

# CABOT CORP (CBT)

## 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filed on 05/07/2012

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

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 number 1-5667

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**Cabot Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**04-2271897**  
(I.R.S. Employer Identification No.)

**Two Seaport Lane**  
**Boston, Massachusetts**  
(Address of principal executive offices)

**02210-2019**  
(Zip Code)

**Registrant's telephone number, including area code: (617) 345-0100**

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Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.    Yes ☒    No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).    Yes ☒    No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒            Accelerated filer ☐            Non-accelerated filer (Do not check if smaller reporting company) ☐  
Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).    Yes ☐    No ☒

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

**As of April 30, 2012 the Company had 63,399,861 shares of Common Stock, par value \$1 per share, outstanding.**

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**Part I. Financial Information**
**Item 1. Financial Statements**

**CABOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**UNAUDITED**

	Three Months Ended March 31		Six Months Ended March 31	
	2012	2011	2012	2011
(In millions, except per share amounts)				
Net sales and other operating revenues	\$ 844	\$ 739	\$ 1,606	\$ 1,433
Cost of sales	671	605	1,290	1,168
Gross profit	173	134	316	265
Selling and administrative expenses	66	62	131	125
Research and technical expenses	20	18	37	33
Income from operations	87	54	148	107
Interest and dividend income	1	—	2	1
Interest expense	(9)	(10)	(19)	(20)
Other (expense) income	(3)	4	—	6
Income from continuing operations before income taxes and equity in net earnings of affiliated companies	76	48	131	94
(Provision) benefit for income taxes	(23)	(9)	(39)	6
Equity in net earnings of affiliated companies	3	1	4	4
Income from continuing operations	56	40	96	104
Income from discontinued operations, net of tax	189	16	200	32
Net income	245	56	296	136
Net income attributable to noncontrolling interests, net of tax	5	5	10	10
Net income attributable to Cabot Corporation	\$ 240	\$ 51	\$ 286	\$ 126
Weighted-average common shares outstanding, in millions:				
Basic	63.2	64.6	63.4	64.5
Diluted	64.0	65.5	64.1	65.3
Income per common share:				
Basic:				
Income from continuing operations attributable to Cabot Corporation	\$ 0.80	\$ 0.53	\$ 1.35	\$ 1.42
Income from discontinued operations	2.94	0.24	3.11	0.49
Net income attributable to Cabot Corporation	\$ 3.74	\$ 0.77	\$ 4.46	\$ 1.91
Diluted:				
Income from continuing operations attributable to Cabot Corporation	\$ 0.78	\$ 0.52	\$ 1.33	\$ 1.40
Income from discontinued operations	2.92	0.24	3.08	0.49
Net income attributable to Cabot Corporation	\$ 3.70	\$ 0.76	\$ 4.41	\$ 1.89
Dividends per common share	\$ 0.18	\$ 0.18	\$ 0.36	\$ 0.36

The accompanying notes are an integral part of these consolidated financial statements.

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**CABOT CORPORATION  
CONSOLIDATED BALANCE SHEETS  
ASSETS  
UNAUDITED**

	March 31, 2012	September 30, 2011
	(In millions)	
Current assets:		
Cash and cash equivalents	\$ 366	\$ 286
Accounts and notes receivable, net of reserve for doubtful accounts of \$4 and \$4	759	659
Inventories:		
Raw materials	119	120
Work in process	4	3
Finished goods	260	233
Other	40	37
Total inventories	423	393
Prepaid expenses and other current assets	73	76
Deferred income taxes	27	35
Current assets held for sale	—	106
Total current assets	1,648	1,555
Property, plant and equipment, net	1,079	1,036
Goodwill	40	40
Equity affiliates	62	60
Assets held for rent	51	46
Notes receivable from sale of business	263	—
Deferred income taxes	185	261
Other assets	101	104
Noncurrent assets held for sale	—	39
Total assets	<u>\$ 3,429</u>	<u>\$ 3,141</u>

The accompanying notes are an integral part of these financial statements.

**CABOT CORPORATION  
CONSOLIDATED BALANCE SHEETS  
LIABILITIES AND STOCKHOLDERS' EQUITY  
UNAUDITED**

	March 31, 2012	September 30, 2011
	(In millions, except share amounts)	
Current liabilities:		
Notes payable to banks	\$ 79	\$ 86
Accounts payable and accrued liabilities	496	461
Income taxes payable	55	34
Deferred income taxes	6	6
Current portion of long-term debt	48	57
Current liabilities held for sale	—	12
Total current liabilities	684	656
Long-term debt	560	556
Deferred income taxes	9	8
Other liabilities	298	299
Noncurrent liabilities held for sale	—	6
Commitments and contingencies (Note F)		
Stockholders' equity:		
Preferred stock:		
Authorized: 2,000,000 shares of \$1 par value		
Issued and Outstanding : None and none	—	—
Common stock:		
Authorized: 200,000,000 shares of \$1 par value		
Issued: 63,653,983 and 63,894,443 shares		
Outstanding: 63,399,863 and 63,860,777 shares	64	64
Less cost of 254,120 and 33,666 shares of common treasury stock	(8)	(1)
Additional paid-in capital	17	18
Retained earnings	1,576	1,314
Deferred employee benefits	(11)	(14)
Accumulated other comprehensive income	108	106
Total Cabot Corporation stockholders' equity	1,746	1,487
Noncontrolling interests	132	129
Total stockholders' equity	1,878	1,616
Total liabilities and stockholders' equity	\$ 3,429	\$ 3,141

The accompanying notes are an integral part of these financial statements.

**CABOT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED**

	Six Months Ended March 31	
	2012	2011
	(In millions)	
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 296	\$ 136
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	74	70
Deferred tax provision (benefit)	14	(18)
Gain on sale of business, net of tax	(186)	—
Loss on sale of property, plant and equipment	1	1
Equity in net earnings of affiliated companies	(4)	(4)
Non-cash compensation	12	12
Other non-cash (income) expense	(2)	4
Changes in assets and liabilities:		
Accounts and notes receivable	(105)	(32)
Inventories	(52)	(46)
Prepaid expenses and other current assets	14	(12)
Accounts payable and accrued liabilities	50	(46)
Income taxes payable	(10)	(5)
Other liabilities	(7)	(5)
Cash dividends received from equity affiliates	3	3
Other	(5)	—
Cash provided by operating activities	<u>93</u>	<u>58</u>
<b>Cash Flows from Investing Activities:</b>		
Additions to property, plant and equipment	(117)	(72)
Proceeds from sale of business	175	—
Increase in assets held for rent	(6)	(1)
Cash provided by (used) in investing activities	<u>52</u>	<u>(73)</u>
<b>Cash Flows from Financing Activities:</b>		
Borrowings under financing arrangements	37	31
Repayments under financing arrangements	(29)	(14)
Proceeds from long-term debt	5	—
Repayments of long-term debt	(12)	(17)
(Decrease) increase in notes payable to banks, net	(17)	10
Proceeds from cash contributions received from noncontrolling stockholders	4	—
Purchases of common stock	(30)	—
Proceeds from sales of common stock	8	3
Cash dividends paid to noncontrolling interests	(5)	(3)
Cash dividends paid to common stockholders	(24)	(24)
Proceeds from restricted stock loan payments	1	—
Cash used in financing activities	<u>(62)</u>	<u>(14)</u>
Effect of exchange rate changes on cash	(3)	8
Increase (decrease) in cash and cash equivalents	80	(21)
Cash and cash equivalents at beginning of period	286	387
Cash and cash equivalents at end of period	<u>\$ 366</u>	<u>\$ 366</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CABOT CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
**Six Months Ended March 31, 2011**  
(In millions, except shares in thousands)  
**UNAUDITED**

	Common Stock, Net of Treasury Stock		Additional Paid-in Capital	Retained Earnings	Deferred Employee Benefits	Accumulated Other Comprehensive Income	Cabot Corporation Stockholders' Equity	Non- controlling Interests	Total Stockholders' Equity	Comprehensive Income
	Shares	Cost								
Balance at September 30, 2010	65,370	\$ 63	\$ 46	\$ 1,125	\$ (20)	\$ 88	\$ 1,302	\$ 115	\$ 1,417	
Net income attributable to Cabot Corporation				126						\$ 126
Foreign currency translation adjustment						20				20
Total other comprehensive loss										20
Comprehensive income attributable to Cabot Corporation, net of tax <sup>(1)</sup>							146			\$ 146
Net income attributable to noncontrolling interests, net of tax								10		\$ 10
Noncontrolling interests foreign currency adjustment								3		3
Comprehensive income attributable to noncontrolling interests, net of tax <sup>(1)</sup>										13
Comprehensive income <sup>(1)</sup>									159	\$ 159
Noncontrolling interests - dividends								(4)	(4)	
Cash dividends paid to common stockholders				(24)			(24)		(24)	
Issuance of stock under employee compensation plans, net of forfeitures	218	2	5				7		7	
Amortization of share-based compensation			9				9		9	
Purchase and retirement of common and treasury stock	(26)	—	—				—		—	
Principal payment by Employee Stock Ownership Plan under guaranteed loan					3		3		3	
Balance at March 31, 2011	65,562	\$ 65	\$ 60	\$ 1,227	\$ (17)	\$ 108	\$ 1,443	\$ 124	\$ 1,567	

(1) Comprehensive income for the three months ended March 31, 2011 was \$71 million, which consists of comprehensive income attributable to Cabot Corporation, net of tax, of \$63 million and comprehensive income attributable to noncontrolling interests, net of tax, of \$8 million.

The accompanying notes are an integral part of these consolidated financial statements.



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**CABOT CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
**Six Months Ended March 31, 2012**  
(In millions, except shares in thousands)  
**UNAUDITED**

	Common Stock, Net of Treasury		Additional	Retained	Deferred	Accumulated	Cabot	Non-	Total	Comprehensive
	Shares	Cost	Paid-in	Earnings	Employee	Other	Corporation	controlling	Stockholders'	Income
			Capital		Benefits	Income	Equity	Interests	Equity	
Balance at September 30, 2011	63,861	\$ 63	\$ 18	\$ 1,314	\$ (14)	\$ 106	\$ 1,487	\$ 129	\$ 1,616	
Net income attributable to Cabot Corporation				286						\$ 286
Foreign currency translation adjustment, net of tax						4				4
Change in employee benefit plans, net of tax						(2)				(2)
Total other comprehensive income										2
Comprehensive income attributable to Cabot Corporation, net of tax <sup>(1)</sup>							288			\$ 288
Net income attributable to noncontrolling interests, net of tax								10		10
Noncontrolling interests foreign currency adjustment								1		1
Comprehensive income attributable to noncontrolling interests, net of tax <sup>(1)</sup>										\$ 11
Comprehensive income <sup>(1)</sup>									299	\$ 299
Contribution from noncontrolling interests								4		4
Noncontrolling interests - dividends								(12)		(12)
Cash dividends paid to common stockholders				(24)			(24)			(24)
Issuance of stock under employee compensation plans, net of forfeitures	484	2	11				13		13	
Amortization of share-based compensation			8				8		8	
Purchase and retirement of common stock	(695)	(1)	(21)				(22)		(22)	
Purchase of treasury stock	(250)	(8)					(8)		(8)	
Notes receivable for restricted stock - payments			1				1		1	
Principal payment by Employee Stock Ownership Plan under guaranteed loan					3		3		3	
Balance at March 31, 2012	<u>63,400</u>	<u>\$ 56</u>	<u>\$ 17</u>	<u>\$ 1,576</u>	<u>\$ (11)</u>	<u>\$ 108</u>	<u>\$ 1,746</u>	<u>\$ 132</u>	<u>\$ 1,878</u>	

(1) Comprehensive income for the three months ended March 31, 2012 was \$264 million, which consists of comprehensive income attributable to Cabot Corporation, net of tax, of \$256 million and comprehensive income attributable to noncontrolling interests, net of tax, of \$8 million.

The accompanying notes are an integral part of these consolidated financial statements.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2012**  
**UNAUDITED**

**A. Basis of Presentation**

The consolidated financial statements include the accounts of Cabot Corporation ("Cabot" or the "Company") and its wholly owned subsidiaries and majority-owned and controlled U.S. and non-U.S. subsidiaries. Additionally, Cabot considers consolidation of entities over which control is achieved through means other than voting rights, of which there were none in the periods presented. Intercompany transactions have been eliminated in consolidation.

The unaudited consolidated financial statements have been prepared in accordance with the requirements of Form 10-Q and consequently do not include all disclosures required by Form 10-K. Additional information may be obtained by referring to Cabot's Annual Report on Form 10-K for the fiscal year ended September 30, 2011 ("2011 10-K").

The financial information submitted herewith is unaudited and reflects all adjustments which are, in the opinion of management, necessary to provide a fair statement of the results for the interim periods ended March 31, 2012 and 2011. All such adjustments are of a normal recurring nature. The results for interim periods are not necessarily indicative of the results to be expected for the fiscal year.

In January 2012, Cabot sold substantially all of the assets of its Supermetals Business to Global Advanced Metals Pty Ltd., an Australian company ("GAM"), in accordance with a Sale and Purchase Agreement. The Consolidated Statements of Operations for all periods presented have been recast to reflect the presentation of discontinued operations. Unless otherwise indicated, all disclosures and amounts in the Notes to the Consolidated Financial Statements relate to the Company's continuing operations.

**B. Significant Accounting Policies*****Revenue Recognition and Accounts Receivable***

Cabot recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collectibility is reasonably assured. Cabot generally is able to ensure that products meet customer specifications prior to shipment. If the Company is unable to determine that the product has met the specified objective criteria prior to shipment or if title has not transferred because of sales terms, the revenue is considered "unearned" and is deferred until the revenue recognition criteria are met.

Shipping and handling charges related to sales transactions are recorded as sales revenue when billed to customers or included in the sales price.

The following table shows the relative size of the revenue recognized in each of the Company's reportable segments:

	Three months ended		Six months ended	
	March 31		March 31	
	2012	2011	2012	2011
Core Segment	65%	63%	65%	64%
Performance Segment	28%	31%	28%	30%
New Business Segment	4%	4%	4%	4%
Specialty Fluids Segment	3%	2%	3%	2%

Cabot derives the substantial majority of its revenues from the sale of products in the Core and Performance Segments. Revenue from these products is typically recognized when the product is shipped and title and risk of loss have passed to the customer. The Company offers certain of its customers cash discounts and volume rebates as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized and are estimated based on historical experience and contractual obligations. Cabot periodically reviews the assumptions underlying its estimates of discounts and volume rebates and adjusts its revenues accordingly.

Revenue in the New Business Segment is typically recognized when the product is shipped and title and risk of loss have passed to the customer. Depending on the nature of the contract with the customer, a portion of the segment's revenue may be recognized using proportional performance.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2012**  
**UNAUDITED**

The majority of the revenue in the Specialty Fluids Segment typically arises from the rental of cesium formate. This revenue is recognized throughout the rental period based on the contracted rental terms. Customers are also billed and revenue is recognized, typically at the end of the job, for cesium formate product that is not returned. On occasion, the Company also generates revenues from cesium formate outside of a rental process and revenue is recognized upon delivery of the fluid.

Cabot maintains allowances for doubtful accounts based on an assessment of the collectibility of specific customer accounts, the aging of accounts receivable and other economic information on both an historical and prospective basis. Customer account balances are charged against the allowance when it is probable the receivable will not be recovered. Changes in the allowance during the first six months of fiscal 2012 and 2011 were immaterial. There is no off-balance sheet credit exposure related to customer receivable balances.

***Cost of Sales***

Cost of sales consists of cost of raw and packaging materials, direct manufacturing costs, depreciation, internal transfer costs, inspection costs, inbound and outbound freight and shipping and handling costs, plant purchasing and receiving costs and other overhead expense necessary to manufacture the products.

***Selling and Administrative Expenses***

Selling and administrative expenses consists of salaries and fringe benefits of sales and office personnel, general office expenses and other expenses not directly related to manufacturing operations.

***Goodwill***

Goodwill is comprised of the cost of business acquisitions in excess of the fair value assigned to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually, or when events or changes in the business environment indicate that the carrying value of the reporting unit may exceed its fair value. The annual review is performed as of March 31 of each year.

Goodwill is tested for impairment at the reporting unit level annually, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. The Company has three reporting units that carry goodwill balances: Rubber Blacks, Fumed Metal Oxides, and Security Materials. Effective March 2012, the Company early adopted the authoritative guidance that simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value amount and as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Alternatively, the Company may elect to proceed directly to the two-step goodwill impairment test. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative evaluation is performed under the two-step impairment test. If based on the quantitative evaluation the fair value of the reporting unit is less than its carrying amount, the Company performs an analysis of the fair value of all assets and liabilities of the reporting unit. If the implied fair value of the reporting unit's goodwill is determined to be less than its carrying amount, an impairment is recognized for the difference. The Company primarily utilizes a discounted cash flow methodology to calculate the fair value of its reporting units. See Note E for further information on goodwill.

***Financial Instruments***

Cabot's financial instruments consist primarily of cash and cash equivalents, accounts and notes receivable, investments, notes receivable from sale of business, accounts payable and accrued liabilities, short-term and long-term debt, and derivative instruments. The carrying values of Cabot's financial instruments approximate fair value with the exception of long-term debt that has not been designated as part of a fair value hedge. The non-hedged long-term debt is recorded at amortized cost. The fair values of the Company's financial instruments are based on quoted market prices, if such prices are available. In situations where quoted market prices are not available, the Company relies on valuation models to derive fair value. Such valuation takes into account the ability of the financial counterparty to perform.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2012**  
**UNAUDITED**

Cabot uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates and foreign currency exchange rates, which exist as part of its on-going business operations. Cabot does not enter into derivative contracts for speculative purposes, nor does it hold or issue any derivative contracts for trading purposes. All derivatives are recognized on the Consolidated Balance Sheets at fair value. Where Cabot has a legal right to offset derivative settlements under a master netting agreement with a counterparty, derivatives with that counterparty are presented on a net basis. The changes in the fair value of derivatives are recorded in either earnings or Accumulated other comprehensive income, depending on whether or not the instrument is designated as part of a hedge transaction and, if designated as part of a hedge transaction, the type of hedge transaction. The gains or losses on derivative instruments reported in Accumulated other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges is recognized in earnings during the period in which the ineffectiveness occurs.

In accordance with Cabot's risk management strategy, the Company may enter into certain derivative instruments that may not be designated as hedges for hedge accounting purposes. Although these derivatives are not designated as hedges, the Company believes that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. The Company records in earnings the gains or losses from changes in the fair value of derivative instruments that are not designated as hedges. Cash movements associated with these instruments are presented in the Consolidated Statement of Cash Flows as Cash Flows from Operating Activities because the derivatives are designed to mitigate risk to the Company's cash flow from operations.

***Income Tax in Interim Periods***

The Company records its tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period.

Valuation allowances are provided against the future tax benefits that arise from the deferred tax assets in jurisdictions for which no benefit can be recognized. The estimated annual effective tax rate may be significantly impacted by nondeductible expenses and the Company's projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

***Inventory Valuation***

Inventories are stated at the lower of cost or market. The cost of all carbon black inventories in the U.S. is determined using the last-in, first-out ("LIFO") method. Had the Company used the first-in, first-out ("FIFO") method instead of the LIFO method for such inventories, the value of those inventories would have been \$57 million and \$53 million higher as of March 31, 2012 and September 30, 2011, respectively. The cost of Specialty Fluids inventories is determined using the average cost method. The cost of other U.S. and all non-U.S. inventories is determined using the FIFO method.

Cabot reviews inventory for both potential obsolescence and potential declines in anticipated selling prices. In this review, the Company makes assumptions about the future demand for and market value of the inventory, and based on these assumptions estimates the amount of any obsolete, unmarketable, slow moving or overvalued inventory. Cabot writes down the value of these inventories by an amount equal to the difference between the cost of the inventory and its estimated market value. There were no significant write-downs in either the three or six months ended March 31, 2012 or 2011.

**CABOT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2012**  
**UNAUDITED**

**C. Discontinued Operations**

In January 2012, the Company completed the sale of its Supermetals Business to Global Advanced Metals Pty Ltd., an Australian company ("GAM"), pursuant to a Sale and Purchase Agreement ("SPA") entered into between the Company and GAM in August 2011. The total minimum consideration for the sale was approximately \$450 million, including cash consideration of \$175 million received on the closing date. In addition, the Company (i) received two-year promissory notes, which may be prepaid by GAM at any time prior to maturity, for total aggregate payments of \$215 million (consisting of principal, imputed interest and a prepayment penalty, if applicable), secured by liens on the property and assets of the acquired business and guaranteed by the GAM corporate group and (ii) will receive quarterly cash payments in each calendar quarter that the promissory notes are outstanding in an amount equal to 50% of cumulative annual adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") of the acquired business for the relevant calendar quarter. Regardless of the Adjusted EBITDA generated, a minimum payment of \$11.5 million is guaranteed in the first year following the closing of the transaction pursuant to one-year promissory notes. Together, these notes are referred to as the "GAM Promissory Notes". The Company has accounted for the Adjusted EBITDA payments as part of the notes as the required payments are not freestanding instruments, and are connected with the repayment of the GAM Promissory Notes.

In connection with the transaction, the Company also sold to GAM its excess Supermetals inventory for approximately \$50 million. Payment for the excess inventory was made with a two-year promissory note ("the GAM Inventory Note"), which is also secured by liens on the property and assets of the acquired business and guaranteed by the GAM corporate group. The GAM Inventory Note may be repaid at any time, and is subject to prepayment if excess cash flows, as defined in the agreement, are generated by the business. The GAM Inventory Note bears interest of 10% per annum beginning January 2013. If the GAM Promissory Notes are prepaid in full, the GAM Inventory Note must also be prepaid. Other than the \$11.5 million guaranteed to be paid within the first year, the remaining balance of the GAM Promissory Notes and Inventory Note have a final maturity date of March 2014.

The GAM Promissory Notes and Inventory Note were recorded at their fair value of \$273 million at the closing date. On the Consolidated Balance Sheet as of March 31, 2012, \$11 million is included in Prepaid expenses and other current assets and \$263 million, which includes \$1 million of discount amortization, is presented as Notes receivable from sale of business, shown net of discount. The fair value of the GAM Promissory Notes and GAM Inventory Note was based on the timing of expected cash flows and appropriate discount rates. The difference between the carrying value of the notes and the contractual payment obligation (the discount) is being accreted into interest income over the term of the notes. Payments made while the GAM Promissory Notes are outstanding that are contingent upon the finalization of the annual Adjusted EBITDA calculation will be recognized into interest income when such amount is known.

The Company recorded an after-tax gain on the sale of \$186 million, which is included in Income from discontinued operations, net of tax in the Consolidated Statements of Operations for the three and six months ended March 31, 2012. Additional amounts relating to changes in the working capital levels over stipulated amounts, pension settlements and other items as defined in the SPA will be recognized as discontinued operations when finalized or settled.

The results of the Supermetals Business are reported within Income from discontinued operations, net of tax, in the Consolidated Statements of Operations and have been excluded from segment results presented in Note N. The assets and liabilities associated with the Supermetals Business are presented as Assets held for sale and Liabilities held for sale in the Consolidated Balance Sheet as of September 30, 2011. All previously reported financial information has been recast to conform to the current presentation.

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The following table summarizes the results from discontinued operations during the three months and six months ended March 31, 2012 and 2011:

	Three Months Ended March 31		Six Months Ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Net sales and other operating revenues	\$ 8	\$ 52	\$ 46	\$ 111
Income from operations before income taxes	3	24	21	48
Provision for income taxes on operations	—	(8)	(7)	(16)
Income from operations, net of tax	3	16	14	32
Gain on sale of discontinued operations	294	—	294	—
Provision for income taxes on gain on sale	(108)	—	(108)	—
Gain on sale of discontinued operations, net of tax	186	—	186	—
Income from discontinued operations, net of tax	<u>\$ 189</u>	<u>\$ 16</u>	<u>\$ 200</u>	<u>\$ 32</u>

The following table summarizes the assets and liabilities held for sale in the Company's Consolidated Balance Sheet as of September 30, 2011. There are no material assets and liabilities held for sale as of March 31, 2012.

	September 30, 2011
	(Dollars in millions)
<b>Assets</b>	
Accounts and notes receivable, net of reserve for doubtful accounts	\$ 41
Inventories	64
Prepaid expenses and other current assets	1
Total Current assets held for sale	<u>\$ 106</u>
Net property, plant and equipment	\$ 39
Total Noncurrent assets held for sale	<u>\$ 39</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 12
Total Current liabilities held for sale	<u>\$ 12</u>
Other liabilities	\$ 6
Total Noncurrent liabilities held for sale	<u>\$ 6</u>

In connection with the transaction, the parties entered into a tantalum ore supply agreement under which the Company will sell to GAM all of the tantalum ore mined at the Company's mine in Manitoba, Canada for a three-year period commencing in 2013. The Company also entered into a transition services agreement for the Company to provide certain information technology applications and infrastructure and various administrative services to GAM for a period of six months from the closing date in exchange for one-time and monthly service fees. GAM has the option to terminate these transition services with notice at any time and may also elect to extend the services for up to three months. The future continuing cash flows from the disposed business to Cabot resulting from the tantalum ore supply agreement and transition services agreement are not significant and do not constitute a material continuing financial interest in the Supermetals Business. Revenues, costs and expenses arising from the tantalum ore supply agreement and transition services agreement are included in the Company's continuing operations.

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**D. Employee Benefit Plans**

*Curtailment of employee benefit plan*

During the three and six months ended March 31, 2012, the Company incurred curtailments and settlement losses (gains) in the U.S. and foreign employee benefit plans as a result of the sale of the Supermetals business and the freezing of two defined benefit plans in foreign affiliates. The net impact of these items was a \$1 million loss during both the three and six months ended March 31, 2012. During the first six months of fiscal 2011, the Company incurred a curtailment in one of its foreign employee benefit plans as a result of the action taken in the 2009 Global Restructuring Plan. Associated with this curtailment, the Company recognized a \$1 million benefit in the first six months of fiscal 2011.

*Net periodic defined benefit pension and other postretirement benefit costs*

Net periodic defined benefit pension and other postretirement benefit costs include the following:

	Three Months Ended March 31							
	2012		2011		2012		2011	
	Pension Benefits				Postretirement Benefits			
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
	(Dollars in millions)							
Service cost	\$ 2	\$ 2	\$ 1	\$ 2	\$ —	\$ —	\$ 1	\$ —
Interest cost	1	2	2	2	—	—	1	—
Expected return on plan assets	(2)	(3)	(2)	(3)	—	—	—	—
Amortization of prior service credit	—	—	—	—	(1)	—	(1)	—
Amortization of actuarial loss	1	—	—	1	—	—	—	—
Curtailment/settlement loss (gain)	1	1	—	—	(1)	—	—	—
Net periodic benefit cost	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ (2)</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>
	Six Months Ended March 31							
	2012		2011		2012		2011	
	Pension Benefits				Postretirement Benefits			
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
	(Dollars in millions)							
Service cost	\$ 3	\$ 3	\$ 2	\$ 3	\$ —	\$ —	\$ 1	\$ —
Interest cost	3	5	4	4	1	—	2	—
Expected return on plan assets	(4)	(6)	(4)	(6)	—	—	—	—
Amortization of prior service credit	—	—	—	—	(2)	—	(2)	—
Amortization of actuarial loss	1	1	—	2	—	—	—	—
Curtailment/settlement loss (gain)	1	1	—	(1)	(1)	—	—	—
Net periodic benefit cost	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ (2)</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>

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**E. Goodwill and Other Intangible Assets**

The carrying amount of goodwill attributable to each reporting unit with goodwill balances as of both March 31, 2012 and September 30, 2011 are as follows:

Reporting Unit	(Dollars in millions)
Rubber Blacks	\$ 27
Fumed Metal Oxides	11
Security Materials	2
Total goodwill	\$ 40

Goodwill impairment tests are performed at least annually. The Company performed its annual impairment assessment as of March 31, 2012 and determined that there was no impairment.

Cabot does not have any indefinite-lived intangible assets. Cabot had \$3 million of finite-lived intangible assets as of both March 31, 2012 and September 30, 2011. Intangible assets are amortized over their estimated useful lives, which range from six to fourteen years, with a weighted average period of twelve years. Amortization relative to these intangible assets is expected to aggregate to less than \$1 million per year over the next five years.

**F. Commitments and Contingencies**

***Purchase Commitments***

Cabot has entered into long-term purchase agreements primarily for the purchase of raw materials. Under certain of these agreements the quantity of material being purchased is fixed, but the price paid changes as market prices change. For those commitments, the amounts included in the table below are based on market prices at March 31, 2012.

	Payments Due by Fiscal Year						Total
	Remainder of fiscal 2012	2013	2014	2015	2016	Thereafter	
	(Dollars in millions)						
Core Segment	\$ 204	\$ 259	\$ 262	\$ 258	\$ 214	\$ 2,865	\$ 4,062
Performance Segment	7	32	31	31	30	285	416
Specialty Fluids Segment	3	2	—	—	—	—	5
New Business Segment	1	2	—	—	—	—	3
Total	\$ 215	\$ 295	\$ 293	\$ 289	\$ 244	\$ 3,150	\$ 4,486

***Guarantee Agreements***

Cabot has provided certain indemnities pursuant to which it may be required to make payments to an indemnified party in connection with certain transactions and agreements. In connection with certain acquisitions and divestitures, Cabot has provided routine indemnities with respect to such matters as environmental, tax, insurance, product and employee liabilities. In connection with various other agreements, including service and supply agreements, Cabot may provide routine indemnities for certain contingencies and routine warranties. Cabot is unable to estimate the maximum potential liability for these types of indemnities as a maximum obligation is not explicitly stated in most cases and the amounts, if any, are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be reasonably estimated. The duration of the indemnities vary, and in many cases are indefinite. Cabot has not recorded any liability for these indemnities in the consolidated financial statements, except as otherwise disclosed.



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***Contingencies***

Cabot is a defendant, or potentially responsible party, in various lawsuits and environmental proceedings wherein substantial amounts are claimed or at issue.

***Environmental Matters***

As of both March 31, 2012 and September 30, 2011, Cabot had \$6 million, on a discounted and undiscounted basis, reserved for environmental matters primarily related to divested businesses. These amounts represent Cabot's best estimates of its share of costs likely to be incurred at those sites where costs are reasonably estimable based on its analysis of the extent of clean up required, alternative clean up methods available, abilities of other responsible parties to contribute and its interpretation of laws and regulations applicable to each site. Cabot reviews the adequacy of this reserve as circumstances change at individual sites. Cash payments related to these environmental matters were \$1 million in each of the first six months of fiscal 2012 and 2011.

In June 2009, Cabot received an information request from the United States Environmental Protection Agency ("EPA") regarding Cabot's carbon black manufacturing facility in Pampa, Texas. The information request relates to the Pampa facility's compliance with certain regulatory and permitting requirements under the Clean Air Act, including the New Source Review ("NSR") construction permitting requirements. EPA has indicated that this information request is part of an EPA national initiative focused on the U.S. carbon black manufacturing sector. Cabot responded to EPA's information request in August 2009 and is in discussions with EPA. Based upon the Company's discussions with EPA and how EPA has handled similar NSR initiatives with other industrial sectors, it is anticipated that EPA will seek to require Cabot to employ additional control devices or approaches with respect to emissions at certain U.S. facilities and seek a civil penalty from Cabot. The costs of such additional control devices would likely be capital in nature and would likely impact the Consolidated Statement of Operations over the depreciable lives of the associated assets.

***Other Matters***

***Respirator Liabilities***

Cabot has exposure in connection with a safety respiratory products business that a subsidiary acquired from American Optical Corporation ("AO") in an April 1990 asset purchase transaction. The subsidiary manufactured respirators under the AO brand and disposed of that business in July 1995. In connection with its acquisition of the business, the subsidiary agreed, in certain circumstances, to assume a portion of AO's liabilities, including costs of legal fees together with amounts paid in settlements and judgments, allocable to AO respiratory products used prior to the 1990 purchase by the Cabot subsidiary. As more fully described in the 2011 10-K, the Company's respirator liabilities involve claims for personal injury, including asbestosis, silicosis and coal worker's pneumoconiosis, allegedly resulting from the use of respirators that are alleged to have been negligently designed or labeled.

As of both March 31, 2012 and September 30, 2011, there were approximately 42,000 claimants in pending cases asserting claims against AO in connection with respiratory products. Cabot has a reserve to cover its expected share of liability for existing and future respirator liability claims. The book value of the reserve is being accreted up to the undiscounted liability through interest expense over the expected cash flow period, which is through 2062. At March 31, 2012 and September 30, 2011, the reserve was \$10 million and \$11 million, respectively, on a discounted basis (\$15 million and \$16 million on an undiscounted basis at March 31, 2012 and September 30, 2011, respectively). Cash payments related to this liability were \$1 million and \$3 million in the first six months of fiscal 2012 and 2011, respectively.

***Other***

The Company has various other lawsuits, claims and contingent liabilities arising in the ordinary course of its business and with respect to the Company's divested businesses. In the opinion of the Company, although final disposition of some or all of these other suits and claims may impact the Company's financial statements in a particular period, they should not, in the aggregate, have a material adverse effect on the Company's financial position.

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**G. Income Tax Uncertainties**

Cabot files U.S. federal and state and non-U.S. income tax returns in jurisdictions with varying statutes of limitations. The 2007 through 2011 tax years generally remain subject to examination by the IRS and various tax years from 2004 through 2011 remain subject to examination by the respective state tax authorities. In significant non-U.S. jurisdictions, various tax years from 2001 through 2011 remain subject to examination by their respective tax authorities. Cabot's significant non-U.S. jurisdictions include Australia, Canada, China, France, Germany, Italy, Japan, Malaysia, the Netherlands, and the United Kingdom.

Certain Cabot subsidiaries are under audit in jurisdictions outside of the U.S. In addition, certain statutes of limitations are scheduled to expire in the near future. It is reasonably possible that a further change in the unrecognized tax benefits may occur within the next twelve months related to the settlement of one or more of these audits or the lapse of applicable statutes of limitations; however, an estimated range of the impact on the unrecognized tax benefits cannot be quantified at this time.

During the three and six months ended March 31, 2012, there were no material changes in the amount of unrecognized tax benefits.

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**H. Earnings Per Share**

The following tables summarize the components of the basic and diluted earnings per common share computations:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>(Dollars and shares in millions, except per share amounts)</b>				
<b>Basic EPS:</b>				
Net income attributable to Cabot Corporation	\$ 240	\$ 51	\$ 286	\$ 126
Less: Dividends and dividend equivalents to participating securities	—	1	—	1
Less: Undistributed earnings allocated to participating securities <sup>(1)</sup>	3	1	3	2
Earnings allocated to common shareholders (numerator)	\$ 237	\$ 49	\$ 283	\$ 123
Weighted average common shares and participating securities outstanding	63.8	65.4	64.0	65.4
Less: Participating securities <sup>(1)</sup>	0.6	0.8	0.6	0.9
Adjusted weighted average common shares (denominator)	63.2	64.6	63.4	64.5
Amounts per share - basic:				
Income from continuing operations attributable to Cabot Corporation	\$ 0.80	\$ 0.53	\$ 1.35	\$ 1.42
Income from discontinued operations	2.94	0.24	3.11	0.49
Net income attributable to Cabot Corporation	\$ 3.74	\$ 0.77	\$ 4.46	\$ 1.91
<b>Diluted EPS:</b>				
Earnings allocated to common shareholders	\$ 237	\$ 49	\$ 283	\$ 123
Plus: Earnings allocated to participating securities	3	2	3	3
Less: Adjusted earnings allocated to participating securities <sup>(2)</sup>	(3)	(2)	(3)	(3)
Earnings allocated to common shareholders (numerator)	\$ 237	\$ 49	\$ 283	\$ 123
Adjusted weighted average common shares outstanding	63.2	64.6	63.4	64.5
Effect of dilutive securities:				
Common shares issuable <sup>(3)</sup>	0.8	0.9	0.7	0.8
Adjusted weighted average common shares (denominator)	64.0	65.5	64.1	65.3
Amounts per share - diluted:				
Income from continuing operations attributable to Cabot Corporation	\$ 0.78	\$ 0.52	\$ 1.33	\$ 1.40
Income from discontinued operations	2.92	0.24	3.08	0.49
Net income attributable to Cabot Corporation	\$ 3.70	\$ 0.76	\$ 4.41	\$ 1.89

<sup>(1)</sup> Participating securities consist of shares of unvested restricted stock, vested restricted stock awards held by employees in which Cabot has a security interest, and unvested time-based restricted stock units.

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Undistributed earnings are the earnings which remain after dividends declared during the period are assumed to be distributed to the common and participating shareholders. Undistributed earnings are allocated to common and participating shareholders on the same basis as dividend distributions. The calculation of undistributed earnings is as follows:

	Three Months Ended March 31		Six Months Ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
<b>Calculation of undistributed earnings:</b>				
Net income attributable to Cabot Corporation	\$ 240	\$ 51	\$ 286	\$ 126
Less: Dividends declared on common stock	12	11	24	23
Less: Dividends declared on participating securities	—	1	—	1
Undistributed earnings	<u>\$ 228</u>	<u>\$ 39</u>	<u>\$ 262</u>	<u>\$ 102</u>
<b>Allocation of undistributed earnings:</b>				
Undistributed earnings allocated to common shareholders	\$ 225	\$ 38	\$ 259	\$ 100
Undistributed earnings allocated to participating shareholders	3	1	3	2
Undistributed earnings	<u>\$ 228</u>	<u>\$ 39</u>	<u>\$ 262</u>	<u>\$ 102</u>

(2) Undistributed earnings are adjusted for the assumed distribution of dividends to the dilutive securities, which are described in (3) below, and then reallocated to participating securities.

(3) Represents incremental shares of common stock from the (i) assumed exercise of stock options issued under Cabot's equity incentive plans; (ii) assumed issuance of shares to employees pursuant to the Company's Supplemental Retirement Savings Plan; and (iii) assumed issuance of shares under outstanding performance-based stock unit awards issued under Cabot's equity incentive plans. For the three and six months ended March 31, 2012, 304,000 and 539,000 incremental shares of common stock, respectively, were not included in the calculation of diluted earnings per share because the inclusion of these shares would have been antidilutive. For the three and six months ended March 31, 2011, 198,000 and 273,000 incremental shares of common stock, respectively, were not included in the calculation of diluted earnings per share because the inclusion of these shares would have been antidilutive.

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**I. Restructuring**

Cabot's restructuring activities were recorded in the Consolidated Statements of Operations as follows:

	Three Months Ended March 31		Six Months Ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Cost of sales	\$ 9	\$ 7	\$ 11	\$ 10
Selling and administrative expenses	—	—	1	1
Total	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ 12</u>	<u>\$ 11</u>

Details of these restructuring activities and the related reserves during the three months ended March 31, 2012 are as follows:

	Severance and Employee Benefits	Environmental Remediation	Asset Impairment and Accelerated Depreciation	Asset Sales	Other	Total
	(Dollars in millions)					
Reserve at December 31, 2011	\$ 8	\$ —	\$ —	\$ —	\$ 2	\$ 10
Charges	2	3	3	—	1	9
Costs charged against assets/liabilities	(1)	—	(3)	(1)	—	(5)
Proceeds from sale	—	—	—	1	—	1
Cash paid	(2)	(1)	—	—	(1)	(4)
Reserve at March 31, 2012	<u>\$ 7</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 11</u>

Details of these restructuring activities and the related reserves during the six months ended March 31, 2012 are as follows:

	Severance and Employee Benefits	Environmental Remediation	Asset Impairment and Accelerated Depreciation	Asset Sales	Other	Total
	(Dollars in millions)					
Reserve at September 30, 2011	\$ 9	\$ —	\$ —	\$ —	\$ 2	\$ 11
Charges	2	3	5	—	2	12
Costs charged against assets/liabilities	(1)	—	(5)	(1)	—	(7)
Proceeds from sale	—	—	—	1	—	1
Cash paid	(3)	(1)	—	—	(2)	(6)
Reserve at March 31, 2012	<u>\$ 7</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 11</u>

**Closure of Hong Kong, China Manufacturing Facility**

In March 2012, the Company ceased manufacturing operations at its thermoplastic concentrates plant in Hong Kong and moved these operations primarily to its facility in Tianjin, China. The decision, which impacts 64 employees, was made to consolidate all of these operations in one plant that is closer to the Company's customers in Asia, and to use fully the advanced process technologies available in Tianjin.

The Company expects the closure plan will result in a total pre-tax charge to earnings of approximately \$10 million. Through March 31, 2012 the Company has charged approximately \$4 million to earnings for this restructuring, comprised mainly of accelerated depreciation and severance charges.

Cumulative net cash outlays related to this plan are expected to be approximately \$5 million comprised primarily of \$2 million for severance and \$3 million for post close operations. Through March 31, 2012, Cabot has made no significant cash payments. The Company expects to make net cash payments of \$3 million during the remainder of 2012 and \$2 million thereafter.

As of March 31, 2012, Cabot has \$1 million of accrued restructuring costs in the Consolidated Balance Sheet related to this site closure, mainly for accrued severance charges.

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**Closure of Grigno, Italy Manufacturing Facility and Other Activities**

In February 2011, the Company closed its thermoplastic concentrates manufacturing facility in Grigno, Italy. The decision to close the facility was made to align Cabot's manufacturing capabilities with the market outlook and Cabot's Performance Segment strategy. The closure, which affected 37 employees, has resulted in \$6 million of charges to earnings and is comprised of \$3 million for severance and employee benefits and \$3 million for accelerated depreciation and asset impairments.

Through March 31, 2012, Cabot made \$1 million of cash payments associated with this restructuring plan. The Company expects to make additional cash payments of \$2 million during the remainder of fiscal 2012 and thereafter.

As of March 31, 2012, Cabot has \$2 million of accrued severance costs in the Consolidated Balance Sheet related to this site closure.

In addition, during fiscal 2011, Cabot recorded approximately \$5 million of severance-related restructuring charges at other locations. Through March 31, 2012 Cabot has made payments of \$1 million related to these activities and expects to pay \$4 million during the remainder of fiscal 2012 and less than \$1 million in fiscal 2013.

**Closure of Thane, India Manufacturing Facility**

In fiscal 2010, Cabot ceased manufacturing operations at its carbon black manufacturing facility in Thane, India. The decision to close the facility, which affected approximately 120 employees, was made as a result of a broad reaching analysis of the Company's manufacturing assets, including their cost structure, ability to expand and a variety of other factors. The Company continues to maintain a presence in India through its fumed metal oxides manufacturing joint venture and continuing commercial operations in carbon black and other products.

The Company expects the closure plan will result in a total pre-tax charge to earnings of approximately \$23 million. Through March 31, 2012, Cabot has recorded \$23 million of charges associated with this restructuring, comprised of \$7 million for severance and employee benefits, \$12 million for accelerated depreciation and asset impairments, \$3 million for demolition and site clearing costs and \$2 million for other post-closing costs, offset by a net gain on sales of non-manufacturing related assets of approximately \$1 million. These amounts exclude any potential gain to be recognized on the sale of land and certain other manufacturing related assets.

Cumulative net cash outlays related to this plan are expected to be approximately \$8 million. Through March 31, 2012, Cabot has made net cash payments of \$8 million. The Company expects to make net cash payments of approximately \$1 million during the remainder of 2012. These amounts exclude any potential cash to be received on the sale of land and certain other manufacturing related assets.

As of March 31, 2012, Cabot has approximately \$1 million of accrued restructuring costs in the Consolidated Balance Sheet related to this site closure.

**2009 Global Restructuring**

In fiscal 2009, Cabot initiated its 2009 Global Restructuring Plan. Under this plan, the Company closed three manufacturing sites and implemented operating cost and workforce reductions across a variety of its other operations. In fiscal 2010, the Company consolidated several of its European administrative offices in a new European headquarters office in Switzerland.

The Company has recorded a cumulative pre-tax charge of \$123 million related to this plan. The total amounts the Company has recorded for each major type of cost associated with the restructuring plan are: (i) severance and employee benefits of \$55 million for approximately 400 employees, (ii) accelerated depreciation and impairment of facility assets of \$45 million, net of gains associated with the sale of certain assets, (iii) demolition and site clearing costs of \$7 million, and (iv) other post-closing costs of \$16 million.

Net cash outlays related to these actions are expected to be approximately \$72 million. Through March 31, 2012, Cabot has made net cash payments of \$71 million. During the remainder of fiscal 2012 and thereafter, the Company expects to make net payments totaling \$1 million, including the expected proceeds from the sale of a former manufacturing site.

As of March 31, 2012, Cabot has \$3 million of restructuring costs in accrued expenses in the Consolidated Balance Sheet related to this plan.

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**J. Fair Value Measurements**

The FASB authoritative guidance on fair value measurements defines fair value, provides a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. The disclosures focus on the inputs used to measure fair value. The guidance establishes the following hierarchy for categorizing these inputs:

- Level 1 — Quoted market prices in active markets for identical assets or liabilities
- Level 2 — Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs)
- Level 3 — Significant unobservable inputs

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3, during the first six months of either fiscal 2012 or 2011.

As described in Note C, the GAM Promissory Notes and Inventory Note were recorded at their fair value of \$273 million at the closing date of the sale of the Supermetals business to GAM. These notes are classified as Level 3 instruments within the fair value hierarchy because they are valued using a valuation model with significant unobservable inputs. The fair value of these notes was \$274 million at March 31, 2012, which approximated their carrying value. See Note K for information on the valuation model and inputs used.

The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2012 and September 30, 2011. The derivatives presented in the table below are presented by derivative type, net of the legal right to offset derivative settlements by each counterparty:

	<u>March 31, 2012</u>	<u>September 30, 2011</u>
	<u>Level 2 Inputs</u>	<u>Level 2 Inputs</u>
	(Dollars in millions)	
Assets at fair value:		
Guaranteed investment contract <sup>(1)</sup>	\$ 14	\$ 14
Derivatives relating to interest rates <sup>(2)</sup>	2	3
Derivatives relating to foreign currency <sup>(2)</sup>	2	—
<b>Total assets at fair value</b>	<b>\$ 18</b>	<b>\$ 17</b>
Liabilities at fair value:		
Derivatives relating to foreign currency <sup>(2)</sup>	\$ 36	\$ 41
Hedged long-term debt <sup>(3)</sup>	60	61
<b>Total liabilities at fair value</b>	<b>\$ 96</b>	<b>\$ 102</b>

<sup>(1)</sup> Included in "Other assets" in the Consolidated Balance Sheets.

<sup>(2)</sup> Included in "Prepaid expenses and other current assets", "Other assets", "Accounts payable and accrued liabilities" or "Other liabilities" in the Consolidated Balance Sheets.

<sup>(3)</sup> Included in "Current portion of long-term debt" and "Long-term debt" in the Consolidated Balance Sheets.

There was no change to assets measured at fair value on a nonrecurring basis during the three or six months ended March 31, 2012 or 2011.

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**K. Fair Value of Financial Instruments**

The carrying amounts and fair values of the Company's financial instruments at March 31, 2012 and September 30, 2011 are as follows:

	<b>March 31, 2012</b>		<b>September 30, 2011</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>(Dollars in millions)</b>			
<b>Assets:</b>				
Cash and cash equivalents	\$ 366	\$ 366	\$ 286	\$ 286
GAM Promissory Notes and Inventory Note	274	274	—	—
Accounts and notes receivable	759	759	659	659
Derivative instruments	2	2	1	1
<b>Liabilities:</b>				
Notes payable to banks	79	79	86	86
Accounts payable and accrued liabilities	496	496	461	461
Long-term debt—fixed rate	574	630	585	633
Long-term debt—floating rate	10	10	15	15
Capital lease obligations	22	22	15	15
Derivative instruments	34	34	39	39

At March 31, 2012 and September 30, 2011, the fair values of cash and cash equivalents, accounts and notes receivable, accounts payable and accrued liabilities, and notes payable to banks approximated their carrying values due to the short-term nature of these instruments. The estimated fair values of derivative instruments are valued as described in Note J. The fair value of Cabot's fixed rate long-term debt and capital lease obligations are estimated based on comparable quoted market prices at the respective period ends. The carrying amount of Cabot's floating rate long-term debt approximates its fair value. As discussed in Note J, other than the GAM Promissory Notes and Inventory Note, all such measurements are based on observable inputs and are classified as Level 2 within the fair value hierarchy. The valuation technique used is the discounted cash flow model.

As described in Note J, the GAM Promissory Notes and Inventory Note are classified as Level 3 instruments within the fair value hierarchy because they are valued using a valuation model with significant unobservable inputs. The fair value of the GAM notes was \$274 million at March 31, 2012, which approximated their carrying value. The valuation used is the discounted cash flow model and the significant inputs are the discount rate, Adjusted EBITDA forecast, and timing of expected cash flows from GAM.



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**L. Financial Instruments****Risk Management**

Cabot's business operations are exposed to changes in interest rates, foreign currency exchange rates and commodity prices because Cabot finances certain operations through long and short-term borrowings, denominates transactions in a variety of foreign currencies and purchases certain commoditized raw materials. Changes in these rates and prices may have an impact on future cash flows and earnings. The Company manages these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

The Company has policies governing the use of derivative instruments and does not enter into financial instruments for trading or speculative purposes.

By using derivative instruments, Cabot is subject to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, Cabot's credit risk will equal the fair value of the derivative. Generally, when the fair value of a derivative contract is positive, the counterparty owes Cabot, thus creating a payment risk for Cabot. The Company minimizes counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating. As of March 31, 2012, the counterparties with which the Company has executed derivatives carried a Standard and Poor's credit rating between A and AA-, inclusive. Cabot's exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow. No significant concentration of credit risk existed at March 31, 2012 or September 30, 2011.

**Interest Rate Risk Management**

Cabot's objective is to maintain a certain fixed-to-floating interest rate mix on the Company's debt portfolio. Cabot enters into interest rate swaps as a hedge of the underlying debt instruments to effectively change the characteristics of the interest rate without changing the debt instrument. The following table provides details of the derivatives held as of March 31, 2012 and September 30, 2011 to manage interest rate risk.

Description	Borrowing	Notional Amount		Hedge Designation
		March 31, 2012	September 30, 2011	
Interest Rate Swap—Fixed to Variable	Eurobond (20% of \$175 million)	USD 35 million	USD 35 million	Fair Value
Interest Rate Swap—Fixed to Variable	Medium Term Notes	USD 23 million	USD 23 million	Fair Value

**Foreign Currency Risk Management**

Cabot's international operations are subject to certain risks, including currency exchange rate fluctuations and government actions. Cabot endeavors to match the currency in which debt is issued to the currency of the Company's major, stable cash receipts. In some situations Cabot has issued debt denominated in U.S. dollars and then entered into cross currency swaps that exchange the dollar principal and interest payments into a currency where the Company expects long-term, stable cash receipts.

Additionally, the Company has foreign currency exposure arising from its net investments in foreign operations. Cabot, from time to time, enters into cross-currency swaps to mitigate the impact of currency rate changes on the Company's net investments.

The Company also has foreign currency exposure arising from the denomination of assets and liabilities in foreign currencies other than the functional currency of a given subsidiary as well as the risk that currency fluctuations could affect the dollar value of future cash flows generated in foreign currencies. Accordingly, Cabot uses short-term forward contracts to minimize the exposure to foreign currency risk. These forward contracts typically have a duration of 30 days.

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In certain situations where the Company has forecasted purchases under a long-term commitment or forecasted sales denominated in a foreign currency, Cabot may enter into appropriate financial instruments in accordance with the Company's risk management policy to hedge future cash flow exposures. The following table provides details of the derivatives held as of March 31, 2012 and September 30, 2011 to manage foreign currency risk.

Description	Borrowing	Notional Amount		Hedge Designation
		March 31, 2012	September 30, 2011	
Cross Currency Swap	Eurobond (80% of \$175 million)	USD 140 million swapped to EUR 124 million	USD 140 million swapped to EUR 124 million	No designation
Cross Currency Swap	Eurobond (20% of \$175 million)	USD 35 million swapped to EUR 31 million	USD 35 million swapped to EUR 31 million	No designation
Forward Foreign Currency Contracts <sup>(1)</sup>	N/A	USD 67 million	USD 54 million	No designation
Forward Foreign Currency Contracts <sup>(2)</sup>	N/A	USD 7 million	USD 12 million	Cash Flow

<sup>(1)</sup> Cabot's forward foreign exchange contracts are denominated primarily in the Australian dollar, British pound sterling, Canadian dollar, Euro, Japanese yen, and Malaysian ringgit.

<sup>(2)</sup> Cabot's forward foreign exchange contracts designated as cash flow hedges are denominated in Japanese yen and are presented in their USD equivalent in the table above.

### Commodity Risk Management

Certain of Cabot's carbon black plants in Europe are subject to mandatory greenhouse gas emission trading schemes. Cabot's objective is to ensure compliance with the European Union Emission Trading Scheme, which is based upon a Cap-and-Trade system that establishes a maximum allowable emission credit for each ton of CO<sub>2</sub> emitted. European Union Allowances ("EUA") originate from the individual EU member state's country allocation process and are issued by that country's government. A company that has an excess of EUAs based on the CO<sub>2</sub> emissions limits may sell EUAs in the Emission Trading Scheme and if they have a shortfall, a company can buy EUAs or Certified Emission Reduction ("CER") units to comply.

In order to limit variability in cost to Cabot's European operations, the Company purchased CERs and sold EUAs, which settle in December 2012. The following table provides details of the derivatives held as of March 31, 2012 and September 30, 2011 to manage commodity risk.

Description	Net Buyer / Net Seller	Notional Amount		Hedge Designation
		March 31, 2012	September 30, 2011	
CERs	Buyer	EUR 1 million	EUR 1 million	No designation
EUAs	Seller	EUR 1 million	EUR 1 million	No designation

### Accounting for Derivative Instruments and Hedging Activities

The Company determines the fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available for various types of financial instruments (such as forwards, options and swaps), the Company uses standard models with market-based inputs, which take into account the present value of estimated future cash flows and the ability of the financial counterparty to perform.

#### Fair Value Hedge

For interest rate swaps designated as fair value hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows. For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in current period earnings.

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*Cash Flow Hedge*

For foreign currency forward contracts designated as cash flow hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows, and exchange rate curves of the foreign currency for translating future cash flows. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is recorded in Accumulated other comprehensive income and reclassified to earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current period earnings.

*Net Investment Hedge*

For cross currency swaps designated as net investment hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows. For net investment hedges, changes in the fair value of the effective portion of the derivatives' gains or losses are reported as foreign currency translation gains or losses in Accumulated other comprehensive income while changes in the ineffective portion are reported in earnings. The gains or losses on derivative instruments reported in Accumulated other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying item, such as a disposal or substantial liquidation of the entities being hedged. As of March 31, 2012, there were no open derivatives designated as net investment hedges.

*Other Derivative Instruments*

From time to time, the Company may enter into certain derivative instruments that may not be designated as hedges for accounting purposes, which include cross currency swaps, foreign currency forward contracts and commodity derivatives. For cross currency swaps and foreign currency forward contracts not designated as hedges, the Company uses standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows, and exchange rate curves of the foreign currency for translating future cash flows. In determining the fair value of the commodity derivatives, the significant inputs to valuation models are quoted market prices of similar instruments in active markets. Although these derivatives do not qualify for hedge accounting, Cabot believes that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. The gains or losses from changes in the fair value of derivative instruments that are not accounted for as hedges are recognized in current period earnings.

For both the three and six months ended March 31, 2012 and 2011, for derivatives designated as hedges, the change in unrealized gains in Accumulated other comprehensive income, the hedge ineffectiveness recognized in earnings and the losses reclassified from Accumulated other comprehensive income to earnings were immaterial.

For the three and six months ended March 31, 2012, gains of \$4 million and losses of \$5 million, respectively, were recognized in earnings as a result of the remeasurement to Euros of the \$175 million bond issued by one of Cabot's European subsidiaries. These gains and losses, which were recognized in earnings through Other (expense) income within the Consolidated Statement of Operations, were offset by losses of \$3 million and gains \$5 million, respectively, from Cabot's cross currency swaps that are not designated as hedges, but which Cabot entered into to offset the foreign currency translation exposure on the debt. Additionally, during the three and six months ended March 31, 2012, Cabot recognized in earnings through Other (expense) income within the Consolidated Statement of Operations gains of \$10 million and \$9 million, respectively, related to its foreign currency forward contracts, which were not designated as hedges.

For the three and six months ended March 31, 2011, gains of \$11 million and \$6 million, respectively, were recognized in earnings as a result of the remeasurement to Euros of the \$175 million bond issued by one of Cabot's European subsidiaries. These gains, which were recognized in earnings through Other (expense) income within the Consolidated Statement of Operations, were offset by losses of \$7 million and \$3 million, respectively, from Cabot's cross currency swaps that are not designated as hedges, but which Cabot entered into to offset the foreign currency translation exposure on the debt. Additionally, during the three and six months ended March 31, 2011, Cabot recognized in earnings through Other (expense) income within the Consolidated Statement of Operations a loss of \$2 million and a gain of \$1 million, respectively, related to its foreign currency forward contracts, which were not designated as hedges.

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The following table provides the fair value and Consolidated Balance Sheet presentations of derivative instruments by each derivative type, without regard to the legal right to offset derivative settlement by each counterparty.

	<u>Consolidated Balance Sheet Caption</u>	<u>March 31, 2012</u>	<u>September 30, 2011</u>
		<u>(Dollars in millions)</u>	
Fair Value of Derivative Instruments			
Asset Derivatives			
Derivatives designated as hedges			
Interest rate <sup>(1)</sup>	Prepaid expenses and other current assets and Other liabilities	\$ 2	\$ 3
Total derivatives designated as hedges		<u>\$ 2</u>	<u>\$ 3</u>
Derivatives not designated as hedges			
Foreign currency	Prepaid expenses and other current assets	\$ 2	\$ 1
Commodity contracts <sup>(2)</sup>	Prepaid expenses and other current assets	1	1
Total derivatives not designated as hedges		<u>\$ 3</u>	<u>\$ 2</u>
Total Asset Derivatives		<u>\$ 5</u>	<u>\$ 5</u>
Liability Derivatives			
Derivatives designated as hedges			
Foreign currency	Accounts payable and accrued liabilities	\$ —	\$ 1
Total derivatives designated as hedges		<u>—</u>	<u>1</u>
Derivatives not designated as hedges			
Foreign currency <sup>(1)</sup>	Accounts payable and accrued liabilities, and Other liabilities	\$ 36	\$ 41
Commodity contracts <sup>(2)</sup>	Prepaid expenses and other current assets	1	1
Total derivatives not designated as hedges		<u>\$ 37</u>	<u>\$ 42</u>
Total Liability Derivatives		<u>\$ 37</u>	<u>\$ 43</u>

<sup>(1)</sup> Contracts of \$2 million and \$3 million presented on a gross basis in this table at March 31, 2012 and September 30, 2011, respectively, have the legal right to offset against other types of contracts with a common counterparty and, therefore, are presented on a net basis in noncurrent "Other liabilities" in the Consolidated Balance Sheet.

<sup>(2)</sup> Contracts in an asset and liability position presented on a gross basis in this table have the legal right of offset and, therefore, are presented on a net basis in "Prepaid expenses and other current assets" in the Consolidated Balance Sheet.

See Note J "Fair Value Measurements" for classification of derivatives by input level. The net after-tax amounts to be reclassified from Accumulated other comprehensive income to earnings within the next 12 months are expected to be immaterial.

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**M. Venezuela**

Cabot owns 49% of an operating affiliate in Venezuela, which is accounted for as an equity affiliate, through wholly owned subsidiaries that carry the investment and receive its dividends. As of March 31, 2012, these subsidiaries carried the operating affiliate investment of \$25 million and held 19 million bolivars (\$4 million) in cash and dividends receivable.

Cabot determined, as of January 1, 2010, that the Venezuelan economy was highly inflationary. Accordingly, since the second quarter of fiscal 2010, Cabot has remeasured all transactions of the operating affiliate denominated in bolivars to U.S. dollars using the rate of 4.30 B/\$ which continues to be the exchange rate in effect on March 31, 2012.

Given the uncertainties around the convertibility of the Venezuelan bolivar to the U.S. dollar and the ability of entities to actually repatriate U.S. dollars from Venezuela, the Company has endeavored, whenever possible, to repatriate the Company's cash from its Venezuelan subsidiaries using available mechanisms. At the same time, management has closely monitored its investment in the operating affiliate in Venezuela to ensure that the investment continues to be recoverable. The Company still intends to convert substantially all bolivars held by its Venezuelan subsidiaries to U.S. dollars as soon as practical and continues to monitor for opportunities to convert its bolivars through Venezuelan government, or government-backed, bond offerings.

**N. Financial Information by Segment**

Cabot is organized into four business segments: the Core Segment, the Performance Segment, the New Business Segment and the Specialty Fluids Segment. While the Chief Operating Decision Maker uses a number of performance measures to manage the performance of the segments and allocate resources to them, segment earnings before interest and taxes ("EBIT") is the measure that is most consistently used and is, therefore, the measure presented in the table below.

	<u>Core Segment</u>	<u>Performance Segment</u>	<u>New Business Segment</u>	<u>Specialty Fluids Segment</u>	<u>Segment Total</u>	<u>Unallocated and Other</u>	<u>Consolidated Total</u>
(Dollars in millions)							
<b>Three months ended March 31, 2012</b>							
Revenues from external customers <sup>(1)</sup>	\$ 534	\$ 235	\$ 30	\$ 27	\$ 826	\$ 18	\$ 844
Income (loss) before taxes <sup>(2)</sup>	\$ 72	\$ 35	\$ —	\$ 16	\$ 123	\$ (47)	\$ 76
<b>Three months ended March 31, 2011</b>							
Revenues from external customers <sup>(1)</sup>	\$ 458	\$ 222	\$ 32	\$ 13	\$ 725	\$ 14	\$ 739
Income (loss) before taxes <sup>(2)</sup>	\$ 51	\$ 39	\$ 4	\$ 1	\$ 95	\$ (47)	\$ 48
<b>Six months ended March 31, 2012</b>							
Revenues from external customers <sup>(1)</sup>	\$ 1,023	\$ 440	\$ 55	\$ 41	\$ 1,559	\$ 47	\$ 1,606
Income (loss) before taxes <sup>(2)</sup>	\$ 127	\$ 56	\$ —	\$ 21	\$ 204	\$ (73)	\$ 131
<b>Six months ended March 31, 2011</b>							
Revenues from external customers <sup>(1)</sup>	\$ 896	\$ 412	\$ 56	\$ 30	\$ 1,394	\$ 39	\$ 1,433
Income (loss) before taxes <sup>(2)</sup>	\$ 88	\$ 70	\$ 4	\$ 7	\$ 169	\$ (75)	\$ 94

<sup>(1)</sup> Unallocated and Other reflects royalties paid by equity affiliates, external shipping and handling fees, and other operating revenues, which includes the impact of the corporate adjustment for unearned revenue.

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- (2) Unallocated and Other includes certain items and eliminations that are not allocated to the operating segments. Management does not consider these items necessary for an understanding of the operating results of these segments and such amounts are excluded in the segment reporting to the Chief Operating Decision Maker. Income (loss) from continuing operations before taxes that are categorized as Unallocated and Other includes:

	Three Months Ended March 31		Six Months Ended March 31	
	2012	2011	2012	2011
(Dollars in millions)				
Interest expense	\$ (9)	\$ (10)	\$ (19)	\$ (20)
Total certain items, pre-tax <sup>(a)</sup>	(9)	(7)	(14)	(11)
Equity in net earnings of affiliated companies <sup>(b)</sup>	(3)	(1)	(4)	(4)
Unallocated corporate costs <sup>(c)</sup>	(18)	(15)	(32)	(27)
General unallocated expense <sup>(d)</sup>	(8)	(14)	(4)	(13)
Total	<u>\$ (47)</u>	<u>\$ (47)</u>	<u>\$ (73)</u>	<u>\$ (75)</u>

- (a) Certain items are items that management does not consider to be representative of segment results and they are, therefore, excluded from segment EBIT. Certain items, pre-tax, for the three months ended March 31, 2012 include global restructuring charges of \$9 million as discussed in Note I. Certain items, pre-tax, for the six months ended March 31, 2012 include charges of \$12 million related to global restructuring and \$2 million for environmental reserves and legal settlements. For the three and six months ended March 31, 2012, the impact of tax certain items was \$1 million and \$2 million, respectively. Certain items, pre-tax, for the three and six months ended March 31, 2011 primarily relate to global restructuring charges as discussed in Note I. For the three and six months ended March 31, 2011, the benefit of tax certain items was \$3 million and \$29 million, respectively.
- (b) Equity in net earnings of affiliated companies is included in segment EBIT and is removed from Unallocated and Other to reconcile to segment EBIT.
- (c) Unallocated corporate costs are not controlled by the segments and primarily benefit corporate interests.
- (d) General unallocated expense consists of gain (losses) arising from foreign currency transactions, net of other foreign currency risk management activities, the impact of accounting for certain inventory on a LIFO basis, and the profit or loss related to the corporate adjustment for unearned revenue.

The Performance Segment is comprised of two product lines: specialty grades of carbon black and masterbatch products (referred to together as "Performance Products"); and fumed silica, fumed alumina and dispersions thereof (referred to together as "Fumed Metal Oxides"). The net sales from each of these businesses for the three and six months ended March 31, 2012 and 2011 are as follows:

	Three Months Ended March 31		Six Months Ended March 31	
	2012	2011	2012	2011
(Dollars in millions)				
Performance Products Business	\$ 173	\$ 159	\$ 324	\$ 291
Fumed Metal Oxides Business	62	63	116	121
Total Performance Segment	<u>\$ 235</u>	<u>\$ 222</u>	<u>\$ 440</u>	<u>\$ 412</u>

The New Business Segment is comprised of the Inkjet Colorants, Aerogel, Cabot Superior MicroPowders, and Cabot Elastomer Composites Businesses. The net sales from each of these businesses for the three and six months ended March 31, 2012 and 2011 are as follows:

	Three Months Ended March 31		Six Months Ended March 31	
	2012	2011	2012	2011
(Dollars in millions)				
Inkjet Colorants Business	\$ 15	\$ 16	\$ 30	\$ 30
Aerogel Business	5	8	9	11
Cabot Superior MicroPowders Business	3	3	5	6
Cabot Elastomer Composites Business	7	5	11	9
Total New Business Segment	<u>\$ 30</u>	<u>\$ 32</u>	<u>\$ 55</u>	<u>\$ 56</u>

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### **Item 2.      *Management's Discussion and Analysis of Financial Condition and Results of Operations***

#### **Critical Accounting Policies**

The preparation of our financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and related disclosure of contingent assets and liabilities. We consider an accounting estimate to be critical to the financial statements if (i) the estimate is complex in nature or requires a high degree of judgment and (ii) different estimates and assumptions were used, the results could have a material impact on the consolidated financial statements. On an ongoing basis, we evaluate our policies and estimates. We base our estimates on historical experience, current conditions and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates that we believe are critical to the preparation of the consolidated financial statements are presented below.

#### ***Revenue Recognition and Accounts Receivable***

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collectibility is reasonably assured. We generally are able to ensure that products meet customer specifications prior to shipment. If we are unable to determine that the product has met the specified objective criteria prior to shipment or if title has not transferred because of sales terms, the revenue is considered "unearned" and is deferred until the revenue recognition criteria are met.

Shipping and handling charges related to sales transactions are recorded as sales revenue when billed to customers or included in the sales price.

The following table shows the relative size of the revenue recognized in each of our reportable segments.

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
Core Segment	65%	63%	65%	64%
Performance Segment	28%	31%	28%	30%
New Business Segment	4%	4%	4%	4%
Specialty Fluids Segment	3%	2%	3%	2%

We derive the substantial majority of revenues from the sale of products in our Core and Performance Segments. Revenue from these products is typically recognized when the product is shipped and title and risk of loss have passed to the customer. We offer certain customers cash discounts and volume rebates as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized and are estimated based on historical experience and contractual obligations. We periodically review the assumptions underlying the estimates of discounts and volume rebates and adjust revenues accordingly.

Revenue in the New Business Segment is typically recognized when the product is shipped and title and risk of loss have passed to the customer. Depending on the nature of the contract with the customer, a portion of the segment's revenue may be recognized using proportional performance.

The majority of the revenue in the Specialty Fluids Segment typically arises from the rental of cesium formate. This revenue is recognized throughout the rental period based on the contracted rental terms. Customers are also billed and revenue is recognized, typically at the end of the job, for cesium formate product that is not returned. On occasion we also generate revenues from the sale of cesium formate outside of a rental process and revenue is recognized upon delivery of the fluid.

We maintain allowances for doubtful accounts based on an assessment of the collectibility of specific customer accounts, the aging of accounts receivable and other economic information on both an historical and prospective basis. Customer account balances are charged against the allowance when it is probable the receivable will not be recovered. Changes in the allowance during the first six months of fiscal 2012 and 2011 were immaterial. There is no off-balance sheet credit exposure related to customer receivable balances.

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### ***Goodwill***

As of March 31, 2012, our goodwill balance is allocated between three reporting units as follows: Rubber Blacks \$27 million, Fumed Metal Oxides \$11 million, and Security Materials \$2 million. Goodwill is comprised of the cost of business acquisitions in excess of the fair value assigned to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually, or when events or changes in the business environment indicate that the carrying value of the reporting unit may exceed its fair value. The annual review is performed as of March 31 of each year.

Goodwill is tested for impairment at the reporting unit level annually, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. Effective March 2012, we early adopted the authoritative guidance that simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value amount and as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Alternatively, we may elect to proceed directly to the two-step goodwill impairment test. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative evaluation is performed under the two-step impairment test. If based on the quantitative evaluation the fair value of the reporting unit is less than its carrying amount, we perform an analysis of the fair value of all assets and liabilities of the reporting unit. If the implied fair value of the reporting unit's goodwill is determined to be less than its carrying amount, an impairment is recognized for the difference. We primarily utilize a discounted cash flow methodology to calculate the fair value of its reporting units. See Note E for further information on goodwill. Based on our annual goodwill impairment test, we determined that the fair value of our reporting units exceed their carrying values. There has been no goodwill impairment charge during either of the periods presented in these consolidated financial statements.

### ***Financial Instruments***

Our financial instruments consist primarily of cash and cash equivalents, accounts and notes receivable, investments, notes receivable from the sale of business, accounts payable and accrued liabilities, short-term and long-term debt, and derivative instruments. The carrying values of our financial instruments approximate fair value with the exception of our long-term debt that has not been designated as part of a fair value hedge. The non-hedged long-term debt is recorded at amortized cost. The fair values of our financial instruments are based on quoted market prices, if such prices are available. In situations where quoted market prices are not available, we rely on valuation models to derive fair value. For interest rate swaps and cross currency swaps, we use standard models with market-based inputs. The significant inputs to these models are interest rate curves for discounting future cash flows. In determining the fair value of the commodity derivatives, the significant inputs to valuation models are quoted market prices of similar instruments in active markets. Such valuation takes into account the ability of the financial counterparty to perform. For the GAM Promissory Notes and Inventory Note, which are included in Prepaid expenses and other current assets and Notes receivable from sale of business in the Consolidated Balance Sheet, we use the discounted cash flow model and the significant inputs are the discount rate, Adjusted EBITDA forecast, and timing of expected cash flows from GAM. A failure of GAM to pay the notes receivable could have an impact on the fair value of the notes.

We use derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates and foreign currency exchange rates, which exist as part of our on-going business operations. We do not enter into derivative contracts for speculative purposes, nor do we hold or issue any derivative contracts for trading purposes. All derivatives are recognized on our consolidated balance sheets at fair value. Where we have a legal right to offset derivative settlements under a master netting agreement with a counterparty, derivatives with that counterparty are presented on a net basis. The changes in the fair value of derivatives are recorded in either earnings or Accumulated other comprehensive income, depending on whether or not the instrument is designated as part of a hedge transaction and, if designated as part of a hedge transaction, the type of hedge transaction. The gains or losses on derivative instruments reported in Accumulated other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges is recognized in earnings during the period in which the ineffectiveness occurs.

In accordance with our risk management strategy, we may enter into certain derivative instruments that may not be designated as hedges for accounting purposes. Although these derivatives are not designated as hedges, we believe that such instruments are closely correlated with the underlying exposure, thus managing the associated risk. We record in earnings the gains or losses from changes in the fair value of derivative instruments that are not designated as hedges. Cash movements associated with these instruments are presented in the Consolidated Statement of Cash Flows as Cash Flows from Operating Activities because the derivatives are designed to mitigate risk on our cash flow from operations.

Assets and liabilities measured at fair value, including assets that are part of our defined benefit pension plans, are classified in the fair value hierarchy based on the inputs used for valuation. Assets that are traded on an exchange with a quoted price are classified as Level 1. Assets and liabilities that are valued based on quoted prices for similar assets or liabilities in active markets, or standard pricing models using observable inputs are classified as Level 2. Assets that are valued using unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability are classified as Level 3. The sensitivity of fair value estimates is immaterial relative to the assets and liabilities measured at fair value, as well as to our total equity, as of March 31, 2012.



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### *Litigation and Contingencies*

We are involved in litigation in the ordinary course of business, including personal injury and environmental litigation. After consultation with counsel, as appropriate, we accrue a liability for litigation when it is probable that a liability has been incurred and the amount can be reasonably estimated. The estimated reserves are recorded based on our best estimate of the liability associated with such matters or the low end of the estimated range of liability if we are unable to identify a better estimate within that range. Our best estimate is determined through the evaluation of various information, including claims, settlement offers, demands by government agencies, estimates performed by independent third parties, identification of other responsible parties and an assessment of their ability to contribute, and our prior experience. Litigation is highly uncertain and there is always the possibility of an unusual result in any particular case that may reduce our earnings and cash flows.

The most significant reserves that we have established are for environmental remediation and respirator litigation claims. The amount accrued for environmental matters reflects our assumptions about remediation requirements at the contaminated sites, the nature of the remedies, the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites, and the number and financial viability of other potentially responsible parties. A portion of the reserve for environmental matters is recognized on a discounted basis, which requires the use of an estimated discount rate and estimates of future cash flows associated with the liability. These liabilities can be affected by the availability of new information, changes in the assumptions on which the accruals are based, unanticipated government enforcement action or changes in applicable government laws and regulations, which could result in higher or lower costs.

Our current estimate of the cost of our share of existing and future respirator liability claims is based on facts and circumstances existing at this time and the amount accrued is recognized on a discounted basis. Developments that could affect our estimate include, but are not limited to, (i) significant changes in the number of future claims, (ii) changes in the rate of dismissals without payment of pending silica and non-malignant asbestos claims, (iii) significant changes in the average cost of resolving claims, (iv) significant changes in the legal costs of defending these claims, (v) changes in the nature of claims received, (vi) changes in the law and procedure applicable to these claims, (vii) the financial viability of other parties which contribute to the settlement of respirator claims, (viii) a change in the availability of insurance coverage maintained by the entity from which we acquired the safety respiratory products business or the indemnity provided by its former owner, (ix) changes in the allocation of costs among the various parties paying legal and settlement costs and (x) a determination that our assumptions regarding contractual obligations on which we have estimated our share of liability are inaccurate. We cannot determine the impact of these potential developments on our current estimate of our share of liability for these existing and future claims. Accordingly, the actual amount of these liabilities for existing and future claims could be different than the reserved amount. Further, if the timing of our actual payments made for respirator claims differs significantly from our estimated payment schedule, and we determine that we can no longer reasonably predict the timing of such payments, we could then be required to record the reserve amount on an undiscounted basis on our Consolidated Balance Sheets, causing an immediate impact to earnings.

### *Income Taxes*

Our business operations are global in nature, and we are subject to taxes in numerous jurisdictions. Tax laws and tax rates vary substantially in these jurisdictions and are subject to change based on the political and economic climate in those countries. We file our tax returns in accordance with our interpretations of each jurisdiction's tax laws.

Significant judgment is required in determining our worldwide provision for income taxes and recording the related tax assets and liabilities. In the ordinary course of our business, there are operational decisions, transactions, facts and circumstances, and calculations which make the ultimate tax determination uncertain. Furthermore, our tax positions are periodically subject to challenge by taxing authorities throughout the world. We have recorded reserves for taxes and associated interest and penalties that may become payable in future years as a result of audits by tax authorities. Any significant impact as a result of changes in underlying facts, law, tax rates, tax audit, or review could lead to adjustments to our income tax expense, our effective tax rate, and/or our cash flow.

We record our tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period. The estimated annual effective tax rate may be significantly impacted by nondeductible expenses and our projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

We record benefits for uncertain tax positions based on an assessment of whether the position is more likely than not to be sustained by the taxing authorities. If this threshold is not met, no tax benefit of the uncertain tax position is recognized. If the threshold is met, the tax benefit that is recognized is the largest amount that is greater than 50% likely of being realized upon ultimate settlement. This analysis presumes the taxing authorities' full knowledge of the positions taken and all relevant facts, but does not consider the time value of money. We also accrue for interest and penalties on these uncertain tax positions and include such charges in the income tax provision in the Consolidated Statements of Operations.

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Additionally, we have established valuation allowances against a variety of deferred tax assets, including net operating loss carry forwards, foreign tax credits, and other income tax credits. Valuation allowances take into consideration our ability to use these deferred tax assets and reduce the value of such items to the amount that is deemed more likely than not to be recoverable. Our ability to utilize these deferred tax assets is dependent on achieving our forecast of future taxable operating income over an extended period of time. We review our forecast in relation to actual results and expected trends on a quarterly basis. Failure to achieve our operating income targets may change our assessment regarding the recoverability of our net deferred tax assets and such change could result in a valuation allowance being recorded against some or all of our net deferred tax assets. An increase in a valuation allowance would result in additional income tax expense, while a release of valuation allowances in periods when these tax attributes become realizable would reduce our income tax expense.

### ***Restructuring Activities***

Our consolidated financial statements detail specific charges relating to restructuring activities as well as the actual spending that has occurred against the resulting accruals. Our restructuring charges are estimates based on our preliminary assessments of (i) severance and other employee benefits to be granted to employees, which are based on known benefit formulas and identified job grades, (ii) costs to vacate certain facilities and (iii) asset impairments. Because these accruals are estimates, they are subject to change as a result of subsequent information that may come to our attention while executing the restructuring plans. These changes in estimates would then be reflected in our Consolidated Financial Statements.

### ***Inventory Valuation***

Inventories are stated at the lower of cost or market. The cost of all carbon black inventories in the U.S. is determined using the last-in, first-out ("LIFO") method. Had we used the first-in, first-out ("FIFO") method instead of the LIFO method for such inventories, the value of those inventories would have been \$57 million and \$53 million higher as of March 31, 2012 and September 30, 2011. The cost of Specialty Fluids inventories is determined using the average cost method. The cost of other U.S. and all non-U.S. inventories is determined using the FIFO method. In periods of rapidly rising or declining raw material costs, the inventory method we employ can have a significant impact on our profitability. Under our current LIFO method, when raw material costs are rising, our most recent higher priced purchases are the first to be charged to cost of sales. If, however, we were using a FIFO method, our purchases from earlier periods, which were at lower prices, would instead be the first charged to cost of sales. The opposite result could occur during a period of rapid decline in raw material costs.

We review inventory for both potential obsolescence and potential loss of value periodically. In this review, we make assumptions about the future demand for and market value of our inventory and based on these assumptions estimate the amount of any obsolete, unmarketable or slow moving inventory. We write down the value of our inventories by an amount equal to the difference between the cost of the inventory and its estimated market value. Historically, such write-downs have not been significant. If actual market conditions are less favorable than those projected by management at the time of the assessment, however, additional inventory write-downs may be required, which could reduce our gross profit and our earnings.

## **Results of Operations**

### ***Non-GAAP Financial Measures***

The following discussion of results includes information on our reportable segment sales and segment (or business) operating profit (loss) before interest and tax ("segment EBIT"). Total Segment EBIT is a non-GAAP performance measure, and should not be considered an alternative for Income (loss) from continuing operations before taxes, the most directly comparable GAAP financial measure. In calculating total segment EBIT, we exclude "certain items", meaning items that management does not consider representative of our fundamental segment results, as well as items that are not allocated to our business segments, such as interest expense and other corporate costs. Our Chief Operating Decision Maker uses segment EBIT to evaluate the operating results of each segment and to allocate resources to the segments. We believe that this non-GAAP measure provides useful supplemental information for our investors as it is an important indicator of the Company's operational strength and performance. Investors should consider the limitations associated with this non-GAAP measure, including the potential lack of comparability of this measure from one company to another. A reconciliation of total segment EBIT to Income from continuing operations before income taxes and equity in net earnings of affiliated companies is set forth within this section.

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### **Definition of Terms**

When discussing our income (loss) from operations, we use several terms. The term "product mix" refers to the various types and grades, or mix, of products sold in a particular business or segment during the period, and the positive or negative impact of that mix on the revenue or profitability of the business or segment. The discussion under the heading "(Provision) benefit for income taxes" includes a discussion of our "operating tax rate". In calculating our operating tax rate, we exclude (i) discrete tax items, which are unusual or infrequent items, (ii) other tax items, including the impact of the timing of losses in certain jurisdictions and the cumulative rate adjustment, and (iii) the impact of the certain items on both operating income and the tax provision. The term "LIFO" includes two factors: (i) the impact of current inventory costs being recognized immediately in cost of goods sold ("COGS") under a last-in first-out method, compared to the older costs that would have been included in COGS under a first-in first-out method ("COGS impact"); and (ii) the impact of reductions in inventory quantities, causing historical inventory costs to flow through COGS ("liquidation impact"). When we discuss the profitability impact of changes in inventory levels, we refer to the recording of fixed manufacturing costs on either our balance sheet or through our Consolidated Statement of Operations. When inventories increase, we record fixed manufacturing costs on our balance sheet, causing lower fixed costs to be recorded in the Consolidated Statement of Operations and benefiting the recorded profitability of the business. When inventories decrease, the opposite occurs, and additional fixed costs flow through the Consolidated Statement of Operations, unfavorably affecting recorded business profitability.

Cabot is organized into four business segments: the Core Segment, the Performance Segment, the New Business Segment and the Specialty Fluids Segment. Cabot is also organized for operational purposes into three geographic regions: the Americas; Europe, Middle East and Africa; and Asia Pacific. Discussions of all periods reflect these structures.

### **Overview**

During the second quarter and first six months of fiscal 2012, Income from continuing operations before income taxes and equity in net earnings of affiliated companies increased compared to the second quarter and first six months of fiscal 2011. The increase in both comparative periods was principally driven by higher unit margins that resulted from price increases and a favorable product mix. This improvement was partially offset by higher fixed costs due mainly to the startup of additional capacity and higher spending to support growth. Higher volumes also contributed to the improvement in the second quarter of fiscal 2012 as compared to the second quarter of fiscal 2011. During the second quarter of fiscal 2012, we completed the sale of our Supermetals Business and received the first cash payment related to the sale of \$175 million. The gain on the sale is included in Income from discontinued operations, net of tax, presented on the Consolidated Statements of Operations.

### **Second Quarter and First Six Months Fiscal 2012 versus Second Quarter and First Six Months Fiscal 2011—Consolidated**

#### *Net Sales and Gross Profit*

	Three months ended		Six months ended	
	March 31		March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Net sales and other operating revenues	\$ 844	\$ 739	\$ 1,606	\$ 1,433
Gross profit	\$ 173	\$ 134	\$ 316	\$ 265

The \$105 million increase in net sales from the second quarter of fiscal 2011 to the second quarter of fiscal 2012 was due primarily to higher prices and a favorable product mix (combined \$95 million) and higher volumes (\$14 million), partially offset by the absence of business development milestone revenue recorded in the second quarter of fiscal 2011 in the Cabot Elastomer Composites Business (\$3 million). For the first six months of fiscal 2012, net sales increased by \$173 million when compared to the same period of fiscal 2011. The increase was driven primarily by higher prices and a favorable product mix (combined \$191 million) and a benefit from foreign currency translation (\$11 million) partially offset by lower volumes (\$29 million).

Gross profit increased by \$39 million in the second quarter of fiscal 2012 and by \$51 million in the first six months of fiscal 2012 when compared to the same periods of fiscal 2011. The increase in both periods was principally driven by higher unit margins as higher prices and a favorable product mix more than offset higher raw material costs. This improvement was partially offset by higher fixed costs due mainly to the startup of additional capacity and higher spending to support growth. Higher volumes also contributed to the improvement in the second quarter of fiscal 2012 as compared to the second quarter of fiscal 2011.

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*Selling and Administrative Expenses*

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Selling and administrative expenses	\$ 66	\$ 62	\$ 131	\$ 125

Selling and administrative expenses increased by \$4 million in the second quarter of fiscal 2012 and \$6 million in the first six months of fiscal 2012 when compared to the same periods of fiscal 2011. The increase in both periods was principally driven by higher spending to support growth across our businesses.

*Research and Technical Expenses*

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Research and technical expenses	\$ 20	\$ 18	\$ 37	\$ 33

Research and technical expenses increased \$2 million and \$4 million in the second quarter and first six months of fiscal 2012, respectively, when compared to the same periods of fiscal 2011. The increase was primarily due to fees for a new technology licensing agreement (\$3 million).

*Interest and Dividend Income, Interest Expense and Other (Expense) Income*

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Interest and dividend income	\$ 1	\$ —	\$ 2	\$ 1
Interest expense	\$ (9)	\$ (10)	\$ (19)	\$ (20)
Other (expense) income	\$ (3)	\$ 4	\$ —	\$ 6

Interest and dividend income was \$1 million higher in the second quarter and first six months of fiscal 2012 as compared to the same periods in fiscal 2011 due to higher average cash and notes receivable balances during fiscal 2012.

Interest expense remained relatively consistent in the second quarter and first six months of fiscal 2012 as compared to the same periods in fiscal 2011 due to similar debt levels in the comparative periods and our stable mix of fixed rate to variable rate debt.

Other (expense) income in the second quarter and first six months of fiscal 2012 increased \$7 million and \$6 million, respectively, as compared to the same periods of fiscal 2011. The change in both periods was due to a \$3 million benefit from a legal judgment recorded in the second quarter of fiscal 2011 that did not repeat in 2012 and the unfavorable comparison of foreign currency movements.

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### *(Provision) Benefit for Income Taxes*

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
(Provision) benefit for income taxes	\$ (23)	\$ (9)	\$ (39)	\$ 6

During the second quarter of fiscal 2012, we recorded a tax provision of \$23 million, resulting in an overall tax rate of 30%. This amount included a net discrete tax benefit of \$1 million. The operating tax rate for the second quarter of fiscal 2012 was 26%. In the second quarter of fiscal 2011, we recorded a net tax provision of \$9 million, resulting in an overall 19% tax rate. This amount included net discrete tax benefits of \$1 million. The operating tax rate for the second quarter of fiscal 2011 was approximately 22%. The increase in the operating tax rate in fiscal 2012 is primarily due to a change in our geographic mix of earnings and the expiration of the U.S. research and experimentation ("R&E") credit.

For the first six months of fiscal 2012, we recorded a net tax provision of \$39 million, resulting in an overall tax rate of 30%. This amount included a net discrete tax charge of \$1 million. The operating tax rate for the first six months of fiscal 2012 was approximately 26%. For the first six months of fiscal 2011, we recorded a net tax benefit of \$6 million. This amount included net tax benefits of \$23 million from the repatriation of high tax dividends in response to changes in U.S. tax legislation, \$2 million from the renewal of the U.S. R&E credit, and \$2 million from audit settlements. The operating tax rate for the first six months of fiscal 2011 was approximately 22%. The increase in the operating tax rate in fiscal 2012 is primarily due to a change in our geographic mix of earnings and the expiration of the U.S. R&E credit.

We are currently under audit in a number of jurisdictions outside of the U.S. It is possible that some of these audits will be resolved in fiscal 2012, which may impact our tax expense and effective tax rate going forward. We expect our operating tax rate for fiscal 2012 to be between 25% and 27%, which compares to 22% in fiscal 2011.

### *Equity in Net Earnings of Affiliated Companies and Net Income Attributable to Noncontrolling Interests, Net of Tax*

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Equity in net earnings of affiliated companies	\$ 3	\$ 1	\$ 4	\$ 4
Net income attributable to noncontrolling interests, net of tax	\$ 5	\$ 5	\$ 10	\$ 10

Equity in net earnings of affiliated companies for the second quarter of fiscal 2012 increased \$2 million from the same period of fiscal 2011 as earnings of our affiliates improved.

Noncontrolling interest in net income is the means by which the minority shareholders' portion of the income in our consolidated joint ventures is removed from our Consolidated Statement of Operations. For the second quarter and first six months of fiscal 2012, net income attributable to noncontrolling interests was consistent with comparative periods.

### *Income from Discontinued Operations, net of tax*

During fiscal 2011, we entered into an agreement to sell our Supermetals Business and, as such, have classified income from the Supermetals Business as Income from discontinued operations, net of tax. The sale of the Supermetals Business was completed during the second quarter of fiscal 2012. Income from discontinued operations, net of tax, increased \$173 million in the second fiscal quarter of fiscal 2012 and \$168 million in the first six months of fiscal 2012 when compared to the same periods of fiscal 2011. The increase in both periods was primarily driven by the gain on the sale of the Supermetals Business.

### *Net Income Attributable to Cabot Corporation*

In the second quarter and first six months of fiscal 2012, we reported Net income attributable to Cabot Corporation of \$240 million and \$286 million, respectively (\$3.70 and \$4.41 per diluted common share, respectively). This is compared to \$51 million and \$126 million (\$0.76 and \$1.89 per diluted common share) in the second quarter and first six months of fiscal 2011, respectively.

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**Second Quarter and First Six Months Fiscal 2012 versus Second Quarter and First Six Months Fiscal 2011—By Business Segment**

Total segment EBIT, certain items, other unallocated items and income from continuing operations before taxes for the three and six months ended March 31, 2012 and 2011 are set forth in the table below. The details of certain items and other unallocated items are shown below and in Note N of our consolidated financial statements.

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Total segment EBIT	\$ 123	\$ 95	\$ 204	\$ 169
Certain items	(9)	(7)	(14)	(11)
Other unallocated items	(38)	(40)	(59)	(64)
Income from operations before income taxes	<u>\$ 76</u>	<u>\$ 48</u>	<u>\$ 131</u>	<u>\$ 94</u>

In the second quarter of fiscal 2012, total segment EBIT increased by \$28 million when compared to the same period of fiscal 2011. The increase was principally driven by higher volumes (\$18 million) and higher unit margins (\$30 million) as higher prices and a favorable product mix more than offset the impact of higher raw material costs. These benefits were partially offset by higher fixed costs from the startup of new capacity and spending to support our growth initiatives (\$22 million combined).

In the first six months of fiscal 2012, total segment EBIT increased by \$35 million when compared to the same period of fiscal 2011. The increase was principally driven by higher unit margins (\$66 million) as higher prices and a favorable product mix more than offset the impact of higher raw material costs. The results were partially offset by higher fixed costs from the startup of new capacity and spending to support our growth initiatives (\$28 million).

**Certain Items**

Details of the certain items for the second quarter and first six months of fiscal 2012 and 2011 are as follows:

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Global restructuring activities	\$ (9)	\$ (7)	\$ (12)	\$ (11)
Environmental reserves and legal settlements	—	—	(2)	—
Total certain items, pre-tax	(9)	(7)	(14)	(11)
Tax impact of certain items	1	2	2	3
Tax impact of Japan foreign exchange losses	(3)	—	(3)	—
Discrete tax items	<u>1</u>	<u>1</u>	<u>(1)</u>	<u>26</u>
Total tax certain items	(1)	3	(2)	29
Total certain items, after tax	<u>\$ (10)</u>	<u>\$ (4)</u>	<u>\$ (16)</u>	<u>\$ 18</u>

In the second quarter and first six months of fiscal 2012, \$9 million and \$14 million, pre-tax, respectively, of charges related to restructuring initiatives and environmental and legal reserves, and \$1 million and \$2 million, respectively, of charges for tax related items were recorded as certain items. In the same periods of fiscal 2011, \$7 million and \$11 million, pre-tax, respectively, of restructuring related charges, and \$3 million and \$29 million, respectively, of benefit for tax related items were recorded as certain items.

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### *Other Unallocated Items*

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Interest expense	\$ (9)	\$ (10)	\$ (19)	\$ (20)
Equity in net earnings of affiliated companies	(3)	(1)	(4)	(4)
Unallocated corporate costs	(18)	(15)	(32)	(27)
General unallocated expense	(8)	(14)	(4)	(13)
Total other unallocated items	<u>\$ (38)</u>	<u>\$ (40)</u>	<u>\$ (59)</u>	<u>\$ (64)</u>

In the second quarter of fiscal 2012 costs from Total other unallocated items decreased by \$2 million when compared to the same period of fiscal 2011. The decrease was primarily driven by a \$6 million decrease in General unallocated expense due to the COGS impact of LIFO accounting from changes in carbon black raw material costs that resulted in a favorable comparison (\$4 million) and the absence of certain corporate pension and currency charges in fiscal 2011 that did not repeat in fiscal 2012 (\$2 million). These benefits were partially offset by an increase in Unallocated corporate costs driven by fees for a new technology licensing agreement (\$3 million). In the first six months of fiscal 2012, costs from Total other unallocated items decreased by \$5 million when compared to the same period of fiscal 2011. The decrease was primarily driven by a \$9 million decrease in General unallocated expense due to the COGS impact of LIFO accounting from changes in carbon black raw material costs that resulted in a favorable comparison (\$6 million) and the absence of certain corporate pension and currency charges in fiscal 2011 that did not repeat in fiscal 2012 (\$2 million). These decreases were partially offset by an increase in Unallocated corporate costs driven by fees for a new technology licensing agreement (\$3 million).

### *Core Segment*

Sales and EBIT for the Rubber Blacks Business for the second quarter and first six months of fiscal 2012 and fiscal 2011 are as follows:

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Rubber Blacks Business Sales	\$ 534	\$ 458	\$ 1,023	\$ 896
Rubber Blacks Business EBIT	\$ 72	\$ 51	\$ 127	\$ 88

### *Rubber Blacks Business*

In the second quarter of fiscal 2012, sales in the Rubber Blacks Business increased by \$76 million when compared to the second quarter of fiscal 2011. The increase was principally driven by higher prices and a favorable product mix (combined \$83 million), partially offset by 2% lower volumes (\$8 million). In the first six months of fiscal 2012, sales in the Rubber Blacks Business increased by \$127 million when compared to the first six months of fiscal 2011. The increase was principally driven by higher prices and a favorable product mix (combined \$166 million) and the benefit of foreign currency translation (\$9 million), partially offset by lower volumes (\$49 million).

EBIT in the Rubber Blacks Business increased by \$21 million in the second quarter of fiscal 2012 when compared to the same period of fiscal 2011. The increase was principally driven by higher unit margins (\$32 million) as higher prices and a favorable product mix more than offset higher raw material costs. The impact of higher margins more than offset the effect of higher fixed manufacturing costs (\$12 million) and lower volumes (\$3 million). For the first six months of fiscal 2012 when compared to the same period of fiscal 2011, Rubber Blacks EBIT increased by \$39 million driven principally by higher unit margins (\$61 million) with higher pricing and a favorable product mix more than offsetting higher raw material costs. The impact of higher margins more than offset the effect of higher fixed manufacturing costs (\$13 million) and lower volumes (\$16 million).

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### **Performance Segment**

Sales and EBIT for the Performance Segment for the second quarter and first six months of fiscal 2012 and fiscal 2011 are as follows:

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Performance Products Business Sales	\$ 173	\$ 159	\$ 324	\$ 291
Fumed Metal Oxides Business Sales	62	63	116	121
Segment Sales	<u>\$ 235</u>	<u>\$ 222</u>	<u>\$ 440</u>	<u>\$ 412</u>
Segment EBIT	<u>\$ 35</u>	<u>\$ 39</u>	<u>\$ 56</u>	<u>\$ 70</u>

In the second quarter of fiscal 2012, sales for the Performance Segment increased by \$13 million when compared to the second quarter of fiscal 2011. The increase was principally driven by higher prices and a favorable product mix (combined \$13 million). During the second quarter of fiscal 2012, volumes in Performance Products increased by 1% when compared to the same period of fiscal 2011 and Fumed Metal Oxides volumes increased by 4%. The benefit from higher volumes was offset by unfavorable foreign currency translation. During the first six months of fiscal 2012, sales in the Performance Segment increased by \$28 million due to higher prices and a favorable product mix (combined \$23 million), the impact of higher volumes (\$4 million), and the benefit from foreign currency translation (\$1 million).

EBIT in the Performance Segment decreased by \$4 million in the second quarter of fiscal 2012 when compared to the same quarter of fiscal 2011 driven primarily by higher fixed manufacturing costs from new capacity and the unfavorable impact of declining inventory levels (\$8 million combined impact). This decrease was partially offset by higher volumes (\$2 million) and higher unit margins (\$2 million) from higher pricing and a favorable product mix that more than offset higher raw material costs. For the first six months of fiscal 2012, EBIT was \$14 million lower when compared to the first six months of fiscal 2011 driven by higher fixed manufacturing costs from new capacity and higher segment management costs (\$18 million combined impact). This decrease was partially offset by improved unit margins (\$5 million) from higher pricing and a favorable product mix that more than offset higher raw material costs.

### **New Business Segment**

Sales and EBIT for the New Business Segment for the second quarter and first six months of fiscal 2012 and 2011 are as follows:

	Three months ended March 31		Six months ended March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Inkjet Colorants Business Sales	\$ 15	\$ 16	\$ 30	\$ 30
Aerogel Business Sales	5	8	9	11
Superior MicroPowders Sales	3	3	5	6
Cabot Elastomer Composites Sales	7	5	11	9
Segment Sales	<u>\$ 30</u>	<u>\$ 32</u>	<u>\$ 55</u>	<u>\$ 56</u>
Segment EBIT	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 4</u>

Sales in the New Business Segment decreased by \$2 million and \$1 million in the second quarter and first six months of fiscal 2012, respectively, when compared to the same periods of fiscal 2011. The decline in both periods is primarily due to the absence of \$3 million of business development milestone revenue recorded in the second quarter of fiscal 2011 in the Cabot Elastomer Composites Business and lower commercial activity in the Aerogel Business. These unfavorable items were partially offset by an increase in volumes in the Inkjet Colorants and Cabot Elastomer Composites Businesses. EBIT in the New Business Segment decreased by \$4 million in both the second quarter and the first six months of fiscal 2012 when compared to the same periods of fiscal 2011. The decrease in both periods was driven by the same factors impacting sales in addition to higher fixed manufacturing costs from new capacity in the Inkjet Colorants Business.



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### *Specialty Fluids Segment*

Sales and EBIT for the Specialty Fluids Segment for the second quarter and first six months of fiscal 2012 and fiscal 2011 are as follows:

	Three months ended		Six months ended	
	March 31		March 31	
	2012	2011	2012	2011
	(Dollars in millions)			
Segment Sales	\$ 27	\$ 13	\$ 41	\$ 30
Segment EBIT	\$ 16	\$ 1	\$ 21	\$ 7

During the second quarter of fiscal 2012, sales and EBIT in the Specialty Fluids Segment were higher by \$14 million and \$15 million, respectively, than in the second quarter of fiscal 2011. For the first six months of fiscal 2012, sales and EBIT increased by \$11 million and \$14 million, respectively, when compared to the same period of fiscal 2011. The increase in Sales and EBIT in both periods was principally due to higher rental revenue from more complex jobs that were larger and longer in duration and a more favorable sales mix of business driven by a significant product sale during the second quarter of fiscal 2012. The significant product sale resulted in a favorable impact of approximately \$7 million to EBIT.

### **Cash Flows and Liquidity**

#### *Overview*

Our liquidity position, as measured by cash and cash equivalents plus borrowing availability, increased by \$93 million during the first six months of fiscal 2012. The increase was primarily attributable to cash received from the sale of the Supermetals business, which closed during the second quarter of fiscal 2012, offset by cash used for working capital and the repurchase of approximately 0.9 million shares of our common stock on the open market. At March 31, 2012, we had cash and cash equivalents of \$366 million, and current availability under our revolving credit agreement of approximately \$534 million. The credit agreement contains affirmative, negative and financial covenants and events of default customary for financings of this type. The financial covenants in the credit agreement include interest coverage, debt-to-EBITDA and subsidiary debt to total capitalization ratios. As of March 31, 2012, we were in compliance with all applicable covenants.

We anticipate sufficient liquidity from (i) cash on hand; (ii) cash flows from operating activities; and (iii) cash available from our credit agreement to meet our operational and capital investment needs and financial obligations for the foreseeable future. Our liquidity derived from cash flows from operations is, to a large degree, predicated on our ability to collect our receivables in a timely manner, the cost of our raw materials, and our ability to manage inventory levels.

We generally manage our cash and debt on a global basis to provide for working capital requirements as needed by region or site. Cash and debt are generally denominated in the local currency of the subsidiary holding the assets or liabilities, except where there are operational cash flow reasons to hold non-functional currency or debt. As of March 31, 2012 our USD equivalent holdings by region were: Asia Pacific \$100 million, Europe \$166 million, and the Americas \$100 million, which included \$68 million in the U.S.

#### *Discontinued Operations*

Our Consolidated Statements of Cash Flows have been presented to include discontinued operations with continuing operations. Therefore, unless noted otherwise, the following discussion of our cash flows and liquidity position include both continuing and discontinued operations.

In January 2012, we completed the sale of our Supermetals Business, which we classified as discontinued operations beginning in the fourth quarter of fiscal 2011 when we entered into the sale and purchase agreement for its sale. A detailed discussion of the transaction and the consideration we received appears in Note C in the Consolidated Financial Statements. In connection with the sale, we received \$175 million on the closing date and notes for additional minimum consideration totaling approximately \$277 million payable at various dates through March 2014.

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The following discussion of the changes in our cash balance refers to the various sections of our Consolidated Statements of Cash Flows.

### ***Cash Flows from Operating Activities***

Cash generated from operating activities, which consists of net income adjusted for the various non-cash items included in income, changes in working capital and changes in certain other balance sheet accounts, totaled \$93 million in the first six months of fiscal 2012 compared to \$58 million during the same period of fiscal 2011. Cash generated from operating activities in the first six months of fiscal 2012 was driven primarily by net income of \$296 million, of which \$186 million represents the gain on sale of the Supermetals Business, plus \$74 million of depreciation and amortization. These increases were partially offset by a net increase in working capital of \$107 million (inventories plus accounts and notes receivable, less accounts payable and accrued liabilities). Our working capital increase during the first six months of fiscal 2012 was driven by higher raw material costs and higher pricing, and is comprised of higher accounts receivables of \$105 million, higher inventories of \$52 million, and higher accounts payable and accrued liabilities of \$50 million.

Cash generated from operating activities in the first six months of fiscal 2011 was driven primarily by net income of \$136 million plus \$70 million of depreciation and amortization partially offset by a net increase in working capital of \$124 million and non-cash tax benefits of \$18 million. Our working capital increase during the first six months of fiscal 2011 was driven by higher raw material costs and higher pricing, and is comprised of lower accounts payable and accrued liabilities of \$46 million, higher inventories of \$46 million and higher accounts receivable of \$32 million.

In addition to the items noted above, the following elements of operations have had or will have a bearing on operating cash flows:

**Restructurings**—As of March 31, 2012, we had \$11 million of total restructuring costs in accrued expenses in the consolidated balance sheet related to our global restructuring activities. We made cash payments of \$6 million during the first six months of fiscal 2012 related to these restructuring plans. We expect to make cash payments related to these restructuring activities of approximately \$11 million in fiscal 2012 and \$3 million thereafter (which includes the \$11 million accrued in the Consolidated Balance Sheet as of March 31, 2012).

**Environmental and Litigation Matters**—We have recorded a \$6 million reserve on both a discounted and undiscounted basis as of March 31, 2012 for environmental remediation costs at various sites. These sites are primarily associated with businesses divested in prior years. We anticipate that the expenditures at these sites will be made over a number of years, and will not be concentrated in any one year. Additionally, as of March 31, 2012 we have recorded a \$10 million reserve on a discounted basis (\$15 million on an undiscounted basis) for respirator claims. These expenditures will also be incurred over several years. We also have other litigation costs arising in the ordinary course of business.

We expect cash on hand and cash provided from operations will be adequate to fund any cash requirements relating to restructuring, environmental and pending litigation matters.

### ***Venezuela***

We own 49% of an operating affiliate in Venezuela, which is accounted for as an equity affiliate, through wholly owned subsidiaries that carry the investment and receive its dividends. As of March 31, 2012, these subsidiaries carried the operating affiliate investment of \$25 million, and held 19 million bolivars (\$4 million) in cash and dividends receivable.

The Venezuelan bolivar may only be exchanged for foreign currencies through certain Venezuelan government controlled channels. The channels available are the Venezuelan central bank ("CADIVI"), Venezuelan government and government-backed bond offerings or an officially sanctioned and regulated secondary market ("SITME"). SITME is subject to restrictions which preclude us from utilizing this market to remit dividends. The bond offerings use a bidding process, where companies and individuals requiring U.S. dollars place a request for a fixed sum, and CADIVI then determines how to allocate out the pool of U.S. dollars in that issuance.

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An inability to convert the operating affiliate's earnings into U.S. dollars would be considered an indicator of impairment, requiring a full impairment analysis of our investment. Therefore, we closely monitor our ability to convert our bolivar holdings into U.S. dollars, as we still intend to convert substantially all bolivars held by our Venezuelan subsidiaries to U.S. dollars as soon as practical.

Any future change in the CADIVI official rate or opening of additional parallel markets could lead us to use a different exchange rate and result in gains or losses on our bolivar denominated assets held by our subsidiaries.

### ***Cash Flows from Investing Activities***

Cash flows from investing activities were primarily driven by cash received from the sale of the Supermetals business offset by capital expenditures and provided \$52 million of cash in the first six months of fiscal 2012 compared to cash consumed of \$73 million in fiscal 2011. In the first six months of fiscal 2012, cash received from the sale of the Supermetals business was \$175 million offset by capital expenditures of \$117 million. Capital expenditures in fiscal 2012 were primarily related to sustaining and replacement capital projects for our operating facilities, investments in energy recovery technology, expansion of our global manufacturing footprint and capital spending required for process technology and product differentiation projects.

Capital expenditures in the first six months of fiscal 2011 of \$72 million were primarily related to replacement capital for our operating facilities, investments in energy recovery technology, expansion of our manufacturing footprint in the Asia Pacific region and capital spending required for process technology and product differentiation projects.

Capital expenditures for the remainder of fiscal 2012 are expected to be between \$80 million to \$130 million. Our planned capital spending program for the remainder of fiscal 2012 is primarily for higher spending for ongoing sustaining and replacement capital as well as investments in energy related projects and capacity expansions.

### ***Cash Flows from Financing Activities***

Financing activities consumed \$62 million of cash during the first six months of fiscal 2012 compared to \$14 million of cash during the first six months of fiscal 2011. In both periods, financing cash outflows included dividend payments to our shareholders of \$24 million. In addition, during the first six months of fiscal 2012, financing cash outflows included the repurchase of approximately 0.9 million shares of our common stock on the open market for approximately \$30 million and net debt repayments of \$16 million. In the first six months of fiscal 2011, cash outflows were offset by a net increase in debt of \$10 million.

### ***Purchase Commitments***

We have entered into long-term purchase agreements primarily for the purchase of raw materials. Under certain of these agreements the quantity of material being purchased is fixed, but the price paid changes as market prices change. For those commitments, the amounts included in the table below are based on market prices at March 31, 2012.

	Payments Due by Fiscal Year						Total
	Remainder of fiscal 2012	2013	2014	2015	2016	Thereafter	
				(Dollars in millions)			
Core Segment	\$ 204	\$ 259	\$ 262	\$ 258	\$ 214	\$ 2,865	\$ 4,062
Performance Segment	7	32	31	31	30	285	416
Specialty Fluids Segment	3	2	—	—	—	—	5
New Business Segment	1	2	—	—	—	—	3
Total	<u>\$ 215</u>	<u>\$ 295</u>	<u>\$ 293</u>	<u>\$ 289</u>	<u>\$ 244</u>	<u>\$ 3,150</u>	<u>\$ 4,486</u>

### ***Off-balance sheet arrangements***

Cabot has no material transactions that meet the definition of an off-balance sheet arrangement.

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### ***Forward-Looking Information***

This report on Form 10-Q contains "forward-looking statements" under the Federal securities laws. These forward-looking statements address expectations or projections about the future, including our expectations concerning the receipt of the cash proceeds due to us from the divestiture of our Supermetals Business; the amount and timing of the charge to earnings we will record and the cash outlays we will make in connection with the closing of certain manufacturing facilities and restructuring initiatives; the amount and timing of payments associated with environmental remediation and respirator claims; the outcome of pending litigation and environmental matters; our expected tax rate for fiscal 2012; cash requirements and uses of available cash, including anticipated capital spending; and our ability to meet cash requirements for the foreseeable future.

Forward-looking statements are based on our current expectations, assumptions, estimates and projections about Cabot's businesses and strategies, market trends and conditions, economic conditions and other factors. These statements are not guarantees of future performance and are subject to risks, uncertainties, potentially inaccurate assumptions, and other factors, some of which are beyond our control or difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from those expressed in the forward-looking statements.

In addition to factors described elsewhere in this report, the following are some of the factors that could cause our actual results to differ materially from those expressed in the forward-looking statements: changes in raw material costs; lower than expected demand for our products; the loss of one or more of our important customers; our inability to complete capacity expansions as planned; our failure to develop new products or to keep pace with technological developments; fluctuations in currency exchange rates; patent rights of others; stock and credit market conditions; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); our ability to successfully implement our cost reduction initiatives and organizational restructurings; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including joint ventures; severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations; the accuracy of the assumptions we used in establishing a reserve for our share of liability for respirator claims; and the outcome of pending litigation. Other factors and risks are discussed in our 2011 10-K.

### **IV. Recently Issued Accounting Pronouncements – Not Yet Adopted**

None with material impact.

### ***Item 3. Quantitative and Qualitative Disclosures About Market Risk***

Information about market risks for the period ended March 31, 2012 does not differ materially from that discussed under Item 7A of our 2011 10-K.

### ***Item 4. Controls and Procedures***

As of March 31, 2012, we carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of that date.

There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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### **Part II. Other Information**

#### **Item I. Legal Proceedings**

##### *Respirator Liabilities*

We have exposure in connection with a safety respiratory products business that a subsidiary acquired from American Optical Corporation ("AO") in an April 1990 asset purchase transaction. The subsidiary manufactured respirators under the AO brand and disposed of that business in July 1995. In connection with its acquisition of the business, the subsidiary agreed, in certain circumstances, to assume a portion of AO's liabilities, including costs of legal fees together with amounts paid in settlements and judgments, allocable to AO respiratory products used prior to the 1990 purchase by the Cabot subsidiary. As more fully described in our 2011 10-K, our respirator liabilities involve claims for personal injury, including asbestosis, silicosis and coal worker's pneumoconiosis, allegedly resulting from the use of respirators that are claimed to have been negligently designed or labeled.

As of both March 31, 2012 and September 30, 2011, there were approximately 42,000 claimants in pending cases asserting claims against AO in connection with respiratory products. We have a reserve to cover our expected share of liability for existing and future respirator liability claims. The book value of the reserve is being accreted up to the undiscounted liability through interest expense over the expected cash flow period, which is through 2062. At March 31, 2012 and September 30, 2011, the reserve was \$10 million and \$11 million, respectively, on a discounted basis (\$15 million and \$16 million on an undiscounted basis at March 31, 2012 and September 30, 2011, respectively). Cash payments related to this liability were \$1 million and \$3 million in the first six months of fiscal 2012 and 2011, respectively

##### *Other Matters*

We have various other lawsuits, claims and contingent liabilities arising in the ordinary course of our business. These include a number of claims asserting premises liability for asbestos exposure and claims in respect of our divested businesses. In our opinion, although final disposition of some or all of these other suits and claims may impact our financial statements in a particular period, they should not, in the aggregate, have a material adverse effect on our financial position.

#### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The table below sets forth information regarding Cabot's purchases of its equity securities during the quarter ended March 31, 2012:

##### **Issuer Purchases of Equity Securities**

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
January 1, 2012 – January 31, 2012	3,521	\$ 34.74	—	1,811,757
February 1, 2012 – February 29, 2012	1,284	\$ 40.60	—	1,811,757
March 1, 2012 – March 31, 2012	720	\$ 40.55	—	1,811,757
Total	5,525		—	

<sup>(1)</sup> On May 11, 2007, we publicly announced that the Board of Directors authorized us to repurchase five million shares of our common stock on the open market or in privately negotiated transactions. On September 14, 2007, the Board of Directors increased the share repurchase authorization to 10 million shares (the "2007 Authorization"). This authorization does not have a set expiration date. We did not repurchase any shares under this authorization during the second quarter of fiscal 2012.

In addition to the 2007 Authorization, in certain circumstances the Board has authorized us to repurchase shares of restricted stock purchased by recipients of certain long-term incentive awards after such shares vest to satisfy tax withholding obligations and associated loan repayment liabilities. The shares are repurchased from employees at fair market value. During the second quarter of fiscal 2012, we repurchased 5,525 shares from employees under this authorization.

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### **Item 6. Exhibits**

The following Exhibits are filed herewith:

<b>Exhibit No.</b>	<b>Description</b>
Exhibit 10.1*	Credit Agreement, dated August 26, 2011, among Cabot Corporation, JPMorgan Chase Bank, N.A., J. P. Morgan Securities LLC, Citigroup Global Markets Inc., Citibank, N.A., Bank of America, N.A., and Mizuho Corporate Bank, Ltd. and the other lenders party thereto.
Exhibit 10.2*	Amended and Restated Sale and Purchase Agreement dated August 24, 2011 by and among Cabot Corporation, GAM International Pty Ltd, Global Advanced Metals USA, Inc., and Global Advanced Metals Pty Ltd.
Exhibit 10.3†	2009 Long-Term Incentive Plan (incorporated herein by reference to Appendix B of Cabot's Proxy Statement on Schedule 14A relating to the 2012 Annual Meeting of Stockholders, file reference 1-5667, filed with the SEC on January 30, 2012).
Exhibit 10.4*†	Amendment to Cabot Corporation Senior Management Severance Protection Plan, dated January 13, 2012.
Exhibit 10.5*†	Cabot Corporation Amended and Restated Senior Management Severance Protection Plan, dated March 9, 2012.
Exhibit 31.1*	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
Exhibit 31.2*	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
Exhibit 32**	Certifications of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 101.INS**	XBRL Instance Document.
Exhibit 101.SCH**	XBRL Taxonomy Extension Schema Document.
Exhibit 101.CAL**	XBRL Taxonomy Calculation Linkbase Document.
Exhibit 101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
Exhibit 101.LAB**	XBRL Taxonomy Label Linkbase Document.
Exhibit 101.PRE**	XBRL Taxonomy Presentation Linkbase Document.

† Management contract or compensatory plan or arrangement.

\* Filed herewith.

\*\* Furnished herewith.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the three and six months ended March 31, 2012 and 2011; (ii) the Consolidated Balance Sheets at March 31, 2012 and September 30, 2011; (iii) the Consolidated Statement of Cash Flows for the six months ended March 31, 2012 and 2011; (iv) the Consolidated Statement of Changes in Stockholders' Equity for the six months ended March 31, 2012 and 2011; and (v) Notes to the Consolidated Financial Statements, March 31, 2012. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

**SIGNATURES**

Pursuant to the requirements 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.

Date: May 7, 2012	<b><i>CABOT CORPORATION</i></b> By: <u>/s/ EDUARDO E. CORDEIRO</u> Eduardo E. Cordeiro <i>Executive Vice President and Chief Financial Officer</i> <i>(Duly Authorized Officer)</i>
Date: May 7, 2012	By: <u>/s/ JAMES P. KELLY</u> James P. Kelly <i>Vice President and Controller</i> <i>(Chief Accounting Officer)</i>

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# J.P.Morgan

## CREDIT AGREEMENT

dated as of

August 26, 2011,

among

CABOT CORPORATION,

and

Certain of its Subsidiaries,  
as Borrowers,

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

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J.P. MORGAN SECURITIES LLC, and  
CITIGROUP GLOBAL MARKETS INC.,  
as Joint Lead Arrangers and Joint Bookrunners,

CITIBANK, N.A.,  
as Syndication Agent

and

BANK OF AMERICA, N.A., and  
MIZUHO CORPORATE BANK, LTD.,  
as Co-Documentation Agents

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Exhibit B – Form of U.S. Tax Certificates

Exhibit C – Form of Designated Borrower Request and Assumption Agreement

Exhibit D – Form of Designated Borrower Notice

Exhibit E – Mandatory Cost

Exhibit F – Form of Compliance Certificate

Exhibit G – Form of Increasing Lender Supplement – Existing Lender

Exhibit H – Form of Augmenting Lender Supplement – New Lender

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CREDIT AGREEMENT (this "**Agreement**") dated as of August 26, 2011, among CABOT CORPORATION, a Delaware corporation (the "**Company**"), certain Subsidiaries of the Company from time to time party hereto pursuant to Section 2.23 (each, a "**Designated Borrower**" and, together with the Company, the "**Borrowers**" and each, a "**Borrower**"), the LENDERS from time to time party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The parties hereto agree as follows:

## ARTICLE I

### Definitions

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"**ABR**", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"**Acquisition**", by any Person, means the acquisition by such Person (other than a transaction that would be classified as a capital expenditure in accordance with GAAP), in a single transaction or in a series of related transactions, of all or any substantial portion (constituting a separate business unit) of the assets of another Person or at least a majority of the Equity Interests with ordinary voting power of another Person, in each case whether or not involving a merger or consolidation with such other Person and whether for cash, property, services, assumption of Indebtedness, securities or otherwise.

"**Act**" has the meaning assigned to such term in Section 10.14.

"**Adjusted LIBO Rate**" means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the sum of (a) (i) the LIBO Rate for such Interest Period multiplied by (ii) the Statutory Reserve Rate, plus, without duplication (b) in the case of Revolving Loans made by a Lender from its office or branch in the United Kingdom, the Mandatory Cost.

"**Administrative Agent**" means JPMorgan Chase Bank, N.A. (including its subsidiaries and Affiliates), in its capacity as administrative agent for the Lenders hereunder.

"**Administrative Questionnaire**" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Agreed Currencies**" means (a) U.S. Dollars, (b) Euro, (c) Pounds Sterling, (d) Swiss Francs, (e) Australian Dollars, (f) Japanese Yen, (g) Canadian Dollars, (h) Singapore Dollars and (i) any other Foreign Currency acceptable to all of the Lenders.

"**Agreement**" has the meaning assigned to such term in the preamble.

"**Alternate Base Rate**" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus  $\frac{1}{2}$  of 1%, and (c) the Adjusted LIBO Rate for a one (1) month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that, for purposes of this definition, the Adjusted LIBO Rate for any Business Day shall be based on the rate appearing on the Reuters Screen LIBOR01 (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in U.S. Dollars in the London interbank market) at approximately 11:00 a.m. London time on such Business Day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

"**Applicable Foreign Obligor Documents**" has the meaning assigned to such term in Section 3.12(a).

"**Applicable Percentage**" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment; provided that in the case of Section 2.20 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the total Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Credit Exposure then in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

"**Applicable Rate**" means, for any day, with respect to any ABR Loan or Eurocurrency Revolving Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "ABR Spread", "Eurocurrency Spread" or "Facility Fee Rate", as the case may be, based upon the ratings by Moody's and S&P, respectively, applicable on such date to the Index Debt:

Tier	Rating	Eurocurrency Spread	ABR Spread	Facility Fee Rate
<u>I</u>	<sup>3</sup> A2 / A	0.650%	0%	0.100%
<u>II</u>	< A2 / A and <sup>3</sup> A3 / A-	0.875%	0%	0.125%

<u>III</u>	< A3 / A- and <sup>3</sup> Baa1 / BBB+	0.975%	0%	0.150%
<u>IV</u>	< Baa1 / BBB+ and <sup>3</sup> Baa2 / BBB	1.050%	0.050%	0.200%
<u>V</u>	£ Baa3 / BBB-	1.125%	0.125%	0.250%

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Tier V; (ii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Tiers, the Applicable Rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Tiers lower than the other, in which case the Applicable Rate shall be determined by reference to the Tier next above that of the lower of the two ratings; and (iii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Company to the Agent and the Lenders pursuant to Section 5.01 or otherwise. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"**Applicant Borrower**" has the meaning assigned to such term in Section 2.23(b).

"**Approved Fund**" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Arrangers**" means, collectively, J.P. Morgan Securities LLC and Citigroup Global Markets Inc., in their capacity as Joint Lead Arrangers and Joint Bookrunners.

"**Assignment and Assumption**" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"**Augmenting Lender**" has the meaning assigned to such term in Section 2.21(a).

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**"Australian Dollars"** means the lawful currency of Australia.

**"Availability Period"** means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

**"Bankruptcy Event"** means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

**"Board"** means the Board of Governors of the Federal Reserve System of the United States of America.

**"Borrower"** and **"Borrowers"** each has the meaning assigned to such term in the preamble.

**"Borrowing"** means (a) Revolving Loans of the same Type and currency, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

**"Borrowing Request"** means a request by the Company, for itself or on behalf of a Designated Borrower, for a Revolving Borrowing in accordance with Section 2.03.

**"Business Day"** means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that (a) when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in the applicable Agreed Currency in the London interbank market or (other than in respect of Borrowings denominated in U.S. Dollars or Euro) the principal financial center of such Agreed Currency, and (b) when used in connection with a Eurocurrency Loan denominated in Euro, the term "Business Day" shall also exclude any day on which the TARGET payment system is not open for the settlement of payments in Euro.

**"Canadian Dollars"** means the lawful currency of Canada.

**"Capital Lease Obligations"** of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount



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of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

**"Change in Control"** means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding members of the Cabot family, any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire (such right, an "**option right**"), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of twenty-five percent (25%) or more of the equity securities of the Company entitled to vote for members of the board of directors or equivalent governing body of the Company on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or

(b) during any period of twenty-four (24) consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Company cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors).

**"Change in Law"** means (a) the adoption of any law, rule, regulation, or treaty (including any rules or regulations issued under or implementing any existing law) after the date of this Agreement, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or by any applicable lending office of such Lender or the Issuing Bank) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case under Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

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**"Charges"** has the meaning assigned to such term in Section 10.13.

**"Class"**, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Commitment"** means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09, (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04, and (c) increased from time to time pursuant to Section 2.21. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$550,000,000.

**"Company"** has the meaning assigned to such term in the preamble.

**"Compliance Certificate"** means a certificate substantially in the form of Exhibit F.

**"Computation Date"** has the meaning assigned to such term in Section 2.04.

**"Consolidated"** or **"consolidated"** means, with reference to any term defined herein, that term as applied to the accounts of the Company and its Subsidiaries, consolidated in accordance with GAAP.

**"Consolidated EBITDA"** means, with reference to any period, Consolidated Net Income for such period plus (a) without duplication, to the extent deducted from revenues in determining such Consolidated Net Income, (i) Consolidated Interest Charges, (ii) the provision for federal, state, local and foreign income taxes payable, (iii) depreciation expense, (iv) amortization expense, and (v) other non-cash charges, minus (b) to the extent included in such Consolidated Net Income, all non-cash income or gains (including income tax benefits), all calculated for the Company and its Subsidiaries in accordance with GAAP on a consolidated basis.

**"Consolidated Interest Charges"** means, with reference to any period, for the Company and its Subsidiaries calculated in accordance with GAAP on a consolidated basis (without duplication) for such period, the sum of all interest, premium payments, debt discount, fees, charges and related expenses of the Company and its Subsidiaries in connection with borrowed money (including capitalized interest and other fees and charges incurred under any Securitization Transactions) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP.

**"Consolidated Interest Coverage Ratio"** means, as of the last day of any fiscal quarter, the ratio of (a) Consolidated EBITDA for the Reference Period ended on such date to (b) the cash portion of Consolidated Interest Charges for the Reference Period ended on such date.

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**"Consolidated Leverage Ratio"** means, as of the last day of any fiscal quarter, the ratio of (a) Consolidated Total Debt as of such date to (b) Consolidated EBITDA for the Reference Period ended on such date.

**"Consolidated Net Income"** means, with reference to any period, the net income (or loss) of the Company and its Subsidiaries calculated in accordance with GAAP on a consolidated basis (without duplication) for such period.

**"Consolidated Tangible Net Worth"** means, as of any date, (i) the consolidated stockholders' equity of the Company as of such date (calculated excluding adjustments to translate foreign assets and liabilities for changes in foreign exchange rates made in accordance with Financial Accounting Standards Board Statement Nos. 52 and 133), minus (ii) to the extent reflected in determining such consolidated stockholders' equity as of such date, the amount of Intangible Assets of the Company and its Subsidiaries on a consolidated basis.

**"Consolidated Total Debt"** means, as of any date of determination, the outstanding principal amount as of such date of all Indebtedness of the Company and its Subsidiaries on a consolidated basis.

**"Consolidated Total Tangible Assets"** means the aggregate amount of all assets of the Company and its Subsidiaries on a consolidated basis other than Intangible Assets.

**"Contractual Obligation"** means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

**"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **"Controlling"** and **"Controlled"** have meanings correlative thereto.

**"Credit Party"** means the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender.

**"Default"** means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

**"Defaulting Lender"** means any Lender that (a) has failed, within two (2) Business Days after the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified any Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular

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default, if any) to funding cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has, or has a Lender Parent that has, become the subject of a Bankruptcy Event.

**"Designated Borrower"** has the meaning assigned to such term in the preamble.

**"Designated Borrower Notice"** has the meaning assigned to such term in Section 2.23(b).

**"Designated Borrower Request and Assumption Agreement"** has the meaning assigned to such term in Section 2.23(b).

**"Designated Jurisdiction"** means any of Burma/Myanmar, Cuba, Iran, Libya, North Korea, Sudan or any other country or territory to the extent that such country or territory itself is the subject of any Sanction.

**"Disclosed Litigation"** has the meaning assigned to such term in Section 3.05(a).

**"Dollar Amount"** of any currency at any date means (a) if such currency is U.S. Dollars, the amount of such currency, or (b) if such currency is a Foreign Currency, the equivalent in such currency of U.S. Dollars, calculated on the basis of the Exchange Rate for such currency on or as of the most recent Computation Date provided for in Section 2.04.

**"Domestic Subsidiary"** means any Subsidiary that is organized under the laws of any political subdivision of the United States of America.

**"Effective Date"** means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

**"Environmental Laws"** means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating to pollution and the protection of the environment, or the release of any Hazardous Material.

**"Environmental Liability"** means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

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**"Equity Interests"** means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

**"Equivalent Amount"** of any currency with respect to any amount of U.S. Dollars at any date means the equivalent in such currency of such amount of U.S. Dollars, calculated on the basis of the Exchange Rate for such other currency at 11:00 a.m. London time on the date on or as of which such amount is to be determined.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

**"ERISA Affiliate"** means any trade or business (whether or not incorporated) that, together with any Borrower, is treated as a single employer under subsections (b) and (c) of Section 414 of the Code (and, solely for the purposes of Section 412 of the Code, including subsections (m) and (o) of Section 414 of the Code).

**"ERISA Event"** means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Multiemployer Plan of an "accumulated funding deficiency" (as defined in Sections 412 and 431 of the Code or Sections 302 and 304 of ERISA), whether or not waived, or the determination that any Multiemployer Plan is in either "endangered status" or "critical status" (as defined in Section 432 of the Code or Section 305 of ERISA), or the failure of any Plan that is not a Multiemployer Plan to satisfy the minimum funding standards of Sections 412 and 430 of the Code or Sections 302 and 303 of ERISA, or the determination that any Plan that is not a Multiemployer Plan is in "at-risk" status (as defined in Section 430(i) of the Code or Section 303(i) of ERISA) or the imposition of any lien on any Borrower or any of its ERISA Affiliates pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; (c) the filing pursuant to Section 412(c) of the Code or Section 303(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; (g) the receipt by any Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (h) the withdrawal by any Borrower or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which it was a "substantial employer" (as defined in Section 4001(a)(2) of ERISA); (i) the engagement by any Borrower or any ERISA Affiliate in a transaction that could reasonably be expected to be subject to Section 4069 or Section 4212(c) of ERISA; (j) the engagement by any Borrower in a non-exempt "prohibited transaction" (as defined under Section 406 of ERISA or Section 4975 of the Code) or a breach of a fiduciary duty under ERISA that could reasonably be expected to result in

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liability to the Company or any Subsidiary; (k) notification by the IRS of the failure of any Plan (and any related trust) that is intended to be qualified under Sections 401 and 501 of the Code to be so qualified; (l) the commencement, existence or threatening of a claim, action, suit or audit or other regulatory examination with respect to any Plan, other than a routine claim for benefits; or (m) the occurrence of an event with respect to any employee benefit plan described in Section 3(2) of ERISA that results in the imposition of an excise tax or any other liability on any Borrower or of the imposition of a Lien on the assets of any Borrower.

"**Euro**" or "€" means the single currency of the participating member states of the European Union.

"**Eurocurrency**", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"**Eurocurrency Payment Office**" of the Administrative Agent shall mean, for each Foreign Currency, the office, branch, affiliate or correspondent bank of the Administrative Agent for such currency as specified from time to time by the Administrative Agent to each Borrower and each Lender.

"**Exchange Rate**" means, on any day, with respect to any Foreign Currency, the rate at which such Foreign Currency may be exchanged into U.S. Dollars, as set forth at approximately 11:00 a.m., Local Time, on such date on the Reuters World Currency Page for such Foreign Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate with respect to such Foreign Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Administrative Agent or, in the event no such service is selected, such Exchange Rate shall instead be calculated on the basis of the arithmetical average of the spot rates of exchange of the Administrative Agent for such Foreign Currency on the London market at 11:00 a.m., Local Time, on such date for the purchase of U.S. Dollars with such Foreign Currency, for delivery two (2) Business Days later; provided, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

"**Existing Credit Agreement**" means that certain Credit Agreement dated as of June 2, 2010, by and among the Company, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent.

"**Existing Letters of Credit**" means, collectively, the Letters of Credit listed on Schedule 1.01A.

"**Event of Default**" has the meaning assigned to such term in Article VII.

"**Excluded Taxes**" means, with respect to any Borrower under any Loan Document, any of the following Taxes imposed on or with respect to a Recipient: (a) income or franchise Taxes imposed on (or measured by) its overall net income (however denominated) by the United States of America, or by the jurisdiction (or any political subdivision thereof) under the laws of which

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such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which any Borrower is located, (c) in the case of a Lender (other than an assignee pursuant to a request by any Borrower under Section 2.19(b)), any withholding Taxes resulting from any law in effect (including FATCA) on such date such Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Lender's failure to comply with Section 2.17(f), except solely to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from any Borrower with respect to such withholding Taxes pursuant to Section 2.17(a) and (d) any penalties and interest on the foregoing.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement and any regulations or official interpretations thereof.

"**Federal Funds Effective Rate**" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding 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 (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three (3) Federal funds brokers of recognized standing selected by it.

"**Financial Officer**" means, with respect to any Borrower, the chief financial officer, principal accounting officer, treasurer or controller of such Borrower.

"**Foreign Currencies**" means Agreed Currencies other than U.S. Dollars.

"**Foreign Currency Letter of Credit**" means a Letter of Credit denominated in a Foreign Currency.

"**Foreign Obligor**" means a Designated Borrower that is a Foreign Subsidiary.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Subsidiary.

"**GAAP**" means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States of America, that are applicable to the circumstances as of the date of determination, consistently applied, or if the Company adopts the International Financial Reporting Standards ("**IFRS**"), IFRS, consistently applied.

"**Governmental Authority**" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising

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executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**"Guarantee"** of or by any Person (the **"guarantor"**) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the **"primary obligor"**) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the holder of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith.

**"Hazardous Materials"** means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

**"Increasing Lender"** has the meaning assigned to such term in Section 2.21(a).

**"Incremental Term Loan"** has the meaning assigned to such term in Section 2.21(a).

**"Incremental Term Loan Amendment"** has the meaning assigned to such term in Section 2.21(e).

**"Indebtedness"** of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business and payable in accordance with customary practices), (f) all Indebtedness (excluding prepaid interest thereon) of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed or is limited in recourse, (g) all Guarantees by such Person of Indebtedness of another Person, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in



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respect of bankers' acceptances, and (k) the outstanding principal amount of any Securitization Transaction of such Person, after taking into account reserve accounts. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

**"Indemnified Taxes"** means (a) Taxes other than Excluded Taxes and (b) Other Taxes.

**"Index Debt"** means senior, unsecured, long-term indebtedness for borrowed money of the Company that is not guaranteed by any other Person (other than a Subsidiary that is a Designated Borrower or guarantor of the Obligations) or subject to any other credit enhancement.

**"Ineligible Assignee"** means a (a) natural person or (b) company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or a relative thereof; provided that such company, investment vehicle or trust shall not constitute an Ineligible Assignee if it (x) has not been established for the primary purpose of acquiring any Loans or Commitments, (y) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (z) has assets greater than \$25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business.

**"Intangible Assets"** means the amount of all unamortized debt discount and expense, goodwill, patents, trademarks, service marks, trade names, anticipated future benefit of tax loss carry-forwards, copyrights, organization or developmental expenses and other assets treated as intangible assets under GAAP (but not in any event including deferred taxes).

**"Interest Election Request"** means a request by the Company to convert or continue a Revolving Borrowing in accordance with Section 2.08.

**"Interest Payment Date"** means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three (3) months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three (3) months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

**"Interest Period"** means, with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one (1), two (2), three (3) or six (6) months thereafter, as the Company may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day

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and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

**"Investment"** means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or guaranty of any obligation or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees Indebtedness of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

**"IRS"** means the United States Internal Revenue Service.

**"Issuing Bank"** means, as the case may be, (a) Bank of America, N.A., in its capacity as the issuer of, and with respect to, the Existing Letters of Credit, or (b) JPMorgan Chase Bank, N.A., in its capacity as the issuer of, and with respect to, all other Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). JPMorgan Chase Bank, N.A., as Issuing Bank, may, in its discretion, arrange for one or more Letters of Credit to be issued by its Affiliates, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

**"Japanese Yen"** or "¥" means the lawful currency of Japan.

**"LC Disbursement"** means a payment made by the Issuing Bank pursuant to a Letter of Credit.

**"LC Exposure"** means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrowers at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

**"Lender Parent"** means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

**"Lenders"** means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to Section 2.21 or pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an

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Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

**"Letter of Credit"** means any letter of credit issued pursuant to this Agreement, and shall include Existing Letters of Credit.

**"LIBO Rate"** means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on, in the case of U.S. Dollars, Reuters Screen LIBOR01 Page and, in the case of any Foreign Currency, the appropriate page of such service which displays British Bankers Association Interest Settlement Rates for deposits in such Foreign Currency (or, in each case, on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in the applicable Agreed Currency in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to (or, in the case of Loans denominated in Pounds Sterling, on the day of) the commencement of such Interest Period, as the rate for deposits in the applicable Agreed Currency with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason (including, for the avoidance of doubt, in the event of a Eurocurrency Borrowing denominated in Singapore Dollars or any other Agreed Currency for which no screen quote based on British Bankers Association Interest Settlement Rates is available from Reuters or such successor or substitute service), then the **"LIBO Rate"** with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which deposits in the applicable Agreed Currency in an Equivalent Amount of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent (or, if applicable, such other Eurocurrency Payment Office for such Foreign Currency) in immediately available funds in the London interbank market (or, if applicable, such other offshore interbank market for such Foreign Currency) at approximately 11:00 a.m., London time (or, if applicable, such other Local Time for such Foreign Currency), two (2) Business Days prior to (or, in the case of Loans denominated in Pounds Sterling, on the day of) the commencement of such Interest Period.

**"Lien"** means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

**"Loan Documents"** means, collectively, this Agreement, each promissory note delivered pursuant to this Agreement, any Letter of Credit applications, and any other agreements, instruments, documents and certificates executed by or on behalf of any Borrower and delivered to or in favor of the Credit Parties concurrently herewith or hereafter in connection with the Transactions hereunder.

**"Loans"** means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

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**"Local Time"** means (a) in the case of a Loan, Borrowing or LC Disbursement denominated in U.S. Dollars, New York City time, and (b) in the case of a Loan, Borrowing or LC Disbursement denominated in a Foreign Currency, local time (it being understood that such local time shall mean London, England time unless otherwise notified by the Administrative Agent).

**"Mandatory Cost"** has the meaning assigned to such term on Exhibit E.

**"Material Adverse Effect"** means a material adverse effect on (a) the business, assets, property or financial condition of the Company and its Subsidiaries taken as a whole, or (b) the validity or enforceability of any material provision of any Loan Document or the rights or remedies of the Credit Parties thereunder.

**"Maturity Date"** means August 25, 2016.

**"Maximum Rate"** has the meaning assigned to such term in Section 10.13.

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

**"Multiemployer Plan"** means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

**"Non-U.S. Lender"** means a Lender that is not a U.S. Person.

**"Obligations"** means all advances to, and debts, liabilities, obligations, covenants and duties of, any Borrower arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Borrower of any proceeding under any debtor relief laws naming such Borrower as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

**"OFAC"** means the Office of Foreign Assets Control of the United States Department of the Treasury.

**"Organization Documents"** means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-United States jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

**"Other Connection Taxes"** means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing

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such Taxes (other than a connection arising from such Recipient having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan Document) and which shall, for the avoidance of doubt, be treated as Excluded Taxes.

**"Other Taxes"** means any present or future stamp, court, documentary intangible, recording, filing or similar excise or property Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, or from the registration, receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment under Section 2.19(b)).

**"Overnight Foreign Currency Rate"** means, for any amount payable in a Foreign Currency, the rate of interest per annum as determined by the Administrative Agent at which overnight or weekend deposits in such Foreign Currency (or if such amount due remains unpaid for more than three (3) Business Days, then for such other period of time as the Administrative Agent may elect) for delivery in immediately available and freely transferable funds would be offered by the Administrative Agent to major banks in the interbank market upon request of such major banks for such Foreign Currency as determined above and in an amount comparable to the unpaid principal amount of the related Borrowing or LC Disbursement, plus any taxes, levies, imposts, duties, deductions, charges or withholdings imposed upon, or charged to, the Administrative Agent by any relevant correspondent bank in respect of such amount in such Foreign Currency.

**"Participant"** has the meaning assigned to such term in Section 10.04(c).

**"Participant Register"** has the meaning assigned to such term in Section 10.04(c).

**"PBGC"** means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

**"Permitted Acquisition"** means any Acquisition by the Company or any Subsidiary that satisfies the following conditions:

(a) in the case of an Acquisition of the Equity Interests of any Person, the board of directors (or other comparable governing body) of such other Person shall have approved the Acquisition; and

(b) (i) no Default shall exist and be continuing immediately before or immediately after giving effect thereto, (ii) the representations and warranties made by the Borrowers in any Loan Document (other than the representations and warranties contained in Sections 3.04(b), 3.05 and 3.09) shall be true and correct in all material respects (or in all respects if the applicable representation or warranty is already qualified by concepts of materiality) on and as of the date of such Acquisition (after giving effect thereto), and (iii) in the case of an Acquisition of any Person where the aggregate cash consideration exceeds \$100,000,000, the Company shall have delivered to the Administrative Agent a certificate demonstrating that, upon giving effect to such Acquisition on a Pro Forma Basis, the Borrowers would be in compliance with the financial

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covenants set forth in Section 6.05 as of the most recent fiscal quarter for which the Company has delivered financial statements pursuant to Section 5.01(a) or (b).

**"Permitted Encumbrances"** means:

(a) Liens imposed by law (other than Liens imposed under ERISA) for Taxes that are not yet due or are being contested in compliance with Section 5.04(a);

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, lessors' and other like Liens arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 5.04(a);

(c) pledges and deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security laws or regulations (other than any Lien imposed under ERISA);

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) Liens securing judgments for the payment of money not constituting an Event of Default under clause (j) of Article VII; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances affecting real property that do not secure any substantial amount and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the applicable Person;

provided that the term **"Permitted Encumbrances"** shall not include any Lien securing Indebtedness.

**"Permitted Investments"** means any Investment by the Company or any Subsidiary that satisfies the following conditions: (a) no Default shall exist and be continuing immediately before or immediately after giving effect thereto, (b) the representations and warranties made by the Borrowers in any Loan Document (other than the representations and warranties contained in Sections 3.04(b), 3.05 and 3.09) shall be true and correct in all material respects (or in all respects if the applicable representation or warranty is already qualified by concepts of materiality) on and as of the date of such Investment (after giving effect thereto), and (c) in the case of an Investment in any Person (other than the Company or any of its Subsidiaries) where the aggregate amount of such Investment exceeds \$100,000,000, the Company shall have delivered to the Administrative Agent a certificate demonstrating that, upon giving effect to such Investment on a Pro Forma Basis, the Borrowers would be in compliance with the financial covenants set forth in Section 6.05 as of the most recent fiscal quarter for which the Company has delivered financial statements pursuant to Section 5.01(a) or (b).

**"Person"** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

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**"Plan"** means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Borrower or any of its ERISA Affiliates is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

**"Pounds Sterling"** or "**£**" means the lawful currency of the United Kingdom.

**"Prime Rate"** means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A., as its prime rate in effect at its office located at 270 Park Avenue, New York, New York; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

**"Pro Forma Basis"** means, for purposes of calculating the financial covenants set forth in Section 6.05, that any Acquisition or Investment shall be deemed to have occurred as of the first day of the most recent four (4) fiscal quarter period preceding the date of such transaction for which the Company has delivered financial statements pursuant to Section 5.01(a) or (b). In connection with the foregoing, (a) income statement items (whether positive or negative) attributable to the Person or property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (i) such items are not otherwise included in such income statement items for the Company and its Subsidiaries in accordance with GAAP or in accordance with any defined terms set forth in Section 1.01 and (ii) such items are supported by audited financial statements or other information reasonably satisfactory to the Administrative Agent and (b) any Indebtedness incurred or assumed by the Company or any Subsidiary (including the Person or property acquired) in connection with such transaction and any Indebtedness of the Person or property acquired which is not retired in connection with such transaction (i) shall be deemed to have been incurred as of the first day of the applicable period and (ii) if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination.

**"Recipient"** means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) the Issuing Bank.

**"Reference Period"** means, as of the last day of any fiscal quarter, the period of four (4) consecutive fiscal quarters of the Company and its Subsidiaries ending on such date.

**"Register"** has the meaning assigned to such term in Section 10.04(b).

**"Related Parties"** means, with respect to any specified Person, such Person's Affiliates and the respective partners, directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

**"Required Lenders"** means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than fifty percent (50%) of the sum of the total Revolving Credit Exposures and unused Commitments at such time; provided that, for the purpose of determining the Required Lenders needed for any waiver, amendment, modification or consent, any Lender that is a Borrower, or any Affiliate of a Borrower, shall be disregarded.

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**"Revolving Credit Exposure"** means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

**"Revolving Loan"** means a Loan made pursuant to Section 2.03.

**"S&P"** means Standard & Poor's.

**"Sanctions"** means any international economic sanction administered or enforced by OFAC, the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions governmental authority.

**"SEC"** means the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission.

**"Securitization Subsidiary"** has the meaning assigned to such term in the definition of "Securitization Transaction".

**"Securitization Transaction"** means any financing transaction or series of financing transactions (including factoring arrangements) pursuant to which the Company or any Subsidiary may sell, convey or otherwise transfer, or grant a security interest in, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment to a special purpose subsidiary or affiliate of the Company (each a **"Securitization Subsidiary"**).

**"Significant Subsidiary"** means each Domestic Subsidiary now existing or hereafter acquired or formed, and each successor thereto, with respect to which, after giving pro forma effect to such acquisition or formation, or at any other time thereafter:

(a) the Company's and its other Subsidiaries' Investments in such Domestic Subsidiary exceed ten percent (10%) of the total assets of the Company and its Subsidiaries on a consolidated basis;

(b) the Company's and its other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Domestic Subsidiary exceeds ten percent (10%) of the total assets of the Company and its Subsidiaries on a consolidated basis; or

(c) the Company's and its other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Domestic Subsidiary exceeds ten percent (10%) of such income of the Company and its Subsidiaries on a consolidated basis.

**"Singapore Dollars"** means the lawful currency of Singapore.

**"Statutory Reserve Rate"** means, with respect to any currency, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board, the Financial Services Authority,



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the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in such currency, expressed in the case of each such requirement as a decimal. Such reserve, liquid asset, fees or similar requirements shall, in the case of Loans denominated in U.S. Dollars, include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset, fee or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D of the Board. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

"**subsidiary**" means, with respect to any Person (the "**parent**") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than fifty percent (50%) of the equity or more than fifty percent (50%) of the ordinary voting power or, in the case of a partnership, more than fifty percent (50%) of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"**Subsidiary**" means any subsidiary of the Company.

"**Swap Agreement**" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Company or its Subsidiaries shall be a Swap Agreement.

"**Swingline Exposure**" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"**Swingline Lender**" means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"**Swingline Loan**" means a Loan made pursuant to Section 2.05.

"**Swiss Francs**" means the lawful currency of Switzerland.

"**TARGET**" means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in Euro.

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**"Taxes"** means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**"Total Capitalization"** means, as of any date, Consolidated Total Debt plus the consolidated stockholders' equity of the Company and its Subsidiaries (calculated excluding adjustments to translate foreign assets and liabilities for changes in foreign exchange rates made in accordance with Financial Accounting Standards Board Statement Nos. 52 and 133), all as would be presented according to GAAP in a consolidated balance sheet of the Company as of such date.

**"Transactions"** means the execution, delivery and performance by each Borrower of each Loan Document to which it is a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

**"Type"**, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

**"U.S. Dollars"** or "\$" means the lawful currency of the United States of America.

**"U.S. Person"** means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

**"U.S. Tax Certificate"** has the meaning assigned to such term in Section 2.17(f)(ii)(D)(2).

**"Withdrawal Liability"** means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

**"Withholding Agent"** means any Borrower and the Administrative Agent.

SECTION 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a **"Revolving Loan"**) or by Type (e.g., a **"Eurocurrency Loan"**) or by Class and Type (e.g., a **"Eurocurrency Revolving Loan"**). Borrowings also may be classified and referred to by Class (e.g., a **"Revolving Borrowing"**) or by Type (e.g., a **"Eurocurrency Borrowing"**) or by Class and Type (e.g., a **"Eurocurrency Revolving Borrowing"**).

SECTION 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended,

supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Such amendment, regardless of whether requested by the Company or the Required Lenders, shall be negotiated in good faith by the Company, the Administrative Agent and the Lenders. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Financial Accounting Standards Board Accounting Standards Codification 825 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at "fair value", as defined therein.

## ARTICLE II

### The Credits

#### SECTION 2.01 Commitments; Existing Letters of Credit.

(a) Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrowers in Agreed Currencies from time to time during the Availability Period in an aggregate principal amount that will not result in, subject to Sections 2.04 and 2.11(c), (a) the Dollar Amount of such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (b) the Dollar Amount of the total Revolving Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Loans.

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(b) On the Effective Date, the Existing Letters of Credit issued under the Existing Credit Agreement shall automatically, and without any action on the part of any Person, be deemed to be Letters of Credit issued hereunder and shall be subject to and governed by the terms and conditions hereof. In connection therewith, each Lender shall automatically, and without any action on the part of any Person, be deemed to have acquired from the Issuing Bank a participation in each such Letter of Credit in accordance with Section 2.06(d).

**SECTION 2.02 Loans and Borrowings.**

(a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Company may request in accordance herewith; provided that each ABR Loan shall only be made in U.S. Dollars. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurocurrency Loan to any Borrower, or any Loan to a Foreign Obligor, by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Revolving Borrowing, such Borrowing shall be in an aggregate amount that is (i) an integral multiple of (A) in the case of a Borrowing denominated in U.S. Dollars, \$1,000,000, (B) in the case of a Borrowing denominated in Japanese Yen, ¥100,000,000, and (C) in the case of a Borrowing denominated in any other Foreign Currency, the smallest amount of such Foreign Currency that has an Equivalent Amount in excess of \$1,000,000, and (ii) not less than (A) in the case of a Borrowing denominated in U.S. Dollars, \$1,000,000, (B) in the case of a Borrowing denominated in Japanese Yen, ¥100,000,000, and (C) in the case of a Borrowing denominated in any other Foreign Currency, the smallest amount of such Foreign Currency that has an Equivalent Amount in excess of \$1,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$1,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is not less than \$250,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten (10) Eurocurrency Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Company shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

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SECTION 2.03 Requests for Revolving Borrowings. To request a Revolving Borrowing, the Company shall notify the Administrative Agent of such request by telecopy of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Company (or, in the case of a Revolving Borrowing denominated in U.S. Dollars, by telephone confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Company) (a) in the case of a Eurocurrency Borrowing denominated in U.S. Dollars, not later than 11:00 a.m., New York City time, three (3) Business Days before the date of the proposed Borrowing, (b) in the case of a Eurocurrency Borrowing denominated in a Foreign Currency, not later than 11:00 a.m., Local Time, four (4) Business Days before the date of the proposed Borrowing, or (c) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

- (i) the Borrower requesting such Borrowing;
- (ii) the aggregate amount of the requested Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
- (v) in the case of a Eurocurrency Borrowing, the Agreed Currency and initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period" and
- (vi) the location and number of the applicable Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no denomination is specified with respect to any requested Eurocurrency Borrowing, then the requested Revolving Borrowing shall be denominated in U.S. Dollars. If no election as to the Type of Revolving Borrowing is specified, then, in the case of a Borrowing denominated in U.S. Dollars, the requested Revolving Borrowing shall be an ABR Borrowing, and in the case of a Borrowing denominated in a Foreign Currency, the requested Revolving Borrowing shall be a Eurocurrency Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Revolving Borrowing, then the Company shall be deemed to have selected an Interest Period of one (1) month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

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SECTION 2.04 Determination of Dollar Amounts. The Administrative Agent will determine the Dollar Amount of:

- (a) each Eurocurrency Borrowing as of the date two (2) Business Days prior to the date of such Borrowing or, if applicable, the date of conversion or continuation of any Borrowing as a Eurocurrency Borrowing;
- (b) the LC Exposure as of the date of each request for the issuance, amendment, renewal or extension of any Letter of Credit; and
- (c) all outstanding Revolving Loans and the LC Exposure on and as of the last Business Day of each calendar quarter and, during the continuation of an Event of Default, on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

Each day upon or as of which the Administrative Agent determines Dollar Amounts as described in the preceding clauses (a), (b) and (c) is herein described as a "**Computation Date**" with respect to each Borrowing, Letter of Credit or LC Exposure for which a Dollar Amount is determined on or as of such day.

SECTION 2.05 Swingline Loans.

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans in U.S. Dollars to the Company from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$25,000,000 or (ii) the Dollar Amount of the total Revolving Credit Exposures exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Company may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Company shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 1:00 p.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Company. The Swingline Lender shall make each Swingline Loan available to the Company by means of a credit to the general deposit account of the Company with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will

give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Company of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Company (or other party on behalf of the Company) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Company for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Company of any default in the payment thereof.

#### SECTION 2.06 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Company may request the issuance of Letters of Credit denominated in Agreed Currencies as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Company to, or entered into by the Company with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Company shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (no less than three (3) Business Days in advance of the requested date of issuance, amendment, renewal or extension, or such later date and time as the Administrative Agent and the Issuing Bank may agree in a particular instance in their sole discretion) a notice requesting the issuance of a Letter of Credit, or identifying the

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Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the Agreed Currency applicable thereto, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Company also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrowers shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, subject to Sections 2.04 and 2.11(c), (i) the Dollar Amount of the LC Exposure shall not exceed \$100,000,000 and (ii) the Dollar Amount of the total Revolving Credit Exposures shall not exceed the total Commitments.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one (1) year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one (1) year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Maturity Date; provided that any Letter of Credit may contain customary automatic renewal provisions agreed upon by the Company and the Issuing Bank pursuant to which the expiration date of such Letter of Credit shall be automatically extended for a period of up to 12 months (but not to a date later than the date set forth in clause (ii) above).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Company on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Company for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Company shall reimburse such LC Disbursement by paying to the Administrative Agent in an amount equal to such LC Disbursement not later than 1:00 p.m., Local Time, on the date that such LC Disbursement is made, if the Company shall have received notice of such LC Disbursement prior to 10:00 a.m., Local Time, on such date, or, if such notice has not been received by the Company prior to such time on such date, then not later than 1:00



p.m., Local Time, on the Business Day immediately following the day that the Company receives such notice; provided that, if such LC Disbursement is not less than the Equivalent Amount of \$100,000, the Company may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in the Dollar Amount of such LC Disbursement and, to the extent so financed, the Company's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Company fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Company in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Company, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Company pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Company of its obligation to reimburse such LC Disbursement. If the Company's reimbursement of, or obligation to reimburse, any amounts in any Foreign Currency would subject a Credit Party to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in U.S. Dollars, the Company shall, at its option, either (x) pay the amount of any such tax requested by such Credit Party or (y) reimburse each LC Disbursement made in such Foreign Currency in U.S. Dollars, in an amount equal to the Dollar Amount, calculated using the applicable exchange rates, on the date such LC Disbursement is made, of such LC Disbursement.

(f) Obligations Absolute. The Company's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Company's obligations hereunder. Neither the Credit Parties nor any of their Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to

make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Company to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Company to the extent permitted by applicable law) suffered by the Company that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Company by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Company of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Company shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Company reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans (or, if such LC Disbursement is denominated in a Foreign Currency, at the Overnight Foreign Currency Rate for such Foreign Currency plus the then effective Applicable Rate with respect to Eurocurrency Revolving Loans); provided that, if the Company fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Company, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Company shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this

Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Company receives notice from the Administrative Agent at the written request of the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than fifty percent (50%) of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Company shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Issuing Bank and the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in clause (g) or (h) of Article VII. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account, and the Borrowers hereby grant to the Administrative Agent, for the benefit of the Issuing Bank and the Lenders, a security interest in such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Company's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Company for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than fifty percent (50%) of the total LC Exposure), be applied to satisfy other Obligations. If the Company is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Company within three (3) Business Days after all Events of Default have been cured or waived.

#### SECTION 2.07 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds (i) in the case of Loans denominated in U.S. Dollars, by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders, and (ii) in the case of Loans denominated in a Foreign Currency, by 12:00 noon, Local Time, in the city of the Administrative Agent's Eurocurrency Payment Office for such Foreign Currency and at such Eurocurrency Payment Office; provided that Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available to the

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applicable Borrower by promptly crediting the amounts so received, in like funds, to (x) in the case of Loans denominated in U.S. Dollars, an account of such Borrower maintained with the Administrative Agent in New York City and designated by the Company in the applicable Borrowing Request, and (y) in the case of Loans denominated in a Foreign Currency, an account of such Borrower in the relevant jurisdiction and designated by the Company in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency) or (ii) in the case of such Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

#### SECTION 2.08 Interest Elections.

(a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Company may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Company may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Company shall notify the Administrative Agent of such election by telecopy of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Company (or, in the case of a Revolving Borrowing denominated in U.S. Dollars, by telephone confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Company) by the time that a Borrowing Request would be required under Section 2.03 if the Company were requesting a Revolving

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Borrowing of the Type resulting from such election to be made on the effective date of such election. Notwithstanding any other provision of this Section, the Company shall not be permitted to (i) change the currency of any Borrowing, (ii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d) or (iii) convert any Borrowing to a Borrowing of a Type not available to the applicable Borrower for such Borrowing when it was made.

(c) Each telephonic and written Interest Election Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

- (i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);
- (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
- (iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and
- (iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period and Agreed Currency to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Company shall be deemed to have selected an Interest Period of one (1) month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Company fails to deliver a timely Interest Election Request with respect to a Eurocurrency Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) in the case of a Borrowing denominated in U.S. Dollars, such Borrowing shall be converted to an ABR Borrowing, and (ii) in the case of a Borrowing denominated in a Foreign Currency, such Borrowing shall automatically continue as a Eurocurrency Borrowing in the same Agreed Currency with an Interest Period of one (1) month. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Company, then, so long as an Event of Default is continuing (x) no outstanding Revolving Borrowing may be converted to or continued as a Eurocurrency Borrowing and (y) unless repaid, each Eurocurrency Revolving Borrowing shall be converted to an ABR Borrowing (and any such Eurocurrency Revolving

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Borrowing denominated in a Foreign Currency shall be redenominated in Dollars at the time of such conversion) at the end of the Interest Period applicable thereto.

**SECTION 2.09 Termination and Reduction of Commitments.**

(a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrowers may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$1,000,000 and (ii) the Borrowers shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Dollar Amount of the total Revolving Credit Exposures would exceed the total Commitments.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

**SECTION 2.10 Repayment of Loans; Evidence of Debt.**

(a) (i) Each Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan made to such Borrower on the Maturity Date in the currency of such Loan and (ii) the Company hereby unconditionally promises to pay to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the fifteenth (15<sup>th</sup>) or last day of a calendar month and is at least two (2) Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made to the Company, the Company shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made to such Borrower by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class, Agreed Currency and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable

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or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the Obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of each Borrower to repay the Loans made to such Borrower in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrowers shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

#### SECTION 2.11 Prepayment of Loans.

(a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; provided that each prepayment shall be in an aggregate amount that is (i) an integral multiple of (A) in the case of an ABR Revolving Borrowing, \$100,000, (B) in the case of a Eurocurrency Revolving Borrowing denominated in U.S. Dollars, \$1,000,000, (C) in the case of a Eurocurrency Revolving Borrowing denominated in Japanese Yen, ¥100,000,000, and (D) in the case of a Eurocurrency Revolving Borrowing denominated in any other Foreign Currency, the smallest amount of such Foreign Currency that has an Equivalent Amount in excess of \$1,000,000, and (ii) not less than (A) in the case of a Swingline Borrowing, \$100,000, (B) in the case of an ABR Revolving Borrowing, \$1,000,000, (C) in the case of a Eurocurrency Revolving Borrowing denominated in U.S. Dollars, \$1,000,000, (D) in the case of a Eurocurrency Revolving Borrowing denominated in Japanese Yen, ¥100,000,000, and (E) in the case of a Eurocurrency Revolving Borrowing denominated in any other Foreign Currency, the smallest amount of such Foreign Currency that has an Equivalent Amount in excess of \$1,000,000.

(b) The Company, on behalf of the applicable Borrower, shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Company shall notify the Swingline Lender) by telecopy of a written notice signed by the Borrower (or, in the case of a prepayment of a Borrowing denominated in U.S. Dollars, by telephone confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written notice signed by the Borrower) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Revolving Borrowing denominated in U.S. Dollars, not later than 11:00 a.m., New York City time, three (3) Business Days before the date of prepayment, (ii) in the case of prepayment of a Eurocurrency Revolving Borrowing denominated in a Foreign Currency, not later than 11:00 a.m., Local Time, four (4) Business Days before the date of prepayment, (iii) in the case of

prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment or (iv) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment. Each such telephonic and written notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and break funding payments to the extent required by Section 2.16.

(c) If at any time, (i) other than as a result of fluctuations in currency exchange rates, the sum of the aggregate principal Dollar Amount of the total Revolving Credit Exposures (calculated, with respect to Revolving Loans and LC Exposure denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Revolving Loans and LC Exposure) exceeds the total Commitments or (ii) solely as a result of fluctuations in currency exchange rates, the aggregate principal Dollar Amount of the total Revolving Credit Exposures (so calculated), as of the most recent Computation Date, exceeds one hundred five percent (105%) of the total Commitments, the Borrowers shall, in each case, immediately repay Borrowings or cash collateralize LC Exposure in accordance with the procedures set forth in Section 2.06(j), as applicable, in an aggregate principal amount sufficient to cause the Dollar Amount of the total Revolving Credit Exposures (so calculated) to be less than or equal to the total Commitments.

#### SECTION 2.12 Fees.

(a) The Company agrees to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).



(b) The Company agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Revolving Loans on the average daily Dollar Amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate or rates per annum separately agreed upon between the Company and the Issuing Bank on the average daily Dollar Amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third (3<sup>rd</sup>) Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Company agrees to pay to the Administrative Agent and the Arrangers, for their own respective accounts, fees payable in the amounts and at the times separately agreed upon between the Company, on the one hand, and the Administrative Agent or either Arranger, on the other.

(d) All fees payable hereunder shall be paid on the dates due, in U.S. Dollars and immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

#### SECTION 2.13 Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrowers hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any

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Loan, two percent (2%) plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, two percent (2%) plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion. All interest shall be payable in the currency in which the applicable Loan is denominated.

(e) All interest hereunder shall be computed on the basis of a year of three hundred sixty (360) days, except that (i) interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of three hundred sixty-five (365) days (or three hundred sixty-six (366) days in a leap year) and (ii) for Borrowings denominated in Pounds Sterling shall be computed on the basis of a year of three hundred sixty-five (365) days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Company and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurocurrency Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurocurrency Revolving Borrowing denominated in U.S. Dollars, such Borrowing shall be made as an ABR Borrowing, and (iii) if any Borrowing Request requests a Eurocurrency Revolving Borrowing denominated in a Foreign Currency, such Borrowing Request shall be ineffective; provided that if the circumstances giving

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rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15 Increased Costs.

(a) If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or
- (ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense affecting any Loan Document or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan or of maintaining its obligation to make any such Loan (including pursuant to any conversion of any Borrowing denominated in an Agreed Currency to a Borrowing denominated in any other Agreed Currency) or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit (including pursuant to any conversion of any Borrowing denominated in an Agreed Currency to a Borrowing denominated in any other Agreed Currency) or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder, whether of principal, interest or otherwise (including pursuant to any conversion of any Borrowing denominated in an Agreed Currency to a Borrowing denominated in any other Agreed Currency), then the Company will pay (or cause the applicable Designated Borrower to pay) to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank reasonably determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of any Loan Document or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time the Company will pay (or cause the applicable Designated Borrower to pay) to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

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(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay (or cause the applicable Designated Borrower to pay) such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that no Borrower shall be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than two hundred seventy (270) days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the two hundred seventy (270) day period referred to above shall be extended to include the period of retroactive effect thereof.

**SECTION 2.16 Break Funding Payments.** In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith), or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.19, then, in any such event, the Company shall compensate (or cause the applicable Designated Borrower to compensate) each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the Eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay (or cause the applicable Designated Borrower to pay) such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

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SECTION 2.17 Taxes.

(a) Withholding Taxes; Gross-Up. Each payment by any Borrower under any Loan Document shall be made without withholding for any Indemnified Taxes, unless such withholding is required by law. If any Withholding Agent determines, in its sole discretion exercised in good faith, that it is so required to withhold Indemnified Taxes, then such Withholding Agent may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. The amount payable in respect of Indemnified Taxes by any Borrower shall be increased as necessary so that net of such withholding (including withholding applicable to additional amounts payable under this Section) the applicable Recipient receives the amount it would have received had no such withholding been made.

(b) Payment of Other Taxes by the Borrowers. The Borrowers shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Evidence of Payment. As soon as practicable after any payment of Indemnified Taxes by any Borrower to a Governmental Authority, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrowers. The Borrowers shall indemnify each Recipient for any Indemnified Taxes that are paid or payable by such Recipient in connection with any Loan Document (including amounts paid or payable under this Section 2.17(d)) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17(d) shall be paid within ten (10) days after the Recipient delivers to the applicable Borrower a certificate stating the amount of any Indemnified Taxes so paid or payable by such Recipient and describing the basis for the indemnification claim. Such certificate shall be conclusive of the amount so paid or payable absent manifest error. Such Recipient shall deliver a copy of such certificate to the Administrative Agent.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify (i) the Administrative Agent for any Taxes (but, in the case of any Indemnified Taxes, only to the extent that any Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with any Loan Document and (ii) each Borrower and the Administrative Agent for any Taxes incurred by or asserted against any Borrower or the Administrative Agent by any Governmental Authority as a result of the failure by such Lender to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender, to the Company or the Administrative Agent pursuant to subsection (f); in each case of the preceding clauses (i) and (ii), including any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17(e) shall be paid within ten (10) days after the Administrative Agent or the applicable Borrower (as applicable) delivers to the applicable

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Lender a certificate stating the amount of Taxes so paid or payable by the Administrative Agent or the applicable Borrower (as applicable). Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from, or reduction of, any applicable withholding Tax with respect to any payments under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times prescribed by law or as reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without, or at a reduced rate of, withholding. In addition, any Lender, if requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including backup withholding) or information reporting requirements. Upon the reasonable request of the Company or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.17(f). If any form or certification previously delivered pursuant to this Section expires or becomes obsolete or inaccurate in any respect with respect to a Lender, such Lender shall promptly (and in any event within ten (10) days after such expiration, obsolescence or inaccuracy) notify the Company and the Administrative Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(ii) Without limiting the generality of the foregoing, if any Borrower is a U.S. Person, any Lender with respect to such Borrower shall, if it is legally eligible to do so, deliver to the Company and the Administrative Agent (in such number of copies reasonably requested by the Company and the Administrative Agent) on or prior to the date on which such Lender becomes a party hereto, duly completed and executed copies of whichever of the following is applicable:

(A) in the case of a Lender that is a U.S. Person, IRS Form W-9 certifying that such Lender is exempt from United States Federal backup withholding tax;

(B) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States of America is a party (1) with respect to payments of interest under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, United States Federal withholding Tax pursuant to the "interest" article of such tax treaty and (2) with respect to any other applicable payments under this Agreement, IRS Form W-8BEN establishing an exemption from, or reduction of, United States Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(C) in the case of a Non-U.S. Lender for whom payments under this Agreement constitute income that is effectively connected with such Lender's

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conduct of a trade or business in the United States of America, IRS Form W-8ECI;

(D) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code both (1) IRS Form W-8BEN and (2) a certificate substantially in the applicable form attached as Exhibit B (a "U.S. Tax Certificate") to the effect that such Lender is not (a) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (b) a "10 percent shareholder" of the Company within the meaning of Section 881(c)(3)(B) of the Code (c) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (d) conducting a trade or business in the United States of America with which the relevant interest payments are effectively connected;

(E) in the case of a Non-U.S. Lender that is not the beneficial owner of payments made under this Agreement (including a partnership or a participating Lender) (1) an IRS Form W-8IMY on behalf of itself and (2) all required supporting documentation, including the relevant forms prescribed in clauses (A), (B), (C), (D) and (F) of this Section 2.17(f)(ii) that would be required of each such beneficial owner or partner of such partnership if such beneficial owner or partner were a Lender; or

(F) any other form prescribed by law as a basis for claiming exemption from, or a reduction of, U.S. Federal withholding Tax together with such supplementary documentation necessary to enable the Company or the Administrative Agent to determine the amount of Tax (if any) required by law to be withheld.

- (iii) If a Withholding Agent determines that a payment made to a Lender under any Loan Document may be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.17(f)(iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.
- (iv) Without limiting the obligations of the Lenders set forth above regarding delivery of certain forms and documents to establish each Lender's status for U.S. withholding tax purposes, each Lender agrees promptly to deliver

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to the Administrative Agent or the Company, as the Administrative Agent or the Company shall reasonably request, on or prior to the Effective Date, and in a timely fashion thereafter, such other documents and forms required by any relevant taxing authorities under the laws of any other jurisdiction, duly executed and completed by such Lender, as are required under such laws to confirm such Lender's entitlement to any available exemption from, or reduction of, applicable withholding taxes in respect of all payments to be made to such Lender outside of the United States of America by the Borrowers pursuant to this Agreement or otherwise to establish such Lender's status for withholding tax purposes in such other jurisdiction. Each Lender shall promptly (A) notify the Administrative Agent of any change in circumstances which would modify or render invalid any such claimed exemption or reduction, and (B) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its applicable lending office) to avoid any requirement of applicable laws of any such jurisdiction that any Borrower make any deduction or withholding for taxes from amounts payable to such Lender. Additionally, each of the Borrowers shall promptly deliver to the Administrative Agent or any Lender, as the Administrative Agent or such Lender shall reasonably request, on or prior to the Effective Date, and in a timely fashion thereafter, such documents and forms required by any relevant taxing authorities under the laws of any jurisdiction, duly executed and completed by such Borrower, as are required to be furnished by such Lender or the Administrative Agent under such laws in connection with any payment by the Administrative Agent or any Lender of Taxes or Other Taxes, or otherwise in connection with the Loan Documents, with respect to such jurisdiction.

(g) Notwithstanding anything else herein to the contrary, if a Lender is subject to U.S. Federal withholding tax at a rate in excess of zero percent at the time such Lender first becomes a party to this Agreement, such U.S. Federal withholding tax (including additions to tax, penalties and interest imposed with respect to such U.S. Federal withholding tax) shall be considered excluded from Indemnified Taxes except to the extent such Lender's assignor was entitled to additional amounts or indemnity payments prior to the assignment. Further, a Borrower shall not be required pursuant to this Section 2.17 to pay any additional amount to, or to indemnify, any Lender or the Administrative Agent, as the case may be, to the extent that such Lender or Administrative Agent becomes subject to Indemnified Taxes subsequent to the Effective Date (or, if later, the date such Lender or Administrative Agent becomes a party to this Agreement) solely as a result of a change in the place of organization or place of doing business of such Lender or Administrative Agent or a change in the lending office of such Lender (other than at the written request of a Borrower to change such lending office).

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including additional amounts paid pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but



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only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid such indemnified party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such indemnified party is required to repay such refund to such Governmental Authority. This Section 2.17(h) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the indemnifying party or any other Person.

(i) Issuing Bank. For purposes of Section 2.17(e) and (f), the term "Lender" includes the Issuing Bank.

SECTION 2.18 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, Local Time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at (x) in the case of payments denominated in U.S. Dollars, its offices at 270 Park Avenue, New York, New York, and (y) in the case of payments denominated in a Foreign Currency, its Eurocurrency Payment Office for such Foreign Currency, in each case except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder of principal or interest in respect of any Loan or LC Disbursement shall, except as otherwise expressly provided herein, be made in the currency of such Loan or LC Disbursement, and all other payments hereunder and under each other Loan Document shall be made in U.S. Dollars. Notwithstanding the foregoing provisions of this Section, if, after the making of any Borrowing or LC Disbursement in any Foreign Currency, currency control or exchange regulations are imposed in the country which issues such Foreign Currency with the result that such Foreign Currency no longer exists or the applicable Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Foreign Currency, then all payments to be made by such Borrower hereunder in such Foreign Currency shall instead be made when due in U.S. Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that such Borrower takes all risks of the imposition of any such currency control or exchange regulations.

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(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to any Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from any Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency).

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(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(d) or 2.03(c), then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid, and/or (ii) hold such amounts in a segregated account over which the Administrative Agent shall have exclusive control as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clause (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

**SECTION 2.19 Mitigation Obligations; Replacement of Lenders.**

(a) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay (or cause the applicable Designated Borrower to pay) all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent (and if a Commitment is being assigned, the Issuing Bank), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

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SECTION 2.20 Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(b) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 10.02); provided that any waiver, amendment or other modification requiring the consent of all Lenders or each affected Lender which affects such Defaulting Lender disproportionately when compared to the other affected Lenders, or increases or extends the Commitment of such Defaulting Lender, shall require the consent of such Defaulting Lender;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

- (i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent that (A) the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments, (B) such reallocation does not cause the Revolving Credit Exposure of any non-Defaulting Lender to exceed such non-Defaulting Lender's Commitment, and (C) the conditions set forth in Section 4.02 are satisfied at such time;
- (ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Company shall within one (1) Business Day following notice by the Administrative Agent (A) first, prepay such Swingline Exposure and (B) second, cash collateralize for the benefit of the Issuing Bank only the Company's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;
- (iii) if the Company cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Company shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure

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during the period such Defaulting Lender's LC Exposure is cash collateralized;

- (iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and
- (v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all facility fees that otherwise would have been payable under Section 2.12(a) to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend, renew or extend any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be one hundred percent (100%) covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Company in accordance with clause (c) above, and (ii) participating interests in any newly made Swingline Loan or any newly issued, amended, renewed or extended Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with clause (c)(i) above (and such Defaulting Lender shall not participate therein).

In the event that the Administrative Agent, the Company, the Swingline Lender and the Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

#### SECTION 2.21 Expansion Option.

(a) The Company may from time to time, but not more than five (5) times during the term of this Agreement, elect to increase the aggregate Commitments and/or enter into one or more tranches of term loans (each, an "**Incremental Term Loan**"), in each case in a minimum amount of \$10,000,000 and an integral multiple of \$5,000,000 in excess thereof so long as, after giving effect thereto, the aggregate amount of such Commitment increases and all such Incremental Term Loans does not exceed \$200,000,000. The Company may arrange for any such Commitment increase or Incremental Term Loan to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitment, or to participate in such

Incremental Term Loans, an "**Increasing Lender**"), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an "**Augmenting Lender**"), to increase their existing Commitments, or to participate in such Incremental Term Loans, or extend Commitments, as the case may be; provided that (i) each Augmenting Lender shall be subject to the approval of the Company and the Administrative Agent and, except in the case of an Incremental Term Loan, the Swingline Lender and the Issuing Bank, which approvals shall not be unreasonably withheld and (ii) (A) in the case of an Increasing Lender, the Company and such Increasing Lender execute an agreement substantially in the form of Exhibit G, and (B) in the case of an Augmenting Lender, the Company and such Augmenting Lender execute an agreement substantially in the form of Exhibit H hereto. No consent of any Lender (other than the Lenders participating in such Commitment increase or Incremental Term Loan) shall be required for any such increase or Incremental Term Loan pursuant to this Section 2.21.

(b) Commitment increases, new Commitments and Incremental Term Loans created pursuant to this Section 2.21 shall become effective on the date agreed by the Company, the Administrative Agent and the relevant Increasing Lenders and/or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the aggregate Commitments (or in the Commitment of any Lender) or Incremental Term Loan shall become effective under this paragraph unless (i) on the proposed date of the effectiveness of such Commitment increase or Incremental Term Loan, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 shall be satisfied both before and immediately after giving effect to such Commitment increase or Incremental Term Loan or waived by the Required Lenders, and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company and (B) the Company shall be in pro forma compliance with the Consolidated Leverage Ratio covenant set forth in Section 6.05(a), with Consolidated Total Debt measured as of the date of and immediately after giving effect to any funding in connection with such Commitment increase or Incremental Term Loan (and the application of proceeds thereof to the repayment of any other Indebtedness) and Consolidated EBITDA measured for the Reference Period then most recently ended for which the Company has delivered financial statements pursuant to Sections 5.01(a) or (b), and (ii) the Administrative Agent shall have received documents consistent with those delivered on the Effective Date as to the corporate power and authority of the Borrowers to borrow hereunder immediately after giving effect to such Commitment increase or Incremental Term Loan.

(c) On the effective date of any increase in the aggregate Commitments or any Incremental Term Loan being made, (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such Commitment increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its Applicable Percentage of such outstanding Revolving Loans, and (ii) the Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase in the Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the Company, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately

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preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurocurrency Loan, shall be subject to indemnification by the Borrowers pursuant to the provisions of Section 2.16 if the deemed payment occurs other than on the last day of the related Interest Periods.

(d) The Incremental Term Loans (i) shall rank *pari passu* in right of payment with the Revolving Loans, (ii) shall not mature earlier than the Maturity Date (but may have amortization prior to such date) and (iii) shall be treated substantially the same as (and in any event no more favorably than) the Revolving Loans; provided that (x) the terms and conditions applicable to any Incremental Term Loan maturing after the Maturity Date may provide for material additional or different financial or other covenants or prepayment requirements applicable only during periods after the Maturity Date and (ii) the Incremental Term Loans may be priced differently than the Revolving Loans.

(e) Incremental Term Loans may be made hereunder pursuant to an amendment or restatement (an "***Incremental Term Loan Amendment***") of this Agreement and, as appropriate, the other Loan Documents, executed by the Company, each Increasing Lender participating in such Incremental Term Loan, each Augmenting Lender participating in such Incremental Term Loan, if any, and the Administrative Agent. Each Incremental Term Loan Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.21. Nothing contained in this Section 2.21 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder, or provide Incremental Term Loans, at any time.

**SECTION 2.22 Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "***specified currency***") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main New York City office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of any Borrower in respect of any sum due to any Credit Party hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Credit Party of any sum adjudged to be so due in such other currency such Credit Party may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Credit Party in the specified currency, the applicable Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Credit Party against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Credit Party in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 2.18, such Credit Party agrees to remit such excess to such Borrower.

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SECTION 2.23 Designated Borrowers.

(a) Effective as of the date hereof, each Subsidiary identified on Schedule 2.23 shall be a Designated Borrower hereunder and may receive Revolving Loans for its account on the terms and conditions set forth in this Agreement.

(b) The Company may at any time, upon not less than fifteen (15) Business Days' notice from the Company to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), designate any additional wholly owned Subsidiary of the Company (an "**Applicant Borrower**") as a Designated Borrower to receive Revolving Loans hereunder by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Lender) a duly executed notice and agreement in substantially the form of Exhibit C (a "**Designated Borrower Request and Assumption Agreement**"). The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the credit facilities provided for herein the Administrative Agent and the Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent or the Required Lenders in their reasonable discretion, and promissory notes signed by such new Borrowers to the extent any Lenders so require. If the Administrative Agent and the Required Lenders agree that the foregoing conditions have been satisfied, then promptly following receipt of all such requested resolutions, incumbency certificates, opinions of counsel and other documents or information, the Administrative Agent shall send a notice in substantially the form of Exhibit D (a "**Designated Borrower Notice**") to the Company and the Lenders specifying the effective date upon which the Applicant Borrower shall constitute a Designated Borrower for purposes hereof, whereupon each of the Lenders agrees to permit such Designated Borrower to receive Revolving Loans hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Designated Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided that no Borrowing Request may be submitted on behalf of such Designated Borrower until the date that is five (5) Business Days after such effective date.

(c) The Obligations of the Company and each Designated Borrower that is a Domestic Subsidiary shall be joint and several in nature regardless of which Borrower actually borrows Revolving Loans hereunder or the amount of such Revolving Loans borrowed or the manner in which the Administrative Agent or any Lender accounts for such Revolving Loans on its books and records. The Obligations of all Designated Borrowers that are Foreign Subsidiaries shall be several in nature.

(d) Each Subsidiary that is or becomes a Designated Borrower pursuant to this Section 2.23 hereby irrevocably appoints the Company as its agent for all purposes relevant to the Loan Documents, including (i) the giving and receipt of notices, (ii) the execution and delivery of all documents, instruments and certificates contemplated herein and all modifications hereto, and (iii) the receipt of the proceeds of any Revolving Loans made by the Lenders to any such Designated Borrower hereunder. Any acknowledgment, consent, direction, certification or other action which might otherwise be valid or effective only if given or taken by all Borrowers, or by each Borrower acting singly, shall be valid and effective if given or taken only by the Company, whether or not any such other Borrower joins therein. Any notice, demand, consent,



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acknowledgement, direction, certification or other communication delivered to the Company in accordance with the terms of this Agreement shall be deemed to have been delivered to each Designated Borrower.

(e) The Company may from time to time, upon not less than fifteen (15) Business Days' notice from the Company to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), terminate a Designated Borrower's status as such, provided that there are no outstanding Revolving Loans payable by such Designated Borrower, or other amounts payable by such Designated Borrower on account of any Revolving Loans made to it, as of the effective date of such termination. The Administrative Agent will promptly notify the Lenders of any such termination of a Designated Borrower's status.

(f) If the selection of a particular Designated Borrower results (or is reasonably anticipated to result) in amounts becoming payable under Section 2.17, the Company may make a written request to the Administrative Agent for an amendment to this Agreement that would create a separate tranche of Lenders to provide credit to such Designated Borrower in a manner that would eliminate or minimize amounts payable under Section 2.17. The Administrative Agent and the Lenders agree to consider such amendment request in good faith. The Company hereby agrees to pay (or to cause the applicable Designated Borrower to pay) all reasonable costs and expenses incurred by the Administrative Agent or any Lender in connection with any such amendment.

### ARTICLE III

#### Representations and Warranties

Except as otherwise provided in Section 3.12, each Borrower represents and warrants to the Lenders that:

**SECTION 3.01 Organization; Powers.** Each Borrower (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is qualified to do business in, and is licensed and in good standing under the laws of, every jurisdiction where such qualification is required; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

**SECTION 3.02 Authorization; Enforceability.** The Transactions are within each Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. Each Loan Document has been duly executed and delivered by each Borrower that is a party thereto and constitutes a legal, valid and binding obligation of each such Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights

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generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03 Governmental Approvals; No Conflicts. The Transactions do not and will not (a) require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other Person, (b) violate any applicable law, rule or regulation of any Governmental Authority or any Organization Document of any Borrower, and (c) conflict with or result in any material breach or contravention of, or the creation of any material Lien under, or require any material payment to be made under (i) any material Contractual Obligation to which any Borrower is a party or affecting any Borrower or the properties of any Borrower or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which any Borrower or the properties of any Borrower or any of its Subsidiaries is subject.

SECTION 3.04 Financial Condition; No Material Adverse Change.

(a) The Company has heretofore furnished to the Lenders its consolidated balance sheet and statements of income or operations, shareholders' equity and cash flows (i) as of and for the fiscal year ended September 30, 2010, reported on by Deloitte and Touche LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended June 30, 2011, certified by its Financial Officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since September 30, 2010, there has been no development, event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.05 Litigation and Environmental Matters.

(a) There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrowers after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Company or any Subsidiary or against any of their properties or revenues that (i) except as described in the Company's 2010 Form 10-K or any subsequent Form 10-Q or Form 8-K filing prior to the Effective Date (the "**Disclosed Litigation**"), could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (ii) purport to affect or pertain to any Loan Document or the Transactions.

(b) The Company and its Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Borrowers have reasonably concluded that, except for the Disclosed Litigation, violation of such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

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SECTION 3.06 Compliance with Laws and Agreements; No Default.

(a) Each of the Borrowers and Significant Subsidiaries is in compliance with the requirements of all laws, rules and regulations and orders, writs and decrees of any Governmental Authority applicable to it or its properties, except to the extent that (i) failure to comply therewith could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect and (ii) such requirement is being contested in good faith by appropriate proceedings diligently conducted. Each Borrower is in compliance with all material Contractual Obligations to which such Borrower is a party or affecting such Borrower or the properties of such Borrower or any of its Subsidiaries, except to the extent that failure to comply therewith could not reasonably be expected to result in a Material Adverse Effect.

(b) No Default has occurred and is continuing or would result from the consummation of the Transactions.

SECTION 3.07 Investment Company Status; Margin Regulations.

(a) Neither the Company, nor any Person Controlling the Company nor any Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

(b) No Borrower is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U of the Board), or extending credit for the purpose of purchasing or carrying margin stock.

SECTION 3.08 Taxes. Each of the Borrowers and Significant Subsidiaries has timely filed or caused to be filed all federal, state and other material Tax returns and reports required to have been filed and have paid or caused to be paid all federal, state and other material Taxes required to have been paid by it, except Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which such Borrower or such Significant Subsidiary, as applicable, has set aside on its books adequate reserves. There is no proposed Tax assessment against any Borrower or any Subsidiary that would, if made, have a Material Adverse Effect. Neither any Borrower nor any Subsidiary is party to any tax sharing agreement.

SECTION 3.09 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by an amount that could reasonably be expected to result in a Material Adverse Effect, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets

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of all such underfunded Plans by an amount that could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10 Disclosure. All information heretofore furnished by the Borrowers to the Administrative Agent or any Lender for purposes of or in connection with the Loan Documents or the Transactions is, and all such information hereafter furnished by the Borrowers to the Administrative Agent or any Lender will be, true and accurate in all material respects on the date as of which such information is stated or certified. The Borrowers have disclosed to the Lenders in writing any and all facts known to the Borrowers' management which could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11 Subsidiaries. Each Significant Subsidiary (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to own or lease its assets and carry on its business, except in each case referred to in this clause (b) to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.12 Representations as to Foreign Obligors. Each of the Company and each Foreign Obligor represents and warrants to the Lenders that:

(a) Such Foreign Obligor is subject to civil and commercial laws, rules and regulations with respect to its obligations under the Loan Documents to which it is a party (collectively, the "**Applicable Foreign Obligor Documents**"), and the execution, delivery and performance by such Foreign Obligor of the Applicable Foreign Obligor Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither any Foreign Obligor nor any of its property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction in which such Foreign Obligor is organized and existing in respect of its obligations under the Applicable Foreign Obligor Documents.

(b) The Applicable Foreign Obligor Documents are in proper legal form under the laws, rules and regulations of the jurisdiction in which such Foreign Obligor is organized and existing for the enforcement thereof against such Foreign Obligor under the laws, rules and regulations of such jurisdiction, and to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Obligor Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Obligor Documents that the Applicable Foreign Obligor Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which any Foreign Obligor is organized and existing or that any registration charge or stamp or similar tax be paid on or in respect of the Applicable Foreign Obligor Documents or any other document, except for (i) any such filing, registration, recording, execution or notarization as has been made or is not required to be made until the Applicable Foreign Obligor Document or any other document is sought to be enforced and (ii) any charge or tax as has been timely paid.

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(c) There is no Tax imposed by any Governmental Authority in or of the jurisdiction in which such Foreign Obligor is organized and existing either (i) on or by virtue of the execution or delivery of the Applicable Foreign Obligor Documents or (ii) on any payment to be made by such Foreign Obligor pursuant to the Applicable Foreign Obligor Documents, except as has been disclosed to the Administrative Agent.

(d) The execution, delivery and performance of the Applicable Foreign Obligor Documents executed by such Foreign Obligor are, under applicable foreign exchange control regulations of the jurisdiction in which such Foreign Obligor is organized and existing, not subject to any notification or authorization except (i) such as have been made or obtained or (ii) such as cannot be made or obtained until a later date (provided that any notification or authorization described in clause (ii) shall be made or obtained as soon as is reasonably practicable).

SECTION 3.13 Use of Proceeds. The proceeds of the Loans will be used only for the purposes specified in Section 5.08.

SECTION 3.14 OFAC. No Borrower is currently the subject of any Sanctions or is located, organized or residing in any Designated Jurisdiction. To the Borrowers' knowledge, no Loan or other credit extension hereunder, nor the proceeds thereof, has been used, directly or indirectly, to lend to, or otherwise fund, (i) any business in any Designated Jurisdiction or (ii) any business of any Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions.

## ARTICLE IV

### Conditions

SECTION 4.01 Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) The Administrative Agent (or its counsel) shall have received from each party to the Loan Documents either (i) a counterpart of each Loan Document to which such Person is a party, signed on behalf of such Person or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of each Loan Document to which such Person is a party) that such Person has signed a counterpart of each such Loan Document.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of counsel for the Borrowers covering such matters relating to the Borrowers, the Loan Documents and the Transactions as the Required Lenders shall reasonably request and otherwise in form and substance reasonably satisfactory to the Administrative Agent.

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(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Borrower, the authorization of the Transactions and any other legal matters relating to the Borrowers, the Loan Documents and the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Company, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Administrative Agent and the Lenders shall have received all fees and other amounts due and payable pursuant to this Agreement on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers hereunder.

(f) The Administrative Agent shall have received (i) satisfactory audited consolidated financial statements of the Company and its Subsidiaries for the two (2) most recent fiscal years ended prior to the Effective Date and (ii) satisfactory unaudited interim consolidated financial statements of the Company and its Subsidiaries for each quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to the foregoing clause (i) as to which such financial statements are available.

(g) The Administrative Agent and the Lenders shall have received (i) all documentation and other information reasonably requested by the Lenders or the Administrative Agent under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act, and (ii) such other documents and instruments as are customary for transactions of this type or as they may reasonably request.

(h) The Administrative Agent shall have received evidence that all governmental and third party approvals necessary or, in the reasonable discretion of the Administrative Agent, advisable in connection with the financing contemplated hereby and the continuing operations of the Company and its Subsidiaries shall have been obtained and be in full force and effect.

(i) The Administrative Agent shall have received evidence satisfactory to it that the Existing Credit Agreement has been or concurrently with the Effective Date is being terminated.

The Administrative Agent shall notify the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 3:00 p.m., New York City time, on September 30, 2011 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

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SECTION 4.02 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrowers set forth in the Loan Documents (other than the representations and warranties set forth in Sections 3.04(b), 3.05 and 3.09 with respect to any Borrowing or issuance, amendment, renewal or extension of any Letter of Credit after the Effective Date) shall be true and correct in all material respects (or in all respects if the applicable representation or warranty is already qualified by concepts of materiality) on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

SECTION 4.03 Initial Credit Event for each Additional Borrower. The obligation of each Lender to make Loans to any Designated Borrower that becomes a Designated Borrower after the Effective Date is subject to the satisfaction of the following conditions:

(a) The Administrative Agent (or its counsel) shall have received such Designated Borrower's Designated Borrower Request and Assumption Agreement duly executed by all parties thereto.

(b) The Administrative Agent shall have received such documents (including such legal opinions) as the Administrative Agent or its counsel may reasonably request relating to the formation, existence and good standing of such Designated Borrower, the authorization of the Transactions insofar as they relate to such Designated Borrower and any other legal matters relating to such Designated Borrower, its Designated Borrower Request and Assumption Agreement or such Transactions, including, with respect to any Designated Borrower organized under the laws of any jurisdiction outside of the United States of America, a legal opinion from such Designated Borrower's counsel in such jurisdiction, all in form and substance satisfactory to the Administrative Agent and its counsel.

(c) The Administrative Agent and the Lenders shall have received all documentation and other information reasonably requested by the Lenders or the Administrative Agent under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

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## ARTICLE V

### Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated or been cash collateralized or otherwise secured on terms and conditions reasonably satisfactory to the Issuing Bank, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Company (with respect to the covenants set forth in Sections 5.01 and 5.02) and each Borrower (with respect to all other covenants set forth in this Article V) covenants and agrees with the Lenders that:

SECTION 5.01 Financial Statements and Other Information. The Company will furnish to the Administrative Agent and each Lender:

(a) within seven (7) Business Days following the date such information is filed with the SEC, and in any event not later than ninety-seven (97) days after the end of each fiscal year of the Company, its audited consolidated balance sheet and related statements of income or operations, shareholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP;

(b) within seven (7) Business Days following the date such information is filed with the SEC, and in any event not later than fifty-two (52) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company, its consolidated balance sheet and related statements of income or operations, shareholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a duly completed Compliance Certificate signed by a Financial Officer of the Company;

(d) promptly after the same become available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any Subsidiary with the SEC or with any national securities exchange, or distributed by the Company to its shareholders generally, as the case may be;



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(e) promptly, and in any event within seven (7) Business Days after receipt thereof by the Company or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable foreign jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of the Company or any Subsidiary; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may reasonably request.

Documents required to be delivered pursuant to clauses (a), (b) or (d) of this Section (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Company posts such documents, or provides a link thereto on the Company's website on the Internet; or (ii) on which such documents are posted on the Company's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (x) the Company shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (y) the Company shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

SECTION 5.02 Notices of Material Events. The Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the occurrence of any ERISA Event (other than an ERISA Event under any of clauses (j), (l) or (m) of the definition thereof that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect);

(c) any material change in accounting policies or financial reporting practices by the Company or any Subsidiary not otherwise reported in the Company's SEC filings;

(d) any published announcement by Moody's or S&P of any change or possible change in the rating established or deemed to have been established for the Index Debt; and

(e) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of the Company or any Subsidiary; (ii) any dispute, litigation,

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investigation, proceeding or suspension between the Company or any Subsidiary and any Governmental Authority; and (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary, including pursuant to any applicable Environmental Laws.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03 Existence; Conduct of Business. It will, and will cause each of its Subsidiaries to, (a) preserve, renew and keep in full force and effect its legal existence, (b) preserve, renew and keep in full force and effect its good standing under the laws of the jurisdiction of its organization except as permitted under Section 6.02, (c) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (d) preserve and renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, sale, liquidation or dissolution permitted under Section 6.02.

SECTION 5.04 Payment of Obligations. It will, and will cause each of its Subsidiaries to, pay its material obligations and liabilities, including (a) all Tax liabilities, except where (i) the validity or amount thereof is being contested in good faith by appropriate proceedings diligently conducted and (ii) the Company or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (b) all lawful material claims which, if unpaid, would by law become a Lien upon its property (other than Liens permitted by Section 6.01), and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

SECTION 5.05 Maintenance of Properties; Insurance.

(a) It will, and will cause each of its Subsidiaries to, (i) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (ii) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; provided that nothing in Section 5.05(a) shall prevent the Company or any Subsidiary from discontinuing the operations and maintenance of any of its properties or those of its Subsidiaries if such discontinuance is, in the judgment of the Company or such Subsidiary, desirable in the conduct of its or their business and which do not in the aggregate cause a Material Adverse Effect. Except as provided above, the Borrowers shall maintain direct ownership of the majority of the tangible and intangible assets employed in connection with the Borrowers' United States domestic carbon black business.

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(b) It will, and will cause each of its Significant Subsidiaries to, maintain, with financially sound and reputable insurance companies that are not Affiliates of the Company, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses.

SECTION 5.06 Books and Records; Inspection Rights.

(a) It will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in conformity with GAAP are made of all financial dealings and transactions in relation to its business and activities.

(b) It will, and will cause each of its Subsidiaries to, permit any representatives and independent contractors designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and accounts with its directors, officers and independent accountants, all at the expense of the Company and at such reasonable times during normal business hours and not more than once each fiscal year; provided that if an Event of Default has occurred and is continuing, such representatives and independent contractors may do any of the foregoing at the expense of the Company at any time during normal business hours and without prior notice.

SECTION 5.07 Compliance with Laws. It will, and will cause each of its Subsidiaries to, comply with all laws, rules and regulations and orders, injunctions, writs and decrees of any Governmental Authority applicable to it or its property, except where (a) the failure to do so could not reasonably be expected to result in a Material Adverse Effect and (b) the requirement to do so is being contested in good faith by appropriate proceedings diligently conducted.

SECTION 5.08 Use of Proceeds. The proceeds of the Loans will be used only for general corporate purposes of the Company and its Subsidiaries in the ordinary course of business, including Permitted Acquisitions.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated or been cash collateralized or otherwise secured on terms and conditions reasonably satisfactory to the Issuing Bank, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, each Borrower covenants and agrees with the Lenders that:

SECTION 6.01 Liens. It will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien on any property, asset or revenue now owned or hereafter acquired by it, except:

(a) Permitted Encumbrances;

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(b) Liens on any property or asset of the Company or any Subsidiary existing on the date hereof and set forth in Schedule 6.01; provided that (i) such Lien shall not apply to any other property or asset of the Company or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset of a Person prior to the acquisition thereof by the Company or any Subsidiary or prior to merger or consolidation of such Person into the Company or any Subsidiary, or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that, in each case, (i) such Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may;

(d) Liens securing purchase money Indebtedness; provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(e) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Agreement;

(f) leases or subleases granted to others not interfering in any material respect with the business of the Company or any Subsidiary;

(g) Liens created or deemed to exist in connection with a Securitization Transaction (including any related filings of any UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions)) securing Indebtedness in an aggregate amount not to exceed \$200,000,000 during the term of this Agreement, but only to the extent that any such Lien relates to the applicable property actually sold, contributed, financed or otherwise conveyed or pledged pursuant to such transaction;

(h) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(i) Liens on commodities subject to any arrangement permitted under Section 6.03;

(j) Liens securing Indebtedness (for working capital purposes) of any Foreign Subsidiary, but only to the extent that any such Lien relates to the property or assets of such Foreign Subsidiary;

(k) Liens arising pursuant to any Swap Agreement;

(l) any Lien arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by any of the foregoing clauses of this Section, provided that such Indebtedness is not increased and is not secured by any additional assets;

(m) Liens arising in the ordinary course of business that (i) do not secure Indebtedness, (ii) do not secure any single obligation exceeding \$50,000,000 and (iii) do not in the aggregate materially detract from the value of the assets of the Company or any Subsidiary or materially impair the use thereof in the operation of its business;

(n) Liens on cash collateral created hereunder in favor of any Credit Party; and

(o) Liens not otherwise permitted by the foregoing clauses of this Section securing Indebtedness in an aggregate principal amount at any time outstanding not to exceed ten percent (10%) of Consolidated Tangible Net Worth.

SECTION 6.02 Fundamental Changes. It will not, and will not permit any of its Subsidiaries to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of the Equity Interests of any Subsidiary (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing:

(a) any Subsidiary (i) may merge with the Company, provided that the Company shall be the continuing or surviving Person, (ii) may merge with any Designated Borrower, provided that such Designated Borrower shall be the continuing or surviving Person, or (iii) that is not a Borrower may merge with or into any other Subsidiary that is not a Borrower;

(b) any Subsidiary may sell, transfer, lease or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or to another Subsidiary; provided that if the transferor in such a transaction is a Borrower, then the transferee must be a Borrower;

(c) the Company may sell, transfer, lease or otherwise dispose of its assets, or any Subsidiary may sell, transfer, lease or otherwise dispose of all or substantially all of its assets, so long as the aggregate net book value of all such assets sold, transferred, leased or otherwise disposed of by the Company and its Subsidiaries in all transactions occurring from and after the date of this Agreement shall not exceed an amount equal to twenty-five percent (25%) of Consolidated Total Tangible Assets, measured as the sum of the percentages for each such transaction, in each case based upon the Consolidated Total Tangible Assets as of the end of the most recently completed fiscal year prior to the applicable sale, transfer, lease or other disposition; and

(d) the Company may sell its supermetals business to Global Advanced Metals Pty. Ltd. as described in the Company's report on Form 8-K dated August 25, 2011.

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SECTION 6.03 Investments, Loans, Advances, Guarantees and Acquisitions. It will not, and will not permit any of its Subsidiaries to, make any Investment where the aggregate consideration for such Investment exceeds \$100,000,000, other than Permitted Investments and Permitted Acquisitions.

SECTION 6.04 Transactions with Affiliates. It will not, and will not permit any of its Subsidiaries to, enter into any transaction of any kind with any Affiliate of the Company, whether or not in the ordinary course of business, other than (a) reasonable and customary fees paid to members of the board of directors of the Company and its Subsidiaries, (b) transactions otherwise expressly permitted hereunder between the Company or any Subsidiary and any such Affiliate or (c) on fair and reasonable terms substantially as favorable to the Company or such Subsidiary as would be obtainable by the Company or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate.

SECTION 6.05 Financial Covenants.

(a) It will not permit the Consolidated Leverage Ratio as of the last day of any Reference Period to be greater than 3.50:1.00.

(b) It will not permit, at any time, the aggregate Indebtedness of all Subsidiaries (excluding Indebtedness of a Subsidiary owing to a Borrower or to another Subsidiary) to exceed 30% of Total Capitalization.

(c) It will not permit the Consolidated Interest Coverage Ratio as of the last day of any Reference Period to be less than 3:00:1.00.

SECTION 6.06 Organization Documents. It will not, and will not permit any of its Subsidiaries to, amend, modify or change its Organization Documents in any manner which could materially adversely affect the rights of the Credit Parties under the Loan Documents.

SECTION 6.07 Use of Proceeds. It will not, and will not permit any of its Subsidiaries to, use any part of the proceeds of any Loan to be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of any of the Regulations of the Board (including Regulations T, U and X), including to purchase or carry margin stock (within the meaning of Regulation U) other than stock of the Company or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

## ARTICLE VII

### Events of Default

If any of the following events ("*Events of Default*") shall occur:

(a) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or otherwise;

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(b) any Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) days;

(c) any representation or warranty made or deemed made by or on behalf of the Company or any Subsidiary in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or in any respect if such representation or warranty is already qualified by concepts of materiality) when made or deemed made;

(d) (i) any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03(a), 5.06(b) or 5.08 or in Article VI, or (ii) the Company shall fail to observe or perform any covenant, condition or agreement contained in Section 5.01 or 5.02 and such failure shall continue unremedied for a period of five (5) Business Days after the earlier of any of the chief executive officer, president or any Financial Officer of the Company becoming aware of such failure or notice thereof by the Administrative Agent;

(e) any Borrower shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of thirty (30) days after written notice from the Administrative Agent;

(f) the Company or any Significant Subsidiary (i) shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) in respect of any Indebtedness or Guarantee having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$50,000,000, or (ii) shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$50,000,000 or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal,

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state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed or unstayed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Borrower or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) any Borrower or any Significant Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) one or more final judgments for the payment of money in an aggregate amount in excess of \$50,000,000 (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) shall be rendered against any Borrower or any Subsidiary and (i) the same shall remain undischarged for a period of ten (10) consecutive days during which execution shall not be effectively stayed by reason or pending appeal or otherwise, or (ii) any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Borrower or any Subsidiary to enforce any such judgment;

(k) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of the Company and its Subsidiaries in an aggregate amount exceeding \$50,000,000 from and after the Effective Date;

(l) a Change in Control shall occur; or

(m) any material provisions of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all the Obligations, shall cease to be in full force and effect; or any Borrower or any other Person shall contest in any manner the validity or enforceability of any material provision of any Loan Document; or any Borrower shall deny that it has any or further liability or obligation under any material provisions of any Loan Document, or shall purport to revoke, terminate or rescind any material provision of any Loan Document;

then, and in every such event (other than an event with respect to any Borrower described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the written request of the Required Lenders shall, by notice to the Company, take either or both of the following actions, at the same or different



times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to any Borrower described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers.

## ARTICLE VIII

### The Administrative Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

Any Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any Subsidiary that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Company or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii)

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the contents of any certificate, report or other document delivered under any Loan Document or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Company to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

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Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into the Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon the Loan Documents, any related agreement or any document furnished thereunder.

## ARTICLE IX

### Guaranty

In order to induce the Lenders to extend credit to the Designated Borrowers hereunder, the Company hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the payment when and as due of the Obligations of the Designated Borrowers. The Company further agrees that the due and punctual payment of such Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Obligation.

The Company waives presentment to, demand of payment from and protest to any Designated Borrower of any of the Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of any Credit Party to assert any claim or demand or to enforce any right or remedy against any Borrower under the provisions of any Loan Document or otherwise, (b) any extension or renewal of any of the Obligations, (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of any Loan Document or any other agreement, (d) any default, failure or delay, willful or otherwise, in the performance of any of the Obligations, (e) any amendment or waiver of any of the Obligations, (f) any law or regulation of any jurisdiction or any other event affecting any term of the Obligations, or (g) to the fullest extent permitted by applicable law, any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of the Company or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of the Company to subrogation.

The Company further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and, to the fullest extent permitted by applicable law, waives any right to require that any resort be had by any Credit Party to any balance of any deposit account or credit on the books of any Credit Party in favor of any Borrower or any other Person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full of all the Obligations), and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability

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of any of the Obligations, any impossibility in the performance of any of the Obligations or otherwise (other than for the indefeasible payment in full of all the Obligations), in each case, to the fullest extent permitted by applicable law.

The Company further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Credit Party upon the bankruptcy or reorganization of any Borrower or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Credit Party may have at law or in equity against the Company by virtue hereof, upon the failure of any Designated Borrower to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by any Credit Party, forthwith pay, or cause to be paid, to such Credit Party in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest thereon. The Company further agrees that if payment in respect of any Obligation shall be due in a Foreign Currency and/or at a place of payment other than New York and if, by reason of any Change in Law, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of any Credit Party, not consistent with the protection of its rights or interests, then, at the election of the Administrative Agent, the Company shall make payment of such Obligation in U.S. Dollars (based upon the applicable Exchange Rate in effect on the date of payment) and/or in New York, and shall indemnify the Credit Parties against any losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

Upon payment by the Company of any sums as provided above, all rights of the Company against any Designated Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full of all the Obligations.

The parties hereto agree that, notwithstanding anything to the contrary contained herein, neither the Company nor any of its Subsidiaries shall be required to provide any guarantee, pledge, or asset support arrangement that would result in any adverse tax consequences due to the application of Section 956 of the Code.

## ARTICLE X

### Miscellaneous

#### SECTION 10.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

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- (i) if to any Borrower, to the Company at Cabot Corporation, Two Seaport Lane, Boston, Massachusetts 02210-2019, Attention of Steven J. Delahunt (Telecopy No. (617) 342-6208);
  - (ii) if to the Administrative Agent, (A) in the case of Borrowings denominated in U.S. Dollars, to JPMorgan Chase Bank, Loan and Agency Services Group, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603-2003, Attention of Joyce King (Telecopy No. (888) 292-9533), and (B) in the case of Borrowings denominated in Foreign Currencies, to J.P. Morgan Europe Limited, 125 London Wall, Floor 09, London EC2Y 5AJ, United Kingdom, Attention of Manager: Loan Agency (Telecopy No. 44 207 777 2360);
  - (iii) if to the Issuing Bank, to it at JPMorgan Chase Bank, Loan and Agency Services Group, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603-2003, Attention of Debra Williams (Telecopy No. (312) 385-7098);
  - (iv) if to the Swingline Lender, to it at JPMorgan Chase Bank, Loan and Agency Services Group, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603-2003, Attention of Joyce King (Telecopy No. (888) 292-9533); and
  - (v) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

#### SECTION 10.02 Waivers; Amendments.

(a) No failure or delay by any Credit Party in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Credit Parties hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such

waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether any Credit Party may have had notice or knowledge of such Default at the time.

(b) Except as provided in Section 2.21 with respect to an Incremental Term Loan Amendment, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or by the Borrowers and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender (it being understood and agreed that a waiver of any condition precedent set forth in Section 4.02 or of any Default is not considered an increase in Commitments of any Lender), (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, provided, however, that only the consent of the Required Lenders shall be necessary to amend the provisions with respect to the application of default rate interest described in Section 2.13(c) and the last paragraph of Article VII or waive any obligation of any Borrower to pay interest or fees at such default rate, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment (in each case excluding, for the avoidance of doubt, mandatory prepayments under Section 2.11(c)), or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the Company from its obligations under the Loan Documents without the written consent of each Lender, or (vi) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender (it being understood that, solely with the consent of the parties to an Incremental Term Loan Amendment, Incremental Term Loans may be included in the determination of Required Lenders on substantially the same basis as the Commitments and the Revolving Loans are included on the Effective Date); provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be.

#### SECTION 10.03 Expenses; Indemnity; Damage Waiver.

(a) The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable

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out-of-pocket expenses incurred by the Credit Parties, including the reasonable fees, charges and disbursements of one counsel for any Administrative Agent and one counsel for all other Credit Parties, in connection with the enforcement or protection of their rights in connection with any Loan Document, including their rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Company shall indemnify each Credit Party and its Related Parties (each such Person being called an "**Indemnatee**") against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnatee, incurred by or asserted against any Indemnatee arising out of, in connection with, or as a result of (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any Subsidiary, or any Environmental Liability related in any way to the Company or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of, or intentional material breach of its obligations by, such Indemnatee. This Section 10.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(c) To the extent that the Company fails to pay any amount required to be paid by it to the Administrative Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

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(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Credit Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Assignee) all or a portion of its rights and obligations under the Loan Documents (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Company, provided that, the Company shall be deemed to have consented to an assignment unless it shall have objected thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; provided further that no consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to a Lender or an Affiliate of a Lender; and

(C) the Issuing Bank.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund, or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Company and the Administrative Agent



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otherwise consent, provided that no such consent of the Company shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under the Loan Documents;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(D) the assignee shall deliver to the Administrative Agent, Withholding Agent and/or Company, as applicable, any documentation required by Section 2.17(f); and

(E) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrowers and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under the Loan Documents (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party thereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under the Loan Documents that does not comply with this Section 10.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent

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manifest error, and the Borrowers and the Credit Parties shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

- (v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, any documentation required by Section 2.17(f), the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(d) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of any Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "**Participant**"), other than an Ineligible Assignee, in all or a portion of such Lender's rights and obligations under the Loan Documents (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under the Loan Documents shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater

payment under Sections 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under the Loan Documents to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

**SECTION 10.05 Survival.** All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments delivered in connection with or pursuant to any Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Credit Party may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration, termination, cash collateralization or other securing of the Letters of Credit, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

**SECTION 10.06 Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees

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payable to the Administrative Agent or the Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its 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 and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the Obligations of such Borrower now or hereafter existing held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.09 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, 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 such New York State 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 Credit Party may otherwise have to

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bring any action or proceeding relating to this Agreement against any Borrower or its properties in the courts of any jurisdiction.

(c) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which 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 in any court referred to in paragraph (b) of this Section. 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.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable law.

(e) Without limiting the foregoing, each Designated Borrower hereby irrevocably designates the Company, at its address set forth in Section 10.01, as the designee, appointee and agent of such Designated Borrower to receive, for and on behalf of such Designated Borrower, service of process in such respective jurisdictions in any legal action or proceeding with respect to this Agreement or any other Loan Document.

**SECTION 10.10 WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**SECTION 10.11 Headings.** Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

**SECTION 10.12 Confidentiality.**

(a) Each Credit Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this

Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Borrower and its obligations, (vii) with the consent of the Company or (viii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to any Credit Party on a nonconfidential basis from a source other than any Borrower. For the purposes of this Section, "**Information**" means all information received from any Borrower relating to such Borrower or its business, other than any such information that is available to any Credit Party on a nonconfidential basis prior to disclosure by such Borrower; provided that, in the case of information received from such Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

**(b) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 10.12(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWERS AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.**

**(c) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWERS OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWERS AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWERS AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.**

SECTION 10.13 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "**Charges**"), shall exceed the maximum lawful rate (the "**Maximum Rate**") which may be contracted for, charged, taken, received or reserved by the Lender holding

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such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 10.14 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Act**") hereby notifies the Borrowers that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the names and addresses of the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Act.

*[Signature Pages Follow]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CABOT CORPORATION, as the Company and a Borrower**

By: /s/ Patrick M. Prevost

Name: Patrick M. Prevost

Title: President and Chief Executive Officer

**JPMORGAN CHASE BANK, N.A., as Administrative Agent, Issuing Bank and a Lender**

By: /s/ D. Scott Farquhar

Name: D. Scott Farquhar

Title: SrVP & Credit Executive

**Citibank, N.A., as a Lender**

By: /s/ Shannon Sweeney

Name: Shannon Sweeney

Title: Vice President

**Bank of America, N.A., as a Lender**

By: /s/ Christopher S. Allen

Name: Christopher S. Allen

Title: Senior Vice President

**Bank of America, N.A., as an LC Issuer**

By: /s/ Christopher S. Allen

Name: Christopher S. Allen

Title: Senior Vice President



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**Mizuho Corporate Bank, Ltd. as a Lender**

By: /s/ Leon Mo  
Name: Leon Mo  
Title: Authorized Signatory

**HSBC Bank, USA, N.A., as a Lender**

By: /s/ Elise M. Russo  
Name: Elise M. Russo  
Title: Global Relationship Manager

**TD BANK, NA., as a Lender**

By: /s/ Alan Garson  
Name: Alan Garson  
Title: Executive Director

**Goldman Sachs Bank USA, as a Lender**

By: /s/ Rebecca Kratz  
Name: Rebecca Kratz  
Title: Authorized Signatory

**RBS CITIZENS, N.A., as a Lender**

By: /s/ Stephen F. O'Sullivan  
Name: Stephen F. O'Sullivan  
Title: Senior Vice President

**U.S.Bank, N.A., as a Lender**

By: /s/ Michael P. Dickman  
Name: Michael P. Dickman  
Title: Vice President

**BANK OF CHINA, NEW YORK BRANCH, as a Lender**

By: /s/ Shiqiang Wu  
Name: Shiqiang Wu  
Title: General Manager

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**Schedule 1.01A– Existing Letters of Credit**

<b>Issuer</b>	<b>LC Number</b>	<b>Beneficiary</b>	<b>Amount</b>		<b>Expiry</b>
Bank of America	50015142	INSURANCE COMMISSIONER OF WEST	USD	750,000	May 3, 2012
Bank of America	50054319	U.S. NUCLEAR REGULATORY COMMISSION	USD	5,740,722	July 31, 2012
Bank of America	64015909	COMMONWEALTH OF PENNSYLVANIA	USD	4,370,220	April 27, 2012
Bank of America	64015912	NEW JERSEY DEPARTMENT OF	USD	248,425	February 1, 2012
Bank of America	64015914	PENNSYLVANIA DEPT OF ENVIRONMENTAL	USD	2,822,710	August 5, 2012
Bank of America	01232536	INSURANCE COMPANY OF NORTH AMERICA	USD	7,848,330	October 1, 2011
Bank of America	64015905	NATIONAL UNION FIRE INSURANCE	USD	542,000	September 29, 2011
Bank of America	64015910	NATIONAL UNION FIRE INSURANCE	USD	1,735,000	September 30, 2011
Bank of America	01232654	INDEMNITY INSURANCE COMPANY	USD	4,368,690	October 1, 2011

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**Schedule 2.01 – Commitments**

<b>Lender</b>	<b>Commitment</b>	<b>Initial Applicable Percentage</b>
JPMorgan Chase Bank, N.A.	\$ 90,000,000	16.363636363%
Citibank, N.A.	\$ 90,000,000	16.363636363%
Bank of America, N.A.	\$ 60,000,000	10.909090909%
Mizuho Corporate Bank, Ltd.	\$ 60,000,000	10.909090909%
HSBC Bank USA, N.A.	\$ 50,000,000	9.090909091%
TD Bank, N.A.	\$ 50,000,000	9.090909091%
Goldman Sachs Bank USA	\$ 40,000,000	7.272727273%
RBS Citizens, N.A.	\$ 40,000,000	7.272727273%
U.S. Bank, N.A.	\$ 40,000,000	7.272727273%
Bank of China, New York Branch	\$ 30,000,000	5.454545455%
<b>Total</b>	<b>\$ 550,000,000</b>	<b>100%</b>

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**Schedule 2.23 – Designated Borrowers**

None.

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**Schedule 6.01 – Existing Liens**

<b>Filing Date</b>	<b>Type</b>	<b>Jurisdiction</b>	<b>File #</b>	<b>Secured Party</b>	<b>Collateral Description</b>
11/5/2001	UCC-1		11602205	Safeco Credit Co. Inc.	
9/19/2006	Assignment		63219417	Sage Capital Corporation	
9/19/2006	Continuation	DE	63221983	Sage Capital Corporation	Certain Equipment
7/19/2011	Amendment		2011 2775560	Sage Capital Corporation	
7/19/2011	Continuation		2011 2776543	Sage Capital Corporation	
6/10/2005	UCC-1		51797852	Air Liquide Industrial US LP	
5/13/2010	Continuation	DE	2010 1675622	Air Liquide Industrial US LP	Certain Equipment
9/19/2006	UCC-1	DE	63234655	Air Liquide Industrial U.S LP	Certain Equipment
6/6/2007	UCC-1	DE	2007 2117777	Herc Exchange, LLC	Certain Equipment
7/13/2007	UCC-1	DE	2007 2647039	Herc Exchange, LLC	Certain Equipment
7/9/2008	UCC-1	DE	2008 2344461	Toyota Motor Credit Corporation	Certain Equipment
8/11/2008	UCC-1	DE	2008 2735700	Toyota Motor Credit Corporation	Certain Equipment
8/28/2008	UCC-1	DE	2008 2933693	Toyota Motor Credit Corporation	Certain Equipment
3/20/2009	UCC-1	DE	2009 0898558	Air Liquide Industrial U.S. LP	Certain Equipment
8/4/2010	UCC-1	DE	2010 2712812	Hewlett-Packard Financial Services Company	Certain Equipment
11/30/2010	UCC-1	DE	2010 4181594	Toyota Motor Credit Corporation	Certain Equipment
12/13/2010	UCC-1	DE	2010 4397695	Toyota Motor Credit Corporation	Certain Equipment

**FORM OF ASSIGNMENT AND ASSUMPTION**

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between *[Insert name of Assignor]* (the "Assignor") and *[Insert name of Assignee]* (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: [ ]
2. Assignee: [ ]  
[and, if applicable, is an Affiliate/Approved Fund of *[identify Lender]*<sup>1</sup>]
3. Borrower(s): CABOT CORPORATION and certain of its Subsidiaries
4. Administrative Agent: JPMorgan Chase Bank, N.A.,  
as the administrative agent under the Credit Agreement
5. Credit Agreement: The \$550,000,000 Credit Agreement dated as of August 26, 2011, among CABOT CORPORATION and certain of its Designated Subsidiaries, as Borrowers, the Lenders parties thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, Swingline Lender and Issuing Bank

<sup>1</sup> Select as applicable.

6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans <sup>2</sup>
\$	\$	%

Effective Date: [ ], 20[ ] *[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR]*

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the other Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

*[NAME OF ASSIGNOR]*

By: \_\_\_\_\_

Name:

Title:

ASSIGNEE

*[NAME OF ASSIGNEE]*

By: \_\_\_\_\_

Name:

Title:

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<sup>2</sup> Set forth, to at least 9 decimals, as a percentage of the Commitments/Loans of all Lenders thereunder.

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[Consented to and]<sup>3</sup> Accepted:

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Consented to:]<sup>4</sup>

JPMORGAN CHASE BANK, N.A.,  
as [Swingline Lender] [Issuing Bank]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Consented to:]<sup>5</sup>

CABOT CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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<sup>3</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

<sup>4</sup> To be added only if the consent of the Swingline Lender and/or Issuing Bank is required by the terms of the Credit Agreement.

<sup>5</sup> To be added only if the consent of the Company is required by the terms of the Credit Agreement.



**CABOT CORPORATION**  
**CREDIT AGREEMENT**

**STANDARD TERMS AND CONDITIONS FOR**  
**ASSIGNMENT AND ASSUMPTION**

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and it is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(a) and 5.01(b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (vi) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto, (vii) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee, and (viii) if it is a U.S. Lender or Non-U.S. Lender, agrees that it shall deliver such other documentation as is reasonably required by the Administrative Agent pursuant to Section 2.17 of the Credit Agreement; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and

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information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

**FORM OF US TAX CERTIFICATE**

*(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)*

Reference is made to the Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Company or any Borrower within the meaning of Section 881(c)(3)(B) of the Code, (iv) it is not a "controlled foreign corporation" related to the Company or any Borrower as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a United States trade or business.

The undersigned has furnished the Administrative Agent and the Company with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Administrative Agent and (2) the undersigned shall have at all times furnished the Company and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date:

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**FORM OF US TAX CERTIFICATE**

*(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)*

Reference is made to the Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a "10 percent shareholder" of the Company or any Borrower within the meaning of Section 881(c)(3)(B) of the Code, (v) none of its partners/members is a "controlled foreign corporation" related to the Company or any Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a United States trade or business.

The undersigned has furnished the Administrative Agent and the Company with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Administrative Agent and (2) the undersigned shall have at all times furnished the Company and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:  
Date:

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**FORM OF U.S. TAX CERTIFICATE**

*(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)*

Reference is made to the Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Company or any Borrower within the meaning of Section 881(c)(3)(B) of the Code, (iv) it is not a "controlled foreign corporation" related to the Company or any Borrower as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a United States trade or business.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name:

Title:

Date:

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**FORM OF US TAX CERTIFICATE**

*(For Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)*

Reference is made to the Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower") and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a "10 percent shareholder" of the Company or any Borrower within the meaning of Section 881(c)(3)(B) of the Code, (v) none of its partners/members is a "controlled foreign corporation" related to the Company or any Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a United States trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:  
Date:

**FORM OF DESIGNATED BORROWER REQUEST  
AND ASSUMPTION AGREEMENT**

Date: \_\_\_\_\_,

To: JPMorgan Chase Bank, N.A., as Administrative Agent

Ladies and Gentlemen:

This Designated Borrower Request and Assumption Agreement is made and delivered pursuant to Section 2.23(b) of that certain Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank. All capitalized terms used in this Designated Borrower Request and Assumption Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Each of \_\_\_\_\_ (the "Additional Designated Borrower") and the Company hereby confirms, represents and warrants to the Administrative Agent and the Lenders that the Additional Designated Borrower is a Subsidiary of the Company.

The documents required to be delivered to the Administrative Agent under Sections 2.23 and 4.03 of the Credit Agreement will be furnished to the Administrative Agent in accordance with the requirements of the Credit Agreement.

The parties hereto hereby confirm that with effect from the date hereof, the Additional Designated Borrower shall have obligations, duties and liabilities toward each of the other parties to the Credit Agreement identical to those which the Additional Designated Borrower would have had if the Additional Designated Borrower had been an original party to the Credit Agreement as a Borrower. The Additional Designated Borrower confirms its acceptance of, and consents to, all representations and warranties, covenants, and other terms and provisions of the Credit Agreement.

The parties hereto hereby request that the Additional Designated Borrower be entitled to receive Loans under the Credit Agreement, and understand, acknowledge and agree that neither the Additional Designated Borrower nor the Company on its behalf shall have any right to request any Loans for its account unless and until the date five Business Days after the effective date designated by the Administrative Agent in a Designated Borrower Notice delivered to the Company and the Lenders pursuant to Section 2.23(b) of the Credit Agreement.

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This Designated Borrower Request and Assumption Agreement shall constitute a Loan Document under the Credit Agreement.

THIS DESIGNATED BORROWER REQUEST AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

*IN WITNESS WHEREOF*, the parties hereto have caused this Designated Borrower Request and Assumption Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**[ADDITIONAL DESIGNATED BORROWER]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

CABOT CORPORATION

By: \_\_\_\_\_

Title: \_\_\_\_\_



**FORM OF DESIGNATED BORROWER NOTICE**

Date: \_\_\_\_\_,

To: Cabot Corporation and  
[applicable Designated Borrower]

The Lenders party to the Credit Agreement referred to below

Ladies and Gentlemen:

This Designated Borrower Notice is made and delivered pursuant to Section 2.23(b) of that certain Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank. All capitalized terms used in this Designated Borrower Notice and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

The Administrative Agent hereby notifies the Company and the Lenders that effective as of [\_\_\_\_], 20[\_\_\_\_], [\_\_\_\_] shall constitute a Designated Borrower for purposes of the Credit Agreement and may receive Loans for its account on the terms and conditions set forth in the Credit Agreement; provided that, pursuant to Section 2.23(b) of the Credit Agreement, no Borrowing Request may be submitted on behalf of such Designated Borrower until the date that is five (5) Business Days after the effective date set forth in this paragraph.

This Designated Borrower Notice shall constitute a Loan Document under the Credit Agreement.

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Mandatory Cost**

1. The Mandatory Cost (to the extent applicable) is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the "**Additional Cost Rate**") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Administrative Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum. The Administrative Agent will, at the request of the Company or any Lender, deliver to the Company or such Lender, as the case may be, a statement setting forth the calculation of any Mandatory Cost.
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by that Lender in its notice to the Administrative Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Administrative Agent as follows:

(a) in relation to a sterling Loan:

$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)} \text{ per cent, per annum}$$

(b) in relation to a Loan in any currency other than sterling:

$$\frac{E \times 0.01}{300} \text{ per cent, per annum}$$

Where:

- A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.
- B is the percentage rate of interest (excluding the Applicable Rate and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in Section 2.13(c)) payable for the relevant Interest Period on the Loan.

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- C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.
- D is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.
- E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.
5. For the purposes of this Exhibit:
- (a) "**Eligible Liabilities**" and "**Special Deposits**" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;
  - (b) "**Facility Office**" means the office or offices notified by a Lender to the Administrative Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.
  - (c) "**Fees Rules**" means the rules on periodic fees contained in the Financial Services Authority Fees Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
  - (d) "**Fee Tariffs**" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate);
  - (e) "**Participating Member State**" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to economic and monetary union;
  - (f) "**Reference Banks**" means, in relation to Mandatory Cost, the principal offices in the United Kingdom of each Lender with a Eurocurrency Payment Office in the United Kingdom;
  - (g) "**Tariff Base**" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules; and
  - (h) "**Unpaid Sum**" means any sum due and payable but unpaid by the Company or any Borrower under the Loan Documents.
6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

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7. If requested by the Administrative Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.
  8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:
    - (a) the jurisdiction of its Facility Office; and
    - (b) any other information that the Administrative Agent may reasonably require for such purpose.Each Lender shall promptly notify the Administrative Agent of any change to the information provided by it pursuant to this paragraph.
  9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a lending office in the same jurisdiction as its Facility Office.
  10. The Administrative Agent shall have no liability to any Person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.
  11. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
  12. Any determination by the Administrative Agent pursuant to this Exhibit in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.
  13. The Administrative Agent may from time to time, after consultation with the Company and the Lenders, determine and notify to all parties hereto any amendments which are required to be made

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to this Exhibit in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

**FORM OF COMPLIANCE CERTIFICATE**

Financial Statement Date: \_\_\_\_\_,

To: JPMorgan Chase Bank, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank.

The undersigned Financial Officer hereby certifies as of the date hereof that he/she is the \_\_\_\_\_ of the Company, and that, as such, he/she is authorized to execute and deliver this Certificate to the Administrative Agent on behalf of the Company, and that:

*[Use following paragraph 1 for fiscal **year-end** financial statements]*

1. **[Attached hereto as Schedule 1 are the][The]** year-end audited financial statements required by Section 5.01(a) of the Agreement for the fiscal year of the Company ended as of the Financial Statement Date set forth above, **together** with the report and opinion of an independent public accountant required by such section **[have been electronically delivered to the Administrative Agent pursuant to the terms of Section 5.01 of the Agreement]**.

*[Use following paragraph 1 for fiscal **quarter-end** financial statements]*

1. **[Attached hereto as Schedule 1 are the][The]** unaudited financial statements required by Section 5.01(b) of the Agreement for the fiscal quarter and the then elapsed portion of the fiscal year of the Company ended as of the Financial Statement Date set forth above **[have been electronically delivered to the Administrative Agent pursuant to the terms of Section 5.02 of the Agreement]**. Such financial statements fairly present in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes.

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2.

*[select one:]*

**[The Company and each other Borrower performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default or Event of Default has occurred and is continuing.]**

**—or—**

**[The following covenants or conditions have not been performed or observed and the following is a list of each such Default or Event of Default and its nature and status:]**

3. The representations and warranties of the Borrowers set forth in the Loan Documents (other than the representations and warranties set forth in Sections 3.04(b), 3.05 and 3.09 of the Credit Agreement) are true and correct in all material respects (or in all respects if the applicable representation or warranty is already qualified by concepts of materiality) on and as of the date hereof.

4. The financial covenant analyses and information set forth on Schedule 2 attached hereto are true and accurate on and as of the date of this Certificate.

*IN WITNESS WHEREOF*, the undersigned has executed this Certificate as of \_\_\_\_\_, \_\_\_\_\_.

CABOT CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE 2**  
to the Compliance Certificate  
(\$ in 000's)

**I. Section 6.05(c) – Consolidated Interest Coverage Ratio.**

A. Consolidated EBITDA for four consecutive fiscal quarters ending on above date ("Reference Period"):		
1. Consolidated Net Income for Reference Period:	\$	
2. Consolidated Interest Charges for Reference Period:	\$	
3. Provision for Federal, state, local and foreign income taxes for Reference Period:	\$	
4. amortization expense for Reference Period	\$	
5. depreciation expense for Reference Period:	\$	
6. other non-cash charges for Reference Period:	\$	
7. non-cash income or gains (including income tax benefits):	\$	
8. Consolidated EBITDA (Lines I.A.1 + 2 + 3 + 4 + 5 + 6 – 7) <sup>6</sup> :	\$	
B. cash portion of Consolidated Interest Charges for Reference Period:	\$	
C. Consolidated Interest Coverage Ratio (Lines I.A.8 ÷ Line I.B):		to 1.0

**II. Section 6.05(a) – Consolidated Leverage Ratio.**

A. Consolidated Total Debt:	\$	
B. Consolidated EBITDA for Reference Period (See Line I.A.8 above):	\$	
C. Consolidated Leverage Ratio (Line II.A ÷ II.B):		to 1.0

<sup>6</sup> Additions to Consolidated Net Income are to be made without duplication and to the extent deducted from revenues in determining such Consolidated Net Income, and subtractions are to the extent included in Consolidated Net Income.



**III. Section 6.05(b) – Total Indebtedness of Subsidiaries to Total Capitalization.**

A.	Total Indebtedness of Subsidiaries:	\$
B.	Total Capitalization:	\$
C.	Ratio of Total Indebtedness of Subsidiaries to Total Capitalization (Line III.A ÷ Line III.B):	%

**FORM OF INCREASING LENDER SUPPLEMENT**

INCREASING LENDER SUPPLEMENT, dated \_\_\_\_\_, 20\_\_\_\_ (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank. Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

## W I T N E S S E T H

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the aggregate Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its Commitment and/or to participate in such a tranche;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to [increase the aggregate Commitments] [and] [enter into a tranche of Incremental Term Loans] pursuant to such Section 2.21; and

WHEREAS, pursuant to Section 2.21 of the Credit Agreement, the undersigned Increasing Lender now desires to [increase the amount of its Commitment] [and] [participate in a tranche of Incremental Term Loans] under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall [have its Commitment increased by \$[\_\_\_\_], thereby making the aggregate amount of its total Commitments equal to \$[\_\_\_\_]] [and] [participate in a tranche of Incremental Term Loans with a commitment amount equal to \$[\_\_\_\_] with respect thereto].
2. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments and/or Incremental Term Loan contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and/or Incremental Term Loan and (B) the Company is and shall be in pro forma compliance with the leverage covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.

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3. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.
  4. This Supplement 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 document.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF INCREASING LENDER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and agreed to as of the date first written above:  
CABOT CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged as of the date first written above:  
JPMORGAN CHASE BANK, N.A.  
as Administrative Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**EXHIBIT H**

**FORM OF AUGMENTING LENDER SUPPLEMENT**

AUGMENTING LENDER SUPPLEMENT, dated \_\_\_\_\_, 20\_\_\_\_ (this "Supplement"), to the Credit Agreement, dated as of August 26, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cabot Corporation, a Delaware corporation (the "Company"), certain of its Subsidiaries from time to time party thereto (each a "Designated Borrower" and together with the Company, the "Borrowers"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), Swingline Lender and Issuing Bank. Capitalized terms used herein and not defined herein shall have the meanings defined in the Credit Agreement.

W I T N E S S E T H

WHEREAS, the Credit Agreement provides in Section 2.21 thereof that any bank, financial institution or other entity may [extend Commitments] [and] [participate in tranches of Incremental Term Loans] under the Credit Agreement subject to the approval of the Company and the Administrative Agent, and, except in the case of an Incremental Term Loan, the Swingline Lender and the Issuing Bank, by executing and delivering to the Company and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned Augmenting Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Augmenting Lender agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date of this Supplement, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a [Commitment with respect to Revolving Loans of \$[ ] [and] [a commitment with respect to Incremental Term Loans of \$[ ]].
2. The undersigned Augmenting Lender (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and it is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies

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of the most recent financial statements delivered pursuant to Section 5.01(a) and 5.01(b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (vi) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto, (vii) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee, and (viii) if it is a U.S. Lender or Non-U.S. Lender, agrees that it shall deliver such other documentation as is reasonably required by the Administrative Agent pursuant to Section 2.17 of the Credit Agreement; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, 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 the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:  
[            ]
4. The Company hereby represents and warrants that on the proposed date of the effectiveness of the increase in the aggregate Commitments and/or Incremental Term Loan contemplated hereby, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 of the Credit Agreement are and shall be satisfied both before and immediately after giving effect to such increase in the aggregate Commitments and/or Incremental Term Loan and (B) the Company is and shall be in pro forma compliance with the leverage covenant set forth in Section 6.05(a) of the Credit Agreement as determined in the manner required by Section 2.21 of the Credit Agreement.
5. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.
6. This Supplement 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 document.

[remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF AUGMENTING LENDER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and agreed to as of the date first written  
above:

CABOT CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
[JPMORGAN CHASE BANK, N.A.,  
as Swingline Lender and Issuing Bank]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT**

**by and among**

**Cabot Corporation**

**and**

**GAM International Pty Ltd**

**ACN 152 453 293**

**and**

**Global Advanced Metals USA, Inc.**

**and**

**Global Advanced Metals Pty Ltd**

**ACN 139 987 465**

**Dated as of August 24, 2011**

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<u>Exhibit E</u>	Form of Corporate Split Agreement
<u>Exhibit F</u>	Form of GAM Supply Agreement
<u>Exhibit G</u>	Form of Guaranty and Security Agreement
<u>Exhibit H</u>	Form of Intellectual Property Assignment and License Agreement
<u>Exhibit I</u>	Forms of Japan Security Agreements
<u>Exhibit J</u>	Forms of Japan Promissory Notes
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**AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT**

This Amended and Restated Sale and Purchase Agreement (this "Agreement"), dated as of August 24, 2011, is by and among Cabot Corporation, a Delaware corporation ("Seller"), GAM International Pty Ltd, ACN 152 453 293, incorporated in Australia ("Purchaser"), Global Advanced Metals USA, Inc., a Delaware corporation ("U.S. Purchaser"), and Global Advanced Metals Pty Ltd, ACN 139 987 465, incorporated in Australia ("Guarantor").

**WHEREAS:**

A. Seller and Cabot Supermetals K.K., a stock company incorporated pursuant to the Commercial Code of Japan (the "Selling Affiliate"), are engaged in (i) the business of manufacturing and selling tantalum and niobium powder and fabricated products and alloys having a principal component consisting of tantalum or niobium metal and (ii) the development of metal powders suitable for use in capacitor anodes and sputtering targets (collectively, the "Business").

B. Seller desires to sell, transfer and assign to Purchaser (or one or more wholly owned subsidiaries of Purchaser to be identified in accordance with Section 14.08), and Purchaser (either directly or through one or more such wholly owned subsidiaries) desires to acquire and assume from Seller the Purchased Assets and Assumed Liabilities, all on the terms and subject to the conditions set forth in this Agreement.

C. Through the establishment of a Japanese *kabushiki kaisha* (the "Company"), which will be wholly-owned by Selling Affiliate, and processes in accordance with the Corporate Split (as defined below), Selling Affiliate intends to reorganize that part of the Business conducted by it (the "Japan Business") such that the Japan Business, as currently conducted by Selling Affiliate, will be owned and operated by the Company.

D. Seller desires to cause the Selling Affiliate to sell, transfer and assign to Purchaser (or one or more wholly owned subsidiaries of Purchaser to be identified in accordance with Section 14.08) the Japan Business, by transferring all of Selling Affiliate's equity interests in the Company to Purchaser (or one or more such wholly owned subsidiaries) after the reorganization referred to in the preceding paragraph C, all on the terms and conditions hereinafter set forth, and Purchaser (either directly or through one or more such wholly owned subsidiaries) desires to purchase, the Japan Business from the Selling Affiliate by acquiring all of Selling Affiliate's equity interests in the Company, all on the terms and conditions hereinafter set forth.

E. Seller, Purchaser and Guarantor entered into a Sale and Purchase Agreement dated as of August 24, 2011 (the "SPA"), and the parties hereto now desire to amend and restate the SPA in accordance with the terms and conditions set forth in this Agreement.

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**NOW THEREFORE**, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and upon the terms and subject to the conditions set forth in this Agreement, Purchaser and Seller hereby agree as follows:

**ARTICLE I**  
**DEFINITIONS**

Section 1.01. Definitions.

(a) Certain Terms. The following terms, as used in this Agreement, have the following respective meanings:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Assignment and Assumption Agreement" means an assignment and assumption agreement, dated as of the Closing Date, by and between Purchaser and Seller, in substantially the form attached hereto as Exhibit A.

"Balance Sheet Date" means June 30, 2011.

"Bill of Sale" means a bill of sale, dated as of the Closing Date, executed and delivered by Seller to Purchaser, in substantially the form attached hereto as Exhibit B.

"Boytown Mortgage" means a mortgage in similar form as attached hereto as Exhibit C, but subject to further review and reasonable comment by Seller and Purchaser between the date hereof and the Closing Date.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in New York City, New York, Sydney, Australia or Tokyo, Japan are authorized or obligated by Law or executive order to close.

"Business Employee" means an individual who is currently employed by Seller or the Selling Affiliate and who devotes a majority of his or her business time to the operation of the Business.

"Closing Date" means the date on which the Closing occurs.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Collective Bargaining Agreements" means the following agreements, as amended from time to time: (a) Agreement dated October 12, 2010 between Seller and the International Chemical Workers Union Council/United Food And Commercial Workers (ICWUC/UFCW), Local 619C and (b) Agreement dated January 13, 2011 between Seller and the International Chemical Workers Union Council/United Food And Commercial Workers, Local 959C.

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"Competition Laws" means the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, the Antimonopoly Act of Japan, as amended, and any other federal, state or foreign Law designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade, other than the HSR Act.

"Contingent Payment Agreement" means a contingent payment agreement, dated as of the Closing Date, in substantially the form attached hereto as Exhibit D.

"Contract" means any contract, lease, indenture, note, bond, agreement or other instrument, in each case, whether written or oral.

"Copyrights" means copyrights in all works of authorship, whether published or unpublished, including copyrights in databases, data collections, Software, web site content or any other copyrightable work; copyrights in compilations, collections, collective works and derivative works of any of the foregoing and moral rights in any of the foregoing; any registration, recording or application for registration for any of the foregoing and any renewals or extensions thereof in the United States Copyright Office or in any similar office or agency of any other country or political subdivision.

"Corporate Split" means the statutory corporate split (*kasha bunkatsu*) to be implemented in accordance with the Corporate Split Agreement.

"Corporate Split Agreement" means the statutory corporate split agreement to be entered into by and between the Selling Affiliate and the Company, through which the Selling Affiliate transfers certain specified assets and liabilities relating to the Japan Business to the Company, substantially in the form attached hereto as Exhibit E.

"Disclosure Schedule" means the disclosure schedule delivered by Seller to Purchaser on the date of the execution and delivery of this Agreement, as the same may be modified or supplemented in accordance herewith.

"Documents" means all files, documents, instruments, papers, books, reports, records, tapes, microfilms, photographs, letters, budgets, forecasts, ledgers, journals, title policies, customer and supplier lists, regulatory filings, operating data and plans, commercial and technical documentation (design specifications, formulae, test reports, functional requirements, operating instructions, logic manuals, flow charts, etc.), user documentation (installation guides, user manuals, training materials, release notes, working papers, etc.), marketing documentation (sales brochures, flyers, pamphlets, web pages, marketing research, sales statistics, market share statistics, marketing surveys and reports, etc.) and information relating to the supply of materials to the Business, and other similar materials, in each case whether or not in electronic form, relating to the Business; provided that "Documents" shall not include duplicate copies of such Documents retained by Seller or its Affiliates (including the Company before the Closing, hereinafter the same) subject to the obligations relating to the use and disclosure thereof set forth in this Agreement.

"Domain Names" means all Internet domain names registered with or assigned by any domain name registrar, domain name registry or other domain name registration authority and all registrations or applications for any of the foregoing.



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"Employee Plan" means (i) each "employee benefit plan," as defined in Section 3(3) of ERISA, (ii) each employment, consulting, employee non-competition, employee non-solicitation, employee loan or other compensation agreement, (iii) each other severance pay, retention, change in control, salary continuation, bonus, incentive, stock option or other equity or equity-based award, retirement, pension, profit sharing or deferred compensation plan, contract, program, fund or arrangement and (iv) each other employee benefit plan, contract, program, fund, or arrangement in respect of any Business Employee or former Business Employee that is sponsored or maintained by the Seller or the Selling Affiliate or with respect to the which the Seller or the Selling Affiliate contributes or is required to contribute in connection with the Business, in each case other than the Collective Bargaining Agreements.

"Environment" means the environment, natural resources (including human health, flora and fauna) and any surface, subsurface, or physical medium, including: (i) land surface; (ii) surface water; (iii) groundwater; (iv) subsurface strata; and (v) ambient air, including air within buildings and other man-made structures.

"Environmental Claim" means any Proceeding by any Person alleging Liability (including Liability for investigatory costs, cleanup costs, governmental response costs, natural resource damages, personal injuries, property damage, fines or penalties) for any Losses arising from or relating in any way to any actual or alleged (i) Release or presence of, or exposure to, Hazardous Materials or (ii) noncompliance with, or Liability under, any Environmental Law.

"Environmental Laws" means Laws that relate to (i) the protection, investigation or restoration of the Environment or human health and safety, (ii) the handling, use, management, storage, treatment, transport, disposal, presence or Release of, or exposure to, any Hazardous Materials or (iii) noise, odor or wetlands protection.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Excess Tantalum Inventory" means Tantalum Inventory of the Business (including all raw materials, ore, work in progress and Products) as of the Closing in excess of 530,000 pounds.

"Excess Tantalum Inventory Note" means a secured promissory note having a principal amount equal the Excess Tantalum Inventory Value, dated as of the Closing Date and executed by the U.S. Purchaser, in substantially the form attached hereto as Exhibit Q.

"Excluded Contracts" means the Contracts set forth on Schedule 1.01(a).

"Furniture and Equipment" means all machinery, spare parts, tools, furniture, fixtures, furnishings, equipment, vehicles, leasehold improvements, and other tangible personal property, including all artwork, desks, chairs, tables, Hardware, copiers, telephone lines and numbers, telecopy machines and other telecommunication equipment, cubicles and miscellaneous office furnishings and supplies.

"GAAP" means generally accepted accounting principles in the United States of America.

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"GAM Supply Agreement" means a tantalum supply agreement, dated as of the Closing Date, by and between a U.S. subsidiary of Purchaser and Purchaser and/or one or more Affiliates of Purchaser, in a similar form as attached hereto as Exhibit F, but subject to further review and reasonable comment by Seller and Purchaser between the date hereof and the Closing Date.

"Governmental Authority" means any legislature, administrative body, agency, instrumentality, court, tribunal or other authority of any international, national, federal, state, local or other government or political subdivision thereof.

"Guaranty and Security Agreement" means a guaranty and security agreement, dated as of the Closing Date, in substantially the form attached hereto as Exhibit G.

"Hardware" means any and all computer and computer-related hardware, including, but not limited to, computers, file servers, facsimile servers, scanners, color printers, laser printers and networks.

"Hazardous Materials" means any chemical, material, substance or preparation defined as a "hazardous substance", "toxic substance", "hazardous waste," or "designated hazardous substances" or any other term of similar import under any Environmental Law, and any other chemical, material, substance or preparation that is regulated in any way under any Environmental Law, including petroleum products, constituents and by-products, asbestos and asbestos-containing materials, radiation and radioactive materials and polychlorinated biphenyls.

"HSR Act" means the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments or which bear interest, (c) all reimbursement obligations with respect to drawn letters of credit, bankers' acceptances, surety bonds and performance bonds, whether or not matured, (d) all guaranty obligations of such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property, assets or services (but excluding trade accounts payable arising in the ordinary course of business), (f) any interest rate or currency swap or similar hedging agreement, and (g) any capital lease obligation (as defined by GAAP) of such Person.

"Initial Purchase Price" means the sum of (i) the Closing Cash Consideration, (ii) the amounts payable pursuant to the U.S. Promissory Notes, (iii) the amounts payable pursuant to the Japan Promissory Notes, (iv) the amounts payable pursuant to the Contingent Payment Agreement and (v) the amounts payable pursuant to the Excess Tantalum Inventory Note.

"Intellectual Property" means any and all of the following in any jurisdiction throughout the world, by whatever name or term known or designated: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice) as well as all improvements thereto, (b) all Patents, (c) all Trademarks, (d) all Copyrights, (e) all rights of publicity, (f) all Trade Secrets, (g) all other intellectual property and proprietary rights recognized in any country or jurisdictions in the world, and (h) all claims and rights in and to all income, royalties, damages, claims, and payments now or hereafter due or payable with respect to any of the foregoing, and in and to all

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causes of action, either in law or in equity, for past, present or future infringement, misappropriation, violation, dilution, unfair competition or other unauthorized use or conduct in derogation or violation of or based on any of the foregoing rights, and the right to receive all proceeds and damages therefrom, unless not permitted by this Agreement.

"Intellectual Property Assignment and License Agreement" means an intellectual property assignment and license agreement, dated as of the Closing Date, in substantially the form attached hereto as Exhibit H.

"Intercompany Accounts Receivable" means all accounts or notes receivable by Seller or the Selling Affiliate from any Affiliate.

"Intercompany Accounts Payable" means all accounts or notes payable by Seller or the Selling Affiliate to any Affiliate.

"IRS" means the U.S. Internal Revenue Service.

"Japan Promissory Notes" means two secured promissory notes having principal amounts of \$70,000,000 and \$4,288,322.94, respectively, each dated as of the Closing Date and executed by the Company, in substantially the forms attached hereto as Parts 1 and 2 of Exhibit J.

"Japan Purchaser" means a Japanese subsidiary of Purchaser, which will be a Japanese KK, that purchases the Company at the Closing.

"Japan Security Agreement" means, collectively, security agreements, each dated as of the Closing Date, in similar forms as attached hereto as Exhibit I, but subject to further review and reasonable comment by Seller and Purchaser between the date hereof and the Closing Date.

"Knowledge" means the actual knowledge (which, for the avoidance of doubt, does not include information of which they may be deemed to have only constructive knowledge) after due inquiry of the respective individuals, with respect to Seller, set forth on Schedule 1.01(b), and with respect to Purchaser, set forth on Schedule 1.01(c).

"Law" means any law (including common law), statute, directive, ordinance, rule, regulation, treaty, international convention, judgment, decree, ruling, injunction, order or binding requirement of any Governmental Authority.

"Liability" means any direct or indirect liability, obligation, guaranty, claim, loss, damage, deficiency, cost or expense, whether relating to payment, performance or otherwise, known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not required to be reflected or reserved against on the financial statements of the obligor under GAAP.

"Lien" means, with respect to any property or asset, any lien, mortgage, standard security, pledge, charge, security interest or other encumbrance in respect of such property or asset, other than any Permitted Lien.

"Losses" means (i) any and all direct damages, claims, losses, charges, actions, suits, proceedings, deficiencies, Taxes, interest, penalties and reasonable costs and expenses (including reasonable attorneys' fees) incurred, paid or suffered as a result of an event, occurrence or breach that is the subject of indemnification hereunder or (ii) if and to the extent such direct damages do not adequately compensate an Indemnified Party for all losses incurred, paid or suffered in connection with such event, occurrence or breach, all losses that are the expected and foreseeable consequences of such event, occurrence or breach, if and to the extent such can be proved with reasonable certainty based on established facts. "Losses" will in no event include exemplary, punitive or special damages unless such damages are payable to a non-Affiliate third party.

"Material Adverse Effect" means a material adverse effect on the business, operations or condition (financial or otherwise) of (i) the Business, taken as a whole, determined in each case without regard to any facts, circumstances, events or changes to the extent (a) generally affecting the tantalum industry or the segments thereof in which Seller, the Selling Affiliate or the Company operate (including changes to commodity or raw material prices) in the United States or elsewhere, (b) generally affecting the Business's suppliers, (c) generally affecting the economy or the financial, debt, credit or securities markets in the United States or elsewhere, (d) resulting from any political conditions or developments in the United States or elsewhere (e) resulting from any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism (other than any of the foregoing in this clause (e) to the extent that it causes any direct damage or destruction to, or renders physically unusable or inaccessible, any facility or property of Seller, the Selling Affiliate or the Company), (f) reflecting or resulting from changes or proposed changes in Law (including rules and regulations) or interpretation thereof or GAAP (or interpretations thereof), (g) resulting from actions of Seller, the Selling Affiliate or the Company that Purchaser has expressly requested in writing or to which Purchaser has expressly consented in writing or (h) resulting from the announcement of this Agreement and the transactions contemplated hereby (but only to the extent arising out of the identity of or facts relating to Purchaser or the fact that the Business is being sold); provided, however, that in the cases of clauses (a), (b), (c), (d) or (e), such facts, circumstances, events or changes do not disproportionately adversely affect the Business as compared to other similarly situated businesses or (ii) the Company's facility located in Aizu, Japan as a result of the March 2011 earthquake and tsunami.

"Minimum Tantalum Inventory" means 530,000 pounds in aggregate of Tantalum Inventory, including all raw materials, ore, work in progress and Products, comprised of the following:

(b) between 225,000 pounds and 275,000 pounds in aggregate of tantalum ore,  $K_2TaF_7$  and scrap; and

(c) between 252,000 pounds and 308,000 pounds in aggregate of (i) capacitor powder work in progress and finished goods, (ii) mill work in progress, finished goods and scrap and (iii) tantalum trays.

"Minimum Non-Tantalum Inventory" means an amount of Non-Tantalum Inventory which is necessary to operate the Business as currently conducted and as proposed to be conducted following the Closing, and in any event shall be not less than \$5.0 million (in respect

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of raw materials, spare parts and packing materials) and not less \$2.0 million (in respect of niobium mill inventory) calculated by reference to book value in accordance with GAAP and on a basis consistent with past practice.

"Net Accounts Receivable" means: (a) the accounts receivable included in the Purchased Assets or relating to the Japan Business, minus (b) the accounts payable included in the Assumed Liabilities or relating to the Japan Business; and in the case of both clauses (a) and (b), calculated in accordance with GAAP and on a basis consistent with past practice.

"Non-Tantalum Inventory" means all inventory, supplies, spare parts and consumables of the Business, including all raw materials, work in progress and Products but excluding all Tantalum Inventory.

"Noventa Agreement" means the Tantalite Concentrate Supply Agreement, dated as of March 1, 2007, by and between Seller, Speciality Minerals Company Limited, Highland African Mining Company Limited and Noventa Ltd, as amended by letter agreement dated as of April 4, 2008, and as further amended by the Amendment to Tantalite Concentrate Supply Contract, dated as of June 14, 2010.

"Organizational Document" means with respect to any Person that is an entity, the articles of incorporation, certificate of incorporation, articles of organization, articles of association, charter, bylaws or other similar organizational documents relating to the creation and governance of such entity and its relationship with its owners.

"Parent Guarantee" means a guarantee, dated as of the Closing Date, executed by Purchaser and Global Advanced Metals Pty Ltd., in substantially the form attached hereto as Exhibit K.

"Patents" means all patents of the United States or any other country or political subdivision, including industrial and utility models, industrial designs, petty patents, patents of importation, patents of addition, certificates of invention, design patents, patent applications, and patent disclosures, and any other indicia of invention ownership issued or granted by any Governmental Authority, including all provisional applications, priority and other applications, divisionals, continuations (in whole or in part), extensions, reissues, re-examinations or equivalents or counterparts of any of the foregoing; and any registration or recording of any patent, any application for patent in the United States or any other country, including any such registration, recording, or application in the United States Patent and Trademark Office or in any similar office or agency of any other country or political subdivision.

"Permits" means any approvals, authorizations, consents, licenses, registrations, permits or certificates of a Governmental Authority applicable to the Business or the Purchased Assets.

"Permitted Liens" means (i) Liens disclosed on Schedule 1.01(d), (ii) Liens disclosed on the Financial Statements or notes thereto or securing liabilities reflected on the Financial Statements or notes thereto, (iii) Liens for Taxes, assessments and similar charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings, (iv) mechanic's, workmen's, materialmen's, carrier's, repairer's, warehousemen's and other similar Liens arising or incurred in the ordinary course of business for amounts which

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are not due and payable and which are not, individually or in the aggregate, significant, (v) easements, quasi-easements, licenses, covenants, rights-of-way, and other similar restrictions, including any other agreements, conditions or restrictions that would be shown in a current title report or other similar report or listing, (vi) Liens on the lessors' or prior lessors' interests and matters of record affecting title to property that do not materially impair the occupancy or use of such property for the purposes for which it is currently used in connection with the Business, (vii) zoning, building and other land use regulations regulating the use or occupancy of real property or activities conducted thereon imposed by governmental agencies having jurisdiction over such real property which are not violated by the current use and operation of such real property or the operation of the Business thereon, (viii) Liens arising by operation of Law and (ix) other Liens which, individually or in the aggregate, do not and would not reasonably be expected to materially adversely affect the operation of the Business as currently conducted.

"Person" means an individual, corporation, public limited company, limited liability company, stock company, partnership, association, trust or other entity or organization, including any Governmental Authority.

"Post-Closing Tax Period" means all taxable periods beginning after the Closing Date and the portion beginning on the day after the Closing Date of any tax period that includes but does not end on the Closing Date.

"Pre-Closing Tax Period" means all taxable periods ending on or prior to the Closing Date and the portion ending on the Closing Date of any taxable period that includes but does not end on the Closing Date.

"Proceeding" means any proceeding, litigation, action, claim, suit, arbitration, investigation, written notice or written demand.

"Products" means any and all products developed, manufactured, marketed or sold by Seller and the Selling Affiliate in connection with the Business.

"Registered" shall mean issued by, registered with, renewed by or the subject of a pending application before any Governmental Authority or Internet domain name registrar.

"Release" means any actual or threatened releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, seeping, dispersal, leaching, dumping, disposing, migrating or placing of Hazardous Materials into the Environment (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Materials).

"Retained Environmental Liabilities" means any Liability (whether arising before, on or after the Closing Date) arising from or associated with any actual or alleged Releases, or any presence of, or exposure to, Hazardous Materials, at, on, under or emanating to or from (i) any real property formerly owned, leased, occupied or otherwise used for any purpose by Seller, the Selling Affiliate and/or the Business or (ii) locations that never were owned, leased or occupied by the Seller, the Selling Affiliate and/or the Business, but which received Hazardous Materials from Seller, the Selling Affiliate and/or the Business on or before the Closing Date.

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"Shares" means all of the equity interests of the Company on the Closing Date.

"Software" means (a) all computer programs, including source code and object code versions, (b) all data, databases and compilations of data, whether machine readable or otherwise and (c) all documentation, training materials and configurations related to any of the foregoing.

"Special Environmental Liabilities" means Liabilities arising from Proceedings or related investigation or remediation activities in connection with (i) Hazardous Materials in groundwater at or migrating to or from the Aizu, Japan site or the Boyertown, Pennsylvania site on or prior to the Closing Date, (ii) those facts, conditions and circumstances identified in that certain Phase I Environmental Site Assessment and Limited Compliance Review of Cabot Supermetals, 650 and 1223 County Line Road, Boyertown PA, prepared by Environmental Resources Management for Cabot Supermetals, dated March 2011 and (iii) those facts, conditions and circumstances identified in that certain Phase I Environmental Due Diligence Assessment and Limited Compliance Review for Cabot Supermetals KK., 111 Nagayachi, Higashinagahara, Kawahigashi-cho, Aizuwakamatsu City, Fukushima, Japan, dated as of March 2011.

"TANCO Supply Agreement" means a tantalum supply agreement, dated as of the Closing Date, by and between Purchaser and/or the Company, and Seller and/or one or more Affiliates of Seller, in a similar form as attached hereto as Exhibit L, but subject to further review and reasonable comment by Seller and Purchaser between the date hereof and the Closing Date.

"Tantalum Inventory" means inventory of the Business containing tantalum and measured in contained pounds of tantalum metal.

"Target Net Accounts Receivable" means \$25 million.

"Tax Returns" means any return, declaration, report, claim, election, loss surrender agreement, information statement or other similar document filed with a Governmental Authority relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

"Taxes" means any tax, duty, charge or other similar levy of any kind whatsoever levied or imposed by any supranational, national, federal, state, provincial, local, foreign or other Governmental Authority, including income, gross receipts, windfall profits, value added, severance, property, production, sales, goods and services, use, license, excise, franchise, employment, withholding or similar taxes, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, whether disputed or not.

"Trademarks" means trademarks, service marks, trade dress, trade style, fictional business names, trade names, corporate or commercial names, certification marks, collective marks, Domain Names and other proprietary rights to any words, names, slogans, symbols, logos, devices, identifiers or combinations thereof used to identify, distinguish and indicate the source or origin of goods or services; registrations, renewals, applications for registration, recording, equivalents and counterparts of the foregoing; and any application in connection therewith, including any such registration, recording, or application in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, or any other country or political subdivision of such other country; and the goodwill of the business associated with each of the foregoing.

"Trade Secrets" means anything that would constitute a "trade secret" under applicable law, including know-how, confidential information and proprietary information.

"Transfer Documents" means the Bill of Sale, the Assignment and Assumption Agreement, share transfer instruments with respect to the Shares and the Intellectual Property Assignment and License Agreement.

"Transition Services Agreement" means a transition services agreement, dated as of the Closing Date, in substantially the form attached hereto as Exhibit M.

"Union Employee" means each Business Employee who is covered by a Collective Bargaining Agreement.

"U.S. Employee Plan" means each Employee Plan maintained in the United States.

"U.S. Promissory Notes" means two secured promissory notes having principal amounts of \$105,000,000 and \$6,432,484.40, respectively, each dated as of the Closing Date and executed by the U.S. Purchaser, in substantially the forms attached hereto as Parts 1 and 2 of Exhibit N.

"Washington University Sub-license" means the sub-license by Seller to Purchaser in respect of the Amended and Restated License Agreement, dated as of August 31, 2007, between Seller and Washington University of St. Louis, in substantially the form attached hereto as Exhibit O.

(b) Other Terms. The following terms, as used in this Agreement, have the respective meanings set forth in the following Sections of this Agreement:

<b>Term</b>	<b>Section</b>
Acquired Intellectual Property	5.11(a)
Actuary Certificate	10.14(d)
Adjusted Closing Cash Consideration	3.01(a)(i)
Agreement	Preamble
Asset Acquisition Statement	3.01(b)
Assigned Contracts	2.01(a)
Assumed Liabilities	2.03
Assumed Tax Liabilities	2.03(f)
Billerica Reactor	2.02(o)



<b>Term</b>	<b>Section</b>
Business	Recital A
Certain Seller Intellectual Property	9.04
Claim Notice	12.04(b)
Closing	4.01
Closing Cash Consideration	3.01(a)(i)
Closing Net Accounts Receivable	3.03(a)
Closing Non-Tantalum Inventory	7.03(c)(i)
Closing Statement	3.03(a)
Closing Tantalum Inventory	7.03(c)(i)
Commitment Letters	6.05
Company	Recital C
Company Benefit Plan	10.14(a)
Competitive Activities	7.04(a)
Confidentiality Agreement	8.01(a)
Current Insurance Policies	7.05(a)
DB Transfer Date	10.14(b)
DDTC	7.07
EICC	5.04
Excess Tantalum Inventory Value	7.03(c)(i)
Excluded Assets	2.02
Excluded Liabilities	2.04
Excluded Tax Liabilities	2.04(d)
FCPA	5.21
Final Closing Net Accounts Receivable	3.03(a)

<b>Term</b>	<b>Section</b>
Final Closing Statement	3.03(a)
Final Offer	3.03(c)
Final Purchase Price	3.01(a)(iv)
Final Working Capital Adjustment	3.03(a)
Financial Statements	5.06
Guarantor	Preamble
Improvements	5.10(e)
Indemnified Parties	12.03
Indemnifying Party	12.04(b)
Independent Accounting Firm	3.03(c)
Information	7.08
ITAR	7.07
Japan Assets	5.05
Japan Business	Recital C
Japan Liabilities	5.26
Japanese Benefit Plan	10.14(a)
Japanese Transferred Employees	10.14(a)
Latest Balance Sheet	5.06
Lease Consents	7.06(c)
Licensed Intellectual Property	5.11(a)
Non-solicitation Period	7.04(c)
Notice of Dispute	3.03(c)
Notice Period	12.04(b)
OFAC	5.22

<b>Term</b>	<b>Section</b>
Owned Intellectual Property	5.11(a)
Owned Property	5.10(a)
Potential Contributor	12.07
Prohibited Payment	5.21
Protocol	5.04
Purchased Assets	2.01
Purchaser	Preamble
Purchaser Actuary	10.14(d)
Purchaser DC Plan	10.08
Purchaser Indemnified Parties	12.03
Purchaser's Plans	10.04
Purchaser's Representatives	8.01(b)
Ratio	10.14(b)
Real Property Lease	5.10(a)
Retention Agreements	10.09
Revised Statements	3.01(b)
Sanctions	5.22
Seller	Preamble
Seller Actuary	10.14(c)
Seller Indemnified Parties	12.02
Seller Information	8.01(b)
Seller Property	5.10(a)
Selling Affiliate	Recital A
Severance Obligations	10.10

<b>Term</b>	<b>Section</b>
SPA	Recital E
Surveys	7.05(b)
TANCO	2.01(p)
Target Working Capital	3.02(a)(ii)
Termination Date	13.01(b)
Third Party Actuary	10.14(d)
Threshold Amount	12.06(a)
Title Commitments	7.06(a)
Title Company	7.06(a)
Title Policies	7.06(a)
Transfer Taxes	8.04
Transferred Working Capital	3.02(a)(i)
Underfunded Pension Amount	10.14(c)
U.S. Business	2.01
U.S. Business Employee	10.02(a)
U.S. Purchaser	Preamble
U.S. Transferred Employees	10.02(a)
Working Capital Adjustment	3.02(a)
Working Capital Estimate	3.02(b)

Other terms may be defined elsewhere in the text of this Agreement and, unless otherwise indicated, shall have such meaning throughout this Agreement. Any term defined in a singular form will have the same meaning when used in its plural form and any term defined in a plural form will have the same meaning when used in its singular form.

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## ARTICLE II

### PURCHASE AND SALE OF ASSETS AND SHARES; ASSUMPTION OF LIABILITIES

Section 2.01. Purchase and Sale of the Assets of the Seller. On the terms and subject to the conditions set forth in this Agreement, at the Closing Purchaser or U.S. Purchaser, as the case may be, shall purchase, acquire and accept from Seller, and Seller shall sell, transfer, assign, convey and deliver to Purchaser or U.S. Purchaser, as the case may be, all of Seller's right, title and interest in, to and under the Purchased Assets. "Purchased Assets" shall mean all assets of the Business conducted by the Seller as of the Closing (excluding, however, the Excluded Assets and, for the avoidance of doubt, those assets of the Japan Business currently owned by the Selling Affiliate) (the "U.S. Business") necessary to operate the U.S. Business as currently conducted, including without limitation the following:

(a) all Contracts to which Seller is a party, including any agreements related to the Acquired Intellectual Property, that relate to the U.S. Business other than the Excluded Contracts (the "Assigned Contracts");

(b) all accounts receivable of Seller arising from the U.S. Business;

(c) all inventory and supplies of the Business, including Tantalum Inventory and Non-Tantalum Inventory, including, for the avoidance of doubt, the Excess Tantalum Inventory;

(d) all deposits (including customer deposits and security deposits for rent, electricity, telephone or otherwise) and prepaid charges and expenses, including any prepaid rent, of Seller related to any Purchased Assets other than prepaid charges, expenses and rent under the Real Property Leases or in respect of the Owned Properties that are attributable to any period ending on or before the Closing Date;

(e) the Owned Property, together with all improvements, fixtures and other appurtenances thereto and rights in respect thereof, and all rights of Seller under each Real Property Lease, provided that, for the avoidance of doubt, U.S. Purchaser shall purchase all of the Owned Property located in the United States;

(f) all Furniture and Equipment of Seller used in the U.S. Business;

(g) all Owned Intellectual Property;

(h) all Documents used in the U.S. Business, including Documents relating to Products, services, marketing, advertising, promotional materials, Acquired Intellectual Property, and all files, customer files and documents (including credit information), supplier lists, records, literature and correspondence, and any Documents required to be maintained in relation to the Business under any applicable law, whether or not physically located on any of the premises referred to in clause (e) above, including personnel files for U.S. Transferred Employees and Japanese Transferred Employees, but excluding personnel files for employees of Seller and the Selling Affiliate who are not U.S. Transferred Employees or Japanese Transferred Employees, and excluding, in each case, such files as may be required to be withheld under applicable Law;

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- (i) all Permits;
  - (j) all research and development equipment used in the U.S. Business, including, without limitation, the research and development equipment listed on Schedule 2.01(j);
  - (k) all goodwill and other intangible assets associated with the U.S. Business, including the goodwill associated with the Owned Intellectual Property;
  - (l) all rights in and to the Niotan Inc. complaint;
  - (m) all rights in and to any claims Seller may have under the Noventa Agreement arising prior to the Closing Date;
  - (n) all rights and claims of Seller or the Selling Affiliate existing at Closing under any warranty, term, condition, guarantee or indemnity, whether express or implied, in favor of Seller or the Selling Affiliate in relation to any Purchased Asset;
  - (o) subject to Section 9.08, Seller's flame synthesis reactor located in Billerica, Massachusetts (the "Billerica Reactor"); and
  - (p) any other property or assets of Seller or the Selling Affiliate used primarily in connection with the U.S. Business.

Section 2.02. Excluded Assets. Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Purchaser or U.S. Purchaser, and Seller shall retain all right, title and interest in, to and under the Excluded Assets. "Excluded Assets" shall mean the following assets of Seller:

- (a) all Excluded Contracts;
- (b) all cash, cash equivalents, bank deposits or similar cash items of Seller and all bank accounts;
- (c) all minute books, Organizational Documents, stock registers and such other books and records of Seller pertaining to ownership, organization or existence of Seller and duplicate copies of such records as are necessary to enable Seller to file Tax returns and reports;
- (d) any Intellectual Property of Seller other than the Owned Intellectual Property;
- (e) any personnel files pertaining to any employee or former employee of Seller or the Selling Affiliate who is not a U.S. Transferred Employee or Japanese Transferred Employee;
- (f)(i) any other books and records that Seller is required by Law to retain; provided, however, that if permitted by applicable Law, Purchaser shall have the right to make copies of any portions of such retained books and records that relate to the U.S. Business or any of the Purchased Assets; and (ii) any documents relating to proposals to acquire the Business by Persons other than Purchaser;

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(g) any claim, right or interest of Seller in or to any refund, rebate, abatement or other recovery for Taxes in relation to periods ending on or before the Closing Date, together with any interest due thereon or penalty rebate arising therefrom;

(h) except as provided in Section 7.05, all insurance policies or rights to proceeds thereof relating to the assets, properties, business or operations of Seller;

(i) except as set forth in Sections 2.01(l) and 2.01(m), any rights, claims or causes of action of Seller against third parties relating to assets, properties, business or operations of Seller arising out of events occurring on or prior to the Closing Date;

(j) all Tax returns and financial statements of Seller and the Business and all records (including working papers) related thereto;

(k) all prepaid charges, expenses or rent under the Real Property Leases or any such other leases or in respect of the Owned Property that is attributable to any period ending on or before the Closing Date;

(l) all ownership interests of Seller in any Person (for avoidance of doubt, other than the Company);

(m) except as set forth in 2.01(m), all of Seller's credits, demands or rights of set-off against third parties arising on or before the Closing Date;

(n) except to the extent provided in Article X, all Employee Plans and related trusts or funding arrangements;

(o) all rights that accrue to Seller under this Agreement;

(p) all assets directly or indirectly owned by Tantalum Mining Corporation of Canada, Ltd. ("TANCO");

(q) subject to Section 9.08, the Billerica Reactor; and

(r) all Intercompany Accounts Receivable.

Section 2.03. Assumption of Liabilities. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser shall assume, effective as of the Closing, and shall timely perform, pay and discharge in accordance with their respective terms, the following Liabilities of Seller arising out of, relating to or otherwise in respect of the U.S. Business regardless of when incurred and including Liabilities incurred or arising prior to Closing (for the avoidance of doubt, excluding those Liabilities of the Japan Business currently owned by the Selling Affiliate) (collectively, the "Assumed Liabilities"):

(a) Liabilities of Seller under the Assigned Contracts;

(b) all Liabilities assumed by Purchaser in Article X;

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- (c) Liabilities arising from the sale of Products in the ordinary course of business, including pursuant to product warranties, product returns and rebates;
- (d) Liabilities in respect of (i) Environmental Laws; (ii) Environmental Claims; (iii) Releases; and (iv) any and all other matters relating to the Environment arising out of or otherwise related to the U.S. Business, other than the Retained Environmental Liabilities, and subject to Seller's obligations under Sections 12.03;
- (e) Liabilities constituting, or arising in connection with, accounts payable existing on the Closing Date (including, for the avoidance of doubt, (i) invoiced accounts payable and (ii) accrued but uninvoiced accounts payable); and
- (f) all Liabilities and commitments for Taxes arising out of or relating to or in respect of the Purchased Assets for any Post-Closing Tax Period (the "Assumed Tax Liabilities").

Section 2.04. Excluded Liabilities. Purchaser will not assume or be liable for any Excluded Liabilities, which shall remain the responsibility of Seller and the Selling Affiliate. "Excluded Liabilities" shall mean:

- (a) all Liabilities of Seller, including without limitation the Retained Environmental Liabilities, other than the Assumed Liabilities;
- (b) all Liabilities arising out of the Intercompany Accounts Payable;
- (c) all Liabilities arising from the Employee Plans and Business Employees, other than the Liabilities assumed by Purchaser in Article X; and
- (d) all Liabilities and commitments of Seller and the Selling Affiliate for Taxes arising out of or relating to or in respect of any business, asset, property or operation of Seller or the Selling Affiliate (including the Purchased Assets) for any Pre-Closing Tax Period (the "Excluded Tax Liabilities").

Section 2.05. Further Conveyances and Assumptions; Consent of Third Parties.

(a) From time to time following the Closing, Seller and Purchaser shall, and Seller shall cause the Selling Affiliate to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquittances and such other instruments, and shall take such further actions, as may be reasonably necessary or appropriate to assure fully to Purchaser, U.S. Purchaser and their respective successors or assigns, all of the rights, title and interests intended to be conveyed to Purchaser or U.S. Purchaser, as the case may be, under this Agreement and the Transfer Documents and to assure fully to Seller and the Selling Affiliate and their successors and assigns the assumption of the liabilities and obligations intended to be assumed by Purchaser under this Agreement and the Transfer Documents, and to otherwise make effective the transactions contemplated hereby and thereby.

(b) Nothing in this Agreement nor the consummation of the transactions contemplated hereby shall be construed as an attempt or agreement to assign any Purchased Asset or Shares, including any Contract, Permit, certificate, approval, authorization or other



right, which by its terms or by Law is not assignable without the consent of a third party or a Governmental Authority or is cancelable by a third party in the event of an assignment unless and until such consent shall have been obtained. Seller shall use its commercially reasonable efforts to cooperate with Purchaser at its request for up to 90 days following the Closing Date in endeavoring to obtain such consents promptly and shall cooperate with Purchaser and its Affiliates in any lawful, contractually permitted and economically feasible arrangement to provide that Purchaser and its Affiliates shall receive the interest of Seller and the Selling Affiliate in the benefits under any such Contract, Permit, certificate, approval, authorization or other right, including performance by Seller or the Selling Affiliate as agent; provided that Purchaser shall, or shall cause its applicable Affiliate to, undertake to pay or satisfy the corresponding liabilities for the enjoyment of such benefit to the extent Purchaser, or its applicable Affiliate, would have been responsible therefor hereunder if such consent had been obtained. Any and all upfront amounts paid for administrative costs to obtain a consent, whether before or after the Closing Date, shall be borne equally by Purchaser and Seller. All costs associated with obtaining a consent other than those costs described in the foregoing sentence shall be borne by Purchaser.

Section 2.06. Bulk Sales Laws. Purchaser hereby waives compliance by Seller and the Selling Affiliate with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Purchaser.

Section 2.07. Purchase and Sale of the Shares of the Company. On the terms and subject to the conditions set forth in this Agreement, at the Closing Purchaser shall purchase, acquire and accept from the Selling Affiliate, and Seller shall cause the Selling Affiliate to sell, transfer, assign, convey and deliver to Purchaser, all of the Shares.

### **ARTICLE III**

#### **CONSIDERATION**

Section 3.01. Purchase Price.

(a) Calculation and Payment of Purchase Price. In consideration for the transfer by Seller and the Selling Affiliate to Purchaser or U.S. Purchaser, as the case may be, of the Purchased Assets and the Shares, Purchaser shall assume the Assumed Liabilities and pay to Seller and/or the Selling Affiliate (as directed by Seller):

- (i) US\$175,000,000 in cash at Closing (the "Closing Cash Consideration", and, as adjusted pursuant to Sections 3.02, 7.03(c), 9.08 and 10.14, the "Adjusted Closing Cash Consideration");
- (ii) an aggregate of US\$135,900,000 in principal and interest payments pursuant to the U.S. Promissory Notes;
- (iii) an aggregate of US\$90,600,000 in principal and interest payments pursuant to the Japan Promissory Notes;

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- (iv) the amounts set forth in the Contingent Payment Agreement, upon the terms set forth therein; and
  - (v) the amounts payable pursuant the Excess Tantalum Inventory Note, upon the terms set forth therein.

The Adjusted Closing Cash Consideration shall be paid by wire transfer of immediately available funds to an account or accounts designated in writing by Seller to Purchaser at least three (3) Business Days prior to the Closing. The Initial Purchase Price shall be subject to adjustment as set out in the Final Closing Statement determined in accordance with Section 3.03 (as so adjusted, the "Final Purchase Price").

(b) Purchase Price Allocation. Seller and Purchaser will allocate the Purchase Price among the Shares and the Purchased Assets in accordance with the principles set forth on Schedule 3.01(b) and a statement (the "Allocation Statement") to be provided by Seller to Purchaser as soon as practicable after the Closing, which statement will be prepared in accordance with Section 1060 of the Code. If Purchaser disagrees with the Allocation Statement provided by Seller and the parties are unable to reach agreement, the matter will be resolved by an Independent Accounting Firm selected in the manner specified in Section 3.03(c). The decision of the Independent Accounting Firm as to the resolution of the dispute will be conclusive and binding on the parties. The fees and expenses of the Independent Accounting Firm will be divided equally between Seller and Purchaser. Seller and Purchaser will file all Tax Returns (including Form 8594) on a basis that is consistent with the Allocation Statement or the decision of the Independent Accounting Firm, as the case may be, and will take no position inconsistent therewith for Tax purposes unless required by an administrative or judicial determination.

#### Section 3.02. Closing Cash Consideration Adjustment.

(a) The Closing Cash Consideration may be increased or decreased by the Working Capital Adjustment, if any. The "Working Capital Adjustment" (which may be a positive or a negative number) shall be an amount equal to (x) the Transferred Working Capital (defined below) minus (y) the Target Working Capital (also defined below).

(i) "Transferred Working Capital" means an amount equal to the following items, in the aggregate:

(A) Prepayments. Any prepayment of Tax or other costs or obligations by Seller or the Selling Affiliate on or before the Closing Date with respect to periods after the Closing Date, shall be reflected as an asset on the Working Capital Estimate (defined below) and the Closing Statement (also defined below).

(B) Deferred Payments. All deferred or otherwise outstanding payment obligations associated with the Owned Properties or Real Property Leases which relate to liabilities that have been incurred on or prior to the Closing Date that have been assumed by Purchaser or for which Purchaser is otherwise responsible shall be reflected as a liability on the Working Capital Estimate and the Closing Statement.

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(C) Other Prorations. All prepayments, rents, current property or ad valorem Taxes of the current year, salaries, assessments, utilities, maintenance charges and similar expenses associated with the Owned Properties or Real Property Leases shall be prorated between Seller and the Selling Affiliate (as applicable) on the one hand, and Purchaser on the other hand, as of the Closing Date. To the extent such proration has not been effected by other means and to the extent of information then available, such proration shall be reflected on the Working Capital Estimate and the Closing Statement.

(ii) "Target Working Capital" shall mean \$0.

(b) Working Capital Estimate. An estimate of the Working Capital Adjustment shall be calculated by Seller and set forth in an estimate (the "Working Capital Estimate") delivered to Purchaser not later than five (5) Business Days prior to the scheduled date for Closing. The Working Capital Estimate shall contain information detailing the basis for Seller's calculations, and Purchaser and its representatives shall have access to such records of Seller and the Selling Affiliate as may be reasonably requested for verifying and confirming such amounts and calculations. If the Working Capital Adjustment set forth on the Working Capital Estimate is a positive number, such amount shall be added to the Closing Cash Consideration and paid by Purchaser to Seller and/or the Selling Affiliate on the Closing Date. If the Working Capital Adjustment set forth on the Working Capital Estimate is a negative number, such amount shall be deducted from the Closing Cash Consideration.

### Section 3.03. Post-Closing Purchase Price Adjustments.

(a) Closing Statement. Within one hundred and twenty (120) calendar days after the Closing, Purchaser shall deliver to Seller a written statement (the "Closing Statement") setting forth Purchaser's calculation of (i) the Working Capital Adjustment and (ii) the Net Accounts Receivables as of the point in time immediately prior to the Closing (the "Closing Net Accounts Receivable"). The Closing Statement shall contain information detailing the basis for Purchaser's calculations, and Seller and its representatives shall have access to such records of Purchaser as may be reasonably requested for verifying and confirming such amounts and calculations. Purchaser and Seller agree to be reasonably available at each other's request to meet and discuss the preparation of the Closing Statement. The "Final Closing Statement" shall be (i) the Closing Statement in the event that no Notice of Dispute with respect thereto is delivered to Purchaser in accordance with Section 3.03(c) below or (ii) the Closing Statement as adjusted by (A) the agreement of Seller and Purchaser and/or the Independent Accounting Firm (defined below). The "Final Working Capital Adjustment" shall be the Working Capital Adjustment set forth in the Final Closing Statement. The "Final Closing Net Accounts Receivable" shall be the Closing Net Accounts Receivable set forth on the Final Closing Statement.

#### (b) Adjustments.

(i) If the Working Capital Adjustment set forth on the Working Capital Estimate exceeds the Final Working Capital Adjustment by more than US \$50,000, then Seller shall pay to Purchaser the total amount of such excess, with interest as provided in

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Section 3.03(e), as an adjustment to the Initial Purchase Price, exclusive of any Transfer Taxes and without reduction for any withholding Taxes. If the Final Working Capital Adjustment exceeds the Working Capital Adjustment set forth on the Working Capital Estimate by more than US\$50,000, then Purchaser shall pay to Seller the total amount of such excess, with interest as provided in Section 3.03(e), as an adjustment to the Initial Purchase Price, exclusive of any Transfer Taxes and without reduction for any withholding Taxes.

(ii) If the Target Net Accounts Receivable exceeds the Final Closing Net Accounts Receivable by more than US\$50,000, then Seller shall pay to Purchaser the total amount of such excess, with interest as provided in Section 3.03(e), as an adjustment to the Initial Purchase Price, exclusive of any Transfer Taxes and without reduction for any withholding Taxes. If the Final Closing Net Accounts Receivable exceeds the Target Net Accounts Receivable by more than US\$50,000, then Purchaser shall pay to Seller the total amount of such excess, with interest as provided in Section 3.03(e), as an adjustment to the Initial Purchase Price, exclusive of any Transfer Taxes and without reduction for any withholding Taxes.

(iii) Any payment required to be made pursuant to this Section 3.03(b) shall be made by wire transfer of immediately available funds to an account or accounts designated in writing by the receiving party for such purpose or by such other means as mutually agreed upon by the parties, in each case, not later than the fifth Business Day after the date of the final determination of the Final Closing Statement.

(c) Resolution of Objections. If Seller gives to Purchaser written notice of dispute (a "Notice of Dispute") of any element of the Closing Statement within thirty (30) calendar days after receiving the Closing Statement, the disputed amount shall be negotiated between Seller (for itself and/or on behalf of the Selling Affiliate, as applicable) and Purchaser. After the delivery by Seller to Purchaser of any such Notice of Dispute, Purchaser and Seller shall use their reasonable best efforts to reconcile their differences with respect to any disputed amount, and any written resolution by them as to any disputed item set forth in the Notice of Dispute shall be final and binding on the parties hereto. If Purchaser and Seller are unable to reach a resolution on all disputed items within thirty (30) calendar days after the delivery of the Notice of Dispute, either Purchaser or Seller may, by written notice, submit the items remaining in dispute for resolution to an internationally recognized firm of independent public accountants reasonably acceptable to both Purchaser and Seller (the "Independent Accounting Firm"), whereupon each of Purchaser and Seller shall promptly furnish to the Independent Accounting Firm such party's final offer for the settlement of all items remaining in dispute (each a "Final Offer"). If Purchaser and Seller are unable to agree upon the selection of the Independent Accounting Firm within thirty (30) calendar days after the delivery of the Notice of Dispute, then each party shall promptly thereafter designate one internationally recognized firm of independent public accountants. The parties shall cause such firms promptly thereafter jointly to select a third firm to serve as the Independent Accounting Firm (which shall be an internationally recognized firm of independent public accountants that does not have a material business relationship with either Seller or Purchaser or any of their respective Affiliates), and any such selection shall be binding on Purchaser and Seller with respect to resolving such disputed items. The Independent Accounting Firm shall resolve such disputed items in a manner which is consistent with this

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Agreement but which shall not exceed the Final Offer of either Seller or Purchaser. All dispute resolution proceedings in connection with the Closing Statement or amount payable hereunder shall take place at the offices of the Independent Accounting Firm in New York, New York or at such other location as Purchaser and Seller may otherwise mutually agree in writing.

(d) Independent Accounting Firm. Each of the parties shall furnish, at its own expense, the Independent Accounting Firm and the other parties hereto with such documents and other written information as the Independent Accounting Firm may request in connection with resolving the disputed items. Each party may also furnish to the Independent Accounting Firm such other written information and documents as such party deems relevant; provided, that copies of all such documents and materials shall be concurrently delivered to the other parties to the proceedings in the same form and manner as such materials are delivered to the Independent Accounting Firm. The Independent Accounting Firm may, at their discretion, conduct one or more conferences with respect to the dispute between Purchaser and Seller, at which conference each party shall have the right to present such additional documents, materials and other information and to be accompanied or represented by such advisors, counsel and accountants as each party shall choose in its sole discretion. Purchaser and Seller shall instruct the Independent Accounting Firm to render their written decision with respect to all matters submitted to them by Purchaser and Seller as promptly as practicable. The Independent Accounting Firm shall determine the proportion of their fees and expenses to be paid by Purchaser and Seller, respectively, in accordance with the relative merits of the parties' positions. Purchaser and Seller shall promptly pay their respective shares of the fees and expenses of the Independent Accounting Firm. The determination of the Independent Accounting Firm as to all disputed items shall be final and binding upon Purchaser and Seller, except in the case of manifest error or actual fraud. The disputed amount shall be payable by the party owing such amount within five (5) Business Days following resolution or determination of the dispute. The failure of Seller to provide a Notice of Dispute within the thirty (30) calendar day time period referred to in Section 3.02(c) shall be deemed an acceptance by Seller of the Closing Statement.

(e) Interest. Any amount owing hereunder with respect to the Final Closing Statement that is not paid within the applicable time period set forth above shall bear interest on the amount due from the Closing Date to and including the date paid in full at an annual interest rate equal to the ninety (90)-day U.S. Treasury Bill rate in effect as of the Closing Date (as reported in The Wall Street Journal). All such computations of interest shall be made by the party entitled to receive payment on the basis of a year of 360 days, in each case for the actual number of days occurring in the period for which such interest is payable.

## **ARTICLE IV**

### **CLOSING**

Section 4.01. Closing. The closing of the transactions contemplated hereunder (the "Closing") shall take place at the offices of Jones Day, 222 East 41<sup>st</sup> Street, New York, New York, 10017 at 10:00 a.m. (local time in New York, New York) on the fifth Business Day after the satisfaction or waiver of the conditions set forth in Article XI occurs (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), or at such other date or place as Purchaser and Seller may agree, it

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being understood that, if required by applicable Law, Seller may request that the Closing be comprised of separate "closings" in one or more local jurisdiction(s) where the Shares, any Purchased Assets or Assumed Liabilities are being transferred and may request that Purchaser pay or cause to be paid portions of the Initial Purchase Price and the Final Purchase Price payable in accordance with Section 3.01(a) directly or indirectly to the Selling Affiliate in the local currency of any such jurisdiction. Subject to applicable Laws, legal title, equitable title and risk of loss with respect to, the Shares, the Purchased Assets and the Assumed Liabilities will transfer to Purchaser or U.S. Purchaser, as the case may be, at the Closing, which transfer will be deemed effective for Tax, accounting and other computational purposes as of 12:01 a.m. (local time in the applicable jurisdiction in which each such transfer occurs) on the Closing Date. All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed and delivered simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

Section 4.02. Deliveries by Seller. On the Closing Date, Seller shall deliver or cause to be delivered to Purchaser the following items, duly executed to the extent applicable by Seller and the Affiliate(s) of Seller that are party thereto:

- (a) the Bill of Sale;
- (b) the Assignment and Assumption Agreement;
- (c) the Intellectual Property Assignment and License Agreement;
- (d) the TANCO Supply Agreement;
- (e) the Transition Services Agreement;
- (f) the Corporate Split Agreement;
- (g) the Contingent Payment Agreement;
- (h) the U.S. Promissory Notes;
- (i) the Japan Promissory Notes;
- (j) the Guaranty and Security Agreement;
- (k) the Japan Security Agreement;
- (l) the Washington University Sub-license;
- (m) a certificate, dated as of the Closing Date, signed by an executive officer of Seller certifying as to the satisfaction of the conditions specified in Sections 11.02(a) and 11.02(b);
- (n) the Selling Affiliate's written request to the Company or such other document required for Purchaser to complete the registration in the shareholders registry of the Company for the transfer of Shares from the Selling Affiliate to Purchaser in accordance with this Agreement;

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(o) a certificated copy of the minutes of the board of directors and/or shareholders meeting, as applicable, of the Company approving the transfer of the Shares from the Selling Affiliate to Purchaser in accordance with this Agreement;

(p) the shareholders registry of the Company;

(q) resignation letters of the directors of the Company;

(r) evidence reasonably satisfactory to Purchaser that the Corporate Split has been completed, including, if available, a certified copy of the corporate registration showing the completion of the Corporate Split together with such other evidence Purchaser reasonably requests in connection with the Corporate Split;

(s) original share certificates of the Company (if any have been issued since the date of incorporation of the Company);

(t) a certificate under Section 1445(a) of the Code from Seller, in form and substance reasonably satisfactory to Purchaser, certifying, under the penalties of perjury, that Seller is, for U.S. federal income tax purposes, not a foreign person;

(u) payoff and termination letters with respect to each of the letters of credit or bank guarantees listed on Schedule 4.02(u);

(v) the books and records referred to in Section 7.03(a);

(w) the Boyertown Mortgage;

(x) the Excess Tantalum Inventory Note; and

(y) any other certificates or documents that may be reasonably requested by Purchaser.

Section 4.03. Deliveries by Purchaser. On the Closing Date, Purchaser shall deliver or cause to be delivered to Seller the following items, duly executed to the extent applicable by Purchaser and the Affiliate(s) of Purchaser that are party thereto:

(a) the Closing Cash Consideration as set forth in Section 3.01(a)(i);

(b) the Assignment and Assumption Agreement;

(c) the Intellectual Property Assignment and License Agreement;

(d) the TANCO Supply Agreement;

(e) the GAM Supply Agreement;

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- (f) the Transition Services Agreement;
  - (g) the Contingent Payment Agreement;
  - (h) the U.S. Promissory Notes;
  - (i) the Japan Promissory Notes;
  - (j) the Guaranty and Security Agreement;
  - (k) the Japan Security Agreement;
  - (l) the Parent Guarantee;
  - (m) the Washington University Sub-license;
  - (n) a certificate, dated as of the Closing Date, signed by an executive officer of Purchaser certifying as to the satisfaction of the conditions specified in Sections 11.03(a) and 11.03(b);
  - (o) the Boyertown Mortgage;
  - (p) the Excess Tantalum Inventory Note; and
  - (q) any other certificates or documents that may be reasonably requested by Seller.

## **ARTICLE V**

### **REPRESENTATIONS AND WARRANTIES OF SELLER**

Except as otherwise set forth in the Disclosure Schedule, Seller represents and warrants to Purchaser as follows, provided, however, that, where a representation and warranty expressly relates to the Company, such representation and warranty is made only at the Closing Date:

Section 5.01. Organization, Power and Authorization; Binding Effect.

(a) Organization and Power. Seller is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. The Selling Affiliate is duly organized and validly existing under the Laws of Japan. As of the Closing Date, the Company is duly authorized and validly existing under the laws of Japan. Seller has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder and to cause Selling Affiliate to act in accordance with this Agreement.

(b) Authorization. This Agreement has been duly authorized, executed and delivered by Seller and no additional proceedings on the part of Seller, the Selling Affiliate or the Company are necessary to authorize the consummation of this Agreement or the transactions contemplated hereby.



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(c) Capitalization. As of the Closing Date, all of the authorized and outstanding capital stock of the Company shall be directly owned by the Selling Affiliate. As of the Closing Date, the Shares have been duly authorized and validly issued in compliance with applicable legal requirements and free of any Lien. There are no options, warrants or other rights held by any Person to purchase any equity interest in the Company, and there are no debt, equity or other instruments that may be converted into or otherwise exchanged for any equity interest in the Company. The Company has not carried on any business other than the Corporate Split and does not have any assets or liabilities other than those relating to the Corporate Split.

(d) Binding Effect. This Agreement constitutes, and the Transition Services Agreement, Washington University Sub-license and Transfer Documents will constitute when executed and delivered by the parties thereto, valid and binding agreements of Seller and the Selling Affiliate, and any other Affiliate of Seller or the Selling Affiliate party thereto, as applicable, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

Section 5.02. Consents and Approvals. Except as set forth on Schedule 5.02 or as required by the HSR Act or any applicable Competition Law, the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby do not require Seller or the Selling Affiliate or the Company to obtain any consent, approval, waiver or authorization from, or to give any notice or filing to, any Governmental Authority or other Person, other than where the failure to obtain such consent, approval, waiver or authorization, or to give or make such notice or filing, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect or materially impair or delay the ability of Seller and the Selling Affiliate to effect the Closing.

Section 5.03. Noncontravention. The execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby do not and will not (a) violate the Organizational Documents of Seller or the Selling Affiliate, (b) assuming compliance with the matters referred to in Section 5.02, violate any applicable Law, (c) conflict with, result in a breach of or constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Seller or the Selling Affiliate or the Company in relation to the Business or to any loss of any benefit to which any of them is entitled under, any provision of any third-party (non-Affiliate) Contract binding upon Seller or the Selling Affiliate with respect to the Business (in any such case, whether after the giving of notice or lapse of time or both), or (d) result in the creation or imposition of any Lien upon the Purchased Assets, other than, in the case of clauses (b), (c) and (d), any violation, conflict, breach, default, termination, cancellation, acceleration, loss or Lien that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect or materially impair or delay the ability of Seller and the Selling Affiliate to effect the Closing.

Section 5.04. Information Provided. To the Knowledge of the Seller, all information with respect to the compliance of Seller and the Selling Affiliate in connection with the Business with the Electronic Industry Citizenship Coalition ("EICC") and the Global e-Sustainability Initiative Tantalum Validation protocol (the "Protocol") as it applies to the Business is true and correct in all material respects.

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Section 5.05. Title to Purchased Assets; Sufficiency. Seller, the Selling Affiliate or the Company has good and marketable title to, or a valid leasehold interest in, each of the Purchased Assets and all assets of the Japan Business transferred from the Selling Affiliate in accordance with the Corporate Split Agreement (the "Japan Assets") (respectively), free and clear of all Liens other than Permitted Liens. Except for the services to be provided under the Transition Services Agreement, (a) the Purchased Assets and the Japan Assets constitute all of the property and assets of Seller and the Selling Affiliate which are necessary to operate the Business as currently conducted in all material respects. As at Closing, the Company will have good and marketable title to, or a valid leasehold interest in, each of the Japan Assets, free and clear of all Liens other than Permitted Liens. The Seller and Selling Affiliate have not parted with the ownership, possession or control of, or disposed or agreed to dispose of, or granted or agreed to grant any option or right of pre-emption in respect of, or offered for sale, its estate or interest in any of the Purchased Assets or Japan Assets (as applicable) except (in the case of inventory only) in the ordinary course of trading of the U.S. Business or Japan Business (as applicable) and (in the case of the Japan Assets only) by way of transfer to the Company in accordance with the Corporate Split.

Section 5.06. Financial Statements. Schedule 5.06 contains a copy of: (i) the audited balance sheets of the Business as of September 30, 2010 and September 30, 2009, and the audited statements of operations and cash flows of the Business for the fiscal years ending September 30, 2010, September 30, 2009 and September 30, 2008, together with the notes thereto, and (ii) the unaudited balance sheet of the Business as of June 30, 2011 (the "Latest Balance Sheet") and the related unaudited statements of operations and cash flows of the Business for the nine (9) month period then ended ((i) and (ii), collectively, the "Financial Statements"). The Financial Statements (including the notes thereto) have been prepared in accordance with GAAP (except with respect to the unaudited financial statements for normal year-end adjustments and the lack of footnotes thereto) and present fairly, in all material respects, the combined financial position of the Business as of the dates thereof and its combined results of operations and cash flows for the periods then ended.

Section 5.07. Absence of Certain Changes. Except as otherwise required or permitted by this Agreement, since the Balance Sheet Date, (a) the Business has been conducted only in the ordinary course, (b) there has been no material deterioration in the turnover or financial position of the Business and (c) there has not been any event, occurrence or development that (i) if it occurred after the date of this Agreement (and was not set forth on Schedule 7.02(a) or consented to by Purchaser), would violate the covenants of Seller set forth in Section 7.02 or (ii) individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 5.08. Litigation; Compliance with Law.

(a) Except as set forth on Schedule 5.08(a), there are no Proceedings pending or, to the Knowledge of Seller, threatened against Seller, the Selling Affiliate or the Company with respect to the Business other than those that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

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(b) Except as set forth on Schedule 5.08(b), the Company, the Business, the Selling Affiliate and Seller, in connection with the Business, are and have been at all times since September 1, 2009 in compliance in all material respects with all applicable Laws material to the operation of the Business.

(c) All Permits necessary to operate the Business, as currently conducted, in compliance with all applicable Laws are listed on Schedule 5.08(c). The Company, the Business, Seller and the Selling Affiliate, as applicable, possess and are in compliance in all material respects with all Permits necessary for the conduct of the Business as currently conducted.

(d) There are no Proceedings pending or, to the Knowledge of Seller, threatened, and neither Seller nor the Selling Affiliate are aware of any circumstances, that would reasonably be likely to result in the revocation, cancellation or suspension of any Permits necessary to operate the Business as currently conducted, except such Permits the absence of which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Nothing in this Section 5.08(d) is intended to address any issue as to compliance with Law that is specifically addressed by the representations and warranties set forth in Sections 5.10(b), 5.12(d) or 5.13.

#### Section 5.09. Contracts.

(a) List. Schedule 5.09(a) sets forth a list, as of the date of this Agreement, that includes: (i) each written third-party (non-Affiliate) Contract related to the Business to which Seller or the Selling Affiliate or the Company is a party or by which any of the Purchased Assets is bound that, in either case, involves the payment of more than US\$500,000 per year or which is otherwise material to the Business; and (ii) each written third-party (non-Affiliate) Contract related to the Business which materially limits Seller's or the Selling Affiliate's or the Company's freedom to engage in or compete with any Person or in any geographic area.

(b) Status. Except as set forth on Schedule 5.09(b), to the Knowledge of Seller, each Contract as listed on Schedule 5.09(a) is a valid and binding agreement and is in full force and effect and no notice of termination under, or notice of an election not to extend the term of, any such Contract has been given or received. None of Seller, the Selling Affiliate, the Company or, to the Knowledge of Seller, any other party thereto is in default or breach under the terms of any such Contract and no threat or claim of any such default has been made and is outstanding, excluding such defaults or breaches which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

#### Section 5.10. Real Property.

(a) Schedule 5.10(a) sets forth a complete list of (i) all material real property and interests in real property relating to or used in connection with the Business that are owned by Seller, the Selling Affiliate or the Company (individually, an "Owned Property" and, collectively, the "Owned Properties"), and (ii) all leases of real property relating to or used in connection with the Business to which Seller, the Selling Affiliate or the Company is a party involving annual payments in excess of US\$500,000 or which are otherwise material to the Business (including, for the avoidance of doubt, any leases in respect of offsite storage facilities

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currently used in connection with the Business) (individually, a "Real Property Lease" and, collectively, the "Real Property Leases" and, together with the Owned Properties, referred to herein individually as a "Seller Property" and collectively as the "Seller Properties"). The Seller Properties comprise all of the real property used in connection with the operation of the Business. With respect to each Owned Property, (i) Seller, the Company or the Selling Affiliate has good and indefeasible fee simple title to such Owned Property, free and clear of all Liens of any nature whatsoever other than Permitted Liens, (ii) except as set forth on Schedule 5.10(a), none of the Seller, the Company or the Selling Affiliate has leased or otherwise granted to any Person the right to use or occupy such Owned Property or any portion thereof and (iii) other than the rights of Purchaser and U.S. Purchaser pursuant to this Agreement, none of the Seller, the Selling Affiliate or the Company has granted any, and to the Knowledge of Seller there are no, outstanding options, rights of first offer or rights of first refusal to purchase such Owned Property or any portion thereof or interest therein. To the Knowledge of Seller, none of the Seller, the Company or the Selling Affiliate has received any written notice of any default or event that with notice or lapse of time, or both, would constitute a default by Seller, the Company or the Selling Affiliate under any of the Real Property Leases, which default or event has not been cured.

(b) Compliance. To the Knowledge of Seller, the real property listed on Schedule 5.10(a), and its continued use, occupancy and operation as currently used, occupied and operated, complies with all applicable building, zoning, subdivision and other land use and similar Laws with only such exceptions, individually or in the aggregate, as would not reasonably be expected to materially impair the continued use, occupancy and operation of such real property in connection with the Business as currently used and operated. Nothing in this Section 5.10(b) is intended to address any issues as to compliance with Environmental Laws, which are specifically addressed by the representations and warranties set forth in Section 5.13.

(c) Access and Egress. To the Knowledge of Seller, the means of access to and egress from the real property set forth on Schedule 5.10(a) (including the means of escape in case of emergency) are over either roads which have been adopted by the local authority and are maintainable at public expense or roads in respect of the use of which Seller and the Selling Affiliate and those deriving title under it to that real property have a permanent legal easement free from onerous or unusual conditions.

(d) Services. Each real property set forth on Schedule 5.10(a) is served by drainage, potable water, electricity and gas services sufficient for the operation of the Business as currently conducted.

(e) Improvements. All material improvements, buildings, structures, fixtures, building systems and equipment, and all components thereof (the "Improvements"), included in the Seller Property are in good condition and repair sufficient for the operation of the Business as currently conducted.

(f) Condemnation. There is no condemnation, expropriation or other proceeding in eminent domain pending or, to the Knowledge of Seller, threatened, affecting any Seller Property or any portion thereof or interest therein.

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Section 5.11. Intellectual Property.

(a) List. Schedule 5.11(a) contains a complete and accurate list of (i) all Intellectual Property (including all Patents, Trademarks, Copyrights and Domain Names) which are material to the Business, which are Registered and which are owned by Seller, the Selling Affiliate or the Company (as the case may be), (such Intellectual Property, together with all Intellectual Property which is material to the Business, which is not Registered and which is owned by Seller, the Selling Affiliate or the Company (as the case may be), collectively, the "Owned Intellectual Property") and (ii) all agreements which are material to the Business (other than any agreements granting rights to use commercially available software and non-disclosure agreements granted in the ordinary course of business) under which Seller, the Selling Affiliate or the Company (as the case may be) are licensed or otherwise permitted to use the Intellectual Property of any third party (such Intellectual Property, together with the Intellectual Property that Seller, the Selling Affiliate or the Company (as the case may be) are licensed or otherwise permitted to use under agreements granting rights to use commercially available software and non-disclosure agreements granted in the ordinary course of business, collectively, the "Licensed Intellectual Property") (the Owned Intellectual Property, together with the Licensed Intellectual Property, collectively, the "Acquired Intellectual Property").

(b) Except as set forth in Schedule 5.11(b), none of the Seller, the Company or the Selling Affiliate has licensed any Acquired Intellectual Property material to the Business to any third party other than pursuant to agreements with customers granted in the ordinary course of business and non-disclosure agreements granted in the ordinary course of business. Seller, the Selling Affiliate and the Company (as the case may be), and, to the Knowledge of Seller, all of their respective subcontractors, sub-licensees and counter-parties are in compliance in all material respects with all the agreements and licenses set forth in Schedule 5.11(a) and Schedule 5.11(b).

(c) Except as set forth in Schedule 5.11(c), to the Knowledge of Seller, no Person (other than Seller, the Company and the Selling Affiliate) has a right to receive a royalty or similar payment with respect to any Owned Intellectual Property. Schedule 5.11(b) contains a complete and accurate list of all licenses and other agreements (other than agreements with customers granted in the ordinary course of business) pursuant to which Seller, the Selling Affiliate or the Company (as the case may be) has a right to receive a royalty or similar payment with respect to any Acquired Intellectual Property material to the Business.

(d) Except pursuant to the agreements set forth in Schedule 5.11(b), agreements with customers granted in the ordinary course of business and non-disclosure agreements granted in the ordinary course of business, no Person (including any independent contractors or sub-licensees) other than Seller, the Company or the Selling Affiliate holds any rights in, or licenses to produce, support, maintain, modify, distribute, license, sub-license, sell, use in development or otherwise use, any of the Owned Intellectual Property material to the Business.

(e) Except as set forth in Schedule 5.11(e), no university, military, educational institution, research center, Governmental Authority, or other organization has sponsored research and development conducted in connection with the Business or has any claim of right to, ownership of or other Lien on any Owned Intellectual Property, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(f) Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, Seller, the Company and the Selling Affiliate have taken reasonable steps to protect their rights in the Acquired Intellectual Property (including reasonable steps to (1) use all patent, trademark, copyright, confidential, proprietary, and other intellectual property notices and legends prescribed by law, (2) execute appropriate confidentiality agreements with all officers, directors, employees and other Persons with access to Trade Secrets or other proprietary information included in the Acquired Intellectual Property and (3) establish, follow and cause all officers, directors, employees and other Persons with access to Trade Secrets and other proprietary information in the Acquired Intellectual Property to follow internal procedures for protecting the confidentiality thereof) and, to the Knowledge of Seller, no such rights have been lost, or are reasonably expected to be lost, through failure to act by Seller, the Company or the Selling Affiliate.

(g) Status. To the Knowledge of Seller: (i) no Product (or component thereof or process) used, sold or manufactured by Seller, the Company or the Selling Affiliate infringes or otherwise violates the valid and enforceable Patents of any other Person; and (ii) there are no restrictions that would materially impair the use of the Acquired Intellectual Property in connection with the Business as currently conducted, and the use of the Acquired Intellectual Property in connection with the Business as currently conducted does not infringe upon or otherwise violate the Intellectual Property of any other Person.

(h) Except as set forth in Schedule 5.11(h), there is no Proceeding pending and served upon Seller, the Company or the Selling Affiliate or, to the Knowledge of Seller, threatened, nor is any investigation pending or, to the Knowledge of Seller, threatened, with respect to, and to the Knowledge of Seller, none of Seller, the Company or the Selling Affiliate has been notified of, any possible violation of, conflict with or infringement of, the Intellectual Property of any Person by Seller, the Company or the Selling Affiliate or by any of their Products or services provided in connection with the Business and, to the Knowledge of Seller, no valid basis for any pending suits, claims, actions, or proceedings exists. Except as set forth in Schedule 5.11(h), no Proceedings are pending and served upon Seller, the Company or the Selling Affiliate or, to the Knowledge of Seller, have been threatened against Seller, the Company or the Selling Affiliate that challenge the validity, ownership or use of any Acquired Intellectual Property and, to the Knowledge of Seller, no Person is infringing upon the Acquired Intellectual Property. Except as set forth in Schedule 5.11(h), there are no Proceedings raised or served or under active investigation by Seller or the Selling Affiliate against any third party (including any customer of Seller or the Selling Affiliate) related to the Acquired Intellectual Property, including but not limited to any Proceedings regarding ownership or use of the Acquired Intellectual Property.

(i) No Inventions. As of the date of this Agreement, to the Knowledge of Seller, neither Seller nor the Selling Affiliate holds any Intellectual Property rights (other than the Intellectual Property rights in the Acquired Intellectual Property), or engages in or contributes to the research, development or acquisition of Intellectual Property rights, which rights are, or are intended to contribute to the invention or development of products, processes or improvements which are, competitive with the Business or Products or intended to serve as substitutes for Products or processes that are the subject of the Acquired Intellectual Property.

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Section 5.12. Employee Plans.

(a) Identification. Schedule 5.12(a) sets forth a true and complete list of each Employee Plan.

(b) Documentation. Copies of the following materials have been delivered or made available to Purchaser with respect to each Employee Plan (in each case if applicable): (i) the current plan document, (ii) the most recent determination letter or opinion letter issued by the IRS and (iii) the current summary plan description and most recent annual report.

(c) U.S. Plan Qualification. Each U.S. Employee Plan intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified, and each trust created thereunder has been determined by the IRS to be exempt from tax under the provisions of Section 501(a) of the Code, and to the Knowledge of Seller, nothing has occurred since the date of any such determination that could reasonably be expected to give the IRS grounds to revoke such determination.

(d) Compliance. (i) Seller and the Selling Affiliate and the Company are in compliance in all material respects with all provisions of Laws applicable to the Employee Plans and (ii) each Employee Plan is being operated in compliance in all material respects with its terms.

(e) Certain Types of Plans. Except as set forth on Schedule 5.12(e), no U.S. Employee Plan is a "defined benefit plan" as defined in Section 3(35) of ERISA that is subject to Title IV or Section 302 of ERISA or Section 412 of the Code, a "multiemployer plan" as defined in Section 3(37) of ERISA or a "multiple employer plan" within the meaning of Section 210(a) of ERISA or Section 413(c) of the Code.

(f) Parachute Payments. Except as set forth on Schedule 5.12(f), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (either alone or in combination with another event) will (i) result in any payment becoming due to any Business Employee, (ii) increase any benefits otherwise payable under any Employee Plan or (iii) result in the acceleration of the time of payment or vesting of any such benefits under any Employee Plan. None of the compensation payable under any Employee Plan will constitute an "excess parachute payment" under Section 280G of the Code by reason of the consummation of the transactions contemplated by this Agreement (either alone or in combination with another event).

Section 5.13. Environmental Matters.

(a) Except as set forth on Schedule 5.13(a):

(i) the Company, the Business, the Selling Affiliate and Seller, in connection with the Business, are currently, and have been at all times since September 1, 2009, in compliance in all material respects with all applicable Environmental Laws and all Permits required pursuant to Environmental Laws;

(ii) a list of all Permits required for the Business and for the Purchased Assets pursuant to Environmental Laws is set forth on Schedule 5.08(c);

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(iii) none of Seller, the Company or the Selling Affiliate is a party to any pending Environmental Claim regarding the Business or the Purchased Assets or has received written notice of any threatened Environmental Claim regarding the Business or the Purchased Assets;

(iv) to the Knowledge of Seller, there are no facts, circumstances or conditions that would reasonably be expected to form the basis of any Environmental Claim against or affecting the Business that would reasonably be expected to result in Losses in excess of \$500,000;

(v) none of Seller, the Company or the Selling Affiliate has entered into or is subject to any outstanding ruling, injunction, judgment, decree or other order (whether preliminary, temporary or permanent) under any Environmental Law regarding the Business or the Purchased Assets;

(vi) there has not been a Release in, on, at, under or from any Owned Property or any property currently leased or operated by Seller, the Company or the Selling Affiliate in connection with the Business that would reasonably be expected to require investigation or remediation under any Environmental Law that would reasonably be expected to result in Losses in excess of \$100,000; and

(vii) Seller has provided to Purchaser true and complete copies of all material environmental audits, reports and assessments related to the past or current operations and any Seller Properties, in each case, which are in its possession or under its reasonable control.

(b) Limitation. Notwithstanding any other representation or warranty contained in this Agreement, the representations and warranties contained in this Section 5.13 constitute the sole and exclusive representations and warranties of Seller relating to the Environment, Environmental Laws, Environmental Liability, Environmental Claims, Permits issued pursuant to Environmental Laws, Special Environmental Liabilities, Retained Environmental Liabilities, Releases or Hazardous Materials.

#### Section 5.14. Labor Matters.

(a) Business Employees. Schedule 5.14(a) sets forth all (i) Business Employees and (ii) contractors whose engagement is material to the Business, engaged in the Business as of the date hereof, including for each such Business Employee or contractor, as applicable: name, job title, work location, current compensation or contractor fee paid or payable and, where applicable, visa and greencard application status.

(b) Events. During the twenty-four (24) months ending on the date of this Agreement, neither Seller nor the Selling Affiliate has experienced any labor strike, work stoppage or slowdown, lockout or similar labor disputes, unfair labor practice charges, arbitrations, material grievances, unfair employment practice charges or complaints, or other material claims or complaints with respect to any Business Employee, and, to the Knowledge of



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Seller, no such event is threatened against Seller or the Selling Affiliate as of the date of this Agreement with respect to any Business Employee. No labor organization or group of Business Employees has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation presently pending or, to the Knowledge of Seller, threatened to be brought or filed with the National Labor Relations Board or other labor relations tribunal. There is no organizing activity involving the Business Employees pending, or to the Knowledge of Seller, threatened by any labor organization or group of Business Employees.

(c) Compliance. The Company, the Business, and Seller and the Selling Affiliate with respect to the Business, are in compliance in all material respects with all laws governing the employment of labor, including but not limited to, all contractual commitments and all such laws relating to wages, hours, collective bargaining, discrimination, immigration, civil rights, safety and health, workers' compensation and the collection and payment of withholding and/or social security and similar taxes.

(d) Agreements. Schedule 5.14(d) sets forth each collective bargaining agreement with any labor organization that may apply to any Business Employee.

Section 5.15. Finders' Fees. Except for Goldman, Sachs & Co. and JPMorgan Chase & Co., whose fees will be paid by Seller, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Seller, the Company or the Selling Affiliate that might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 5.16. Furniture and Equipment.

(a) Furniture and Equipment. Each material item of Furniture and Equipment is in good repair and condition (subject to fair wear and tear), is in satisfactory working order and has been properly serviced and maintained as needed by the Business.

(b) R&D. The Excluded Assets do not contain any items of research and development which are material to the Business.

Section 5.17. Taxes.

(a)(i) All Tax Returns required to be filed by or with respect to Seller, the Selling Affiliate or the Company in connection with the Purchased Assets have been duly and timely filed; (ii) all such Tax Returns are true, complete and correct in all material respects; (iii) all Taxes owed by Seller, the Selling Affiliate or the Company, or for which Seller, the Selling Affiliate or the Company is liable, in connection with the Purchased Assets, that are or have become due and payable on or prior to the Closing Date have been timely paid in full except to the extent disputed in good faith by appropriate proceedings; and (iv) there are no Liens on any of the Purchased Assets that arose in connection with any failure (or alleged failure) to pay any Tax.

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(b) There has been no claim asserted in writing by any Governmental Authority against Seller, the Selling Affiliate or the Company in connection with the Purchased Assets for any unpaid Taxes, and no assessment, deficiency or adjustment has been asserted, proposed or threatened in writing by any Governmental Authority with respect to any Tax Return of or with respect to Seller, the Selling Affiliate or the Company in connection with the Purchased Assets. No Tax audits or administrative or judicial proceedings are being conducted, are pending or have been threatened in writing by any Governmental Authority with respect to Seller, the Selling Affiliate or the Company in connection with the Purchased Assets.

(c) Seller is not a "foreign person" within the meaning of Section 1445 of the Code.

Section 5.18. Insurance. Schedule 5.18 sets forth a true, correct and complete list of all insurance policies of Seller and the Selling Affiliate related to the Business. Each such insurance policy is in full force and effect. All premiums with respect to such insurance policies have been paid on a timely basis, and no notice of cancellation or termination has been received with respect to any such policy. There are no pending claims against any such insurance policy by Seller or the Selling Affiliate as to which the insurer has denied coverage or otherwise reserved rights. The insurance coverage of Seller and the Selling Affiliate is reasonable in relation to the Business and is consistent with standard industry practice. Neither the Seller nor the Selling Affiliate has been refused any insurance with respect to the Business, nor has such coverage been limited, by any insurance carrier to which it has applied for such insurance.

Section 5.19. Products. None of Seller, the Selling Affiliate or the Company has received any written notice of any, and to the Knowledge of Seller there is no, pending or threatened Proceeding by any Governmental Authority or any other Person before any Governmental Authority alleging any defect in any Product or alleging any failure to warn by the Business or any breach of warranty or alleging death, personal injury or other injury to persons or property damages relating to or arising out of, directly or indirectly, use of or exposure to any Product (or any component thereof) sold, or services performed, by the Business, and there has not been, within the past three (3) years, any product recall conducted with respect to any Product, in each case, which resulted, or would reasonably be expected to result in, liabilities or costs in excess of \$100,000.

Section 5.20. Customers and Suppliers. Schedule 5.20 sets forth a true and correct list of (a) the ten largest customers of the Business and (b) the ten largest suppliers of the Business, in each case, during the year ended September 30, 2010. Except as disclosed on Schedule 5.20, to the Knowledge of Seller, no customer or supplier listed on Schedule 5.20 has canceled or otherwise terminated its relationship with the Business, or decreased or limited its purchases from or sales to the Business, in each case, in such a manner as would materially adversely affect the operations of the Business.

Section 5.21. Prohibited Payments. Neither Seller in connection with the Business, nor the Selling Affiliate, nor the Company, nor any of their respective directors, officers or employees, nor, to the Knowledge of Seller, any of their respective agents, distributors or any other Persons associated with or acting on behalf of Seller in connection with the Business, the Selling Affiliate or the Company has (i) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA") or Japanese equivalent, violated or is in violation of any other equivalent or similar applicable Law enacted in any jurisdiction or (iii) made, offered to make, promised to make or authorized the payment or giving of, directly or

indirectly, any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or gift of money or anything of value for the purpose of influencing any act or decision of such payee, inducing such payee to do or omit to do anything in violation of his lawful duty, securing any improper advantage or inducing such payee to use his influence with a government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality (any such payment, a "Prohibited Payment"). Neither Seller in connection with the Business, nor the Selling Affiliate, nor the Company, nor any of their respective directors, officers, employees, significant shareholders, subsidiaries or Affiliates, nor, to the Knowledge of Seller, any of their respective agents, distributors or any other Persons associated with or acting on behalf of Seller in connection with the Business, the Selling Affiliate or the Company, has been subject to any investigation by any Governmental Authority with regard to any actual or alleged Prohibited Payment or violation of any applicable anti-corruption Law. No directors, officers, employees or agents of the Business are government officials.

Section 5.22. Sanctions. Neither Seller in connection with the Business, nor the Selling Affiliate, nor the Company, nor any of their respective directors, officers or employees, nor, to the Knowledge of Seller, any of their respective agents, distributors or any other Persons associated with or acting on their behalf or on behalf of the Business, directly or indirectly, (i) has conducted or conducts any business with any government or Governmental Authority, Person, entity or project that is subject to any sanctions administered by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC"), the U.S. Department of State, the United Nations, the European Union or the government of Japan (collectively, "Sanctions") or (ii) has violated or is in violation of, or has been or is subject to, any government investigation with respect to any Sanctions.

Section 5.23. Related Party Transactions. Except as set forth on Schedule 5.23, following the consummation of the transactions contemplated hereby, neither Seller nor any of its controlled Affiliates will (a) own, directly or indirectly, on an individual or joint basis, any material interest in any customer, competitor or supplier of the Business, or any organization that is a party to any Assigned Contract, or (b) be a party to any Assigned Contract.

Section 5.24. Corporate Split. As at the Closing Date, the Corporate Split has been completed in accordance with the Corporate Split Agreement in all respects.

Section 5.25. Non-Tantalum Inventory. As of the Closing, the Purchased Assets and the Japan Assets, in the aggregate, will include all Non-Tantalum Inventory necessary to operate the Business as currently conducted.

Section 5.26. No Other Representations or Warranties. Except for the representations and warranties of Seller expressly set forth in this Article V (as modified by the Disclosure Schedule), neither Seller nor any other Person makes any other express or implied representation or warranty on behalf of Seller with respect to Seller, the Selling Affiliate, the Company, the Business, the Purchased Assets, the Assumed Liabilities, the Japan Assets, the liabilities to be assumed by the Company in accordance with the Corporate Split (the "Japan Liabilities") or the transactions contemplated by this Agreement, including, without limitation, any implied warranties of merchantability or implied warranties of suitability or fitness for a particular purpose, any warranty, express or implied, as to the physical condition of any Purchased Asset or

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Japan Asset, any warranty regarding any financial projections or other forward-looking statements or the future profitability or success of the Business or the collectibility of any accounts receivable, in each case relating to the Shares, the Purchased Assets, the Japan Assets or the Business.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

#### Section 6.01. Organization, Power and Authorization; Binding Effect.

(a) Organization and Power. Purchaser has been duly organized, is validly existing and is in good standing under the Laws of Australia and has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. Guarantor has been duly organized, is validly existing and is in good standing under the Laws of Australia and has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

(b) Authorization. This Agreement has been duly and validly authorized, executed and delivered by Purchaser and Guarantor and no additional proceedings on the part of Purchaser or Guarantor are necessary to authorize the consummation of this Agreement or the transactions contemplated hereby.

(c) Binding Effect. This Agreement constitutes a valid and binding agreement of Purchaser and Guarantor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

Section 6.02. Consents and Approvals. Except as set forth in Schedule 6.02 or as required by the HSR Act or any applicable Competition Law, the execution, delivery and performance by Purchaser and Guarantor of this Agreement and the consummation of the transactions contemplated hereby do not require Purchaser or Guarantor to obtain any consent, approval, waiver or authorization from, or to give any notice or filing to, any Government Authority or other Person, other than where the failure to obtain any such consent, approval, waiver or authorization, or to give or make such notice or filing, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on, or to materially impair or delay, the ability of Purchaser or Guarantor to effect the Closing.

Section 6.03. Noncontravention. The execution, delivery and performance by Purchaser and Guarantor of this Agreement and the consummation of the transactions contemplated hereby do not and will not (a) violate the Organizational Documents of Purchaser or Guarantor, (b) assuming compliance with the matters referred to in Section 6.02, violate any applicable Law, or (c) conflict with, result in a breach of or constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Purchaser or Guarantor or to any loss of any benefit to which it is entitled under, any provision of any Contract binding upon Purchaser or Guarantor (in any such case, whether after the giving of notice or lapse of

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time or both) other than, in the case of clauses (b) and (c), any violation, conflict, breach, default, termination, cancellation, acceleration or loss that, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on, or to materially impair or delay, the ability of Purchaser or Guarantor to effect the Closing.

Section 6.04. Litigation. There is no action, suit, investigation or proceeding pending or, to the Knowledge of Purchaser, threatened against Purchaser or Guarantor or any of their properties before any Governmental Authority that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

Section 6.05. Financial Ability to Perform. Attached hereto as Exhibit P are true and complete copies of one or more firm commitment letters (the "Commitment Letters") evidencing that Purchaser will have sufficient funds available to make timely payment of the Initial Purchase Price, any expenses incurred by Purchaser in connection with the transactions contemplated by this Agreement and any other amounts to be paid by Purchaser in connection herewith. Such Commitment Letters have been duly and validly authorized and delivered by Purchaser and the counterparties thereto and are in full force and effect. There are no conditions precedent or other contingencies related to the funding of the full amount of such financing contemplated by the Commitment Letters except as expressly set forth therein. Purchaser has accepted the fee letter referenced in the Commitment Letters. The Commitment Letters may not be modified in any material respect without the consent of Seller. Purchaser's obligations hereunder are not subject to any conditions regarding Purchaser's ability to obtain financing for the consummation of the transactions contemplated herein.

Section 6.06. Finders' Fees. Except for any fees which will be paid by Purchaser or Guarantor, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Purchaser or Guarantor who might be entitled to any fee or commission from Seller or any of its Affiliates upon consummation of the transactions contemplated by this Agreement.

Section 6.07. Condition of the Business. Purchaser acknowledges that Purchaser and Guarantor have conducted to their satisfaction their own independent investigation of the Purchased Assets and the Business and, in making the determination to proceed with the transactions contemplated by this Agreement, Purchaser and Guarantor have relied on the results of their own investigation. Purchaser acknowledges that all other representations and warranties that Seller or anyone purporting to represent Seller gave or might have given, or which might be provided or implied by applicable Law or commercial practice, with respect to the Purchased Assets or the Business, are hereby expressly excluded. Purchaser acknowledges that neither Seller nor any other Person on Seller's behalf has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Purchased Assets, the Japan Assets, the Business or the transactions contemplated by this Agreement not expressly set forth in Article V.

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**ARTICLE VII**  
**COVENANTS OF SELLER**

Section 7.01. Corporate Split Procedure. From the date hereof until the Closing Date, Seller shall, and shall cause the Selling Affiliate to take all steps reasonably necessary to carry out and implement the Corporate Split in accordance with the terms set forth in the Corporate Split Agreement. Seller or the Selling Affiliate shall obtain Purchaser's prior written consent in each instance to effectuate any revisions to the Corporate Split Agreement, which consent Purchaser shall not unreasonably withhold.

Section 7.02. Conduct of the Business.

(a) From the date hereof until the Closing Date, except as set forth on Schedule 7.02(a), Seller shall, and shall cause the Selling Affiliate to, conduct the Business in the ordinary course of day-to-day conduct of the Business including in relation to the nature, scope or manner of conducting the Business and shall deal with the payment of creditors and collection of debtors of the Business in accordance with the policies which have been applied during the financial period ended on the Balance Sheet Date. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, except (w) as required by applicable Law, (x) as set forth on Schedule 7.02(a), (y) as contemplated by this Agreement, and (z) as may be consented to by Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), Seller shall not, and shall not permit the Selling Affiliate to, do any of the following in connection with the Business:

(i) sell, lease, license or otherwise dispose of any Purchased Assets, Shares or Japan Assets except in any such case (A) pursuant to existing Contracts or (B) otherwise in the ordinary course of business;

(ii) approve or commit to make any new capital expenditures that are not provided for in the approved budget as disclosed in Schedule 7.02(a)(ii), other than any capital expenditures made in order to comply with applicable health, safety, Environmental or other Laws or the Business's health, safety and environmental policies;

(iii) cancel or compromise any material debt or claim or waive or release any material right of Seller or the Selling Affiliate or the Company that constitutes a Purchased Asset or Japan Asset, except with respect to trade debts in the ordinary course of business that does not exceed in aggregate \$250,000 in value;

(iv) grant a material compensation increase (including cash-based and equity-based compensation) to any Business Employee (other than merit or cost of living increases in the ordinary course of business consistent with past practice) or modify or amend any Employee Plan in any way that materially increases the amount of the liability attributable to Seller or the Selling Affiliate in respect of any Business Employee under such Employee Plan;

(v) subject any of the Purchased Assets or Japan Assets to any Lien, except for Permitted Liens;

(vi) enter into, terminate or materially modify any labor or collective bargaining agreement;

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(vii) with respect to the Business, (A) extend an offer of employment to or hire any person or (B) amend the terms and conditions of employment or pension benefits of any employee in a manner which is material in the context of the total remuneration package of such employee, in either case other than where the total remuneration payable in connection with such employment does not exceed US\$75,000 (or its equivalent) or with the prior written consent of Purchaser, which consent shall not be unreasonably withheld or delayed; provided that Seller or the Selling Affiliate may replace a retiring employee or employee on sick or disability leave with another employee or consultant on substantially similar terms to such employee;

(viii) incur any indebtedness for money borrowed from an unaffiliated third party;

(ix) enter into, continue or solicit discussions or negotiations with, or provide any information to or otherwise assist, any third party who may be interested in acquiring, directly or indirectly, the Business or any material part of it;

(x) enter or offer to enter into any contract that involves the payment of more than US\$500,000 per year or is otherwise material to the Business (other than as a result of the acceptance of any existing tender) except where such contract permits assignment to Purchaser either without consent or if only with consent then on terms that such consent cannot be unreasonably withheld, conditioned or delayed;

(xi) permit any of its insurances to lapse, without renewal on usual and comparable terms, or do anything which would make any policy of insurance void or voidable;

(xii) except as otherwise permitted pursuant to Section 7.02(a), take any action that would materially adversely affect the rights of Seller or its Affiliates in the Acquired Intellectual Property in any material respect; or

(xiii) agree to do anything prohibited by this Section 7.02(a).

(b) From the date hereof until the Closing Date, except as set forth in Schedule 7.02(a), Seller shall, and shall cause the Selling Affiliate to:

(i) maintain the Seller Properties, including all Improvements, in substantially the same condition as of the date of this Agreement, ordinary wear and tear excepted, and not demolish or remove any of the existing Improvements;

(ii) not make or agree to any material alteration to any of the Assigned Contracts; and

(iii) keep Purchaser informed as to all material developments in the operation of the Business.

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Section 7.03. Access.

(a) From the date hereof until the Closing Date or the earlier termination of this Agreement in accordance with its terms, subject to the confidentiality obligations of Purchaser set forth herein and in the Confidentiality Agreement, and subject to the limitations set forth in Section 7.03(b), Seller shall (i) give Purchaser and Purchaser's Representatives reasonable access, during normal business hours and upon reasonable advance notice, to the offices, properties, and books and records of Seller, the Company and the Selling Affiliate to the extent relating to the Business (which books and records shall include, without limitation, the books and records evidencing the compliance of Seller and the Selling Affiliate with the Protocol as it applies to the Business) and (ii) furnish to Purchaser and Purchaser's Representatives such financial and operating data and other information in Seller's possession relating to the Business as Purchaser may reasonably request; provided, however, that neither Purchaser nor any Purchaser Representative will have the right to perform any investigative procedures that involve physical disturbance or damage to the real property of Seller or its Affiliates (including any environmental sampling or testing at such real property) or any of the other assets of the Business without Seller's prior written consent. Any investigation pursuant to this Section 7.03 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of Seller, the Selling Affiliate or any of their respective Affiliates.

(b) Nothing in this Agreement will impose obligations on Seller, the Selling Affiliate or any of their respective Affiliates to give Purchaser or any Purchaser Representative access to information if such access could reasonably be expected to cause Seller, the Selling Affiliate or any of their respective Affiliates to be in breach of any duty of confidence or any other duty or obligation under applicable Law (including antitrust and Competition Laws and Laws affecting privacy, personal information and the collection, handling, storage, processing, use or disclosure of data); provided, however, that Seller shall, and shall cause the Selling Affiliate and each of their respective controlled Affiliates to, (i) use reasonable efforts to obtain consent to disclose information covered by a confidentiality agreement or other duty of confidence and (ii) disclose competitively sensitive information to the Purchaser's external legal advisers pursuant to a common interest or joint defense agreement entered into by and between Seller and Purchaser.

(c) Confirmation of Tantalum Inventory and Non-Tantalum Inventory.

(i) During the week prior to the Closing, Seller shall provide Purchaser with a copy of the report relating to its most recent physical inspection of the Business's Tantalum Inventory and Non-Tantalum Inventory (including, for the avoidance of doubt, any Tantalum Inventory or Non-Tantalum Inventory of the Business contained in offsite storage facilities) and all relevant documentation bringing the inventory levels set forth therein forward to (A) the date of such delivery and (B) the anticipated Closing Date (such Tantalum Inventory, the "Closing Tantalum Inventory", and such Non-Tantalum Inventory, the "Closing Non-Tantalum Inventory"). Such report shall (A) identify and quantify in a reasonable level of detail each subcategory comprising the definition of Minimum Tantalum Inventory and Minimum Non-Tantalum Inventory, (B) identify on a "last-in, first-out" (LIFO) basis the amount of Excess Tantalum Inventory and Seller's aggregate cost basis in such Excess Tantalum Inventory (the "Excess Tantalum Inventory Value") and (C) be accompanied by a certification of such Closing Tantalum Inventory, Closing Non-Tantalum Inventory and Excess Tantalum Inventory Value by an executive officer of Seller.



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(ii) If the Closing Tantalum Inventory is less than the Minimum Tantalum Inventory, then Seller shall, as soon as reasonably practicable but in no event later than six (6) months after the Closing Date, deliver to Purchaser an amount of Tantalum Inventory equal to:

(A) in the case of a shortfall in tantalum ore,  $K_2TaF_7$  and scrap, such shortfall from a source specified as "non-conflict" and

(B) in the case of a shortfall in any of (i) capacitor powder, work in progress and finished goods, (ii) mill work in progress, finished goods and scrap or (iii) tantalum trays, such amount of tantalum ore,  $K_2TaF_7$  and scrap from a source specified as "non-conflict" as is necessary for the Business to produce the shortfall in the ordinary course, and Seller shall pay Purchaser an amount equal to the aggregate cost to the Business to produce such shortfall (calculated on the basis of the aggregate weighted average conversion cost per pound incurred by the Business to produce each type of the shortfall in the three (3) months prior to the Closing Date) from the tantalum ore,  $K_2TaF_7$  and scrap delivered by Seller.

(iii) If the Closing Non-Tantalum Inventory is less than the Minimum Non-Tantalum Inventory, then Seller shall, within five (5) Business Days after the Closing Date, pay to Purchaser by wire transfer of immediately available funds cash in an amount equal to such shortfall calculated by reference to book value in accordance with GAAP and on a basis consistent with past practice.

#### Section 7.04. Restrictive Covenants.

(a) Noncompetition. For a period of three (3) years from the Closing Date, Seller shall not, and Seller shall cause Seller's controlled Affiliates not to, directly or indirectly, without the prior written consent of Purchaser (i) produce, market, sell, lease or develop anywhere in the world any tantalum or niobium powder or fabricated products or alloys having a principal component consisting of tantalum or niobium metal or any other metal powders suitable for use in capacitor anodes and sputtering targets, (ii) induce or attempt to induce any person, who is at Closing or has been at any time within the twelve (12) months prior to Closing a supplier of goods or services to the Business, to cease to supply, or to restrict or vary the terms of supply, to the Business or (iii) do or say anything that is harmful to the reputation of the Business or that could lead a Person to cease to deal with the Business on substantially equivalent terms to those previously offered or at all (the "Competitive Activities").

(b) Exceptions. Notwithstanding the foregoing, this Section 7.04 shall not be deemed breached as a result of the ownership by Seller or any of its controlled Affiliates of: (i) less than ten percent (10%) of any class of stock of a Person engaged, directly or indirectly, in Competitive Activities; (ii) less than ten percent (10%) of the aggregate value of all Indebtedness of a Person engaged, directly or indirectly, in Competitive Activities; or (iii) all or a portion of a Person that engages, directly or indirectly, in Competitive Activities if such Competitive Activities account for less than ten percent (10%) of such Person's consolidated annual revenues, provided that if, at the time of Seller's or its controlled Affiliate's acquisition of ownership of all or a portion of such a Person, such Person derives ten percent (10%) or more of its consolidated

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annual revenues from Competitive Activities, then Seller or such Affiliate, as applicable, shall have twelve (12) months following such acquisition to cause to be divested a portion of such Person's business such that, immediately following such divestiture, Competitive Activities account for less than ten percent (10%) of such Person's consolidated annual revenues, in which case this Section 7.04 shall not be deemed breached by such ownership.

(c) Nonsolicitation. For a period of three (3) years from the Closing Date (the "Non-solicitation Period"), Seller shall not, and shall cause Seller's controlled Affiliates (including the Selling Affiliate) not to, directly or indirectly, without the prior written consent of Purchaser, (i) solicit, influence, entice or encourage any Transferred Employee who received cash compensation from Seller or the Selling Affiliate or any other Affiliate of Seller in excess of \$75,000 (or its equivalent) during 2010 or whose job title is "manager", "director" or equivalent to cease to curtail his or her relationship with Purchaser or any of its Affiliates or (ii) hire or attempt to hire, whether as an employee, consultant or otherwise, any such Transferred Employee; provided, however, that (1) if any such Transferred Employee responds to any general public advertisement placed or general solicitation undertaken by Seller or the Selling Affiliate or any other Affiliate of Seller, such advertisement or general solicitation shall not itself constitute a breach of this Section 7.04(c) and (2) this Section 7.04(c) shall not apply to any Transferred Employee whose employment is involuntarily terminated by Purchaser or its Affiliates.

#### Section 7.05. Insurance.

(a) From the date of this Agreement until the Closing, Seller shall ensure that all policies of insurance relating to the Business or any of the Purchased Assets in force as of the date of this Agreement (the "Current Insurance Policies") are kept in force. In the event that Seller shall become aware of any fact, event or circumstance (other than a fire or other casualty loss, which Seller shall address in accordance with Section 7.05(b)) arising after the date of this Agreement and prior to the Closing in respect of which a claim may be made under the Current Insurance Policies, Seller shall (i) file a claim in respect of such event or circumstance and (ii) have such claim paid prior to the Closing. In the event that such a claim is not paid prior to the Closing, Seller shall pursue payment in respect of such a claim on behalf of Purchaser and Purchaser shall have the right to receive any payment made in respect of any such claim made prior to the Closing as, when and to the extent such claim is paid.

(b) In the event any Purchased Asset that is a tangible asset is destroyed or damaged, in whole or in part, by fire or other casualty prior to the Closing, then in lieu of making a claim in accordance with Section 7.05(a), Seller may repair or replace (with similar grade and quality) such damaged asset before the Closing Date and such repaired or replaced asset shall constitute a Purchased Asset, in which case Purchaser shall not have any right, claim or title to any insurance proceeds relating to such asset.

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Section 7.06. Real Property. From and after the date hereof, Seller shall, and shall cause the Selling Affiliate to, use commercially reasonable efforts to assist Purchaser in obtaining, at or prior to Closing:

(a)(i) a commitment for an ALTA Owner's Title Insurance Policy (or other form of policy acceptable to Purchaser) for each Owned Property located in the United States (or an equivalent form of title assurance in accordance with local custom reasonably satisfactory to Purchaser for each parcel of Owned Property located outside the United States) issued by a title insurance company satisfactory to Purchaser (the "Title Company"), together with the documents referenced therein (the "Title Commitments"), and (ii) title insurance policies (which may be in the form of a mark-up of a pro forma of the Title Commitments) in accordance with the Title Commitments, insuring the Seller's or the Selling Affiliate's fee simple title to each Owned Property as of the Closing Date, with gap coverage from the named owner through the date of recording, in such amount as Purchaser reasonably determines to be the value of the property insured thereunder (the "Title Policies"), and including in each case an extended coverage endorsement insuring over the general or standard exceptions, ALTA Form 3.1 zoning (with parking and loading docks) and all other endorsements reasonably requested by Purchaser, in form and substance reasonably satisfactory to Purchaser;

(b) a survey for each Owned Property, dated no earlier than the date of this Agreement, prepared by a licensed surveyor satisfactory to Purchaser and conforming to 1999 ALTA/ACSM Minimum Detail Requirements for Urban Land Title Surveys, and certified to Purchaser and the Title Company, in a form reasonably satisfactory to each of such parties (the "Surveys"); and

(c) a written consent (in form and substance reasonably satisfactory to Purchaser) for the transfer of each Real Property Lease from the landlord or other party whose consent thereto is required under such Real Property Lease (the "Lease Consents").

Purchaser and Seller shall bear all fees, costs and expenses equally with respect to obtaining the Title Commitments and Title Policies, including costs of removal of exceptions to the Title Policies.

Section 7.07. ITAR. Seller shall notify the Directorate of Defense Trade Controls (the "DDTC") by registered mail at least 60 (sixty) days prior to the Closing of the intended sale in accordance with Section 122.4(b) of the International Traffic in Arms Regulations, 22 .C.F.R. 120-130 ("ITAR") and within 5 (five) days after the Closing of the change in ownership in accordance with Section 122.4(a) of ITAR unless any of these notice requirements have been waived in writing by the DDTC. The Parties hereby acknowledge and agree to cooperate in good faith in addressing any concerns that DDTC may raise in connection with this Agreement and to use their respective reasonable best efforts to assure that Purchaser obtains a new ITAR registration.

Section 7.08. Confidentiality. From and after the Closing Date, for a period of three (3) years after the Closing Date, Seller agrees and agrees to cause the Selling Affiliate, to treat all confidential data, reports, records, processes, know-how and other information it has developed or has in its control or possession relating to the Business, whether or not marked as confidential or proprietary (the "Information"), as confidential and to not disclose, discuss or reveal such Information to a third party without the prior written consent of Purchaser, unless Seller or the Selling Affiliate are required by applicable Law or order of a Government Authority to disclose any such Information and Seller or Selling Affiliate have informed Purchaser of such requirement and given Purchaser a reasonable opportunity to contest such requirement or to seek

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a protective order or a stay of such disclosure order. Seller agrees to exercise all reasonable efforts to avoid the disclosure of such Information to any third party. The obligations in this Section 7.08 shall not apply to any portion of the Information:

- (a) which is or becomes, through no act or failure on Seller's or the Selling Affiliate's part, published information known on a non-confidential basis; or
- (b) which corresponds in substance to information hereafter furnished to Seller or the Selling Affiliate by others as a matter of right without restriction on disclosure; or
- (c) which is independently developed by or on behalf of Seller or the Selling Affiliate, without knowledge of the Information.

Section 7.09. Remediation Activities.

(a) Except as set forth in Section 7.09(b), from and after the Closing, Seller shall control all remedial actions and all negotiations with any Governmental Authority or any other Person in respect to all Environmental Claims that are subject to Seller's indemnification obligations under Section 12.03 with counsel, consultants or contractors selected by Seller (to be reasonably acceptable to Purchaser), provided that Seller shall (i) keep Purchaser reasonably informed as to the status of the foregoing, (ii) promptly provide Purchaser with any material non-privileged related information, documentation and correspondence, and (iii) exercise reasonable best efforts to consult with Purchaser prior to exchanges of material information or material negotiations with any Person (Purchaser to make itself reasonably available and without unreasonable delay as to same). Such remedial actions and negotiations shall be performed in a commercially reasonable manner, including, to the extent allowed or authorized by applicable Environmental Law or the Governmental Authority having jurisdiction over a remedial action, the use of applicable commercial and/or industrial remediation standards and institutional controls. Seller agrees that, in conducting any remedial action or seeking a particular remedy or agreed remediation standard, it shall not unreasonably interfere with Purchaser's business operations. Notwithstanding anything to the contrary contained herein, Seller shall not enter into any settlement or judgment, without Purchaser's prior written consent, such consent not to be unreasonably withheld, that would encumber or impose on the Business or the Purchased Assets any restriction or condition that would materially and adversely affect the Purchaser or the Business. Purchaser may comment on Seller's proposed remedial actions and may participate at its expense in any meetings or discussions with relevant Governmental Authorities, but Purchaser shall have no right to perform or participate in any aspect of any remedial actions performed or directed by Seller; provided, however, that Purchaser shall provide reasonable access to Seller and its environmental consultants to any property within the control of Purchaser that is subject to any remedial action obligation of Seller under this Agreement.

(b) Notwithstanding anything in Section 7.09(a), from and after the Closing, Purchaser shall control all remediation actions and all negotiations with any Governmental Authority or any other Person in respect to those Special Environmental Liabilities set forth on Schedule 7.09(b). For so long as Seller is required to indemnify Purchaser and the Purchaser Indemnified Parties for such Liabilities, Seller shall reimburse Purchaser for the reasonable costs associated with continued implementation of such remedial program within 60 days of receipt of

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invoices for any remedial work relating thereto. Any material changes to the existing remedial program relating to such Liabilities must be approved in writing by Seller, which approval may not be unreasonably withheld, conditioned or delayed. Purchaser shall provide copies of relevant non-privileged reports and submissions to Seller regarding such remediation activities.

(c) Upon completion of a remediation required under this Agreement, as evidenced by: (i) a "no further remediation" letter, or the substantial equivalent, in form and substance reasonably acceptable to Purchaser, from the Governmental Authority having jurisdiction over the location where the remediation has occurred; (ii) written confirmation, in form and substance reasonably acceptable to Purchaser, from the Governmental Authority exercising authority over Seller's remediation work, that the underlying conditions have been remedied; or (iii) written confirmation, in form and substance reasonably acceptable to Purchaser, from the relevant Person under any remediation agreement between Seller and/or Purchaser and the relevant Person, that the underlying conditions have been remedied, then Seller shall be forever released and discharged by Purchaser and all Purchaser Indemnified Parties from any further related remediation under this Agreement. In any event, Seller's remediation obligations with respect to the Special Environmental Liabilities shall cease at the termination of the indemnity period set forth in Section 12.06(g).

## ARTICLE VIII

### COVENANTS OF PURCHASER

#### Section 8.01. Confidentiality.

(a) Confidential Information Regarding the Business. Prior to the Closing Date and, if this Agreement is terminated without the Closing having occurred, after such termination, Purchaser will, and will cause its Affiliates and Purchaser's Representatives to, comply with the terms of the Confidentiality Agreement, dated January 20, 2011, by and between Purchaser and Seller (the "Confidentiality Agreement").

(b) Confidential Information Regarding Other Seller Businesses. Purchaser understands and agrees that Seller is making available to Purchaser, Purchaser's Affiliates and the respective representatives of Purchaser and its Affiliates (collectively, "Purchaser's Representatives") certain trade secrets and other information that is confidential, non-public and/or proprietary concerning the operations of Seller, its Affiliates and the Business. Purchaser acknowledges that Seller and its Affiliates could be irreparably damaged if any trade secrets or other information that is confidential, non-public or proprietary to Seller or any of its Affiliates that does not relate to the Business (the "Seller Information") was disclosed by Purchaser, its Affiliates or any Purchaser Representative to any Person and, from and after the Closing Date, for a period of three (3) years after the Closing Date, Purchaser will not, and will cause its Affiliates and each Purchaser Representative not to, at any time, without the prior written consent of Seller, disclose or use (or permit to be disclosed or used) in any way any such Seller Information (regardless of whether such Seller Information was obtained during the course of pursuing the transactions contemplated by this Agreement or following the Closing from a Transferred Employee), unless such Seller Information (i) was already in Purchaser's possession prior to Purchaser's entry into the Confidentiality Agreement; provided that such Seller

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Information is not known by Purchaser to be subject to another confidentiality agreement with or other obligation of secrecy to Seller or another party, (ii) becomes generally available to the public other than as a result of a disclosure by Purchaser, its Affiliates or any Purchaser Representative, or (iii) becomes available to Purchaser on a non-confidential basis from a source other than Seller, its Affiliates or any of their respective representatives; provided that such source is not known by Purchaser to be bound by a confidentiality agreement with or other obligation of secrecy to Seller or another party.

Section 8.02. Access. After the Closing, Purchaser will afford promptly to Seller and its Affiliates and their respective representatives reasonable access (with an opportunity to make copies), during normal business hours and upon reasonable notice, to Purchaser's and Purchaser's Affiliates properties, books, work papers, Contracts, personnel and records (whether in hard copy or computer format) relating to the Business as Seller shall reasonably request in order to comply with any applicable Laws; provided, however, that any such access by Seller shall not unreasonably interfere with the conduct of the Business by Purchaser. Seller shall promptly reimburse Purchaser for any and all out-of-pocket costs and expenses (excluding reimbursement for general overhead, salaries and employee benefits) actually incurred by Purchaser, any Affiliate of Purchaser or any Purchaser Representative in connection with the foregoing.

Section 8.03. No Contacts with Certain Third Parties. From the date of this Agreement until the Closing, without Seller's prior written consent (which consent may not be unreasonably withheld, conditioned or delayed), Purchaser shall not, and Purchaser shall cause all of its Affiliates and Purchaser's Representatives not to, contact or communicate with any employees, consultants, landlords, customers, suppliers, licensors or distributors of Seller, any of Seller's Affiliates and/or the Business in connection with the transactions contemplated by this Agreement.

Section 8.04. Transfer Taxes. The party that is legally required to pay any transfer, documentary, sales, use, registration and other such Taxes (including all applicable real estate transfer Taxes) and related fees (including any penalties, interest and additions to Tax) arising out of or incurred in connection with this Agreement ("Transfer Taxes") shall pay such Taxes. The party that is legally required to file a Tax Return relating to Transfer Taxes shall be responsible for preparing and timely filing such Tax Return.

Section 8.05. Change of Directors. Purchaser shall, at the Closing or as soon as practicable after the Closing, (i) appoint its nominated directors of the Company and (ii) register the resignation of the directors of the Company nominated by Seller and the appointment of the new directors of the Company.

## **ARTICLE IX**

### **COVENANTS OF SELLER AND PURCHASER**

Section 9.01. Reasonable Best Efforts; Further Assurances.

(a) Purchaser and Seller shall cooperate and use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable

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to fulfill the conditions precedent to the other party's obligations and otherwise to consummate the transactions contemplated by this Agreement. Seller and Purchaser shall, and Seller shall cause the Selling Affiliate and the Company to, execute and deliver such other documents, certificates, agreements and other writings and take such other actions as may be necessary or desirable under applicable Law in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

(b) Without limiting the generality of the foregoing, Seller and Purchaser shall cooperate with one another (i) in determining whether any authorizations, actions, consents, approvals or waivers are required to be obtained from, or notices given to, parties to any material third-party (non-Affiliate) Contracts in connection with the transactions contemplated by this Agreement and (ii) in taking such commercially reasonable actions to obtain any such authorizations, actions, consents, approvals or waivers and to timely give any such notices, in each case, that are material to the operation of the Business. Purchaser shall be responsible for any expenses associated with obtaining any such authorizations, actions, consents, approvals or waivers, or the giving of any such notices, and none of the Seller, the Company or the Selling Affiliate will have any Liability for the failure to obtain any such authorization, action, consent, approval or waiver or to give any such notice. For the avoidance of doubt, Purchaser shall be responsible for payment of the filing fee, but each of Purchaser and Seller shall be responsible for any associated costs, including legal costs, relating to filing and obtaining consent, approval or waiver under the HSR Act.

#### Section 9.02. Governmental Authorities and Other Proceedings.

(a) General. Seller and Purchaser shall cooperate with one another in (i) determining whether any action in respect of (including any filing with), or consent, approval or waiver by, any Governmental Authority is required in connection with the consummation of the transactions contemplated by this Agreement (including in relation to the transfer, modification or reissuance of any Permit), (ii) taking any such actions (including making any filing or furnishing any information required in connection therewith) in order to obtain any such consent, approval or waiver on a timely basis and (iii) keeping the other party promptly informed in all material respects with respect to any communication given or received in connection with any such action, consent, approval or waiver, including providing to each other in advance any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted to a Governmental Authority by or on behalf of any party.

(b) Certain Filings. Each of Purchaser and Seller agrees to make all appropriate filings required by the HSR Act and any Competition Laws with respect to the transactions contemplated hereby as promptly as practicable and to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act or any Competition Laws. Neither Purchaser nor Seller shall agree to any voluntary extension or delay of any statutory waiting period or withdraw its Notification and Report Form pursuant to the HSR Act unless such party first consults and reasonably considers the views of each other party hereto. No party hereto shall participate in any meeting with any Governmental Authority with respect to the HSR Act or any Competition Law as they relate to the transactions contemplated hereby (except in the case of Purchaser for any meetings between Purchaser and any Governmental Authority to discuss possible remedies), unless it consults with the other parties hereto in advance and, to the extent permitted by such Governmental Authority, gives such other parties the opportunity to attend and participate thereat.

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(c) Purchaser's Efforts. Without limiting the provisions set forth in paragraphs (a) and (b) above, Purchaser shall use commercially reasonable efforts to obtain any consent, approval or waiver relating to the HSR Act or any Competition Law that is required for the consummation of the transactions contemplated by this Agreement. For the avoidance of doubt, if any administrative or judicial action or proceeding is instituted (or threatened to be instituted) challenging the transactions contemplated by this Agreement as violative of any Competition Law, or if any judgment or Law is enacted, entered, promulgated or enforced by a Governmental Authority that would make such transactions illegal or would otherwise prohibit or materially impair or delay the consummation of such transactions, Purchaser shall use commercially reasonable efforts to contest and resist in good faith any such action or proceeding and shall use commercially reasonable efforts to have vacated, lifted, reversed or overturned any judgment, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement. Notwithstanding anything to the contrary contained in this Agreement, neither Purchaser nor its Affiliates shall be required to take any action that (i) involves divestiture of an existing business or any material assets of Purchaser or its Affiliates, including, after the Closing, the Business or any Purchased Assets, (ii) involves unreasonable expense, (iii) could reasonably be expected to materially impair the overall benefit expected to be realized from the consummation of the transactions contemplated by this Agreement or (iv) involves behavioral commitments or limits Purchaser's rights of ownership in any of its or its Affiliates' assets, or after the Closing, the Purchased Assets or any assets of the Business.

Section 9.03. Public Announcements. From the date of this Agreement through the Closing Date, each of Seller and Purchaser must obtain the prior written consent of the other party before issuing any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby; provided, however, that, to the extent required by applicable Law or any listing agreement with any national securities exchange, Seller and Purchaser shall be permitted to issue any such press release or make any such public statement, including any such press release or public statement to be issued or made in connection with the parties' entry into this Agreement, without the prior written consent of the other party; provided further, however, that each of Purchaser and Seller and their respective Affiliates may make internal announcements regarding the transactions contemplated by this Agreement to their employees after reasonable consultation with Seller or Purchaser, as applicable.

Section 9.04. Certain Seller Intellectual Property. Neither Purchaser nor any of its Affiliates is purchasing, acquiring or otherwise obtaining any right, title or interest in the name "Cabot" or any Trademarks related thereto or employing any part or variation of any of the foregoing or any confusingly similar Trademarks (collectively, the "Certain Seller Intellectual Property"). Purchaser shall not, and shall cause its Affiliates not to, make use of any Certain Seller Intellectual Property from and after the Closing Date, whether in connection with the Business or otherwise; provided, that Purchaser shall have up to ninety (90) calendar days after the Closing Date in which to take all actions necessary to eliminate all uses of, and references to, the Certain Seller Intellectual Property in connection with the operation of the Business so long as the quality of the Products and services of the Business during such period is substantially similar to the quality of the Products and services of the Business as of the Closing Date.



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Section 9.05. Notices of Certain Events.

(a) From the date of this Agreement until the Closing Date, each party shall promptly notify the other party of:

(i) any written notice or other written communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(ii) any written notice or other written communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iii) any change or fact of which it is aware that will or is reasonably likely to result in any of the conditions set forth in Article XI becoming incapable of being satisfied.

(b) Prior to the Closing, Seller may deliver to Purchaser a supplement or update to the Disclosure Schedule, and any such supplement or update shall not be considered for purposes of determining whether the condition set forth in Section 11.02(a) has been satisfied. To the extent that any such supplement or update refers to any matter arising after the date hereof and prior to the Closing that is necessary to be disclosed in order to make any representation or warranty correct when made as of the Closing, and Purchaser is required to consummate or consummates the transactions contemplated by this Agreement notwithstanding receipt by Purchaser of any such supplement or update from Seller, then notwithstanding such consummation and the occurrence of the Closing, Purchaser and the Purchaser Indemnified Parties shall have the right to indemnification hereunder after the Closing in respect of any such notified matter.

Section 9.06. No Support Services. Purchaser acknowledges and agrees that, except to the extent provided in the Transition Services Agreement, all support services and insurance coverages provided by Seller and its Affiliates to the Business will be terminated with respect to the Business, effective in each case as of the Closing Date.

Section 9.07. [Reserved]

Section 9.08. Flame Synthesis Reactor. As promptly as practicable after the date hereof, Seller and Purchaser will evaluate the possibility of constructing a new flame synthesis reactor to recreate the Billerica Reactor. After completion of such evaluation, Purchaser may, in its sole discretion, (i) elect to construct a new flame synthesis reactor to recreate the Billerica Reactor or (ii) decline to construct a new flame synthesis reactor, in which case the Billerica Reactor will be a Purchased Asset and will be sold and transferred by Seller to Purchaser pursuant to this Agreement. If Purchaser elects to construct a new flame synthesis reactor, (i) the Billerica Reactor will be an Excluded Asset and will not be sold and transferred by Seller to Purchaser pursuant to this Agreement, (ii) the Closing Cash Consideration shall be reduced by the lesser of

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(A) the cost to construct the new flame synthesis reactor and (B) \$1,000,000 and (iii) Purchaser will have the right to continued use of the Billerica Reactor in connection with the Business as described in the Transition Services Agreement.

## ARTICLE X

### EMPLOYEE BENEFITS

Section 10.01. Collective Bargaining Agreements. Effective as of the Closing, Purchaser shall succeed to and assume all of the obligations of Seller and its Affiliates under the Collective Bargaining Agreements, and Purchaser shall indemnify the Seller Indemnified Parties against and in respect of any and all Losses actually incurred by any of the Seller Indemnified Parties relating to such obligations in accordance with the terms and conditions of Section 12.02.

Section 10.02. Transfer of Employment.

(a) Prior to the Closing, Seller shall provide Purchaser with an updated Schedule 5.14(a) revised for new hires and employment terminations as of the date which is seven days prior to the Closing Date. Prior to the Closing, Purchaser shall deliver a written offer of employment to each Business Employee employed in the U.S. Business ("U.S. Business Employee") to commence employment with Purchaser immediately following the Closing. Each such offer of employment shall be for a position that is no less favorable than the position held by the U.S. Business Employee with Seller on the date such offer is made. Such U.S. Business Employees who accept such offer and commence employment with Purchaser are referred to herein as the "U.S. Transferred Employees." Nothing in this Article X shall entitle any U.S. Transferred Employee to continued employment with Purchaser following the Closing and shall not change any such U.S. Transferred Employee's "at-will" status.

(b) Purchaser shall honor the terms and conditions of the applicable Collective Bargaining Agreement and shall bargain in good faith with the applicable union in accordance with all applicable Laws. The employment of each Union Employee who becomes a U.S. Transferred Employee shall continue with Purchaser immediately following the Closing under the terms and conditions of the applicable Collective Bargaining Agreement. The provisions set forth in Sections 10.02(a), 10.03, 10.04, 10.05, and 10.08 shall not apply to a U.S. Transferred Employee who is a Union Employee.

Section 10.03. Continuation of Benefits and Compensation. Purchaser shall provide, or cause to be provided, to each of the U.S. Transferred Employees base salary and employee benefits (excluding any equity awards) that as of the Closing are comparable in aggregate value to those provided to such U.S. Transferred Employee immediately prior to the Closing.

Section 10.04. Benefit Plans. Purchaser shall, or shall cause an Affiliate to, recognize each U.S. Transferred Employee's service with Seller, the Selling Affiliate or any of their respective Affiliates or their respective predecessors as of the Closing as service with Purchaser for all purposes other than benefit accrual under applicable defined benefit pension plans under Purchaser's and its Affiliates' employee welfare benefit plans, employee retirement plans, vacation, disability, severance and other employee benefit and incentive plans or policies (the "Purchaser's Plans"). Purchaser shall, or shall cause an Affiliate to, waive any pre-existing

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condition limitations and eligibility waiting periods under the Purchaser's Plans (but only to the extent such pre-existing condition limitations and eligibility waiting periods were satisfied under the Employee Plans as of the Closing Date) and shall recognize (or cause to be recognized) the dollar amount of all expenses incurred by each U.S. Transferred Employee and his or her spouse and dependents during 2011 for purposes of satisfying the deductibles and co-payment or out-of-pocket limitations for such calendar year under the relevant Purchaser's Plans.

Section 10.05. Accrued Vacation. Purchaser shall, or shall cause an Affiliate to, credit each U.S. Transferred Employee with the accrued and unused vacation days to which the U.S. Transferred Employee is entitled through the Closing, and any personal and sickness days accrued by the U.S. Transferred Employee through the Closing, in each case to the extent reflected on the Financial Statements and as further accrued in the ordinary course through Closing.

Section 10.06. COBRA Continuation Coverage. Purchaser shall have the sole responsibility for "continuation coverage" benefits provided after the Closing for all U.S. Transferred Employees and "qualified beneficiaries" of U.S. Transferred Employees for whom a "qualifying event" occurs on or after the Closing (including all qualifying events that occur in connection with the Closing). The terms "continuation coverage," "qualified beneficiaries" and "qualifying event" shall have the meanings ascribed to them under Section 4980B of the Code and Sections 601-608 of ERISA. Seller shall retain all obligations to provide continuation coverage relating to qualifying events occurring prior to the Closing Date.

Section 10.07. Workers' Compensation. Seller or the Selling Affiliate, as applicable, shall retain the obligation and Liability for any workers' compensation, occupational disease or illness, or similar workers' protection claims with respect to each Business Employee related to events occurring prior to the Closing Date regardless of when filed. Purchaser shall be responsible for any obligation and Liability for workers' compensation, occupational disease or illness, or similar workers' protection claims with respect to each U.S. Transferred Employee occurring on or after the Closing Date.

Section 10.08. Retirement Savings Plan. Effective as of the Closing Date, the active participation of each U.S. Transferred Employee in the Cabot Retirement Savings Plan shall cease. Effective as of the Closing Date or any subsequent date reasonably requested by Purchaser (but not later than the 60<sup>th</sup> day following the Closing Date), U.S. Transferred Employees shall be eligible to effect a "direct rollover" (as described in Section 401(a)(31) of the Code) of their account balances under the Cabot Retirement Savings Plan to a U.S. tax-qualified defined contribution plan of Purchaser or its Affiliates ("Purchaser DC Plan") in the form of cash. Seller and Purchaser shall take all actions necessary to permit such rollovers as soon as practicable after the Closing Date, including, without limitation, amendment of the Purchaser DC Plan to allow for direct rollovers of U.S. Transferred Employees, provided that Seller shall take all necessary action to vest each U.S. Transferred Employee in any unvested amounts in respect of their account balances as of the Closing Date.

Section 10.09. Retention Agreements. Schedule 10.09 contains a list of retention agreements between Seller and certain Business Employees ("Retention Agreements"), which have previously been provided to Purchaser. Effective as of the Closing, Purchaser or one of its

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Affiliates shall succeed to and assume each Retention Agreement with a Transferred Employee and all of the obligations and Liabilities of Seller thereunder for the Retention Incentives and Severance Payments described in the Retention Agreements.

Section 10.10. Severance Obligations. Effective as of the Closing, Purchaser or one of its Affiliates shall succeed to and assume all of the obligations and Liabilities of Seller and its respective Affiliates arising on or after the Closing Date for the payment or provision of any severance payments to be provided to a U.S. Business Employee (i) pursuant to the terms of any severance plan or agreement set forth on Schedule 10.10, or (ii) as otherwise required to be provided by applicable Law (together, "Severance Obligations").

Section 10.11. Unvested Amounts. Seller shall take all necessary action to vest the U.S. Transferred Employees in any unvested compensation or benefits accrued under the Employee Plans, including, without limitation, any equity-based awards, immediately prior to the Closing Date and shall pay or provide such compensation and benefits in accordance with the terms of such Employee Plans.

Section 10.12. WARN Act. Purchaser shall indemnify Seller for any Liability arising under the WARN Act or similar applicable Law arising after the Closing Date with respect to employees of the Business whose employment was terminated prior to the Closing Date; provided, however, that Purchaser shall not indemnify Seller for any Liability arising under the WARN Act which is incurred by Seller's own actions prior to the Closing Date without regard to any post-Closing actions of Purchaser. Seller shall provide Purchaser with a list of employees who performed services with respect to the Business whose employment was terminated 90 days prior to the Closing Date.

Section 10.13. Employee Communications. Seller and Purchaser shall cooperate in communications with U.S. Transferred Employees with respect to employee benefit plans maintained by Seller or Purchaser and with respect to other matters arising in connection with the transactions contemplated by this Agreement; provided, however, that from and after the Closing, nothing herein will restrict in any manner Purchaser's communications with any U.S. Transferred Employees.

Section 10.14. Japanese Defined Benefit Plan and Directors' Plan.

(a) As soon as practicable after the Closing but no later than twelve (12) months from the Closing, Purchaser shall cause the Company to establish a defined benefit plan (the "Company Benefit Plan") for the benefit of the Company's employees transferred from the Selling Affiliate to the Company pursuant to the Corporate Split Agreement ("Japanese Transferred Employees"). The terms and conditions of the Company Benefit Plan shall be consistent with the terms and conditions of the defined benefit plan that is presently sponsored by the Selling Affiliate and other Seller Affiliates in Japan (the "Japanese Benefit Plan") as of the Closing. For avoidance of doubt, the Japanese Benefit Plan consists of the Employees' Retirement Plan for Cabot Group.

(b) Purchaser shall cause the Company to become a co-sponsor in the Japanese Benefit Plan as of the Closing and remain such co-sponsor until the date the Company Benefit

Plan is established (the "DB Transfer Date") in order that the Japanese Transferred Employees may remain participants under the Japanese Benefit Plan until the DB Transfer Date. The sole financial obligation of the Company during its period of co-sponsorship shall be to pay for the required employer contributions to the fund for benefits earned during the period beginning on the Closing Date and ending on the DB Transfer Date in relation to the Japanese Transferred Employees. The accrued liability in the Japanese Benefit Plan for the Japanese Transferred Employees as of the DB Transfer Date shall be assumed in the Company Benefit Plan from and after the DB Transfer Date. Seller and Purchaser shall direct Mizuho Trust Bank, as operating agent, to determine the ratio of actuarial obligations (*Suri-Saimu*) for the Japanese Transferred Employees to other subject employees in the Japanese Benefit Plan as of the Closing (the "Ratio"). Purchaser shall have the Company, and Seller shall have the Selling Affiliate and its other Affiliates in Japan, split funded assets in the Japanese Benefit Plan into the Company Benefit Plan and the Japanese Benefit Plan as of the DB Transfer Date based on the Ratio.

(c) Seller shall instruct Towers Watson (the "Seller Actuary") to determine the Underfunded Pension Amount as of the DB Transfer Date. The "Underfunded Pension Amount" shall be the projected benefit obligation for the Japanese Transferred Employees as of the DB Transfer Date *minus* the fair value of the funded assets of the Japanese Benefit Plan as valued by the administrator of such plans as at the date of this Agreement (being Mizuho Trust Bank) for the Japanese Transferred Employees at the DB Transfer Date. With the exception of the discount rate, all actuarial valuation assumptions shall be the same as were used in the most recently completed actuarial valuation for year-end disclosure purposes under GAAP. The discount rate used in the most recently completed actuarial valuation for year-end disclosure purposes under GAAP shall be adjusted with any movement in the yield on Japanese government 10-year bonds between the valuation date and the month end preceding the DB Transfer Date. Each of the parties shall furnish, at its own expense, the Seller Actuary with such documents and other written information as the Seller Actuary may request in connection with determining the Underfunded Pension Amount (including without limitation the funded status of plans, cash flow, plan asset information, amortization amounts during the relevant period on which the valuation is based, plan provisions, membership data and asset information) and the chief financial officer of the party furnishing such information shall certify that such information is accurate and complete in all material respects as at the date of furnishing such information or the date otherwise expressly certified therein. The fees and expenses of the Seller Actuary will be borne by Seller.

(d) Seller shall instruct the Seller Actuary to deliver a certificate (the "Actuary Certificate") to Seller and Purchaser setting forth its determination of the Underfunded Pension Amount, together with the actuarial valuation report, actuarial assumptions and methods and supporting documentation, as promptly as practicable after the DB Transfer Date. Purchaser may appoint its own actuary (the "Purchaser Actuary") to review the Seller Actuary's calculations. Purchaser shall have ten (10) Business Days to review the Seller Actuary's calculations and respond in writing with any questions regarding the calculations. To the extent the Seller Actuary and the Purchaser Actuary cannot agree on a final Underfunded Pension Amount, a third party independent actuary (the "Third Party Actuary") shall be jointly appointed by Purchaser and Seller, the findings of whom shall be binding on both parties and the cost of whom shall be borne equally by Purchaser and Seller. Within ten (10) days after finalization of the Underfunded Pension Amount, Seller shall pay to Purchaser such Underfunded Pension Amount.

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(e) At Closing, Seller will pay all obligations under the Cabot Supermetals Directors' Retirement Plan and any other retirement plan relating to the Japanese Transferred Employees other than the Employees' Retirement Plan for Cabot Group.

Section 10.15. Cooperation.

(a) Each of Purchaser and Seller recognize it to be in the best interests of the parties hereto and their respective employees that the transactions in this Article X be effected in an orderly manner and agree to devote their respective reasonable best efforts and to cooperate fully in complying with the provisions of this Article X. Without limiting the generality of the foregoing, each of the parties agree to execute, deliver and file all documents and to take all such actions as are reasonably necessary or desirable in order to carry out and perform the purposes of this Article X and to facilitate the transactions referred to in this Article X.

(b) Without limiting the generality of Section 10.14(a), Seller shall use its commercially reasonable efforts to cooperate with Purchaser promptly at its request for up to 90 days following the Closing Date in endeavoring to obtain the consent of any significant contractors of the Business immediately prior to Closing to have the Purchaser (or its Affiliates) engage such contractors in the Business from and after Closing.

Section 10.16. No Third Party Beneficiary or Employee Rights. Nothing in this Article X expressed or implied shall (a) create any third-party beneficiary or other rights in any employee or former employee (including any beneficiary or dependent thereof) of Seller, the Company or the Selling Affiliate or any other Person other than the parties hereto and their respective successors and permitted assigns, (b) constitute or create an employment agreement or (c) constitute or be deemed to constitute an amendment to any employee benefit plan sponsored or maintained by Seller, the Selling Affiliate, the Company, Purchaser or any of Purchaser's Affiliates.

## ARTICLE XI

### CONDITIONS TO CLOSING

Section 11.01. Conditions to Obligations of Purchaser and Seller. The obligations of Purchaser and Seller to consummate the Closing are subject to the satisfaction (or waiver to the extent permitted by applicable Law) of the following conditions:

(a) HSR Act; Competition Laws. All required filings under the HSR Act or any Competition Laws relating to the transactions contemplated hereby shall have been made and any applicable waiting periods under such Laws applicable to the transactions contemplated hereby shall have expired or been terminated and any approvals or clearances required under such Laws applicable to the transactions contemplated hereby shall have been obtained.

(b) No Order. No Governmental Authority of any competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law that is then in effect and has the effect of making the consummation of the Closing illegal or otherwise prohibiting the consummation of the transactions contemplated hereby.

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(c) Consents. The consents set forth on Schedule 11.01(c) shall have been received and shall be in full force and effect.

(d) Corporate Split. The Business currently conducted by the Selling Affiliate shall have been transferred to the Company in accordance with the Corporate Split and all the other steps contemplated in Section 7.01 shall have been completed.

(e) Exon-Florio. Purchaser and Seller shall have obtained written notice from CFIUS that its review or investigation of the transactions contemplated hereby has been concluded and confirming that CFIUS will not object to the transactions contemplated hereby, or impose any conditions the acceptance of which would not be reasonably acceptable to Seller or Purchaser.

Section 11.02. Conditions to Obligation of Purchaser. The obligation of Purchaser to consummate the Closing is subject to the satisfaction (or waiver to the extent permitted by applicable Law) of the following further conditions:

(a) Representations and Warranties. The representations and warranties of Seller contained in this Agreement (i) shall have been true and correct when made and (ii) shall be true and correct as of the Closing Date, with the same force and effect as if made as of the Closing Date (in each case of clauses (i) and (ii) other than such representations and warranties as are made as of another date, which shall be true and correct only as of such date), and in each case of clauses (i) and (ii) except where the failure of such representations and warranties, in the aggregate, to be so true and correct (without giving effect to any limitations or qualifications as to "materiality" (including the word "material") or "Material Adverse Effect" set forth therein) would not have a Material Adverse Effect.

(b) Agreements and Covenants. Seller shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

(c) Permits. All Permits listed on Schedule 11.02(c) shall have been transferred, modified or reissued as necessary for Purchaser and its Affiliates to operate the Business in compliance with all applicable Laws as of the Closing Date.

(d) Washington University Sub-license. Seller shall have delivered to Purchaser a duly executed copy of the Washington University Sub-license.

(e) Closing Deliverables. The closing deliveries set forth in Section 4.02 shall have been delivered to Purchaser.

Section 11.03. Conditions to Obligation of Seller. The obligation of Seller to consummate the Closing is subject to the satisfaction (or waiver to the extent permitted by applicable Law) of the following further conditions:

(a) Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall have been true and correct in all material respects when made

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and shall be true and correct in all material respects as of the Closing Date, with the same force and effect as if made as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and correct in all material respects only as of such date).

(b) Agreements and Covenants. Purchaser shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

(c) Washington University Sub-license. Purchaser shall have delivered to Seller a duly executed copy of the Washington University Sub-license.

(d) Closing Deliverables. The closing deliveries set forth in Section 4.03 shall have been delivered to Seller.

Section 11.04. Frustration of Closing Conditions. Neither Purchaser nor Seller may rely on the failure of any condition set forth in Section 11.01, Section 11.02 or Section 11.03, as the case may be, to be satisfied if such failure was caused by such party's failure to comply with its obligations to consummate the transactions contemplated by this Agreement as required by the provisions of this Agreement, including Section 9.01.

## ARTICLE XII

### SURVIVAL; INDEMNIFICATION

#### Section 12.01. Survival.

(a) The representations and warranties of Seller and Purchaser contained in this Agreement shall survive the Closing for the applicable time period set forth in this Section 12.01, which time period shall serve as a contractual statute of limitations for indemnification claims. All of the representations and warranties of Seller and Purchaser contained in this Agreement and all claims and causes of action for the breach thereof shall terminate on the date that is eighteen (18) months after the Closing Date, except that (i) the representations and warranties contained in Sections 5.08(b) (Compliance with Law) and 5.17 (Tax Matters) shall terminate on the date that is ninety (90) days after the expiration of the applicable statute of limitations; (ii) the representations and warranties contained in Section 5.13 (Environmental Matters) shall terminate on the date that is four (4) years after the Closing Date; and (iii) the representations and warranties contained in Sections 5.01 (Organization, Power and Authorization; Binding Effect), 5.05 (Title to Purchased Assets; Sufficiency) and 6.01 (Organization, Power and Authorization; Binding Effect) shall survive indefinitely. In the event notice of any claim for indemnification under Section 12.02(a) or Section 12.03(a) shall have been given pursuant to Section 14.01 within the applicable survival period, the representations and warranties that are the subject of such indemnification claim shall survive until such time as such claim is finally resolved.

(b) The covenants and agreements of the parties hereto contained in this Agreement shall survive in accordance with their respective terms.



Section 12.02. Indemnification by Purchaser. From and after the Closing, Purchaser hereby agrees to indemnify, defend and hold harmless Seller, the Selling Affiliate, their respective Affiliates and, if applicable, their respective directors, officers, stockholders, partners, attorneys, accountants, agents, employees, heirs, successors and assigns (the "Seller Indemnified Parties") from, against and in respect of any Losses actually incurred by any of the Seller Indemnified Parties resulting from or arising out of (a) any breach of any representation or warranty made by Purchaser contained in this Agreement, (b) the breach of any covenant or agreement of Purchaser contained in this Agreement, (c) any Assumed Liability or (d) the conduct of the Business or the ownership or use of the Purchased Assets after the Closing Date. The Seller Indemnified Parties shall not be entitled to assert any indemnification claim pursuant to clause (a) of this Section 12.02 (i.e., with respect to any breach of any representation or warranty made by Purchaser contained in this Agreement) after the expiration of the applicable survival period set forth in Section 12.01(a) (except to the extent provided therein) and, in each such case, any such claim shall be irrevocably and unconditionally released and waived by the Seller Indemnified Parties upon such expiration, whether or not a longer period would be permitted by applicable Law.

Section 12.03. Indemnification by Seller. From and after the Closing, Seller hereby agrees to indemnify, defend and hold harmless Purchaser, its Affiliates and, if applicable, their respective directors, officers, stockholders, partners, attorneys, accountants, agents, employees, heirs, successors and assigns (the "Purchaser Indemnified Parties" and, collectively with the Seller Indemnified Parties, the "Indemnified Parties") from, against and in respect of any Losses actually incurred by any of the Purchaser Indemnified Parties resulting from or arising out of (a) any breach of any representation or warranty made by Seller contained in this Agreement, (b) the breach of any covenant or agreement of Seller contained in this Agreement, (c) any Excluded Liability or Excluded Asset, or (d) any Special Environmental Liability. For purposes of clause (a) of the immediately preceding sentence, all "materiality," "Material Adverse Effect" and similar materiality qualifiers contained in such representations and warranties shall be disregarded (other than those set forth in Sections 5.06 (Financial Statements), 5.09(a) (Contracts) and 5.11(a) (Intellectual Property)). The Purchaser Indemnified Parties shall not be entitled to assert any indemnification claim pursuant to clause (a) of this Section 12.03 (i.e., for breach of any representation or warranty made by Seller contained in this Agreement) after the expiration of the applicable survival period set forth in Section 12.01(a) (except to the extent provided therein) and, in each such case, any such claim shall be irrevocably and unconditionally released and waived by the Purchaser Indemnified Parties upon such expiration, whether or not a longer period would be permitted by applicable Law.

Section 12.04. Indemnification Procedures.

(a) With respect to third party claims, all claims for indemnification by any Indemnified Party hereunder shall be asserted and resolved as set forth in this Section 12.04.

(b) In the event that any written claim or demand for which Seller or Purchaser, as the case may be (an "Indemnifying Party"), may be liable to any Indemnified Party hereunder (after giving effect to the limitations set forth in this Article XII) is asserted against or sought to be collected from any Indemnified Party by a third party, such Indemnified Party shall promptly, but in no event more than thirty (30) days following such Indemnified Party's receipt of such

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claim or demand, notify the Indemnifying Party of such claim or demand in reasonable detail (taking into account the information then available to the Indemnified Party) and the amount or the estimated amount thereof to the extent then feasible (the "Claim Notice"). The Indemnifying Party shall have thirty (30) days from receipt of the Claim Notice (the "Notice Period") to notify the Indemnified Party (i) whether or not the Indemnifying Party disputes the liability of the Indemnifying Party to the Indemnified Party hereunder with respect to such claim or demand and (ii) whether or not the Indemnifying Party elects to defend the Indemnified Party against such claim or demand. All costs and expenses incurred by the Indemnifying Party in defending such claim or demand shall be a liability of, and shall be paid by, the Indemnifying Party; provided, however, that the amount of such costs and expenses that shall be a liability of the Indemnifying Party hereunder shall be subject to the limitations set forth in Section 12.06 and shall otherwise constitute Losses hereunder.

(c) Except as hereinafter provided, in the event that the Indemnifying Party notifies the Indemnified Party of its election to defend against such claim or demand, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense. The Indemnifying Party shall promptly inform the Indemnified Party upon request of the status of any claim. If any Indemnified Party desires to participate in any such defense, it may do so at its sole cost and expense, and the Indemnifying Party will not be liable to the Indemnified Party for legal expenses incurred by the Indemnified Party in connection with the defense thereof.

(d) The Indemnified Party shall not settle a claim or demand for which it is indemnified by the Indemnifying Party without the written consent of the Indemnifying Party. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any such claim or demand on a basis that would have a continuing effect in any material respect on the Indemnified Party or any Affiliate thereof or any of their respective businesses, assets or operations.

(e) If the Indemnifying Party elects not to defend the Indemnified Party against such claim or demand, whether by failing to give the Indemnified Party timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same be contested by the Indemnified Party, then that portion thereof as to which such defense is unsuccessful (including the reasonable costs and expenses pertaining to such defense) shall be the liability of the Indemnifying Party and shall constitute Losses hereunder, subject to the limitations set forth in Section 12.06.

(f) To the extent the Indemnifying Party shall direct, control or participate in the defense or settlement of any third party claim or demand, the Indemnified Party will provide the Indemnifying Party and its counsel access to, during normal business hours, relevant business records and other documents, and shall permit them to consult with the employees of and counsel to the Indemnified Party. The Indemnified Party shall use its reasonable best efforts to defend all such claims that the Indemnifying Party does not elect to defend. The failure of the Indemnified Party to give timely notice of a claim shall not relieve the Indemnifying Party of its indemnification obligations hereunder except to the extent such failure has actually prejudiced the Indemnifying Party.

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(g) If an Indemnified Party desires to assert any claim for indemnification provided for under this Article XII other than a claim in respect of, arising out of or involving a third-party claim, such Indemnified Party shall notify the Indemnifying Party in writing, and in reasonable detail (taking into account the information then available to such Indemnified Party), of such claim promptly after becoming aware of the existence of such claim; provided, however, that the failure of the Indemnified Party to give timely notice of a claim shall not relieve the Indemnifying Party of its indemnification obligations hereunder unless such failure has actually prejudiced the Indemnifying Party.

Section 12.05. Characterization of Indemnification Payments. All amounts paid by Seller or Purchaser in respect of indemnification under this Article XII shall, to the extent permitted by Law, be treated for all purposes as adjustments to the Initial Purchase Price.

Section 12.06. Limitations on Indemnification.

(a) Subject to Section 12.09 and except as otherwise provided herein, Seller shall have no Liability to the Purchaser Indemnified Parties for any Losses pursuant to this Agreement until the Losses actually incurred by the Purchaser Indemnified Parties exceed an aggregate amount equal to one percent (1%) of the Final Purchase Price (the "Threshold Amount") and then only for Losses up to an aggregate amount equal to seventeen and one-half percent (17.5%) of the Final Purchase Price; provided, however, that no indemnity shall be recoverable by any the Purchaser Indemnified Party for any Losses actually incurred with respect to any individual item or matter unless the amount thereof exceeds US\$100,000, and if such amount is not exceeded, then none of the Losses with respect to such item or matter will count toward satisfying the Threshold Amount. Notwithstanding the foregoing or anything to the contrary contained herein, the limitations on indemnification set forth in this Section 12.06(a) shall not apply to any Losses attributable to the Excluded Liabilities or the Special Environmental Liabilities or relating to or arising from any breach of the representations and warranties contained in Sections 5.01 (Organization, Power and Authorization; Binding Effect), 5.05 (Title to Purchased Assets; Sufficiency), 5.08(b) (Compliance with Law), 5.13 (Environmental Matters) or 5.17 (Tax Matters).

(b) An Indemnified Party's right to indemnification pursuant to this Article XII on account of any Losses will be reduced by all insurance or other third party indemnification proceeds actually received by such Indemnified Party, and any such proceeds shall be taken into account for all purposes hereunder when calculating the Losses actually incurred by such Indemnified Party. The Indemnified Party shall use commercially reasonable efforts to claim and recover any Losses suffered by such Indemnified Party under any such insurance policies or other third party indemnities. The Indemnified Party shall remit to the Indemnifying Party any such insurance or other third party proceeds that are paid to the Indemnified Party with respect to Losses for which the Indemnified Party has been previously compensated pursuant to this Article XII.

(c) An Indemnified Party's right to indemnification pursuant to this Article XII on account of any Losses will be reduced by the net amount of the Tax benefits actually realized by such Indemnified Party by reason of such Loss, and the net amount of any such Tax benefits shall be taken into account for all purposes hereunder when calculating the Losses actually incurred by such Indemnified Party. The Indemnified Party shall use commercially reasonable efforts to claim and realize all such Tax benefits.

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(d) No Indemnified Party will be entitled to indemnification pursuant to this Article XII for Losses to the extent that such Indemnified Party has been compensated therefor pursuant to Section 3.02.

(e) The Purchaser Indemnified Parties' right to indemnification pursuant to Section 12.03 on account of any Losses will be reduced by the amount of any reserve reflected on the Financial Statements established for the specific items or matters giving rise to such Loss.

(f) No Indemnified Party shall be entitled to recover from an Indemnifying Party more than once in respect of the same Losses.

(g) Notwithstanding any other provision of this Agreement, including without limitation this Section 12.06, Seller shall have no obligation to indemnify any Purchaser Indemnified Party (i) for claims arising after the fourth anniversary of the Closing Date for any breach of any of the representations or warranties contained in Section 5.13 (Environmental Matters), (ii) in respect of the Special Environmental Liabilities following the fourth anniversary of the Closing Date, or (iii) in excess of \$20,000,000 in the aggregate for any breach of any of the representations or warranties contained in Section 5.13 (Environmental Matters) or in respect of the Special Environmental Liabilities.

(h) Notwithstanding any other provision of this Agreement, Seller's obligation to indemnify the Purchaser Indemnified Parties for any breach of any of the representations contained in Section 5.13 (Environmental Matters) or in respect of the Special Environmental Liabilities shall be subject to the following limitations: (i) Seller shall not be responsible for any increase in the cost of cleanup of any Release of Hazardous Materials or correcting a non-compliance with Environmental Law to the extent that such increase resulted from any voluntary intrusive soil or groundwater sampling conducted in, on, at or under the Purchased Assets after the Closing Date by or on behalf of Purchaser, the Company or any of their respective employees or representatives which was not conducted in order to assess or otherwise respond to a claim or potential claim raised by a third party or to assess or prevent what Purchaser reasonably believes to be a material imminent threat to human health or the Environment; and (ii) Seller shall not be responsible for any costs to the extent such costs are incurred due to any material change in the use of any Seller Property after the Closing Date.

Section 12.07. Assignment of Claims. If the Indemnified Party receives any payment from an Indemnifying Party in respect of any Losses indemnified pursuant to Section 12.02 or Section 12.03 and the Indemnified Party could have recovered all or a part of such Losses from a third party (a "Potential Contributor") based on the underlying Claim asserted against the Indemnifying Party, the Indemnified Party, at the request of the Indemnifying Party, shall assign such of its rights to proceed against the Potential Contributor as are necessary to permit the Indemnifying Party to recover from the Potential Contributor the amount of such payment.

Section 12.08. Mitigation. Any Indemnified Party shall take all reasonable steps to mitigate its Losses upon and after becoming aware of any event or condition that could reasonably be expected to give rise to any Losses that may be indemnifiable hereunder.

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Section 12.09. Indemnification as Sole Remedy. From and after the Closing, except to the extent permitted under Section 14.04, the indemnity provided herein as it relates to this Agreement, the transactions contemplated by this Agreement and the Business shall be the sole and exclusive remedy of the Seller Indemnified Parties and the Purchaser Indemnified Parties with respect to any and all claims for Losses relating to or arising out of this Agreement or the transactions contemplated by this Agreement, whether based on contract, tort, statute, regulation or other Law, to the exclusion of all remedies provided by any Law in any jurisdiction, and Seller on behalf of the Seller Indemnified Parties and Purchaser on behalf of the Purchaser Indemnified Parties hereby waive any and all rights, both legal or equitable, to pursue any other remedies in respect of such claims.

## ARTICLE XIII

### TERMINATION

Section 13.01. Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written agreement of Purchaser and Seller;

(b) by either Purchaser or Seller, by giving written notice of such termination to the other party, if any condition to such party's obligations hereunder has not been satisfied or waived and the Closing shall not have occurred on or prior to January 31, 2012 (the "Termination Date"); provided that the Termination Date shall be automatically extended until March 31, 2012 if the conditions set forth in Section 11.01(a) have not been satisfied or waived by the parties and, as of such date, all other conditions to Closing have been or are capable of being timely satisfied; provided, further, that this Agreement may not be terminated pursuant to this Section 13.01(b) by a party that is in material breach of its obligations hereunder;

(c) by Purchaser by giving written notice to Seller if there has been a breach of any representation, warranty, covenant or agreement on the part of Seller contained in this Agreement such that the condition set forth in Section 11.02(a) or the condition set forth in Section 11.02(b) would not be satisfied, and which is either not capable of being cured prior to the Closing or, if such breach is capable of being cured, is not so cured within a reasonable amount of time (and in any event prior to the Termination Date).

(d) by Seller by giving written notice to Purchaser if there has been a breach of any representation, warranty, covenant or agreement on the part of Purchaser contained in this Agreement such that the condition set forth in Section 11.03(a) or the condition set forth in Section 11.03(b) would not be satisfied, and which is either not capable of being cured prior to the Closing or, if such breach is capable of being cured, is not so cured within a reasonable amount of time (and in any event prior to the Termination Date).

Section 13.02. Effect of Termination. In the event of the termination of this Agreement in accordance with Section 13.01, this Agreement shall thereafter become void and have no effect and neither party hereto (nor any equity holder, director, officer, employee, agent,

consultant or representative of any such party) shall have any Liability to the other party hereto, except in each case for the obligations of the parties hereto contained in Section 7.07 (Seller Confidentiality), Section 8.01 (Confidentiality), Section 9.03 (Public Announcements), this Section 13.02 and, as applicable, Article XIV (Miscellaneous), each of which shall survive any termination of this Agreement pursuant to Section 13.01, and except that nothing herein will relieve any party from Liability for any breach of its covenants or agreements contained in this Agreement occurring prior to such termination.

#### ARTICLE XIV

#### MISCELLANEOUS

Section 14.01. Notices. All notices or other communications hereunder shall be deemed to have been duly given and made if in writing and if delivered by personal delivery upon the party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national overnight or courier service, or if sent by fax (provided that the fax is promptly confirmed by telephone confirmation thereof), to the person at the address or fax number set forth below, or such other address or fax number as may be designated in writing hereafter, in the same manner, by such person:

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|---|--|
| (a) To Seller:<br>Cabot Corporation<br>Two Seaport Lane<br>Suite 1300<br>Boston, Massachusetts 02210<br>Attention: General Counsel<br>Tel: 617-342-6175<br>Fax: 617-342-6039                                    | with a copy to:<br><br>Jones Day<br>222 East 41 <sup>st</sup> Street<br>New York, New York 10017<br>Attention: Jere R. Thomson, Esq.<br>John K. Kane, Esq.<br>Tel: 212-326-3939<br>Fax: 212-755-7306 |
| (b) To Purchaser:<br><br>c/- Global Advanced Metals Pty Ltd<br>Ground Floor, 76 Kings Park Road<br>West Perth, WA, 6005, Australia<br>Attention: Glenn Williams<br>Tel: +61 8 6217 2510<br>Fax: +61 8 6217 2501 | with a copy to:<br><br>Allen & Overy<br>Level 27 The Esplanade,<br>Perth, WA, 6005 Australia<br>Attention: Peter Wilkes<br>Tel: +61 8 6315 5900<br>Fax: +61 8 6315 5999                              |

(c) To Guarantor:

c/- Global Advanced Metals Pty Ltd  
Ground Floor, 76 Kings Park Road  
West Perth, WA, 6005, Australia  
Attention: Glenn Williams  
Tel: +61 8 6217 2510  
Fax: +61 8 6217 2501

with a copy to:

Allen & Overy  
Level 27 The Esplanade,  
Perth, WA, 6005 Australia  
Attention: Peter Wilkes  
Tel: +61 8 6315 5900  
Fax: +61 8 6315 5999

Section 14.02. Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense; provided, however, that Purchaser shall pay the full amount of any fees associated with filings made under the HSR Act and any Competition Law.

Section 14.03. Projections. In connection with Purchaser's investigation of the Purchased Assets, the Japan Assets the Assumed Liabilities, the Japan Liabilities and the Business, Purchaser may have received, or may receive, from Seller, the Selling Affiliate and/or their respective representatives certain projections and other forecasts for the Business, and certain business plan and budget information. Purchaser acknowledges that (a) there are uncertainties inherent in attempting to make such projections, forecasts, plans and budgets, (b) Purchaser is familiar with such uncertainties, (c) Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections, forecasts, plans and budgets so furnished to it, and (d) Purchaser will not assert any claim against Seller, the Selling Affiliate or any of their respective representatives, or hold Seller or any such other Persons liable, with respect thereto. Accordingly, Purchaser acknowledges that Seller makes no representation or warranty with respect to such estimates, projections, forecasts, plans or budgets and that Seller makes only those representations and warranties explicitly set forth in Article V.

Section 14.04. Specific Performance. Each party hereto acknowledges and agrees that the other party hereto could be irreparably damaged in the event any of the covenants contained in this Agreement are not performed in accordance with their specific terms or are otherwise breached. Accordingly, each party agrees that the other party will be entitled to seek an injunction or injunctions to enforce specifically such covenants in any action instituted in the courts of the State of Delaware.

Section 14.05. Fulfillment of Obligations. Any obligation of any party to any other party under this Agreement, which obligation is performed, satisfied or fulfilled by an Affiliate of such party, shall be deemed to have been performed, satisfied or fulfilled by such party.

Section 14.06. Entire Agreement. This Agreement (including all Exhibits and Schedules hereto) constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement, except for the Confidentiality Agreement which will remain in full force and effect for the term provided therein.

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Section 14.07. Amendments and Waivers. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 14.08. Successors and Assigns; Third Party Beneficiaries. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that, except as set forth below, neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party hereto. Notwithstanding the preceding sentence, Purchaser may assign, in its sole discretion, any of or all its rights, interests and obligations under this Agreement to one or more direct or indirect wholly-owned subsidiaries of Purchaser (including designating any such entity or entities to act as Purchaser(s) hereunder), but no such assignment shall relieve Purchaser of any of its obligations under this Agreement if its transferee does not perform such obligations. Any assignment in contravention of this provision shall be null and void. This Agreement shall not confer any rights or benefits upon any Person other than the parties hereto and their respective successors and permitted assigns, except to the extent otherwise expressly provided herein.

Section 14.09. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 14.10. No Recourse. No past, present or future director, officer, employee, incorporator, member, partner, individual stockholder, agent, attorney or representative of Guarantor, Purchaser or Seller or any of their respective Affiliates (other than, in the case of the Selling Affiliate, Seller) shall have any liability for any Liabilities of Guarantor, Purchaser or Seller or any of their respective Affiliates under this Agreement or for any claim based on, in respect of or arising out of the transactions contemplated hereby.

Section 14.11. Interpretation. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and "Article," "Section," "clause," "Exhibit" and "Schedule" references are to the Articles, Sections, clauses, Exhibits and Schedules of this Agreement unless otherwise specified. The captions, heading references and table of contents



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herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. The phrases "the date hereof," "the date of this Agreement" and phrases of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the Preamble to this Agreement. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 14.12. Disclosure Schedule. The Disclosure Schedule constitutes an integral part of this Agreement and is hereby incorporated herein. There may be included in the Disclosure Schedule and elsewhere in this Agreement items and information that are not "material," and such inclusion shall not be deemed to be an acknowledgment or agreement that any such item or information (or any non-disclosed item or information of comparable or greater significance) is "material," or to affect the interpretation of such term for purposes of this Agreement. Disclosures included in any section of the Disclosure Schedule shall be considered to be made for purposes of all other sections of the Disclosure Schedule to the extent that the relevance of any such disclosure to any other section of the Disclosure Schedule is readily apparent on its face. Matters reflected in the Disclosure Schedule are not necessarily limited to matters required by this Agreement to be disclosed in the Disclosure Schedule. No disclosure in the Disclosure Schedule relating to a possible breach or violation of any Contract or Law shall be construed as an admission or indication that such breach or violation exists or has occurred. Any capitalized term used in the Disclosure Schedule and not otherwise defined therein shall have the meaning given to such term in this Agreement. Any headings set forth in the Disclosure Schedule are for convenience of reference only and shall not affect the meaning or interpretation of any of the disclosures set forth in the Disclosure Schedule.

Section 14.13. Governing Law; Jurisdiction. This Agreement and the transactions contemplated hereby, and all disputes between the parties hereto under or relating to this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, shall be governed by, and construed and enforced in accordance with, the internal Laws of the State of Delaware, without regard to any conflicts of law rules thereof that would result in the application of the Law of any other State. The Delaware Court of Chancery sitting in Wilmington, Delaware (and if the Delaware Court of Chancery shall be unavailable, any Delaware state court and the Federal court of the United States of America sitting in the State of Delaware) will have exclusive jurisdiction over any and all disputes among the parties hereto, whether at law or in equity, based upon, arising out of or relating to this Agreement and the transactions contemplated hereby or the facts and circumstances leading to its execution and delivery, whether in contract, tort or otherwise. Each of the parties hereto irrevocably consents to and agrees to submit to the exclusive jurisdiction of such courts, agrees that process may be served upon them in any manner authorized by the Laws of the State of Delaware, and hereby waives, and agrees not to assert in any such dispute, to the fullest extent permitted by applicable Law, any claim that (a) such party is not personally subject to the jurisdiction of such courts, (b) such party and such party's property is immune from any legal process issued by such courts or (c) any litigation commenced in such courts is brought in an inconvenient forum. EACH OF THE PARTIES

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HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUTSIDE THE TERRITORIAL JURISDICTION OF THE COURTS REFERRED TO IN THIS SECTION 14.14 IN ANY ACTION OR PROCEEDING UNDER OR RELATING TO THIS AGREEMENT OR THE FACTS AND CIRCUMSTANCES LEADING TO ITS EXECUTION AND DELIVERY BY MAILING COPIES THEREOF BY REGISTERED UNITED STATES MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO ITS ADDRESS AS SPECIFIED IN OR PURSUANT TO SECTION 14.01. HOWEVER, THE FOREGOING SHALL NOT LIMIT THE RIGHT OF A PARTY TO EFFECT SERVICE OF PROCESS ON ANY OTHER PARTY BY ANY OTHER LEGALLY AVAILABLE METHOD. Nothing in this Section 14.14 shall limit the jurisdictions in which a judgment may be enforced.

Section 14.14. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 14.15. Counterparts; Electronic Transmission. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. Counterparts delivered by electronic transmission shall be deemed to be originally signed counterparts.

## **ARTICLE XV**

### **GUARANTEE BY GUARANTOR**

Section 15.01. Guarantee and Indemnity. Guarantor unconditionally and irrevocably:

- (a) guarantees to Seller and the Selling Affiliate the performance of all obligations of Purchaser under this Agreement;
- (b) agrees that if and each time that Purchaser fails to perform its obligations under this Agreement, Guarantor must on demand (without requiring Seller and the Selling Affiliate first to take steps against Purchaser or any other person) perform such obligations as if it were the principal obligor in respect thereof; and
- (c) agrees as principal debtor and primary obligor to indemnify Seller and the Selling Affiliate against, and to pay to Seller or the Selling Affiliate, as appropriate, on demand an amount equal to all Losses directly or indirectly incurred or suffered by Seller or the Selling Affiliate arising out of or in connection with any non-performance of any kind by Purchaser under this Agreement.

Section 15.02. Obligations Not Affected by Certain Matters. The obligations of Guarantor under this Agreement are not affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including:

- (a) any time or indulgence granted to, or composition with, Purchaser or any other Person;

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(b) the taking, variation, renewal or release of, or neglect to perfect or enforce this Agreement, or any right, guarantee, remedy or security from or against Purchaser or any other Person;

(c) any variation or change to the terms of, or any waiver, consent or notice given under, this Agreement; or

(d) any unenforceability or invalidity of any obligation of Purchaser, so that this Agreement must be construed as if there were no such unenforceability or invalidity.

Section 15.03. Purchaser's Actions to Bind Guarantor. Any agreement, waiver, consent or release given by Purchaser shall bind Guarantor.

*[Signature page follows]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CABOT CORPORATION**

By: /s/ Eduardo Cordeiro

Name: Eduardo Cordeiro  
Title: Executive Vice President, Chief  
Financial Officer

**GAM INTERNATIONAL PTY LTD**

**ACN 152 453 293**

By: /s/ James McClements

Name: James McClements  
Title: Director

**GLOBAL ADVANCED METALS USA, INC.**

By: /s/ Bryan Ellis

Name: Bryan Ellis  
Title: President

**GLOBAL ADVANCED METALS PTY LTD**

**ACN 139 987 465**

By: /s/ James McClements

Name: James McClements  
Title: Director

AMENDMENT  
TO  
CABOT CORPORATION  
SENIOR MANAGEMENT SEVERANCE PROTECTION PLAN

Cabot Corporation, a Delaware corporation (the "Company"), pursuant to Section 8.2 of the Cabot Corporation Senior Management Protection Plan (the "Plan"), hereby amends the Plan, effective as of January 13, 2012, as follows:

1. Section 2.12 is amended in its entirety to read as follows:

""Eligible Employee" means each employee of the Company who is a member of the management Executive Committee or who is designated as an Eligible Employee by the Compensation Committee."

2. Section 4.2 (c) is amended in its entirety to read as follows:

"(c) the Company shall pay to the Participant, as severance pay and in lieu of any further salary for periods subsequent to the Participant's Termination Date, in a single payment (without any discount for accelerated payment, but subject to applicable withholding taxes) within thirty (30) days after the Participant's Termination Date, an amount in cash equal to: (i) if the Participant is the Chief Executive Officer of the Company, three (3) times the sum of (A) the Participant's Base Salary and (B) the Participant's Bonus Amount; (ii) if the Participant reports directly to the Chief Executive Officer or is a member of the management Executive Committee (other than the Chief Executive Officer) or is otherwise designated by the Compensation Committee as being entitled to receive the same benefit as a member of the management Executive Committee, two (2) times the sum of (A) the Participant's Base Salary and (B) the Participant's Bonus Amount; and (iii) if the Participant is not covered by subclause (i) or (ii) above, one (1) times the sum of (A) the Participant's Base Salary and (B) the Participant's Bonus Amount;"

3. Section 4.2(d) is amended in its entirety to read as follows:

(d) For (i) the three (3) year period in the case of a Participant who is the Chief Executive Officer, (ii) the two (2) year period in the case of a Participant who reports directly to the Chief Executive Officer or is a member of the management Executive Committee (other than the Chief Executive Officer) or is otherwise designated by the Compensation Committee as being entitled to receive the same benefit as a member of the management Executive Committee, and (iii) the one (1) year period in the case of any other Participant, in each case commencing on the Participant's Termination Date (the "Continuation Period"), the Company shall at its expense (and without contribution by the Participant) continue on behalf of the Participant and his or her dependents and beneficiaries (i) medical, health, dental and prescription drug benefits, ii) long-term disability coverage and (iii) life insurance and other death benefits coverage. The coverages and benefits (including deductibles, if any) provided under this Section 4.2(d)

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during the Continuation Period shall be no less favorable to the Participant and his or her beneficiaries than the most favorable of such coverages and benefits provided the Participant and his or her dependents during the 90-day period immediately preceding the Change in Control or as of any date following the Change in Control but preceding the Participant's Termination Date. The obligation under this Section 4.2(d) with respect to the foregoing benefits shall be limited if the Participant obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce or eliminate the coverage and benefits it is required to provide the Participant hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Participant than the coverages and benefits required to be provided hereunder. Any period during which benefits are continued pursuant to this Section 4.2(d) shall be considered to be in satisfaction of the Company's obligation to provide "continuation coverage" pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended, and the period of coverage required under said Section 4980B shall be reduced by the period during which benefits were provided pursuant to this Section 4.2(d);

4. Section 4.5, "Gross-up Payment", is deleted in its entirety.

5. The following new Article VI is added:

"ARTICLE VI

LIMITATION ON SEVERANCE BENEFITS

6. Excise Tax Limitation.

(a) Notwithstanding anything contained in the Plan to the contrary, to the extent that the Severance Benefit, either alone or together with any other payments or benefits that a Participant is entitled to receive or receives would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Severance Benefit shall be reduced (but not below zero) if and to the extent that a reduction in the Severance Benefit would result in the Participant retaining a larger amount, on an after-tax basis) taking into account federal, state and local income taxes and the Excise Tax), than if the Participant received the entire amount of such Severance Benefit. The Company shall reduce or eliminate the Severance Benefit by first reducing or eliminating the portion of the Severance Benefit which is not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the Determination (as hereinafter defined).

(b) The initial determination of whether the Severance Benefit shall be reduced as provided in Section 6(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by the Company from among the largest accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide its determination (the "Determination"), together with detailed

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supporting calculations and documentation to the Company and the Participant within ten (10) days of the Termination Date. If the Accounting Firm determines that no Excise Tax is payable by the Participant with respect to a Severance Benefit, it shall furnish the Participant with an opinion reasonably acceptable to the Participant that no Excise Tax will be imposed with respect to any such Severance Benefit, and such Determination shall be binding, final and conclusive upon the Company and the Participant. If the Accounting Firm determines that an Excise Tax would be payable, the Participant shall have the right to accept the Determination of the Accounting Firm as to the extent of the reduction, if any, pursuant to Section 6(a), or to have such Determination reviewed by an accounting firm selected by the Participant, at the expense of the Company, in which case the determination of such second accounting firm shall be binding, final and conclusive upon the Company and Participant."

In Witness Whereof, the Company has caused this Amendment to be signed by its duly authorized officer this 13th day of January 2012 and the undersigned officer certifies that the amendment has been approved by a resolution adopted by at least two-thirds of the Company's Board of Directors.

CABOT CORPORATION

By: /s/ Robby D. Sisco

Name:

Robby D. Sisco

Title:

Vice President,  
Human Resources

**CABOT CORPORATION  
AMENDED AND RESTATED  
SENIOR MANAGEMENT SEVERANCE PROTECTION PLAN**

WHEREAS, the Board of Directors (the "Board") of Cabot Corporation, a Delaware corporation (the "Company"), in recognition that the threat of an unsolicited takeover or other change in control of the Company may occur which can result in significant distractions of its key personnel because of the uncertainties inherent in such a situation; and its determination that it is essential and in the best interest of the Company and its stockholders to be able to retain the services of its key personnel in the event of a threat of a change in control of the Company, and following any change in control, to ensure their continued dedication and efforts in any such event without undue concern for their personal financial and employment security, established the Senior Management Severance Protection Plan (the "Plan") on January 9, 1998 and amended such Plan by amendments dated January 12, 2007, December 31, 2008 and January 13, 2012; and

WHEREAS, the Board of Directors wishes to further amend certain provisions of the Plan as set forth herein.

NOW, THEREFORE, in order to fulfill the above purposes, the Plan is hereby amended and restated as set forth herein as of the date set forth herein.

**ARTICLE I**

**ESTABLISHMENT OF PLAN**

As of the Effective Date, the Company established the Cabot Corporation Senior Management Severance Protection Plan (the "Plan") as set forth in this document.

The Plan is intended to comply with the requirements of Section 409A, including the transition rules and exemptive relief provisions thereunder, and shall be construed and administered accordingly. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and the regulations thereunder (after giving effect to the presumptions contained therein) and, for purposes of any such provision of the Plan, references to a "termination," "termination of employment" or like terms shall mean "separation from service". Notwithstanding the above, neither the Company nor any of its officers or directors, nor any other person shall be liable to any Participant or former Participant, or to any spouse or other beneficiary of any such Participant or any other person, by reason of the failure of any benefit hereunder to comply with the requirements of Section 409A.



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## ARTICLE II

### DEFINITIONS

As used herein, the following words and phrases shall have the following respective meanings unless the context clearly indicates otherwise.

2.1 "Accrued Compensation" means an amount which shall include all amounts earned, accrued or otherwise payable to a Participant as of the Participant's Termination Date but not paid as of such Termination Date including (i) base salary, (ii) reimbursement for reasonable and necessary expenses incurred by the Participant on behalf of the Company during the period ending on the Termination Date, (iii) vacation pay, and (iv) bonuses and incentive compensation.

2.2 "Affiliate" means with respect to any person or entity, any entity, directly or indirectly, controlled by, controlling or under common control with such person or entity.

2.3 "Base Salary" means a Participant's annualized base salary (including any portion that the Participant may have elected to defer), calculated at the greater of the rate in effect (i) immediately prior to a Change in Control or (ii) as of the Participant's Termination Date.

2.4 "Board" means the Board of Directors of Cabot Corporation.

2.5 "Bonus Amount" means an amount equal to the greater of (A) Participant's target bonus amount (including any portion that the Participant may have elected to defer), if any, under all Short-Term Incentive Plans for the fiscal year in which the Change in Control occurs or the fiscal year in which the Participant's Termination Date occurs, whichever is greater or (B) the highest bonus amount paid or payable to the Participant (including any portion that the Participant may have elected to defer) under all Short-Term Incentive Plans in respect of any of the three fiscal years preceding the fiscal year in which the Change in Control occurs.

2.6 "Cause" means (a) the willful and continued refusal by the Participant to perform substantially his or her reasonably assigned duties with the Company (other than any such failure resulting from his or her physical or mental incapacity or any such actual, alleged or anticipated failure after the issuance of a Notice of Termination by the Participant for Good Reason) after a written demand for substantial performance is delivered to the Participant by the Board, which demand specifically identifies the manner in which the Board believes that the Participant has not substantially performed his or her duties, or (b) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this definition (i) no act, or failure to act, on the Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Participant

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not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company and (ii) good faith errors in judgment by the Participant shall not constitute Cause or be considered in any determination of whether Cause exists.

2.7 "Change in Control" means:

(a) An acquisition of any voting securities of the Company (the "Voting Securities") by any "Person" as the term person is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act), together with all affiliates and associates (as such terms are used in Rule 12b-2 of the General Rules and Regulations under the Exchange Act) of such person, directly or indirectly, of securities of the Company representing thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding Voting Securities; *provided, however*, in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A "Non-Control Acquisition" shall mean an acquisition (i) by an employee benefit plan (or a trust forming a part thereof) maintained (A) by the Company or (B) by any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Company (for purposes of this definition, a "Subsidiary"), (ii) by the Company or its Subsidiaries or (iii) directly from the Company (A) by an underwriter in connection with an underwritten public offering or private placement, (B) of non-voting convertible debt or non-voting convertible preferred stock, in either case, until converted into Voting Securities or (C) by a Person who, in connection with such acquisition, enters into a standstill agreement with the Company with a duration of at least two years and pursuant to which such Person agrees to vote the acquired securities on any matter either at the direction of the Board or in the same proportion as the Company's other stockholders vote on the matter; *provided, however*, that the expiration of the standstill agreement shall constitute an acquisition of the Voting Securities then Beneficially Owned by such Person;

(b) During any period of two years or less beginning on or after January 1, 1998, individuals who at the beginning of such period are members of the Board (the "Incumbent Board"), cease for any reason to constitute a majority of the members of the Board; *provided, however*, that if the election, or nomination for election by the Company's common stockholders, of any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (d) of this definition) was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; *provided further, however*, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office through either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

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(c) Consummation of:

(i) A merger, consolidation or reorganization involving the Company, unless such merger, consolidation or reorganization is a "Non-Control Transaction." A "Non-Control Transaction" shall mean a merger, consolidation or reorganization of the Company where:

(A) the stockholders of the Company, immediately before such merger, consolidation or reorganization, own directly or indirectly immediately following such merger, consolidation or reorganization, at least sixty-five percent (65%) of the combined voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation or reorganization (the "Surviving Corporation") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization,

(B) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Corporation, or a corporation beneficially directly or indirectly owning a majority of the Voting Securities of the Surviving Corporation, and

(C) no Person other than (i) the Company, (ii) any Subsidiary, or (iii) any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation, or any Subsidiary, acquires Beneficial Ownership of thirty-five percent (35%) or more of the combined voting power of the Surviving Corporation's then outstanding voting securities;

(ii) A complete liquidation or dissolution of the Company; or

(iii) The sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Subsidiary).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities then outstanding, increases the percentage of shares Beneficially Owned by the Subject Person, *provided* that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

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Notwithstanding anything to the contrary contained herein, if the employment of a Participant is terminated (i) at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control and who effectuates a Change in Control or (ii) otherwise in connection with, or in anticipation of, a Change in Control which actually occurs, then for purposes of this Plan the date of a Change in Control with respect to that Participant shall be deemed to be the date immediately prior to the Participant's Termination Date.

2.8 "Company" means Cabot Corporation, a Delaware corporation.

2.9 "Compensation Committee" means the Compensation Committee of the Board as such committee may be constituted from time to time.

2.10 "Disability" shall occur if, as a result of a Participant's physical or mental incapacity due to illness, accident or otherwise, a Participant shall be unable to perform his or her duties with the Company.

2.11 "Effective Date" means January 9, 1998, the date the Plan was initially approved by the Board.

2.12 "Eligible Employee" means each employee of the Company who is a member of the management Executive Committee or who is designated as an Eligible Employee by the Compensation Committee.

2.13 "Excluded Termination" has the meaning ascribed to it in Section 4.1(b).

2.14 "Good Reason" means the occurrence after a Change in Control, without the Participant's prior written consent, of any of the following events or conditions:

(a) a change in the Participant's status, title, position or responsibilities (including reporting responsibilities) which represents a material adverse change from his or her status, title, position or responsibilities as in effect immediately prior thereto; the assignment to the Participant of any duties or responsibilities which are materially inconsistent with his or her status, title, position or responsibilities; or any removal of the Participant from or failure to reappoint or reelect him or her to any of such offices or positions, except in connection with the termination of his or her employment for Disability, Cause, as a result of his or her death or by the Participant other than for Good Reason;

(b) a reduction in the Participant's rate of annual base salary or target annual cash bonus, or a material reduction in the Participant's total compensation;

(c) the relocation of the offices at which the Participant is principally employed to a location more than twenty-five (25) miles from the location of such office

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immediately prior to the Change in Control, or the Company's requiring the Participant to be based at a location more than twenty-five (25) miles from such office, except to the extent the Participant was not previously assigned to a principal location and except for required travel on the Company's business to an extent substantially consistent with the Participant's business travel obligations at the time of the Change in Control;

(d) the failure by the Company to pay to the Participant any portion of the Participant's then current base salary or annual cash bonus or any other compensation, or to pay to the Participant any portion of an installment of deferred compensation under any deferred compensation program of the Company in which the Participant participated, in each case, within fourteen (14) days of the date such compensation is due and payable in accordance with the terms of the applicable agreement or plan or applicable law;

(e) any material reduction in the retirement or welfare benefits or other material benefit or compensation plan made available to the Participant or any materially adverse change in the terms on which those benefits are made available;

(f) the failure of the Company to obtain a satisfactory agreement from any successor, enforceable by the Participant, to assume and agree to honor and perform the Company's obligations under this Plan; or

(g) Any purported termination of the Participant's employment by the Company which is not effected pursuant to the requirements of Article V.

2.15 "Operating Unit" means any subsidiary, division, or other business unit of the Company or any Affiliate.

2.16 "Participant" means an Eligible Employee who meets the eligibility requirements of Article III.

2.17 "Plan" means the Cabot Corporation Amended and Restated Senior Management Severance Protection Plan.

2.18 "Pro-Rata Bonus" means, with respect to the fiscal year in which a Participant's Termination Date occurs, an amount equal to the Bonus Amount multiplied by a fraction the numerator of which is the number of days that have elapsed in such fiscal year through the Termination Date and the denominator of which is 365.

2.19 "Section 409A" means Section 409A of the Internal Revenue of 1986, as amended from time to time, including the regulations issued thereunder.

2.20 "Short-Term Incentive Plan" means any bonus or incentive compensation plan, policy, program or other arrangement pursuant to which awards payable in cash are made to a Participant in respect of an award period of one year or less.

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2.21 "Severance Benefit" means the benefit payable in accordance with Article IV of the Plan.

2.22 "Termination Date" means the date of termination of a Participant's employment as set forth in Article V.

### ARTICLE III

#### ELIGIBILITY

3.1 Participation. For purposes of this Plan (i) each individual who is an Eligible Employee as of the Effective Date shall automatically be a Participant under this Plan as of the Effective Date, without further action and (ii) each individual who becomes an Eligible Employee after the Effective Date shall simultaneously become a Participant under this Plan as of the date he or she becomes an Eligible Employee, without further action.

3.2 Duration of Participation. Any individual who is a Participant as of the occurrence of a Change in Control shall continue as a Participant until the date on which the Participant has received the entire amount of the Severance Benefit, if any, payable to such Participant under the Plan. Any individual who before the occurrence of a Change in Control, is removed from participation in the Plan by action of the Board of Directors or the Compensation Committee shall cease to be a Participant under the Plan one year from the date such individual is removed from participation in the Plan.

### ARTICLE IV

#### SEVERANCE BENEFITS

##### 4.1 Right to Severance Benefit.

(a) A Participant shall be entitled to receive from the Company a Severance Benefit in the amount provided in Section 4.2 if (i) a Change in Control has occurred and (ii) within the two (2) year period commencing on the date of the Change in Control, the Participant's employment with the Company and its Affiliates terminates for any reason other than (A) Cause, (B) Disability, (C) the Participant's death, (D) a termination initiated by the Participant without Good Reason or (E) an Excluded Termination.

(b) Sale of Business or Assets. If, following a Change in Control, a Participant's employment with the Company and its Affiliates is terminated in connection with the sale, divestiture or other disposition of any Operating Unit (or part thereof), such termination shall not be a termination of employment of the Participant for purposes of the Plan and the Participant shall not be entitled to a Severance Benefit as a result of such termination of employment, *provided* that (i) the Participant is offered employment by the Operating Unit or the acquiror of such Operating Unit (or part thereof), as appropriate, on terms and conditions that would not constitute "Good Reason" as defined in Section 2.14 (substituting the Operating Unit or acquiror for the Company, as appropriate) and (ii) the Company obtains an agreement from

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such acquiror or the Operating Unit, as appropriate, enforceable by the Participant, to provide severance pay and benefits (A) at least equal to the Severance Benefit and (B) payable upon a termination of the Participant's employment with the acquiror or the Operating Unit, as appropriate, and its Affiliates under the same circumstances as they would have been payable under this Plan substituting the acquiror or the Operating Unit, as appropriate, and its Affiliates for the Company and its Affiliates (such a termination of employment is herein referred to as an "Excluded Termination"). In such circumstances, the Participant shall not be entitled to receive any Severance Benefit under this Plan whether or not the Participant becomes so employed. This provision shall not be construed or interpreted so as to give any Participant an entitlement to any Severance Benefit under any circumstances prior to a Change in Control or in connection with any termination of employment prior to a Change in Control.

4.2 Amount of Severance Benefit. If a Participant's employment is terminated in circumstances entitling him or her to a Severance Benefit as provided in Section 4.1, such Participant shall be entitled to the following:

(a) the Company shall pay to the Participant all Accrued Compensation within ten (10) days after the Participant's Termination Date;

(b) the Company shall pay to the Participant a Pro-Rata Bonus within thirty (30) days after the Participant's Termination Date;

(c) the Company shall pay to the Participant, as severance pay and in lieu of any further salary for periods subsequent to the Participant's Termination Date, in a single payment (without any discount for accelerated payment) within thirty (30) days after the Participant's Termination Date, an amount in cash equal to: (i) if the Participant is the Chief Executive Officer of the Company, three (3) times the sum of (A) the Participant's Base Salary and (B) the Participant's Bonus Amount; (ii) if the Participant reports directly to the Chief Executive Officer or is a member of the management Executive Committee (other than the Chief Executive Officer) or is otherwise designated by the Compensation Committee as being entitled to receive the same benefit as a member of the management Executive Committee, two (2) times the sum of (A) the Participant's Base Salary and (B) the Participant's Bonus Amount; and (iii) if the Participant is not covered by subclause (i) or (ii) above, one (1) times the sum of (A) the Participant's Base Salary and (B) the Participant's Bonus Amount;

(d) For (i) the three (3) year period in the case of a Participant who is the Chief Executive Officer, (ii) the two (2) year period in the case of a Participant who reports directly to the Chief Executive Officer or is a member of the management Executive Committee (other than the Chief Executive Officer) or is otherwise designated by the Compensation Committee as being entitled to receive the same benefit as a member of the management Executive Committee, and (iii) the one (1) year period in the case of any other Participant, in each case commencing on the Participant's Termination Date (the "Continuation Period"), the Company shall continue on behalf of the Participant and his or her dependents and beneficiaries (i) medical, health, dental and prescription drug benefits, (ii) long-term disability coverage and (iii) life insurance and other death benefits coverage. The Company and the Participant will share the cost of such coverage in the same proportion as immediately preceding the Change in

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Control and any payments by the Company hereunder shall be made on a monthly basis in accordance with the terms of such plans. The coverages and benefits (including deductibles, if any) provided under this Section 4.2(d) during the Continuation Period shall be no less favorable to the Participant and his or her beneficiaries than the most favorable of such coverages and benefits provided the Participant and his or her dependents during the 90-day period immediately preceding the Change in Control or as of any date following the Change in Control but preceding the Participant's Termination Date. The obligation under this Section 4.2(d) with respect to the foregoing benefits shall be limited if the Participant obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce or eliminate the coverage and benefits it is required to provide the Participant hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Participant than the coverages and benefits required to be provided hereunder. Any period during which benefits are continued pursuant to this Section 4.2(d) shall be considered to be in satisfaction of the Company's obligation to provide "continuation coverage" pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended, and the period of coverage required under said Section 4980B shall be reduced by the period during which benefits were provided pursuant to this Section 4.2(d);

(e) the Company shall pay or reimburse the Participant for the costs, fees and expenses of outplacement assistance services (not to exceed fifteen percent (15%) of the Participant's Base Salary) provided by an outplacement agency selected by the Participant;

(f) All business or legal expenses or other reimbursements or in-kind benefits payable under the Plan that would constitute nonqualified deferred compensation subject to Section 409A, including any continuation of benefits during the Continuation Period in Section 4.2(d) and any outplacement services in Section 4.2(e), to the extent Section 409A is applicable in each case, shall be subject to the following requirements: (i) they shall be paid during the specified period or periods set forth in the Plan, but in no event later than the last day of the taxable year following the taxable year in which such expenses were incurred by the Participant, (ii) no such reimbursement or expenses eligible for reimbursement in any calendar year shall in any way affect the Participant's right to reimbursement of any other expenses eligible for reimbursement in any other calendar year, and (iii) the Participant's right to reimbursement or in-kind benefits shall not be subject to liquidation in exchange for any other benefit;

(g) Notwithstanding any other payment schedule provided in the Plan to the contrary, if the Participant is identified on the date of his separation from service as a "specified employee" as defined below, then, with regard to any payment that is considered nonqualified deferred compensation subject to Section 409A and payable on account of a "separation from service," such payment shall be made on the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of the Participant's "separation from service" and (B) the date of the Participant's death (the "Delay Period") to the extent required under Section 409A. Upon the expiration of the Delay Period, all payments delayed pursuant to this Section shall be paid to the Participant in a lump sum, and all remaining payments due under the Plan shall be paid or provided in accordance with the normal payment dates specified for them therein. "Specified employee" means a Participant who (i) has a separation from service in the period beginning July 1 of any given year and ending June 30 of the following year and (ii) was



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a "key employee" (determined under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code, applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12-month period ending on the March 31 immediately preceding such July 1; provided, however, that such Participant will be treated as a specified employee hereunder only if on the date of such Participant's separation from service, the Company (or any other corporation treated as a single employer with the Company) is a corporation any stock of which is publicly traded on an established securities market or otherwise; and

(h) The Company shall have the right to deduct from all payments and benefits provided under this Plan any federal, state or local income and/or payroll taxes required by law to be withheld with respect to such payments.

4.3 Mitigation. The Participant shall not be required to mitigate the amount of any payment of benefit provided for in this Plan by seeking other employment or otherwise and no such payment or benefit shall be offset or reduced by the amount of any compensation or benefits provided to the Participant in any subsequent employment, except to the extent provided in Section 4.2(d).

4.4 Other Benefits: Non-Exclusivity of Rights. Nothing in this Plan shall prevent or limit the Participant's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its Affiliates and for which the Participant may qualify, nor shall anything herein limit or reduce such rights as any Participant may have under any other agreements with the Company or any of its Affiliates; *provided, however*, that to the extent the Participant may be entitled under any such other plan, program or agreement or pursuant to any applicable law or regulation to benefits of the types enumerated in Section 4.2, the provision of such benefits pursuant to such other plan, program or agreement or in satisfaction of such legal requirement shall count toward the Company's obligation to provide the enumerated benefits pursuant to this Plan, it being the intention of this Plan to provide the enumerated benefits at least at the level specified herein, but not to provide such benefits on a duplicative basis. Nothing herein shall be deemed to limit, supersede or restrict any rights that any Participant may have to accelerated vesting of any right or benefit under change in control provisions of any plan, program, agreement or otherwise.

## ARTICLE V

### TERMINATION OF EMPLOYMENT

5.1 Termination by Company for Cause. Following a Change in Control, any termination by the Company of a Participant's employment for Cause shall be in accordance with the following procedure. First, a meeting of the Board of Directors of the Participant's employer shall be called and held for the purpose of determining whether there exists Cause for termination. The Participant shall be given reasonable notice in writing of such meeting and of any facts and circumstances to be presented to such Board of Directors as constituting Cause, and shall have an opportunity, together with his or her counsel, to be heard before such Board of Directors. If such Board of Directors, by resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of such Board of Directors, shall find in good

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faith that Cause exists and that the Participant should be terminated for Cause, then such findings including the specific facts and circumstances found to constitute Cause (which shall not include any facts or circumstances not included in the written notice to the Participant of the meeting) shall be set forth in such resolution and a copy thereof furnished to the Participant, together with a written notice from the Company stating that the Participant is being terminated for Cause. Such notice shall specify the effective date of such termination, which shall not be less than five (5) business days after the delivery to the Participant of such resolution and notice. The findings of the Board of Directors of the Participant's employer shall have no presumptive weight in any action to contest the existence of Cause; and no facts or circumstances other than those set forth in the notice to the Participant of such Board of Directors meeting that were found by such Board of Directors to constitute Cause as provided herein may be relied upon by the Company thereafter as Cause for such termination. Any termination of a Participant's employment by the Company other than in accordance with this Section 5.1 shall not be a termination for Cause.

**5.2 Termination by Company for Disability.** Following a Change in Control, any termination by the Company of a Participant's employment for Disability shall be in accordance with the following procedure. If as a result of Disability, a Participant shall have been absent from the performance of his or her duties with the Company for six (6) consecutive months, and the Participant is unable to return to his or her duties (on the same basis, full-time or part-time, as the case may be, as the Participant was working immediately prior to such absence) even with reasonable accommodations on the part of the Company, the Company may give the Participant written notice of a proposed termination of the Participant's employment for Disability. Such notice shall state that the Participant shall be terminated for Disability unless the Participant returns to the performance of his or her duties by a date stated in such notice, which shall be not less than thirty (30) days after the receipt of such notice by the Participant. Such termination shall be effective as a termination for Disability if, and only if, the Company has made all reasonable accommodations required to permit the Participant to return to work and the Participant has not returned to the performance of his or her duties (on the same basis, full-time or part-time, as the case may be, as the Participant was working immediately prior to such absence) prior to the date therefor stated in such notice, in which case such date shall be the Termination Date.

**5.3 Termination by Participant for Good Reason.** Following a Change in Control, a Participant having Good Reason shall have the right to terminate his or her employment. In order for a termination for Good Reason to be effective, a Participant must (a) provide notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the one-hundred and eightieth (180<sup>th</sup>) day following the occurrence of that condition; (b) provide the Company a period of thirty (30) days to remedy the condition; and (c) terminate his or her employment for Good Reason within sixty (60) days following the expiration of the Company's period to remedy if the Company fails to remedy the condition.

**5.4 Other Terminations.** Any termination, other than for Cause, Disability or Good Reason, shall not require any particular procedures.

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## ARTICLE VI

### LIMITATION ON SEVERANCE BENEFITS

#### 6. Excise Tax Limitation.

(a) Notwithstanding anything contained in the Plan to the contrary, to the extent that the Severance Benefit, either alone or together with any other payments or benefits that a Participant is entitled to receive or receives would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Severance Benefit shall be reduced (but not below zero) if and to the extent that a reduction in the Severance Benefit would result in the Participant retaining a larger amount, on an after-tax basis) taking into account federal, state and local income taxes and the Excise Tax), than if the Participant received the entire amount of such Severance Benefit. The Company shall reduce or eliminate the Severance Benefit, by first reducing or eliminating the portion of the Severance Benefit which is not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the Determination (as hereinafter defined).

(b) The initial determination of whether the Severance Benefit shall be reduced as provided in Section 6(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by the Company from among the largest accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and the Participant within ten (10) days of the Termination Date. If the Accounting Firm determines that no Excise Tax is payable by the Participant with respect to a Severance Benefit, it shall furnish the Participant with an opinion reasonably acceptable to the Participant that no Excise Tax will be imposed with respect to any such Severance Benefit, and such Determination shall be binding, final and conclusive upon the Company and the Participant. If the Accounting Firm determines that an Excise Tax would be payable, the Participant shall have the right to accept the Determination of the Accounting Firm as to the extent of the reduction, if any, pursuant to Section 6(a), or to have such Determination reviewed by an accounting firm selected by the Participant, at the expense of the Company, in which case the determination of such second accounting firm shall be binding, final and conclusive upon the Company and Participant.

## ARTICLE VII

### SUCCESSORS TO COMPANY

#### 7.1 Successors.

(a) This Plan shall be binding upon the Company, its successors and assigns and the Company shall require any successor or assign to expressly assume and agree to perform this Plan in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The term "Company" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company whether by operation of law or otherwise.

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(b) Neither this Plan nor any right or interest hereunder shall be assignable or transferable by a Participant or his or her beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Plan shall inure to the benefit of and be enforceable by a Participant's legal personal representative.

## ARTICLE VIII

### DURATION, AMENDMENT AND PLAN TERMINATION

8.1 Duration. This Plan shall continue in effect until terminated in accordance with Section 8.2.

8.2 Amendment and Termination. Prior to a Change in Control, the Plan may be amended or modified in any respect, and may be terminated, by resolution adopted by two-thirds of the Board; *provided, however*, that no such amendment, modification or termination, which would adversely affect the benefits or protections hereunder of any individual who is a Participant as of the date such amendment, modification or termination is adopted shall be effective as it relates to such individual unless no Change in Control occurs within one year after such adoption, any such attempted amendment, modification or termination adopted within one year prior to a Change in Control being null and void *ab initio* as it relates to all individuals who were Participants prior to such adoption; *provided, further, however*, that the Plan may not be amended, modified or terminated, (i) at the request of a third party who has indicated an intention or taken steps to effect a Change in Control and who effectuates a Change in Control or (ii) otherwise in connection with, or in anticipation of, a Change in Control which actually occurs, any such attempted amendment, modification or termination being null and void *ab initio*. From and after the occurrence of a Change in Control, the Plan (i) may not be amended or modified in any manner that would in any way adversely affect the benefits or protections provided to any individual hereunder and (ii) may not be terminated until the later of (a) the second anniversary of the Change in Control or (b) the date that all Participants who have become entitled to a Severance Benefit hereunder shall have received such payments in full.

8.3 Form of Amendment. Any amendment or termination of the Plan shall be effected by a written instrument signed by a duly authorized officer or officers of the Company, certifying that the amendment or termination has been approved by the Board.

## ARTICLE IX

### MISCELLANEOUS

9.1 Legal Fees and Expenses. The Company shall pay all legal fees and related expenses (including the costs of experts, evidence and counsel) reasonably incurred by a Participant as they become due as a result of (a) the Participant's termination of employment

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(including all such fees and expenses, if any, incurred in contesting or disputing in good faith any such termination of employment) or (b) the Participant seeking to obtain or enforce any right or benefit provided by this Plan or by any other plan or arrangement maintained by the Company under which the Participant is or may be entitled to receive benefits upon or following his or her termination of employment; *provided, however*, that the circumstances set forth in clauses (a) and (b) occurred on or after a Change in Control.

9.2 Employment Status. This Plan does not constitute a contract of employment or impose on the Company any obligation to retain any Participant as an employee or to change any employment policies of the Company.

9.3 Validity and Severability. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.4 Settlement of Claims. The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, defense, recoupment, or other right which the Company may have against a Participant or others.

9.5 Governing Law. The validity, interpretation, construction and performance of the Plan shall in all respects be governed by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

In Witness Whereof, the Company has caused this Amended and Restated Senior Management Severance Protection Plan to be signed by its duly authorized officer this 9th day of March, 2012 and the undersigned officer certifies that the Amended and Restated Senior Management Severance Protection Plan has been approved by a resolution adopted by at least two-thirds of the Company's Board of Directors.

CABOT CORPORATION

By: /s/ Robby D. Sisco

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Name:	Robby D. Sisco
Title:	Vice President, Human Resources

**Principal Executive Officer Certification**

I, Patrick M. Prevost, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2012

*/s/ Patrick M. Prevost*

Patrick M. Prevost

*President and Chief Executive Officer*

**Principal Financial Officer Certification**

I, Eduardo E. Cordeiro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cabot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2012

/s/ Eduardo E. Cordeiro

Eduardo E. Cordeiro

*Executive Vice President and Chief Financial Officer*

**Certifications Pursuant to 18 U.S.C. Section 1350,  
as Adopted Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002**

In connection with the filing of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (the "Report") by Cabot Corporation (the "Company"), each of the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PATRICK M. PREVOST

Patrick M. Prevost

*President and Chief Executive Officer*

May 7, 2012

/s/ EDUARDO E. CORDEIRO

Eduardo E. Cordeiro

*Executive Vice President and*

*Chief Financial Officer*

May 7, 2012