties, environmental conditions, uninsured risks and any other contingent liabilities identified and explained. Being "able to pay its debts as they become absolute and mature" shall mean that, assuming the Transaction has been consummated as proposed, the Company's financial forecasts for the period 1996 to 2000 indicate positive cash flow for such period, including (and after giving effect to) the payment of installments due under loans made pursuant to the indebtedness incurred in the Transaction, as such installments are scheduled at the close of the Transaction. It is Houlihan Lokey's understanding, upon which it is relying, that the Lenders and any other recipient of the Opinion will consult with and rely solely upon their own legal counsel with respect to said definitions. No representation is made herein, or directly or indirectly by the Opinion, as to any legal matter or as to the sufficiency of said definitions for any purpose other than setting forth the scope of Houlihan Lokey's Opinion hereunder.

Notwithstanding the use of the defined terms "fair value" and "present fair saleable value," we have not been engaged to identify prospective purchasers or to ascertain the actual prices at which and terms on which the Company can currently be sold, and we know of no such efforts by others. Because the sale of any business enterprise involves numerous assumptions and uncertainties, not all of which can be quantified or ascertained prior to engaging in an actual selling effort, we express no opinion as to whether the Company would actually be sold for the amount we believe to be its fair value and present fair saleable value.

To the Lenders
Now or Hereafter Parties to the
Credit Agreement Referred to Below

In connection with this Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

1. Reviewed SCI's Form 10-K for the fiscal years ended September 30, 1992-1995 and Form 10-Q for the three quarters ended June 30, 1996;
2. Reviewed copies of relevant documents including, but not limited to, the following:
 - Confidential Information Memorandum - \$456,500,000 Senior Secured Credit Facilities
 - Prospectus for the \$275,000,000 Senior Subordinated Notes due 2006 (August 16, 1996)
 - Credit Agreement Dated June 21, 1996
 - Agreement and Plan of Merger Between STX Acquisition Corp. And Sterling Chemicals, Inc. (April 24, 1996)
 - Confidential Information Memorandum prepared by Lazard Freres & Co. (January 11, 1996)
 - Sterling Chemical Review by CMAI (May 24, 1996)
 - Asset Appraisal by Valuation Research Corporation (May 21, 1996)
 - Amendment No. 3 to Form S-1 Registration Statement for STX Acquisition Corp. and STX Chemicals Corp. (August 12, 1996)
 - Environmental Assessment of Sterling Chemicals, Inc. by Pilko & Associates, Inc. (April 18, 1996);
3. Reviewed the Sterling Chemicals, Inc. Definitive Proxy Statement, dated July 19, 1996;
4. Met with certain members of the senior management of SCI to discuss the operations, financial condition, future prospects and projected operations and performance of the SCI;
5. Visited SCI's petrochemical facility located in Texas City, Texas and SCI's pulp chemicals facility located in Vancouver, British Columbia;
6. Reviewed forecasts and projections prepared by the Company's management with respect to the Company for the years ended September 30, 1996 through 2007;

To the Lenders
Now or Hereafter Parties to the

7. Reviewed the historical market prices and trading volume for SCI's publicly traded securities;
8. Reviewed other publicly available financial data for SCI and certain companies that we deem comparable to SCI; and
9. Conducted such other studies, analyses and investigations as we have deemed appropriate.

We have relied upon and assumed, without independent verification, that the financial forecasts and projections provided to us have been reasonably prepared and reflect the best currently available estimates of the future financial results and condition of the Company, and that there has been no material adverse change in the assets, financial condition, business or prospects of the Company since the date of the most recent financial statements made available to us.

We have not independently verified the accuracy and completeness of the information supplied to us with respect to the Company and do not assume any responsibility with respect to it, but nothing has come to our attention in the course of this engagement which would lead us to believe that any such information is incorrect in any material way. We have not made any independent appraisals of any of the properties or assets of the Company. Our opinion is necessarily based on business, economic, market and other conditions as they exist and can be evaluated by us at the date of this letter.

Based upon the foregoing, and in reliance thereon, it is our opinion as of the date of this letter that, assuming the Transaction had been consummated as proposed, immediately after and giving effect to the Transaction:

- (a) on a pro forma basis, the fair value and present fair saleable value of the Company's assets would exceed the Company's stated liabilities and identified contingent liabilities;
- (b) the Company should be able to pay its debts as they become absolute and mature; and
- (c) the Company would have sufficient capital to engage in its business, as management has indicated.

To the Lenders
Now or Hereafter Parties to the
Credit Agreement Referred to Below

This Opinion does not address the fairness of the Transaction to any party. Nor does the Opinion address the solvency of Holdings. The Opinion does not address the Company's underlying business decision to effect the Transaction. We have not been requested to, and did not, solicit third party indications of interest in acquiring all or any part of the Company. Furthermore, we have not negotiated the Transaction or advised any party with respect to alternatives to it. The Opinion does not constitute a recommendation either for or against the Transaction."

This Opinion is furnished solely for your benefit and your respective assignees and participants and may not be relied upon by any other person without our express, prior written consent. This Opinion is delivered to each recipient subject to the conditions, scope of engagement, limitations and understandings set forth in this Opinion and our engagement letter dated June 14, 1996, and subject to the understanding that the obligations of Houlihan Lokey in the Transaction are solely corporate obligations, and no officer, director, employee, agent, shareholder or controlling person of Houlihan Lokey shall be subjected to any personal liability whatsoever to any person, nor will any such claim be asserted by or on behalf of you or your affiliates.

HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.

[LOGO APPEARS HERE]

[LETTERHEAD]

August 21, 1996

Chase Securities, Inc.
707 Travis Street
7 TCB North
Houston, TX 77002-8079

Ladies and Gentlemen:

In accordance with your request, we have made an investigation, analysis, and appraisal of the designated personal property of Sterling Chemicals, Inc., headquartered in Houston, Texas. We submit this report relative to our findings and conclusions.

This appraisal was prepared for the purpose of expressing an opinion of the value-in-use of the designated personal property of Sterling Chemicals, Inc. as of May 20, 1996.

VALUE-IN-USE is defined as an amount expressed in terms of money that would be exchanged between a willing buyer and a willing seller with equity to both, neither being under any compulsion to buy or sell and both being fully aware of the relevant facts, as of a certain date, assuming that the assets will continue to function in their present capacity as part of an ongoing business enterprise at their present location.

We have determined the value-in-use of the company's real and personal property. The appraised assets included, land, buildings, machinery and equipment, support equipment and services, office furniture and equipment, and vehicles. Construction-in-progress has been included at recorded cost.

Our appraisal report includes the following:

- . This letter, which identifies the assets appraised, discusses the basis of value and limiting conditions, and presents the conclusions developed.
- . A narrative report containing, a description of the assets appraised, a summary of the value premises used, a presentation of the methods of valuation, and the conclusions of value.

. An exhibit section containing valuation information.

VALUATION RESEARCH CORPORATION

Chase Securities, Inc.

August 21, 1996

Page 2

Our investigation included consultations with management concerning historical and prospective operations, and an inspection of the Texas City, Texas facility.

Valuation research Corporation does not conduct or provide environmental liability assessments of any kind in performing its appraisals so that our opinion of the appraised value will not reflect any actual or contingent environmental liabilities except to the extent we are provided with a specific monetary assessment of such liabilities in writing. In any event, Valuation Research Corporation will not verify such monetary assessment and will offer no warranty or representation as to its accuracy or completeness.

Based upon the investigation and methodology in our report and subject to the Assumptions and Limiting Conditions included with this report, it is our opinion that the Value-in-Use of the designed assets of Sterling Chemicals, Inc. as of May 20, 1996, was estimated to be as follows:

FOUR HUNDRED SIXTY-ONE MILLION
SIX HUNDRED TWENTY-ONE THOUSAND DOLLARS
\$461,621,000

These values are distributed by classification as follows:

CHASE SECURITIES, INC.
AS OF MAY 20, 1996
(IN THOUSANDS OF DOLLARS)

<TABLE>
<CAPTION>

<S>	VALUE-IN-USE <C>
Land	\$ 2,340
Buildings	2,142
Machinery & Equipment	388,874
Railroads & Switch Tracks	333
Furniture & Office Equipment	2,220
Sewers - Storm & Sanitary	603
Automobiles & Trucks	610
Sewers - Main Drain	2,060
Roadways & Fences	1,354

Railcars	6,147
Water Transportation Equipment	188
Construction in Progress	54,750

Total	\$461,621
	=====

</TABLE>

VALUATION RESEARCH CORPORATION

Chase Securities, Inc.

August 21, 1996

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Valuation Research Corporation is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report wishing to know whether such liabilities exist, or their scope, and the effect on the value of the property is encouraged to obtain a professional environmental assessment. Valuation Research Corporation does not conduct or provide environmental assessments and has not performed one for the subject property.

We have made no investigation of and assume no responsibility for the title to the assets appraised.

In accordance with professional valuation standards, as generally recognized and practiced in the appraisal industry, the professional fee for these services is not contingent upon our conclusions of value and neither Valuation Research Corporation nor, to the best of its knowledge determined in good faith, any of its professional agents or employees have a present or intended material financial interest in the company.

Public disclosure of this letter, or any of its parts may not be made without the express written consent of Valuation Research Corporation, not unreasonably withheld. If given, such consent shall not be without sufficient review by Valuation Research Corporation, as to the precise language of such disclosure and the time and place of its potential release.

Valuation Research Corporation has no responsibility to update the opinions stated herein for events and circumstances occurring after the date of this letter. Any further consultation, testimony, attendance, research or opinion in reference to the present engagement beyond the opinions as of the date of this letter is subject to agreement by Valuation Research Corporation to specific written arrangements between the parties.

Respectfully submitted,

Engagement Number: 02-2938-00

VALUATION RESEARCH CORPORATION

LIMITING FACTORS AND ASSUMPTIONS

In accordance with recognized professional ethics, the professional fee for this service is not contingent upon our conclusion of value, and neither Valuation Research Corporation nor any of its employees have a present or intended material financial interest in the subject company appraised.

The opinion of value expressed herein is valid only for the stated purpose as of the date of the appraisal.

Financial statements and other related information provided by the subject company or its representatives in the course of this investigation have been accepted, without further verification, as fully and correctly reflecting the company's business conditions and operating results for the respective periods, except as specifically noted herein.

Public information and industry and statistical information has been obtained from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without further verification.

The conclusions of value are based upon the assumption that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.

This report and the conclusions arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusions are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusions reached herein represent the considered opinion of Valuation Research Corporation, based upon information furnished to them by the company and other sources.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of any appraiser or appraisers, or the firm with which such appraisers are connected, or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct

transmittal, or any other public means of communication, without the prior written consent and approval of Valuation Research Corporation.

Future services regarding the subject matter of this report, including, but not limited to, testimony or attendance in court, shall not be required of Valuation Research Corporation, unless previous arrangements have been made in writing.

VALUATION RESEARCH CORPORATION

The appraiser assumes no responsibility for matters legal in nature, nor does the appraiser render any opinion as to the title, which is assumed to be marketable.

The appraiser assumes that the property will be responsibly owned and properly maintained.

The appraiser has not made a land survey of the property. The boundaries used in this report are taken from records believed to be accurate. The sketches included in this report are provided to assist the reader in visualizing the property, and no responsibility is assumed for their accuracy.

The allocation of the total value between land and improvements stated in this report is invalid if used separately or in conjunction with any other appraisal. This report is to be used in its entirety and only for the purpose for which it was prepared.

The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render the property more or less valuable. The appraiser assumes no responsibility for any such conditions or for any engineering surveys which might be required to discover such conditions.

Any information furnished by others and included in this report is from sources deemed to be reliable and believed to be true and accurate; however, no responsibility is assumed for its accuracy.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

Valuation Research Corporation is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report wishing to know whether such liabilities exist, or their scope, and the effect on the value of the property is encouraged to obtain a professional environmental assessment. Valuation Research Corporation does not conduct or provide environmental assessments and has not performed one for the subject property.

Valuation Research Corporation has asked Sterling Chemicals, Inc. whether it is subject to any present or future liability relating to environmental matters (including but not limited to CERCLA/Superfund liability). Valuation Research

Corporation has not determined independently whether Sterling Chemicals, Inc. is subject to any such liabilities, nor the scope of any such liabilities. Valuation Research Corporation's appraisal takes no such liabilities into account except as they have been reported expressly to Valuation Research Corporation by Sterling Chemicals, Inc., or by an environmental consultant working for Sterling Chemicals, Inc., and then only to the extent that the

VALUATION RESEARCH CORPORATION

liability was reported to us in an actual or estimated dollar amount. Such matters are noted in the report. To the extent such information has been reported to us, Valuation Research Corporation has relied on it without verification and offers no warranty or representation as to its accuracy or completeness.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

We have not made a specific compliance survey or analysis of the subject property to determine whether it is subject to or in compliance with the Americans with Disabilities Act of 1990 (ADA) and this opinion does not consider the impact, if any, of noncompliance in estimating the value of the property.

[LOGO OF VALUATION RESEARCH APPEARS HERE]

[LETTERHEAD OF VALUATION RESEARCH APPEARS HERE]

June 11, 1996

CHASE SECURITIES, INC.
707 Travis Street
7 TCB North
Houston, Texas 77002-8079

Ladies and Gentlemen:

In accordance with your request, we have made an investigation, analysis, and appraisal of the designated personal property of Sterling Pulp Chemicals, Ltd. ("Pulp Chemicals"), an indirect subsidiary of Sterling Chemicals, Inc. (the "Company"), located at Buckingham, North Vancouver, Grande Prairie, and Thunder Bay, Canada. We submit this letter and report relative to our findings and conclusions.

This appraisal was prepared for the purpose of expressing an opinion of the Value In-Use of the designated personal property of Pulp Chemicals as of May 20, 1996. It is our understanding that the purpose of this appraisal is for financing purposes.

The standard of value is Value In-Use, which is defined as an amount expressed in terms of money that would be exchanged between a willing buyer and a willing seller with equity to both, neither being under any compulsion to buy or sell and both being fully aware of the relevant facts, as of a certain date, assuming that the assets will continue to function in their present capacity as part of an ongoing business enterprise at their present location.

This report contains information considered relevant to both the value of the property and the method by which we have analyzed collected data to arrive at the value conclusion.

Based upon our investigation and methodology in this report and subject to the Assumptions and Limiting Conditions included with this report, it is our considered opinion that the Value In-Use of the APPRAISED personal property as

of May 20, 1996 is (shown below):

ONE HUNDRED TWENTY SIX MILLION FIFTY THOUSAND U.S. DOLLARS

U.S. \$126,050,000
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VALUATION RESEARCH CORPORATION

CHASE SECURITIES, INC.

June 11, 1996

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<TABLE>

<CAPTION>

This table includes assets, as footnoted, NOT APPRAISED by Valuation Research.

<S>

Asset (1)

<C>

Value In-Use (000)

Process Lines:

Thunder Bay

\$ 14,261

Grande Prairie

26,864

Vancouver:

Phase 1 Line

10,514

Phase 2 Line

22,598

Bagging Equipment

508

Dock Facility

1,663

Total Vancouver

35,283

Buckingham:

Phase 1 Line

8,351

Phase 2 Line

13,665

Phase 3 Line

16,200

Sodium Chlorite

11,426

Total Buckingham

49,642

TOTAL APPRAISED ASSETS

\$126,050

Miscellaneous Equipment (2)

3,242

Construction In Process (2)

30,472

Total Assets, Pulp Chemicals

\$159,764

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</TABLE>

(1) This appraisal does not include the value of any real, intangible or intellectual property.

- (2) Not appraised by Valuation Research although subject to limited procedures. No inspection performed on these assets and values based on data supplied by the Company.

Respectfully submitted,

/s/ VALUATION RESEARCH CORPORATION

Valuation Research Corporation

Engagement Number: 02-2938-00

VALUATION RESEARCH CORPORATION

REPORT CERTIFICATION

The undersigned certify that, to the best of our knowledge and belief:

- . The statements of fact contained in this report are true and correct.
- . The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- . We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- . Our compensation is not contingent upon the report of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- . Our analyses, opinions, and conclusions were developed, and this report has {not} been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and with the Codes of Ethics of the Appraisal Institute and the American Society of Appraisers.
- . Edward J. Cowan and James M. Brooks have made partial inspections of those specific properties identified in the body of this report as being inspected. All other properties were not inspected and were appraised based on information supplied by the Company. This appraisal was completed, in part, based on information supplied to us by the Company.
- . In addition to the undersigned, Joseph Mickle and Mark Brattebo assisted in this appraisal.

Edward J. Cowan, ASA
James M. Brooks, ASA

/s/ Joseph L. Mickle, ASA

Joseph L. Mickle, ASA
Vice President
Review Appraiser

VALUATION RESEARCH CORPORATION

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions.

1. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
2. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
3. Public information, industry and statistical information are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without further verification.
4. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.
5. It is assumed that there are no hidden or inapparent conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.
6. It is assumed that there is full compliance with all applicable federal, provincial, and local environmental regulations and laws unless non compliance is stated, defined, and considered in the appraisal report.

It is further assumed that any mechanical and electrical equipment, which is considered part of the real estate, is in proper operating condition except when noted herein. These include, but are not limited to, such items as the heating, air conditioning, plumbing, sprinkler, and electrical

systems.

7. In the event this appraisal is used for a sale price, financing, or tax purposes, no responsibility is assumed for the inability to negotiate favorably on the basis of the values expressed herein.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non conformity has been stated, defined, and considered in the appraisal report.

VALUATION RESEARCH CORPORATION

9. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of any appraiser or appraisers, or the firm with which such appraisers are connected, or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communication, without the prior written consent and approval of Valuation Research Corporation.
10. In accordance with recognized professional ethics, the professional fee for this service is not contingent upon our conclusion of value, and neither Valuation Research Corporation nor any of its employees has a present or intended financial interest in the subject Company appraised.
11. The opinion of value expressed herein is valid only for the stated purpose and date of the appraisal.
12. Financial statements and other related information provided by the Company or its representatives in the course of this investigation have been accepted, without further verification, as correctly reflecting the Company's business conditions and operating results for the respective periods, except as specifically noted herein.
13. The conclusions of value are based upon the assumption that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners participation would not be materially or significantly changed.
14. Further services regarding the subject matter of this report, including, but not limited to, testimony or attendance in court, shall not be required of Valuation Research Corporation, unless previous arrangements have been made therefore in writing.
15. This report and the conclusions arrived at therein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusions are not intended by the author, and should not be construed by the reader, to be investment advice in any

manner whatsoever. The conclusions reached herein represent the considered opinion of Valuation Research Corporation, based upon information furnished to them by the Company and other sources.

16. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of any structures, such as the presence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by Valuation Research Corporation, its employees or contractors, nor do they have any

VALUATION RESEARCH CORPORATION

knowledge of the existence of such materials on or in the property except as noted herein. The appraisers, however, are not qualified to detect such substances. The existence of such substances may have an effect on the value of the property or properties appraised. Valuation Research Corporation urges the client to retain an expert in this field if so desired.

17. Detailed architectural and engineering drawings were not always available to the appraisers. Construction details are based on the property inspections, available drawings, tax records, and interviews with the plant managers. However, some construction details in this report may differ from the actual construction.
18. Valuation Research Corporation is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report wishing to know whether such liabilities exist, or their scope, and the effect on the value of the property is encouraged to obtain a professional environmental assessment. Valuation Research Corporation does not conduct or provide environmental assessments and has not performed one for the subject property.
19. At the client's request the scope of this assignment was limited to the approaches and methodologies explained in the Valuation Procedures of the personal property found in this report. The level of detail included is considered acceptable for the purposes for which this report will be utilized.