SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 1998

SEALED AIR CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	1-12139	65-0654331
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Park 80 East Saddle Brook, New Jersey	07663-5291
(Address of Principal Executive Offices)	(Zip Code)

(201) 791-7600
(Registrant's telephone number, including area code)

W. R. Grace & Co.
One Town Center Road, Boca Raton, Florida 33486-1010
(Former Name or Former Address, if Changed Since Last Report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On March 31, 1998, the Registrant, a Delaware corporation formerly known as W. R. Grace & Co., and Sealed Air Corporation (US), a Delaware corporation formerly known as Sealed Air Corporation ("Sealed Air"), completed a series of related transactions as a result of which:

(1) the Registrant's specialty chemicals business was separated from its packaging business, the packaging business was contributed to one wholly owned subsidiary ("Cryovac"), and the specialty chemicals business was contributed to another wholly owned subsidiary ("New Grace"), pursuant to a Distribution Agreement dated as of March 30, 1998 among the Registrant, W. R. Grace & Co.-Conn. ("Grace-Conn.") and New Grace;

(2) the Registrant and Cryovac borrowed approximately $1.259 billion under the New Credit Agreements (as defined below) and transferred substantially all of those funds to New Grace and Grace-Conn. (the "Cash Transfer"); a portion of the Cash Transfer was used by New Grace and Grace-Conn. to repay substantially all of Grace-Conn.'s outstanding debt, certain of which was guaranteed by the Registrant;

(3) the Registrant distributed all of the outstanding shares of common stock of New Grace to the Registrant's stockholders;

(4) the Registrant recapitalized its outstanding shares of common stock into a new common stock and Series A convertible preferred stock (the "Recapitalization"); and

(5) a subsidiary of the Registrant merged into Sealed Air with Sealed Air being the surviving corporation (the "Merger"), pursuant to an Agreement and Plan of Merger dated as of August 14, 1997 among the Registrant, Sealed Air, and a subsidiary of the Registrant (the "Merger Agreement").

The Merger and the related transactions described above were approved by the Registrant's stockholders at a special meeting held on March 20, 1998, and the Merger was approved by Sealed Air's stockholders at a special meeting held on March 23, 1998. As a result of these transactions, New Grace became a separate publicly owned corporation named W. R. Grace & Co., and the Registrant, which now operates the businesses of Sealed Air and Cryovac, was renamed Sealed Air Corporation. As used in this Form 8-K, "New Sealed Air" refers to the Registrant after giving effect to the Merger.

In the Recapitalization, the outstanding shares of the Registrant's common stock were converted into 40,647,803 shares of new common stock and 36,000,000 shares of Series A convertible preferred stock. On a per share basis, each share of the Registrant's common stock outstanding on March 31,

1998 was converted into the right to receive 0.536 of a share of new common stock and 0.475 of a share of Series A convertible preferred stock. In addition, outstanding options to purchase common stock of the Registrant that were held by Cryovac's employees were converted into options to purchase approximately 489,307 shares of the Registrant's common stock.

Pursuant to the Merger Agreement, each of the 42,624,246 shares of Sealed Air's common stock outstanding on March 31, 1998 was converted into the right to receive one share of the Registrant's new common stock.

As a result of these transactions, the Registrant's former stockholders received, in the aggregate, approximately 63% of the capital stock of the Registrant, and the former Sealed Air stockholders received the remaining 37%.

The Registrant has appointed First Chicago Trust Company of New York (the "Exchange Agent") to serve as Exchange Agent with respect to the shares issued in the Recapitalization and the Merger. The Exchange Agent has mailed to each stockholder of record of the Registrant's common stock outstanding on March 31, 1998 a letter of transmittal and instructions for surrendering their common stock certificates for shares of the Registrant's new common and Series A convertible preferred stock. No fractional shares of the Registrant's new common or Series A convertible preferred stock will be issued. Instead, the Exchange Agent will distribute to the Registrant's stockholders otherwise entitled to receive such fractional shares the pro-rata cash proceeds realized from a sale of those shares in the open market, net of sales expenses.

The terms and conditions of the Merger Agreement, the Distribution Agreement and related agreements were determined through negotiations among the parties thereto as described under the heading "The Reorganization and Merger -- Background" in the Joint Proxy Statement/Prospectus dated February 13, 1998 (the "Joint Proxy Statement/Prospectus"), which was filed by the Registrant with the Securities and Exchange Commission (the "SEC") on the same date as part of the Registrant's Registration Statement on Form S-4 (Registration No. 333-46281).

The separation of the Registrant's specialty chemicals and packaging businesses, the spinoff of New Grace, the Recapitalization and the Merger, as well as the principal terms of the Merger Agreement, the Distribution Agreement and related agreements, are described under the heading "The Distribution and Merger Agreements" in the Joint Proxy Statement/Prospectus, which description is incorporated herein by reference. The Merger Agreement, filed with the SEC as Exhibit 2.1 to the Registrant's Form 8-K on August 18, 1997, and the Distribution Agreement, attached as Exhibit 2.2 hereto, are incorporated herein by reference, and the description of their terms herein is qualified in its entirety by reference to the said agreements.

Prior to the Merger, Sealed Air was an independent, publicly owned global manufacturer of a wide range of protective and specialty packaging materials and systems, and Cryovac was operated as a division of Grace-Conn. The Registrant intends to integrate the businesses of Sealed Air and Cryovac to achieve operating efficiencies. However, specific decisions regarding the steps to be taken to integrate the two businesses have not yet been made.

In connection with the transactions described above, the Registrant entered into a five-Year Credit Agreement and a 364-Day Credit Agreement (together, the "New Credit Agreements"), each dated as of March 30, 1998, with a syndicate of banks (the "Banks") arranged by ABN AMRO Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association and NationsBank, N.A. (the "Agent Banks"). The initial borrowings of $1.259 billion under the New Credit Agreements provided the funds needed for the Registrant and Cryovac to make the Cash Transfer and to pay certain fees and expenses related to the Merger and related transactions. All loans outstanding under the New Credit Agreements are guaranteed by the Registrant's material domestic subsidiaries, including Sealed Air and Cryovac.

The principal terms of the New Credit Agreements are described under the heading "The New Credit Agreements" in the Joint Proxy Statement/Prospectus, which description is incorporated herein by reference. The New Credit Agreements are attached as exhibits hereto and are incorporated herein by reference. The description herein of their terms is qualified in its entirety by reference to the New Credit Agreements.

The foregoing discussion is qualified in its entirety by reference to the Merger Agreement, the Distribution Agreement, the Employee Benefits Allocation Agreement, and the Tax Sharing Agreement that are filed as exhibits hereto and are incorporated herein by reference.

ITEM 5. OTHER EVENTS.

Following the completion of the transactions described in Item 2 of this Form 8-K, the Board of Directors of the Registrant (the "New Sealed Air Board") took various actions, certain of which are described below.

In accordance with the Merger Agreement, four outside directors of the Registrant immediately prior to the Merger (Hank Brown, Christopher Cheng, Virginia A. Kamsky and John E. Phipps) became directors of New Sealed Air and elected as additional directors the seven individuals who were serving as directors of Sealed Air immediately prior to the Merger (John K. Castle, Lawrence R. Codey, T. J. Dermot Dunphy, Charles F. Farrell, Jr., David Freeman, Alan H. Miller and Robert L. San Soucie). In addition, the New Sealed Air Board elected T. J. Dermot Dunphy, the Chairman and Chief Executive Officer of Sealed Air, as its Chairman.

The Registrant's Board appointed the following persons to serve as the officers of the Registrant:

Name	Position
T. J. Dermot Dunphy	Chief Executive Officer
William V. Hickey	President and Chief Operating Officer
J. Gary Kaenzig, Jr.	Executive Vice President
Bruce A. Cruikshank	Senior Vice President
Robert A. Pesci	Senior Vice President
Jonathan B. Baker	Vice President
James A. Bixby	Vice President
Leonard R. Byrne	Vice President
Mary A. Coventry	Vice President
Jean-Luc Debry	Vice President
Paul B. Hogan	Vice President
James P. Mix	Vice President
Abraham N. Reichental	Vice President
Horst Tebbe	Vice President - Finance and Chief Financial Officer
Alan S. Weinberg	Vice President
Jeffrey S. Warren	Controller
H. Katherine White	Secretary
Linda B. Massengill	Assistant Secretary
Barbara A. Pieczonka	Assistant Secretary

Each of these individuals except for Messrs. Kaenzig, Weinberg and Byrne was an officer of Sealed Air prior to the Merger. Prior to the Merger, Mr. Kaenzig was a Senior Vice President of the Registrant and President of the Registrant's packaging business, and Messrs. Weinberg and Byrne were executives of the Registrant's packaging business.

In connection with the Merger, the Registrant's stockholders approved an Amended and Restated Certificate of Incorporation (the "New Sealed Air Charter"). The New Sealed Air Charter is substantially identical to the certificate of incorporation of Sealed Air, except as described under the heading "The New Sealed Air Charter" in the Joint Proxy Statement/Prospectus, which description is incorporated herein by reference, and except for three "Supermajority Provisions" contained in the Registrant's certificate of incorporation, which are also described therein. The Registrant sought the approval of its stockholders to repeal these Supermajority Provisions in connection with their approval of the Merger. However, the Registrant was unable to obtain the approval of stockholders owning at least 80% of the outstanding shares of its common stock, so the Supermajority Provisions remain in force. The Registrant intends to continue to seek stockholder approval of the repeal of the Supermajority Provisions.

The New Sealed Air Board has also adopted Amended and Restated By-laws (the "New Sealed Air By-laws"). The New Sealed Air By-laws are substantially the same as the Sealed Air By-laws except as required to reflect the Supermajority Provisions and the Series A convertible preferred stock.

A summary of the principal differences between the rights of stockholders of the Registrant and Sealed Air prior to the Merger and the rights of stockholders of New Sealed Air after the Merger is provided under the heading "Comparison of Stockholders Rights" in the Joint Proxy Statement/Prospectus, which summary is incorporated herein by reference. The New Sealed Air Charter and New Sealed Air By-laws are attached as Exhibits 3.1 and 3.2, respectively, hereto and incorporated herein by reference, and the description of their terms herein is qualified in its entirety by reference to these documents.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Sealed Air and Grace Packaging

1. Sealed Air's Consolidated Financial Statements for the years ended December 31, 1997, 1996 and 1995 are attached as Exhibit 99.1 hereto and incorporated herein by reference.

2. Grace Packaging Special-Purpose Combined Financial Statements as of December 31, 1997 and 1996 and for each of the three years ended December 31, 1997 are attached as Exhibit 99.2 hereto and incorporated herein by reference.

3. Management's Discussion and Analysis relating to the financial information contained in the Grace Packaging Special-Purpose Combined Financial Statements is attached as Exhibit 99.3 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information

Unaudited pro forma condensed consolidated financial information giving effect to the Merger and related transactions as of January 1, 1997 for income statement purposes and December 31, 1997 for balance sheet purposes is attached as Exhibit 99.4 hereto and incorporated herein by reference.

(c) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger dated as of August 14, 1997 among the Registrant, a wholly-owned subsidiary of the Registrant and Sealed Air (incorporated herein by reference to Exhibit 2.1 to the Registrant's Form 8-K filed on August 18,

1997).

2.2	Distribution Agreement dated as of March 30, 1998 among the Registrant, Grace-Conn. and New Grace.
3.1	Amended and Restated Certificate of Incorporation of New Sealed Air.
3.2	Amended and Restated By-laws of New Sealed Air.
4.1	Specimen of New Sealed Air's Common Stock Certificate (incorporated herein by reference to Exhibit 3 to the Registrant's Form 8-A filed on March 18, 1998).
4.2	Specimen of New Sealed Air's Series A Convertible Preferred Stock Certificate (incorporated herein by reference to Exhibit 4 to the Registrant's Form 8-A filed on March 18, 1998).
10.1	Employee Benefits Allocation Agreement dated as of March 30, 1998 among the Registrant, Grace-Conn. and New Grace.
10.2	Tax Sharing Agreement dated as of March 30, 1998 among the Registrant, Grace-Conn. and Sealed Air.
10.3	Global Revolving Credit Agreement (5-year) dated as of March 30, 1998 among the Registrant, certain of its subsidiaries including Cryovac, ABN Amro Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N.A. and other banks parties thereto.
10.4	Global Revolving Credit Agreement (364-day) dated as of March 30, 1998 among the Registrant, certain of its subsidiaries including Cryovac, ABN Amro Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N.A. and other banks parties thereto.
99.1	Sealed Air's Consolidated Financial Statements for the years ended December 31, 1997, 1996 and 1995.
99.2	Grace Packaging Special-Purpose Combined Financial Statements as of December 31, 1997 and 1996 and for each of the three years ended December 31, 1997.
99.3	Management's Discussion and Analysis relating to the financial information contained in the Grace Packaging Special-Purpose Combined Financial Statements.
99.4	Unaudited pro forma condensed consolidated financial information for the year ended December 31, 1997 giving effect to the Merger and related transactions.

SIGNATURE

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.

Dated: April 15, 1998

SEALED AIR CORPORATION

By: /s/ Jeffrey S. Warren

Name: Jeffrey S. Warren
Title: Controller

EXHIBIT INDEX

Exhibit No.	Exhibit	Page
2.1	Agreement and Plan of Merger dated as of August 14, 1997 among the Registrant, a wholly-owned subsidiary of the Registrant and Sealed Air (incorporated herein by reference to Exhibit 2.1 to the Registrant's Form 8-K filed on August 18, 1997).	
2.2	Distribution Agreement dated as of March 30, 1998, among the Registrant, Grace-Conn. and New Grace.	

3.1	Amended and Restated Certificate of Incorporation of New Sealed Air.
3.2	Amended and Restated By-laws of New Sealed Air.
4.1	Specimen of New Sealed Air's Common Stock Certificate (incorporated herein by reference to Exhibit 3 to the Registrant's Form 8-A filed on March 18, 1998).
4.2	Specimen of New Sealed Air's Series A Convertible Preferred Stock Certificate (incorporated herein by reference to Exhibit 4 to the Registrant's Form 8-A filed on March 18, 1998).
10.1	Employee Benefits Allocation Agreement dated as of March 30, 1998 among the Registrant, Grace-Conn. and New Grace.
10.2	Tax Sharing Agreement dated as of March 30, 1998 among the Registrant, Grace-Conn. and Sealed Air.
10.3	Global Revolving Credit Agreement (5-year) dated as of March 30, 1998 among the Registrant, certain of its subsidiaries including Cryovac, ABN Amro Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N.A. and other banks parties thereto.
10.4	Global Revolving Credit Agreement (364-day) dated as of March 30, 1998 among the Registrant, certain of its subsidiaries including Cryovac, ABN Amro Bank N.V., Bankers Trust Company, Bank of America National Trust and Savings Association, NationsBank, N.A. and other banks parties thereto.
99.1	Sealed Air's Consolidated Financial Statements for the years ended December 31, 1997, 1996 and 1995.
99.2	Grace Packaging Special-Purpose Combined Financial Statements as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997.
99.3	Management's Discussion and Analysis relating to the financial information contained in the Grace Packaging Special-Purpose Combined Financial Statements.
99.4	Unaudited pro forma condensed consolidated financial information for the year ended December 31, 1997 giving effect to the Merger and related transactions.

Exhibit 2.2

DISTRIBUTION AGREEMENT

by and among

W. R. GRACE & CO.

W. R. GRACE & CO.-CONN.,

and

GRACE SPECIALTY CHEMICALS, INC.

(to be renamed "W. R. Grace & Co.")

Dated as of March 30, 1998

TABLE OF CONTENTS

DISTRIBUTION AGREEMENT

This DISTRIBUTION AGREEMENT (this "Agreement"), dated as of March 30, 1998, by and among W. R. Grace & Co., a Delaware corporation ("Grace"), W. R. Grace & Co.-Conn., a Connecticut corporation and a wholly owned subsidiary of Grace ("Grace-Conn.") and Grace Specialty Chemicals, Inc., a Delaware corporation and a wholly owned subsidiary of Grace ("New Grace").

RECITALS

A. The Merger Agreement. Grace and Sealed Air Corporation, a Delaware corporation ("SAC"), have entered into an Agreement and Plan of Merger, dated as of August 14, 1997 (the "Merger Agreement"), pursuant to which, at the Effective Time (as defined therein), a wholly owned subsidiary of Grace will merge with and into SAC, with SAC being the surviving corporation (the "Merger"), and Grace being renamed "Sealed Air Corporation".

B. The Distribution Agreement. This Agreement and the Other Agreements (as defined herein) set forth certain transactions that SAC has required as a condition to its willingness to consummate the Merger, and the purpose of this Agreement is to make possible the Merger by divesting Grace of the businesses and operations to be conducted by New Grace and its subsidiaries, including Grace-Conn.

C. The Contribution. Prior to the Effective Time, and subject to the terms and conditions set forth in this Agreement, Grace intends to cause the transfer to a wholly owned subsidiary of Grace-Conn. ("Packco") of certain assets and liabilities of Grace and its subsidiaries predominantly related to the Packaging Business (the "Contribution"), as contemplated by this Agreement and the Other Agreements.

D. Financing. It is the intention of the parties hereto that, prior to the Distribution: (i) Grace and/or Packco shall enter into new financing arrangements and shall make, or cause to be made, the New Grace Capital Contribution (as defined herein); and (ii) the parties shall cooperate with one another with respect to the foregoing.

E. The Distribution. Following the Contribution and prior to the Effective Time, subject to the conditions set forth in this Agreement, (i) the capital stock of Packco will be distributed to Grace (the "Intragroup Spinoff"), (ii) the capital stock of Grace-Conn. will be contributed to New Grace and (iii) all of the issued and outstanding shares of the common stock of New Grace (together with the New Grace Rights, "New Grace Common Stock") will be distributed on a pro rata basis (the "Distribution") to the holders as of the Record Date of the common stock of Grace, par value $.1 per share ("Grace Common Stock"), other than shares held in the treasury of Grace.

F. The Recapitalization. Following the Distribution and immediately prior to the Effective Time, Grace intends to consummate the Recapitalization in which each holder of a share of Grace Common Stock shall hold, immediately thereafter, the Per Share Common Consideration and the Per Share Preferred Consideration.

G. Intention of the Parties. It is the intention of the parties (i) to this Agreement that, for United States federal income tax purposes, the Contribution and associated transactions shall qualify as a tax-free transaction under Section 351 of the Internal Revenue Code of 1986, as amended (the "Code"), the Contribution and the Intragroup Spinoff (and associated transactions) shall qualify as a tax-free transaction under Sections 355 and 368 of the Code, the Distribution and associated transactions shall qualify as a tax-free transaction under Sections 355 and 368 of the Code, and the Recapitalization shall be tax-free to Grace and its shareholders under the Code, and (ii) to this Agreement and the Merger Agreement that the Merger shall qualify as a "reorganization" within the meaning of Section 368 of the Code and the Merger will be tax free under the Code to Grace, SAC and their respective shareholders.

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

ARTICLE I

DEFINITIONS

SECTION 1.1 General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

Adjusted Foreign Transfer Taxes: as defined in Section 2.2(c) hereof.

Affiliate: with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided, however, that, for purposes of this Agreement, no member of either Group shall be deemed to be an Affiliate of any member of the other Group.

Agent: the distribution agent to be appointed by Grace to distribute the shares of New Grace Common Stock pursuant to the Distribution.

Agreement: as defined in the preamble to this Agreement.

Asset: any and all assets and properties, tangible or intangible, including, without limitation, the following: (i) cash, notes and accounts and notes receivable (whether current or non-current); (ii) certificates of deposit, banker's acceptances, stock, debentures, evidences of indebtedness, certificates of interest or participation in profit-sharing agreements, collateral-trust certificates, preorganization certificates or subscriptions, transferable shares, investment contracts, voting-trust certificates, fractional undivided interests in oil, gas or other mineral rights, puts, calls, straddles, options and other securities of any kind; (iii) intangible property rights, inventions, discoveries, know-how, United States and foreign patents and patent applications, trade secrets, confidential information, registered and unregistered trademarks, service marks, service names, trade styles and trade names and associated goodwill; statutory, common law and registered copyrights; applications for any of the foregoing, rights to use the foregoing and other rights in, to and under the foregoing; (iv) rights under leases, contracts, licenses, permits, distribution arrangements, sales and purchase agreements, other agreements and business arrangements; (v) real estate and buildings and other improvements thereon; (vi) leasehold improvements, fixtures, trade fixtures, machinery, equipment (including transportation and office equipment), tools, dies and furniture; (vii) office supplies, production supplies, spare parts, other miscellaneous supplies and other tangible property of any kind; (viii) computer equipment and software; (ix) raw materials, work-in-process, finished goods, consigned goods and other inventories; (x) prepayments or prepaid expenses; (xi) claims, causes of action, choses in action, rights under express or implied warranties, rights of recovery and rights of setoff of any kind; (xii) the right to receive mail, payments on accounts receivable and other communications; (xiii) lists of customers, records pertaining to customers and accounts, personnel records, lists and records pertaining to customers, suppliers and agents, and books, ledgers, files and business records of every kind; (xiv) advertising materials and other printed or written materials; (xv) goodwill as a going concern and other intangible properties; (xvi) employee contracts, including any rights thereunder to restrict an employee from competing in certain respects; and (xvii) licenses and authorizations issued by any governmental authority.

Benefits Agreement: the Employee Benefits Allocation Agreement to be entered into prior to the Distribution between Grace and New Grace, substantially in the form of Exhibit A hereto, with such changes as are acceptable to Grace, New Grace, Grace-Conn. and SAC.

Business: the New Grace Business or the Packaging Business.

Code: as defined in the Recitals to this Agreement.

Contribution: as defined in the Recitals to this Agreement.

Debt Costs: as defined in Section 2.6(b) hereof.

Deemed Foreign Tax Credits: as defined in Section 2.2(c) hereof.

Deemed Repatriations: as defined in Section 2.2(c) hereof.

Distribution: as defined in the Recitals to this Agreement.

Distribution Date: the date as of which the Distribution shall be effected, to be determined by, or under the authority of, the Board of Directors of Grace consistent with this Agreement and the Merger Agreement.

Effective Time: as defined in the Merger Agreement.

Environmental Law: as defined in the Merger Agreement.

Excess Short-Term Payables: as defined in Section 2.2(c) hereof.

Excess Shares: as defined in Section 2.7(b) hereof.

Exchange Act: the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

Exchange Agent: the exchange agent to be retained in connection with effecting the Recapitalization (which may also be the Exchange Agent with respect to the Merger and/or the Agent).

Foreign Exchange Rate: with respect to any currency other than United States dollars as of any date, the rate on such date at which such currency may be exchanged for United States dollars as quoted in The Wall Street Journal.

Foreign New Grace Subsidiaries: as defined in the Tax Sharing Agreement.

Foreign NOLs: as defined in Section 2.2(c) hereof.

Foreign Packco Subsidiaries: as defined in the Tax Sharing Agreement.

Foreign Tax Credits: as defined in Section 2.2(c) hereof.

Foreign Transfer Taxes: as defined in Section 2.2(c) hereof.

Foreign Transfers: as defined in Section 2.2(a) hereof.

Grace: as defined in the preamble to this Agreement.

Grace Certificate of Incorporation: as defined in the Merger Agreement.

Grace Common Stock: as defined in the Recitals to this Agreement.

Grace-Conn.: as defined in the preamble to this Agreement.

Grace-Conn. Assets: all of the Assets owned by Grace or its Subsidiaries immediately prior to the Distribution, other than any Packco Assets.

Grace-Conn. Liabilities: all of the Liabilities of Grace or its Subsidiaries immediately prior to the Distribution, other than Packco Liabilities.

Grace-Conn. Public Debt: (i) the outstanding indebtedness of Grace-Conn. under its 8.% Notes Due 2004, 7.4% Notes Due 2000 and 7.75% Notes Due 2002 (other than any such indebtedness owned by Grace-Conn. or another member of the New Grace Group) and (ii) with respect to any indebtedness described in clause (i), any amendments, modifications, refinancings, extensions, renewals, refundings or replacements of, or indebtedness exchanged for, such indebtedness which in each case is guaranteed by Grace (other than any such indebtedness owned by Grace-Conn. or another member of the New Grace Group).

Grace Credit Agreement: the credit agreement or other financing agreements or arrangements to be entered into by Grace and/or Packco prior to the Distribution Date to fund the New Grace Capital Contribution and fees and expenses of Packco (or Grace) in connection with the transactions contemplated hereby and to provide Packco with working capital.

Group: the Packco Group or the New Grace Group.

Indemnifiable Losses: all losses, Liabilities, damages, claims, demands, judgments or settlements of any nature or kind, including all reasonable costs and expenses (legal, accounting or otherwise as such costs are incurred) relating thereto, suffered (and not actually reimbursed by insurance proceeds) by an Indemnitee, including any reasonable costs or expenses of enforcing any indemnity hereunder.

Indemnifying Party: a Person who or which is obligated under this Agreement to provide indemnification.

Indemnitee: a Person who or which may seek indemnification under this Agreement.

Indemnity Payment: an amount that an Indemnifying Party is required to pay to or in respect of an Indemnitee pursuant to Article IV.

Information: all records, books, contracts, instruments, computer data and other data and information.

Intragroup Spinoff: as defined in Recital E to this Agreement.

Joint Proxy Statement: as defined in the Merger Agreement.

Liabilities: all debts, liabilities and obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and whether or not the same would properly be reflected on a balance sheet.

Litigation Matters: actual, threatened or future litigations, investigations, claims or other legal matters that have been or may be asserted against, or otherwise adversely affect, Grace and/or New Grace (or members of either Group).

Merger: as defined in the Recitals to this Agreement.

Merger Agreement: as defined in the Recitals to this Agreement.

Net Benefit Amount: the amount (whether positive or negative) equal to (i) minus (ii), where (i) is the sum of the U.S. Plan Assets and the Foreign Plan Assets (each as defined below) and (ii) is the sum of the U.S. Benefit Plan Liabilities and the Foreign Benefit Plan Liabilities (each as defined below).

"U.S. Plan Assets" means the aggregate fair market value, as of the Distribution Date, of the assets of the Union Retirement Plan (as defined in the Benefits Agreement) and the assets that will be transferred to the Packco Hourly Non-Union Retirement Plan (as defined in the Benefits Agreement) pursuant to Section 4.1(d) of the Benefits Agreement, in each case as reasonably determined by Actuarial Sciences Associates ("ASA"). "Foreign Plan Assets" means the aggregate fair market value, as of the Distribution Date, of the assets that will be, pursuant to the Foreign Plans Agreement (as defined in the Benefits Agreement), transferred from a Noninsured Foreign Pension Plan (as defined in the Benefits Agreement) that is a New Grace Benefit Plan (as defined in the Benefits Agreement) (a "Transferring New Grace Foreign Plan") to a Packco Benefit Plan or retained by a Noninsured Foreign Pension Plan that is a Packco Benefit Plan (a "Retained Grace Foreign Plan"), in each case as reasonably determined by the Local Actuary (as defined in the Benefits Agreement) for the relevant Transferring New Grace Foreign Plan or Retained Grace Foreign Plan.

"U.S. Benefit Plan Liabilities" means the sum of the Accrued Benefit Obligation, calculated in accordance with FAS 87 ("ABO"), for (i) benefits of Packco Participants (as defined in the Benefits Agreement) under the Union Retirement Plan and (ii) benefits of Packco Participants under the Hourly Non-Union Retirement Plan (as defined in the Benefits Agreement) that are assumed by the Packco Hourly Non-Union Retirement Plan pursuant to Section 4.1(d) of the Benefits Agreement. "Foreign Benefit Plan Liabilities" means the greater of (i) the sum of the ABOs for the Assumed Foreign Benefits (as defined below) plus $10 million and (ii) the sum of the Projected Benefit Obligations, calculated in accordance with FAS 87 ("PBO"), for the Assumed Foreign Benefits. The "Assumed Foreign Benefits" means the aggregate amount of the retirement benefits of Packco Participants under each Noninsured Foreign Pension Plan that are, pursuant to the Foreign Benefits Agreement, either assumed by a Packco Benefit Plan from a Transferring New Grace Foreign Plan or retained by a Retained Grace Foreign Plan.

The determination of U.S. Benefit Plan Liabilities shall be made by ASA in accordance with the actuarial and other assumptions set forth on Schedule 1.1(f). The determination of the ABOs and PBOs for the Assumed Foreign Benefits shall in each case be made by AON Consulting ("AON") as of the Distribution Date based upon the actuarial and other assumptions used by AON to determine the ABO or PBO (as applicable) of the relevant Transferring New Grace Foreign Plan or Retained Grace Foreign Plan for purposes of Grace's fiscal 1996 year-end financial disclosures, if such ABO or PBO is reported thereon, which actuarial and other assumptions are set forth on Schedule 1.1(f), provided, in the case of the assumptions relating to each Noninsured Foreign Pension Plan, that such assumptions are reasonable. To the extent that the ABO or PBO for a particular Transferring New Grace Foreign Plan or Retained Grace Foreign Plan was not so reported, such assumptions shall be reasonable assumptions developed by AON in the manner most typically used by AON to develop assumptions for determining ABO or PBO for FAS 87 purposes for substantially similar plans in the applicable jurisdiction.

ASA, the Local Actuaries and AON (collectively, the "Actuaries") shall initially make the determinations called for by this definition on a good-faith estimated basis not later than December 31, 1997 or such other date as the parties hereto shall request. In making such initial determinations, the local Actuaries shall be entitled to rely upon the advice of Grace and New Grace with respect to the anticipated terms and conditions of the Foreign Plans Agreement (if it has not yet been signed) and the manner in which its terms and conditions will be implemented. Final determinations shall be made by the Actuaries as and when the asset transfers and assumptions of liabilities contemplated by the Foreign Plans Agreement and Section 4.1(d) of the Benefits Agreement are completed, and the New Grace Capital Contribution shall be adjusted as necessary to reflect the Net Benefit Amount as so finally determined. Grace and New Grace agree to cooperate in supplying the Actuaries with all information reasonably requested by them in connection with making such determinations, including, without limitation, information concerning Plan participants, assets and benefits. Grace, New Grace and SAC shall be entitled to review and comment on the Actuaries' analyses as the Actuaries are in the process of making their determinations.

New Grace: as defined in the preamble to this Agreement.

New Grace Business: all of the businesses and operations conducted by Grace and its Subsidiaries at any time, whether prior to, on or after the Distribution Date, other than the Packaging Business.

New Grace Capital Contribution: the capital contribution, distribution or other transfer to be received by Grace-Conn. at or shortly prior to the Distribution, in the aggregate amount of:

(a) $1,200,000,000;

plus (b) the aggregate amount of cash held by Packco or any Packco Subsidiaries immediately prior to the Distribution;

minus (c) the amount by which

(i) the aggregate amount of (x) withholding Taxes that would be imposed by foreign jurisdictions on a deemed distribution to Packco by each Foreign Packco Subsidiary immediately following the Distribution, of an amount of cash equal to the excess of (I) the amount of cash held by such Foreign Packco Subsidiary immediately prior to the Distribution over (II) the sum of (A) the amount of debt that may be repaid without penalty plus current

accrued but unpaid Taxes of such Subsidiary as of the Distribution Date and (B) Excess Short-Term Payables of such Subsidiary; provided, however, that such amount of cash shall be determined taking into account the principles, as applied to Packco, set forth in the proviso in Section 2.2(c)(v), and (y) Taxes that would be imposed by the United States or any political subdivision thereof in excess of the Foreign Tax Credits of Packco in respect of Taxes paid by Packco or deemed paid by Packco as a result of such deemed distributions of such cash;

exceeds (ii) the aggregate amount of Packco Repatriation Tax Costs;

plus (d) the Net Benefit Amount; and

plus (e) the aggregate amount of Transaction Costs, if any, payable by Grace to New Grace pursuant to Section 8.4 of this Agreement, as of the Distribution Date.

New Grace Common Stock: as defined in the Recitals to this Agreement.

New Grace Group: New Grace, Grace-Conn. and the other New Grace Subsidiaries.

New Grace Group Excess Cash: as defined in Section 2.2(c) hereof.

New Grace Indemnitees: New Grace, each Affiliate of Grace-Conn. (other than members of the Packco Group) and each of their respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

New Grace Repatriation Tax Costs: as defined in Section 2.2(c) hereof.

New Grace Rights: the preferred share purchase rights of New Grace.

New Grace Subsidiaries: all direct and indirect Subsidiaries of Grace, including foreign subsidiaries of Grace-Conn. to be formed pursuant to the Tax Sharing Agreement or Section 2.2 hereof, other than Packco and any Packco Subsidiary.

Newco Common Stock: the shares of common stock, par value $.10 per share, of Grace.

Newco Convertible Preferred Stock: the Series A Convertible Preferred Stock of Grace, par value $.10 per share, the terms of which are described in Exhibit E to the Merger Agreement.

NYSE: New York Stock Exchange, Inc.

Other Agreements: the Benefits Agreement, the Tax Sharing Agreement, an insurance procedures agreement, an intellectual property license agreement, an interim services agreement, the shared facilities agreements and the other agreements entered into or to be entered into in connection with the Distribution as contemplated by Article II of this Agreement.

Packaging Business: all of the worldwide packaging businesses, operations and investments conducted or owned by Grace and its Subsidiaries at any time, whether prior to, on or after the Distribution Date, including Cryovac[Registered] flexible plastic packaging systems, Omicron[Registered] rigid plastic cups and tubs for dairy foods and Formpac[Registered] foam trays for supermarket and institutional food service, provided that the Packaging Business shall not include the worldwide businesses, operations and investments at or prior to the Distribution Date conducted or owned by Grace and its Subsidiaries of its container business group (which was, until 1996, operated as a separate business unit known as Grace Container Products and any extensions of such former business unit since such time and through the Distribution Date), including, without limitation, Darex[Registered] container sealants and coatings.

Packco: as defined in the Recitals to this Agreement.

Packco Assets: collectively and except as otherwise provided in any of the Other Agreements, (i) all of the right, title and interest immediately prior to the time of the Distribution of Grace and its Subsidiaries in all Assets that are predominantly used or held for use in or predominantly relating to or to the extent arising from the Packaging Business; (ii) the rights to use shared Assets as provided in Article II; (iii) all other Assets of Grace and its Subsidiaries to the extent specifically assigned to or retained by any member of the Packco Group pursuant to this Agreement or any Other Agreement; (iv) the capital stock of Packco and all Packco Subsidiaries; and (v) the Assets set forth on Schedule 1.1(a) hereto; provided that

(a) all cash and marketable securities held by any member of the Packco Group immediately prior to the Distribution shall be Grace-Conn. Assets;

(b) intellectual property rights shall be Packco Assets in the form and to the extent provided in Section 2.1(d);

(c) with respect to leased or owned real property included in the Packco Assets that is not used exclusively by the Packaging Business, Packco Assets shall include only real property used or held for use in the Packaging Business as of

the Distribution Date and shall not include any vacant or unoccupied property otherwise owned or leased by Grace or any of its Subsidiaries (except in the case of vacant or unoccupied property (I) on a site that is engaged predominantly in the Packaging Business, to provide a reasonable buffer area for such operations, to the extent practicable or (II) that is used or held for use in the Packaging Business);

(d) other than as provided herein or in the Other Agreements, Packco Assets shall not include any general corporate or corporate service operations of Grace conducted in its Boca Raton, Florida headquarters and the other locations set forth on Schedule 1.1(b) hereto;

(e) all right, title and interest of Grace and its Subsidiaries in the real property identified on Schedule 1.1(a) shall be Packco Assets; and

(f) Packco Assets shall not include (I) the Woburn, MA Grace facility or the Scuffletown Rd., South Carolina facility previously used by the Packaging Business (or any Assets located at or relating to such facilities); (II) Assets relating to any divested business or product line of Grace or any of its Subsidiaries (including rights to payment and indemnification thereunder, but Packco Assets shall include rights to indemnification relating to amounts paid by the Packco Group pursuant to clause (a)(II) of the definition of Packco Liabilities); (III) any interim service or tolling agreements entered into in connection with any divestiture by Grace or any of its Subsidiaries prior to the Distribution Date; and (IV) the Assets set forth on Schedule 1.1(c).

Packco Group: Grace, Packco and the Packco Subsidiaries.

Packco Group Excess Cash: as defined in Section 2.2(c) hereof.

Packco Indemnities: Grace, Packco, each Affiliate of Packco and each of their respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

Packco Liabilities: collectively, and in each case except to the extent otherwise provided in any Other Agreement, (i) all Liabilities of Grace and its Subsidiaries to the extent relating to or arising from the Packaging Business or the Packco Assets; (ii) all Liabilities of Grace and its Subsidiaries to the extent assigned to or assumed by Grace and Packco under this Agreement or any Other Agreement; (iii) all Liabilities of Grace and/or Packco under the Grace Credit Agreement; and (iv) all Liabilities set forth on Schedule 1.1(d) hereto, provided that Packco Liabilities shall not, in any event, include:

(a) Liabilities of Grace and its Subsidiaries (I) arising under any Environmental Law relating to any facility or Asset that was used or held for use in the Packaging Business prior to but not on or after the Distribution Date (including formerly owned or leased facilities and former offsite disposal facilities) or (II) relating to any business or product line that was part of, or any facility or Asset that was used or held for use in, the Packaging Business that, in each case, has been divested prior to the Distribution Date; provided that, except as otherwise provided below, 25% of such Liabilities described in this clause not to exceed $10 million in the aggregate shall be Packco Liabilities;

(b) Liabilities arising under any Environmental Law relating to or arising from the Woburn, MA Grace facility or the Scuffletown Road, SC facility;

(c) Liabilities for any indebtedness, other than indebtedness under the Grace Credit Agreement and indebtedness to unaffiliated persons outstanding on the date hereof;

(d) Liabilities of Grace or any of its Subsidiaries relating to or arising from any interim service or tolling agreements entered into in connection with any divestiture by Grace or any of its Subsidiaries;

(e) Liabilities, whether such Liabilities relate to events, occurrences or circumstances occurring or existing, or whether such Liabilities arise, before, on or after the Distribution Date, relating to asbestos or asbestos-containing materials manufactured and/or sold (collectively, "Asbestos Activities") by Grace, Grace-Conn. or any of their respective Subsidiaries, affiliates or predecessors (but this clause shall not include such Liabilities to the extent relating to Asbestos Activities, if any, conducted after the Distribution Date of any member of the Packco Group or any of their Affiliates after the Distribution Date);

(f) Liabilities relating to or arising from any violation or alleged violation on or prior to the Distribution Date by Grace, Grace-Conn. or any of their respective Subsidiaries, affiliates or predecessors of any federal, state or foreign securities laws; and

(g) Liabilities relating to or arising from any breach or alleged breach of fiduciary duties by any director or executive officer of Grace, Grace-Conn. or any of their respective Subsidiaries, affiliates or predecessors prior to the Distribution Date.

Packco Repatriation Tax Costs: as defined in Section 2.2(c) hereof.

Packco Subsidiaries: all direct and indirect Subsidiaries of Grace to be transferred to or formed by Packco in connection with the Contribution or the Foreign Transfers (including any such Subsidiary to be formed pursuant to the Tax Sharing Agreement or Section 2.2).

Per Share Common Consideration: the shares (or fraction of a share) of Newco Common Stock issuable in the Recapitalization per share of Grace Common Stock outstanding as of the Record Date, such amount to be determined by dividing (a) the amount equal to (I) 40,895,000, increased by the product, if any, of (x) 1.7027 and (y) the net increase in outstanding Sealed Air Common Shares between August 14, 1997 and the Distribution Date, minus (II) the Net Option Number, by (b) the aggregate number of shares of Grace Common Stock outstanding as of the Record Date, the result being rounded to the nearest one-thousandth (or, in the event there is no nearest number, rounded up to the next one-thousandth). "Net Option Number" means

(i) the aggregate number of shares of Newco Common Stock into which all outstanding options to purchase shares of Grace Common Stock outstanding as of the Distribution Date and held by Packco Employees are or may be exercisable (whether or not then exercisable) immediately after the Effective Time (such number calculated as provided in the Benefits Agreement, the "Newco Options"), multiplied by the amount by which:

(I) the average of the arithmetic mean between the highest and lowest sales prices of a share of Newco Common Stock on the New York Stock Exchange Composite Tape on each of the five trading days beginning on the ex-dividend date for the Distribution (the "SAC Stock Price")

exceeds (II) the weighted average per-share exercise price for the Newco Options, calculated as provided in the Benefits Agreement;

divided by (ii) the SAC Stock Price.

Fractional shares otherwise issuable to a Grace shareholder shall be treated as provided in Section 2.7(b). In the event that shares of Grace Common Stock are issued between the Record Date and the Effective Time, including pursuant to the exercise of stock options granted by Grace (but not including issuances in the Recapitalization), such Consideration shall be appropriately adjusted.

Per Share Preferred Consideration: the shares (or fraction of a share) of Newco Convertible Preferred Stock issuable in the Recapitalization per share of Grace Common Stock outstanding as of the Record Date, such amount to be calculated by dividing 36,000,000 by the aggregate number of shares of Grace Common Stock outstanding as of the Record Date, the result being rounded to the nearest one-thousandth (or, in the event there is no nearest number, rounded up to the next one-thousandth). Fractional shares otherwise issuable to a Grace shareholder shall be treated as provided in Section 2.7(b). In the event that shares of Grace Common Stock are issued between the Record Date and the Effective Time, including pursuant to the exercise of stock options granted by Grace (but not including issuances in the Recapitalization), such Consideration shall be appropriately adjusted.

Person: an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization or a government or any department or agency thereof.

Pre-Distribution Period: as defined in the Tax Sharing Agreement.

Privileged Information: with respect to either Group, Information regarding a member of such Group, or any of its operations, Assets or Liabilities (whether in documents or stored in any other form or known to its employees or agents) that is or may be protected from disclosure pursuant to the attorney-client privilege, the work product doctrine or other applicable privileges, that a member of the other Group may come into possession of or obtain access to pursuant to this Agreement or otherwise.

Recapitalization: as defined in Section 2.7 hereof.

Record Date: the close of business on the date to be determined by the Board of Directors of Grace as the record date for determining shareholders of Grace entitled to receive the Distribution and the Recapitalization, which date shall be the day of, or the business day immediately preceding the day of, the Effective Time.

Registration Statements: a registration statement on Form 10 (or, if such form is not appropriate, the appropriate form pursuant to the Securities Act) to be filed by New Grace with the SEC to effect the registration of the New Grace Common Stock and the New Grace Rights pursuant to the Exchange Act (or, if applicable, pursuant to the Securities Act) and the registration statement to be filed by Grace with the SEC in connection with the Recapitalization and the Merger pursuant to the Securities Act.

Representative: with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

SAC: as defined in the Recitals to this Agreement.

SEC: the Securities and Exchange Commission.

Securities Act: the Securities Act of 1933, as amended, together

with the rules and regulations promulgated thereunder.

Severance Costs: as defined in Section 8.4 hereof.

Shared Facilities: other than Shared Regional Headquarters, any production, manufacturing, sales office or other facility (whether owned or leased) of Grace or any of its subsidiaries in which operations of both the Packaging Business and the New Grace Business are conducted as of the Distribution Date, including the facilities listed on Schedule 1.1(e) hereto.

Shared Regional Headquarters: regional headquarters of Grace in which services are provided, as of the Distribution Date, to both the Packaging Business and the New Grace Business.

Subsidiary: with respect to any specified Person, any corporation or other legal entity of which such Person or any of its subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of members to the board of directors or similar governing body.

Subsidiary Excess Cash: as defined in Section 2.2(c) hereof.

Tax: as defined in the Tax Sharing Agreement.

Tax Benefit: as defined in the Tax Sharing Agreement.

Tax Sharing Agreement: the Tax Sharing Agreement to be entered into prior to the Distribution between Grace and New Grace, substantially in the form of Exhibit B hereto, with such changes as are acceptable to Grace, New Grace, Grace-Conn. and SAC.

Third-Party Claim: any claim, suit, derivative suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency or commission or any arbitration tribunal asserted by a Person who or which is neither a party hereto nor an Affiliate of a party hereto.

Transaction Agreements: as defined in the Merger Agreement.

Transaction Costs: as defined in Section 8.4 hereof.

Withholding Taxes: as defined in Section 2.2(c) hereof.

SECTION 1.2 References to Time. All references in this Agreement to times of the day shall be to New York City time.

ARTICLE II

CERTAIN TRANSACTIONS PRIOR TO THE DISTRIBUTION DATE

SECTION 2.1 Transfer of Packco Assets; Assumption of Packco Liabilities. (a) Prior to the Distribution Date but subject to Section 2.2, Grace shall transfer, or cause to be transferred to Packco or, at Packco's option, to a Packco Subsidiary effective as of the Distribution Date all of the Packco Assets. Immediately prior to the Distribution, the capital stock of Packco shall be distributed to Grace. Grace shall also transfer, or cause to be transferred, the capital stock of any Subsidiary such that, as of the Distribution Date, the Packco Subsidiaries shall be wholly owned (except for shares held by directors or officers to comply with applicable law) by a member of the Packco Group and the New Grace Subsidiaries shall be wholly owned (except for shares held by directors or officers to comply with applicable law) by a member of the New Grace Group. Effective as of the Distribution Date, the transfers described in this Section will result in Packco or another member of the Packco Group obtaining all of the rights, title and interests of Grace and its Subsidiaries in the Packco Assets, subject to Sections 2.5 and 2.10.

(b) Effective as of the Distribution Date and subject to Section 2.2, Packco shall, or shall cause a Packco Subsidiary to, assume, pay, perform, and discharge in due course all of the Packco Liabilities.

(c) Separation of Assets. The Packco Assets and Grace-Conn. Assets (including Assets that are, or are contained in, the Shared Facilities) shall, to the extent reasonably practicable (including taking into account the costs of any actions taken), be severed, divided or otherwise separated from each other so that a member of the respective Group will own and control their respective Assets as of the Distribution Date, provided that neither Grace nor New Grace shall be obligated to make significant expenditures to effect such separation prior to the Distribution Date. Actions taken and expenditures incurred to separate the Shared Facilities shall be subject to the agreement of Grace, New Grace and SAC. Such separation may include subdivision of real property, subleasing or other division of shared buildings or premises and allocation of shared working capital, equipment and other Assets. Such separation shall be effected in a manner that does not unreasonably disrupt either the Packaging Business or the New Grace Business and minimizes, to the extent practicable, current and future costs (and losses of tax or other economic benefits) of the respective Businesses. With respect to any Asset that cannot reasonably be separated or otherwise allocated as provided above, (i) all right, title and interest of Grace and its Subsidiaries shall be allocated to the Group as to which such Asset is predominantly used or held for use or predominantly relates and (ii) the other Group shall have a right to use such Assets in its Business in a manner consistent with past practice for a period which is coterminous with the life of the Asset described in (i) (and the coextensive obligation to pay its allocable

share of any costs or expenses related to such Asset pursuant to the last sentence of this Section 2.1(c)). To the extent the separation of Assets cannot be achieved in a reasonably practicable manner, the parties will enter into appropriate arrangements regarding the shared Asset. Any costs related to the use of a shared Asset that is not separated as of the Distribution Date shall be allocated, with respect to the two-year period beginning immediately after the Distribution Date, based on the methodology historically used by Grace, and, for any period thereafter, using such reasonable manner as agreed by New Grace and Grace.

(d) Intellectual Property. Notwithstanding the foregoing or anything else contained herein, any intellectual property rights of Grace or any of its Subsidiaries that are Packco Assets shall be licensed to or transferred to Packco, as the case may be, as follows. With respect to intellectual property rights used or held for use solely in connection with the Packaging Business, Packco shall have full ownership (to the extent of Grace's rights therein) of such rights. Except as otherwise provided in Schedule 2.1(d), with respect to intellectual property rights that are used or held for use in both the Packaging Business and the New Grace Business, title to such rights shall be owned by the New Grace Group and the Packco Group shall have an exclusive, worldwide, fully paid, perpetual, royalty-free license to use the intellectual property rights for the field of use described in the next sentence hereof. The field of use shall be (i) the businesses engaged in by Packco and the Packco Group as of the Distribution Date and the businesses of SAC as of the Distribution Date, including, in each case, reasonable extensions thereof, provided, however, that such field of use shall not include the field described in the proviso to the definition of "Packaging Business" as well as (to the extent not described in such proviso) the business of (A) closures, closure sealant compositions and multifunctional can ends which are used on or with rigid containers and (B) coatings, sealants, compositions and equipment used or held for use in the manufacture of cans and other rigid containers, in each case including reasonable extensions thereof; and (ii) notwithstanding (i), with respect to reasonable extensions referred to in the first part of clause (i) that overlap with the reasonable extensions described in the proviso in clause (i), the field of use shall include such overlap but the license therefor shall be non-exclusive and the New Grace Group shall also have title to use such intellectual property in the area of overlap. Such licenses shall not unduly restrict the subsequent transfer or license (within the applicable field of use) of the intellectual property. Such arrangements shall not restrict or limit in any way the rights of SAC to use any intellectual property that is not a Packco Asset.

(e) The costs (and other out-of-pocket losses) attributable to the separation of the Assets, including, without limitation, the Shared Facilities, shall be allocated pursuant to Section 8.4.

SECTION 2.2 Certain Foreign Transfers. (a) Prior to the Distribution Date, Grace shall use its reasonable best efforts to effect the legal separation of the Packco Assets and Packco Liabilities, on the one hand, from the Grace-Conn. Assets and Grace-Conn. Liabilities, on the other hand, that are located in jurisdictions outside the United States. Such separation may include asset transfers, stock transfers, spin-offs, mergers, reorganizations, consolidations or other transfers which may be effected before, simultaneously with or after the Distribution (collectively, the "Foreign Transfers"). Any Foreign Transfer that occurs after the Distribution shall be effected pursuant to a binding commitment in existence prior to the Distribution Date.

(b) The Adjusted Foreign Transfer Taxes shall be allocated between the New Grace Group and the Packco Group as provided in Section 8.4. Each party shall reimburse the other to the extent that such other party pays Foreign Transfer Taxes in excess of the amount of Adjusted Foreign Transfer Taxes allocable to such other party pursuant to Section 8.4. Such payment shall, for Tax purposes, be characterized as an adjustment of the New Grace Capital Contribution.

(c) (i) "Adjusted Foreign Transfer Taxes" shall mean the excess, if any, of (I) the sum of the Foreign Transfer Taxes, Packco Repatriation Tax Costs and New Grace Repatriation Tax Costs over (II) the present value using a discount rate of 5% (or, in the case of value added taxes, the gross value) of any Tax Benefits (including foreign tax credits for United States federal income tax purposes ("Foreign Tax Credits") other than Foreign Tax Credits attributable to Foreign Transfer Taxes or Withholding Taxes that in the aggregate do not exceed the Tax imposed by the United States and any political subdivision thereof on the Deemed Repatriation) that may or would arise as a result of the Foreign Transfers, the payment of the Foreign Transfer Taxes or the Deemed Repatriations. Such Tax Benefits shall be presumed to be utilized in the first year in which they arise (or are deemed to arise). All amounts relating to the calculation of Adjusted Foreign Transfer Taxes and the amount calculated pursuant to clause (c) of the definition of "New Grace Capital Contribution" shall be calculated in local currency and translated into U.S. Dollars at the Foreign Exchange Rate for such currency as of the Distribution Date.

(ii) "Foreign Transfer Taxes" shall mean net Taxes that may be imposed by any jurisdiction other than the United States or any political subdivision thereof in connection with the Foreign Transfers (and any Tax net of associated foreign tax credits imposed by the United States or a political subdivision thereof on the Foreign Transfer in Venezuela) on any member of the New Grace Group or the Packco Group; provided, however, that the Foreign NOLs shall be taken into account in calculating the amount of Foreign Transfer Taxes.

(iii) "Packco Repatriation Tax Costs" and "New Grace Repatriation Tax Costs", respectively, shall mean the sum of the (I) withholding Taxes that

would be imposed by a foreign jurisdiction on a deemed distribution of Packco Group Excess Cash to Packco or of New Grace Group Excess Cash to New Grace, respectively (the "Deemed Repatriations"), on the day immediately following the Distribution ("Withholding Taxes") and (II) Taxes that would be imposed by the United States or any political subdivision thereof on a Deemed Repatriation (without taking into account any net operating loss or other deduction) in excess of the Foreign Tax Credits of Packco or Grace-Conn., respectively, in respect of Taxes paid or deemed paid by Packco or Grace-Conn., respectively, as a result of such Deemed Repatriation ("Deemed Foreign Tax Credits").

(iv) "Packco Group Excess Cash" and "New Grace Group Excess Cash", respectively, shall mean the sum of the amount of Subsidiary Excess Cash for all Foreign Packco Subsidiaries or Foreign New Grace Subsidiaries.

(v) "Subsidiary Excess Cash" shall mean the cash transferred to a Foreign Packco Subsidiary or Foreign New Grace Subsidiary pursuant to a Foreign Transfer in excess of the sum of (I) the amount of debt that may be repaid without penalty plus current accrued unpaid Taxes of such Subsidiary as of the Distribution Date and (II) the excess of trade and other short-term payables over trade and other short-term receivables of such Subsidiary ("Excess Short-Term Payables"); provided, however, that each party shall take steps (including causing the Subsidiary to loan cash to an Affiliate organized in a foreign jurisdiction to the extent that such Affiliate can use such cash to repay its debt or to pay current accrued unpaid Taxes and Excess Short-Term Payables) and cooperate in good faith to minimize the amount of Subsidiary Excess Cash, taking into account Tax and financial considerations as if each party were bearing the full amount of its respective Repatriation Tax Cost.

(vi) The "Foreign NOLs" shall mean net operating losses for German income tax purposes of Grace GmbH and Grace Multiflex GmbH, and net operating losses for other foreign income tax purposes of any other Foreign Packco Subsidiary, attributable to the Pre-Distribution Period to the extent, in either case, that such net operating losses would be an Overall Tax Benefit (or Hypothetical Pre-Distribution Overall Tax Benefit), calculated without regard to any Tax Item arising on the Foreign Transfer involving such Subsidiary, that does not exceed the amount of income or gain arising, for purposes of the applicable foreign income tax, on the Foreign Transfer involving such Subsidiary.

(d) In connection with the Foreign Transfers, certain Assets (including cash) or Liabilities that, without the agreement of the parties as required by this Section 2.2(d), would be Grace-Conn. Assets or Grace-Conn. Liabilities, as the case may be, may be retained by Packco or a Packco Subsidiary (or Assets or Liabilities that, without the agreement of the parties as required by this Section 2.2(d), would be Packco Assets or Packco Liabilities, may be retained by New Grace or a New Grace Subsidiary) if agreed between Grace and New Grace and reasonably satisfactory to SAC.

(e) Neither SAC nor any member of the Packco Group or the New Grace Group shall take any action, or fail or omit to take any action where the taking of such action or the failure or omission to take such action would disturb the tax treatment assumed by the parties in calculating the Foreign Transfer Taxes and cause any Indemnifiable Loss to a member of the other Group, including an increase in the amount of Adjusted Foreign Transfer Taxes borne by the other Group. Grace agrees to indemnify and hold the Grace-Conn. Indemnitees harmless, and Grace-Conn. agrees to indemnify and hold the Packco Indemnitees harmless, from and against any such Indemnifiable Loss without regard to any limitation contained in Section 8.4.

(f) Adjusted Foreign Transfer Taxes shall be recalculated upon any audit adjustment, Final Determination or any other change (i) of a Foreign Transfer Tax or another foreign Tax or Tax Item that would change the amount of Deemed Foreign Tax Credit or otherwise alter Packco Repatriation Tax Costs or New Grace Repatriation Tax Costs or (ii) that changes the amount of a Foreign NOL. Appropriate payment shall be made between the parties such that Foreign Transfer Taxes, as so redetermined, and Adjusted Foreign Transfer Taxes, as so recalculated, are shared according to the principles of Section 2.2(b).

SECTION 2.3 Certificate of Incorporation; By-laws; Rights Plan. Prior to the Distribution Date, Grace shall contribute the capital stock of Grace-Conn. to New Grace, as well as the capital stock of any other Subsidiary of Grace formed in connection with the Foreign Transfers that is not a Packco Subsidiary. In addition, prior to the Distribution Date, the parties hereto shall take all action necessary so that, at the Distribution Date, New Grace's name shall be "W. R. Grace & Co."

(b) Prior to the Distribution Date, Grace and New Grace shall take all action necessary so that the certificate of incorporation and by-laws of New Grace and the preferred share purchase rights plan of New Grace shall be in effect as specified by New Grace, each in the form of Exhibits C, D and E hereto, respectively (with such changes as Grace and New Grace may find appropriate).

(c) Prior to the Distribution Date, Grace and Packco shall take all action necessary so that the certificate of incorporation and by-laws of Packco shall be substantially similar to the customary form of certificate of incorporation and by-laws for a wholly owned Delaware subsidiary and reasonably acceptable to SAC.

SECTION 2.4 Issuance of Stock. Prior to the Distribution Date, the parties hereto shall take all steps necessary so that the number of shares of New Grace Common Stock outstanding and held by Grace shall equal the number of shares of Grace Common Stock outstanding on the Record

Date.

SECTION 2.5 Other Agreements; Shared Facilities. Each of Grace and New Grace shall, prior to the Distribution Date, enter into, or cause the appropriate members of the Group of which it is a member to enter into, the Other Agreements in connection with the Distribution, including, without limitation, agreements with respect to (i) insurance procedures, (ii) interim services (including, without limitation, services to be provided by the Shared Regional Headquarters consistent with current operations of the respective Businesses, and services to be provided by country organizations to operations of the other Business consistent with past practice), which shall be charged at allocated cost based on Grace's historical methodology, subject to applicable tax laws in any jurisdiction, (iii) intellectual property licenses as contemplated by Section 2.1, (iv) and other matters as may be advisable. The Other Agreements (or, in the case of the forms of agreement attached hereto, any amendments thereto) shall be on terms reasonably acceptable to Grace, New Grace and SAC. Agreements regarding interim services (including country services) shall generally have a term not to exceed 24 months (subject to earlier termination on six months' notice (or such shorter period as does not impose additional costs on the providing party) by the party receiving the services) and will provide, in the case of agreements pursuant to which Packco is to provide services to New Grace, for services at least as extensive as any obligations contained in interim service and tolling agreements entered into prior to the Distribution Date between Grace and a third party. Such Agreements regarding interim services (including country services) will also provide that any value added taxes imposed on such services shall be paid and borne, as between the parties, by the party receiving such services. The parties shall use reasonable efforts to conclude the Other Agreements prior to the time the other conditions to the Distribution have been satisfied.

(b) The parties acknowledge and agree that operation by members of the Packco Group or New Grace Group of the Shared Facilities after the Distribution Date may continue to require the joint occupation or use by the parties of certain related premises or facilities (such as waste disposal, utilities, security and other matters). The parties shall enter into appropriate arrangements regarding cost allocation and service provision with respect to these matters, which allocation shall be as described in Section 2.1(c) and 2.5(a), as applicable. The agreements described in this paragraph (b) shall be included in the Other Agreements.

SECTION 2.6 Financing. (a) Prior to the Distribution Date, Grace and/or Packco shall enter into the Grace Credit Agreement, which shall be on terms reasonably acceptable to Grace and SAC, and Grace and/or Packco shall contribute, or cause to be contributed, the New Grace Capital Contribution to Grace-Conn., all as described in this Section. No member of the New Grace Group shall have any Liability or obligation with respect to the Grace Credit Agreement. At the election of New Grace and subject to the consent of Grace and SAC, which will not be unreasonably withheld, a portion of the New Grace Capital Contribution may be contributed to foreign Subsidiaries of New Grace. It is contemplated that the New Grace Capital Contribution shall be effected as follows; provided, however, that Packco shall not borrow an amount in excess of the tax basis, for U.S. federal income tax purposes, of Grace-Conn. in the stock of Packco: (i) each of Grace and Packco shall borrow agreed-upon amounts; (ii) Packco distributes a portion of the New Grace Capital Contribution to Grace-Conn. which uses such funds to pay creditors; (iii) the Intragroup Spinoff occurs; (iv) Grace contributes the remaining amount of the New Grace Capital Contribution to New Grace as well as the capital stock of Grace-Conn.; and (v) New Grace loans the amount described in clause (iv) to Grace-Conn. in the form of a security.

(b) Prior to the Distribution, Grace-Conn. may consummate a cash tender offer in accordance with applicable securities laws for any and all Grace-Conn. Public Debt. Grace-Conn. may also elect, in its discretion, to defease or otherwise acquire any portion of the Grace-Conn. Public Debt. To the extent that upon consummation of the Distribution, there remains outstanding (other than to the extent owned by Grace-Conn. or New Grace) in excess of $50 million in principal amount of the Grace-Conn. Public Debt, New Grace or Grace-Conn. shall obtain an "evergreen" letter of credit, with an initial expiration date no sooner than 364 days after the Effective Time, from a financial institution or group of financial institutions reasonably acceptable to Grace and SAC for the benefit of Grace with respect to such outstanding amount from time to time in excess of $50 million.

The letter of credit shall be in form and substance reasonably acceptable to SAC and shall entitle Grace to draw thereunder if Grace shall be required to make (and makes) any payment pursuant to the terms of its guarantee of any Grace-Conn. Public Debt. The expiration date of such letter of credit shall be automatically extended for successive 364-day periods, with an absolute expiration date on the date that is the 91st day after the date on which the outstanding principal amount of the Grace-Conn. Public Debt shall have been reduced to no more than $50 million, unless, prior to such 91st day, any payments shall have been made that are subject to avoidance pursuant to a bankruptcy or similar proceeding, in which case such letter of credit shall be extended (with respect to the applicable payments) until such payments are no longer subject to such avoidance, unless notice of termination is given by the issuing bank or banks, in which case Grace shall be entitled to draw thereunder (whether or not any demand for payment in respect of its guarantee shall have been made), provided that, to the extent such funds are not used to make payments on the Grace-Conn. Public Debt, Grace shall hold such proceeds separate in an interest-bearing escrow account with a financial institution and pursuant to escrow arrangements reasonably acceptable to Grace-Conn. To the extent that the amount held in such escrow account is greater than (i) the outstanding Grace-Conn. Public Debt minus (ii) $50 million, Grace shall remit

such excess amount to Grace-Conn. The amount of the letter of credit may be reduced from time to time, but shall not at any time be less than the amount by which the outstanding principal amount of the Grace-Conn. Public Debt (other than such debt owned by a member of the New Grace Group) exceeds $50 million.

"Debt Costs" shall mean the costs incurred by Grace or Grace-Conn. in connection with a tender offer, defeasance, retirement or other acquisition of Grace-Conn. Public Debt, which costs shall consist of (i) any incremental costs, fees, expenses and payments incurred in connection with such action, and in the case of a tender offer shall include all costs, fees, expenses and payments incurred in connection with a tender offer that are, in the aggregate, in excess of the outstanding principal amount and accrued interest of the Grace-Conn. Public Debt so acquired; plus (ii) any costs associated with terminating or re-negotiating any related interest rate swap agreements with respect to the amount of Grace-Conn. Public Debt acquired, defeased or retired; and plus (iii) the costs of the letter of credit described above.

SECTION 2.7 Grace Recapitalization. (a) Immediately prior to the Effective Time, Grace shall consummate a recapitalization of the Grace Common Stock, such that each share of Grace Common Stock outstanding as of the Record Date shall be exchanged for the Per Share Common Consideration and the Per Share Preferred Consideration (the "Recapitalization"). Options to purchase shares of Grace Common Stock previously granted by Grace or a predecessor and outstanding as of the time of the Recapitalization shall be treated as provided in the Benefits Agreement. In connection with the Recapitalization and the Merger, the Grace Certificate of Incorporation shall be amended so that the par value of the Newco Common Stock will be $.10 per share, as well as otherwise provided in the Merger Agreement. Grace shall retain an Exchange Agent or transfer agent as appropriate and take other appropriate actions to effect the Recapitalization, including customary procedures with respect to the exchange of share certificates.

(b) No fractional shares of Newco Common Stock or Newco Convertible Preferred Stock shall be issued in the Recapitalization. In lieu of any such fractional shares, each person who would otherwise have been entitled to a fraction of a share of Newco Common Stock or Newco Convertible Preferred Stock upon surrender of former shares of Grace Common Stock for exchange pursuant to the Recapitalization shall be paid an amount in cash (without interest) equal to such holder's proportionate interest in the net proceeds from the sale or sales in the open market by the Exchange Agent, on behalf of all such holders, of the aggregate fractional shares of Newco Common Stock or Newco Convertible Preferred Stock issued pursuant to this paragraph. As soon as practicable following the Distribution Date, the Exchange Agent shall determine the excess of (i) the number of full shares of Newco Common Stock or Newco Convertible Preferred Stock, as the case may be, delivered to the Exchange Agent over (ii) the aggregate number of full shares of Newco Common Stock or Newco Convertible Preferred Stock to be distributed in respect of Grace Common Shares (such excess, the "Excess Shares"), and the Exchange Agent, as agent for the former holders of such Grace Common Shares, shall sell the Excess Shares at the prevailing prices on the open market. The sale of the Excess Shares by the Exchange Agent shall be executed on a public exchange through one or more firms and shall be executed in round lots to the extent practicable. Grace shall pay all commissions, transfer taxes and other out-of-pocket transaction costs, including the expenses and compensation of the Exchange Agent, incurred in connection with such sale of Excess Shares. Until the net proceeds of such sale or sales have been distributed, the Exchange Agent shall hold such proceeds in trust for such former stockholders. As soon as practicable after the determination of the amount of cash to be paid in lieu of any fractional interests, the Exchange Agent shall make available in accordance with this Agreement such amounts to such former stockholders.

SECTION 2.8 Registration and Listing. Prior to the Distribution Date:

(a) The parties shall take such efforts regarding the Registration Statements and the Joint Proxy Statement as is provided in the Merger Agreement. After such Registration Statements become effective, Grace shall cause the Joint Proxy Statement and the information statement (or prospectus, as the case may be) for the New Grace Common Stock forming a part of the Registration Statement for New Grace to be delivered to all holders of record of Grace Common Stock as of the record date for the meeting of Grace shareholders to which the Joint Proxy Statement relates.

(b) The parties hereto shall use reasonable efforts to take all such action as may be necessary or appropriate under state securities and blue sky laws in connection with the transactions contemplated by this Agreement.

(c) New Grace and Grace shall prepare, and New Grace and Grace shall file and seek to make effective, an application for the listing of the New Grace Common Stock on the NYSE, and an application for the listing on the NYSE of the Newco Common Stock and the Newco Convertible Preferred Stock to be issued in connection with the Recapitalization and the Merger, in each case subject to official notice of issuance.

(d) The parties hereto shall cooperate in preparing, filing with the SEC and causing to become effective any registration statements or amendments thereto which are necessary or appropriate in order to effect the transactions contemplated hereby or to reflect the establishment of, or amendments to, any employee benefit plans contemplated hereby or by the Employee Benefits Agreement requiring registration under the Securities Act.

SECTION 2.9 Grace and New Grace Boards. The parties hereto

shall take all steps necessary so that, effective immediately after the Distribution, the Board of Directors of each of Grace and New Grace, so long as the common stock of such company is registered under Section 12 of the Exchange Act, shall at all times be comprised of a majority of independent directors (other than due to temporary vacancies).

SECTION 2.10 Transfers Not Effected Prior to the Distribution; Transfers Deemed Effective as of the Distribution Date. To the extent that any transfers contemplated by this Article II shall not have been consummated on the Distribution Date, including, without limitation, any Foreign Transfers, the parties shall cooperate to effect such transfers as promptly following the Distribution Date as shall be practicable. Nothing herein shall be deemed to require the transfer of any Assets or the assumption of any Liabilities which by their terms or operation of law cannot be transferred or assumed; provided, however, that Grace and New Grace and their respective Subsidiaries shall cooperate to obtain any necessary consents or approvals for the transfer of all Assets and Liabilities contemplated to be transferred pursuant to this Article II. In the event that any such transfer of Assets or Liabilities has not been consummated, effective as of and after the Distribution Date, the party retaining such Asset or Liability shall thereafter hold such Asset in trust for the use and benefit of the party entitled thereto (at the expense of the party entitled thereto) and retain such Liability for the account of the party by whom such Liability is to be assumed pursuant hereto, and take such other action as may be reasonably requested by the party to which such Asset is to be transferred, or by whom such Liability is to be assumed, as the case may be, in order to place such party, insofar as reasonably possible, in the same position as would have existed had such Asset or Liability been transferred as contemplated hereby. As and when any such Asset or Liability becomes transferable, such transfer shall be effected forthwith. The parties agree that, as of the Distribution Date, each party hereto shall be deemed to have acquired complete and sole beneficial ownership over all of the Assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such party is entitled to acquire or required to assume pursuant to the terms of this Agreement.

SECTION 2.11 Intercompany Accounts and Distribution Payments. After the Distribution Date, the parties shall be obligated to pay only those intercompany accounts between members of the New Grace Group and members of the Packco Group that arose in connection with transfers of goods and services in the ordinary course of business, consistent with past practices (which the parties shall use reasonable efforts to settle prior to the Distribution Date), and all other intercompany accounts shall be settled without transfer of non-financial assets as of the Distribution Date.

ARTICLE III

THE DISTRIBUTION

SECTION 3.1 Record Date and Distribution Date. Subject to the satisfaction of the conditions set forth in Section 8.1(a), the Board of Directors of Grace, in its sole discretion and consistent with the Merger Agreement, shall establish the Record Date and the Distribution Date and any appropriate procedures in connection with the Distribution.

SECTION 3.2 The Agent. Prior to the Distribution Date, New Grace shall enter into an agreement with the Agent providing for, among other things, the payment of the Distribution to the holders of Grace Common Stock in accordance with this Article III.

SECTION 3.3 Delivery of Share Certificates to the Agent. Prior to the Distribution Date, Grace shall deliver to the Agent a share certificate representing (or authorize the related book-entry transfer of) all of the outstanding shares of New Grace Common Stock to be distributed in connection with the payment of the Distribution. After the Distribution Date, upon the request of the Agent, New Grace shall provide all certificates for shares (or book-entry transfer authorizations) of New Grace Common Stock that the Agent shall require in order to effect the Distribution.

SECTION 3.4 The Distribution. Subject to the terms and conditions of this Agreement, New Grace shall instruct the Agent to distribute, as of the Distribution Date, one share of New Grace Common Stock in respect of each share of Grace Common Stock held by holders of record of Grace Common Stock on the Record Date.

ARTICLE IV

SURVIVAL AND INDEMNIFICATION

SECTION 4.1 Survival of Agreements. All covenants and agreements of the parties hereto contained in this Agreement shall survive the Distribution Date.

SECTION 4.2 Indemnification. Except as specifically otherwise provided in the Other Agreements, the New Grace Group shall indemnify, defend and hold harmless the Packco Indemnitees from and against (i) all Indemnifiable Losses arising out of or due to the failure or alleged failure of any member of the New Grace Group (x) to pay any Grace-Conn. Liabilities (including, without limitation, all Liabilities specifically excluded from the definition of Packco Liabilities herein), whether such Indemnifiable Losses relate to events, occurrences or circumstances occurring or existing, or whether such Indemnifiable Losses are asserted,

before or after the Distribution Date, or (y) to perform any of its obligations under this Agreement (including the obligation to effect the transfers as provided in the last sentence of Section 2.1(a)); (ii) all Indemnifiable Losses arising out of or based upon any untrue statement or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact required to be stated, in the Registration Statements or the Joint Proxy Statement or any preliminary or final form thereof or any amendment thereto, or necessary to make the statements therein not misleading, except that such indemnifications shall not apply to any Indemnifiable Losses that arise out of or are based upon any statement or omission, or alleged statement or omission, in any of the portions of the Registration Statements or the Joint Proxy Statement, or any preliminary or final form thereof or any amendment thereto, solely with respect to information relating to SAC supplied by SAC specifically for use in the preparation thereof or relating to Newco after the Merger; and (iii) all Indemnifiable Losses arising from or relating to all existing litigation brought by pre-Merger shareholders of Grace acting in such capacity and all litigation to be brought by pre-Merger shareholders of Grace acting in such capacity and relating to any events or transactions occurring prior to the Effective Time or to the transactions contemplated by the Transaction Agreements.

(b) Except as specifically otherwise provided in the Other Agreements, the Packco Group shall indemnify, defend and hold harmless the New Grace Indemnitees from and against (i) all Indemnifiable Losses arising out of or due to the failure or alleged failure of any member of the Packco Group to pay any Packco Liabilities or to perform any of its obligations under this Agreement after the Distribution Date; and (ii) all Indemnifiable Losses arising out of or based upon any untrue statement or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact required to be stated, in any portion of the Registration Statements or the Joint Proxy Statement (or any preliminary or final form thereof or any amendment thereto) solely with respect to information relating to SAC supplied by SAC specifically for use in the preparation thereof or relating to Newco after the Merger (including the pro forma financial information relating to Newco contained in the Registration Statements (other than the historical information relating to Grace and the Packaging Business)), or necessary to make the statements therein not misleading.

(c) If any Indemnity Payment required to be made hereunder or under any Other Agreement is denominated in a currency other than United States dollars, such payment shall be made in United States dollars and the amount thereof shall be computed using the Foreign Exchange Rate for such currency determined as of the date on which such Indemnity Payment is made.

(d) Notwithstanding anything to the contrary set forth herein, indemnification relating to any arrangements between any member of the Packco Group and any member of the New Grace Group for the provision after the Distribution of goods and services in the ordinary course shall be governed by the terms of such arrangements and not by this Section or as otherwise set forth in this Agreement and the Other Agreements.

SECTION 4.3 Procedures for Indemnification for Third-Party Claims. Grace shall, and shall cause the other Packco Indemnitees to, notify New Grace in writing promptly after learning of any Third-Party Claim for which any Packco Indemnitee intends to seek indemnification from New Grace under this Agreement. New Grace shall, and shall cause the other New Grace Indemnitees to, notify Grace in writing promptly after learning of any Third-Party Claim for which any New Grace Indemnitee intends to seek indemnification from Grace under this Agreement. The failure of any Indemnitee to give such notice shall not relieve any Indemnifying Party of its obligations under this Article except to the extent that such Indemnifying Party or its Affiliate is actually prejudiced by such failure to give notice. Such notice shall describe such Third-Party Claim in reasonable detail considering the Information provided to the Indemnitee.

(b) Except as otherwise provided in paragraph (c) of this Section, an Indemnifying Party may, by notice to the Indemnitee and to Grace, if New Grace is the Indemnifying Party, or to the Indemnitee and New Grace, if Grace is the Indemnifying Party, at any time after receipt by such Indemnifying Party of such Indemnitee's notice of a Third-Party Claim, undertake (itself or through another member of the Group of which the Indemnifying Party is a member) the defense or settlement of such Third-Party Claim. If an Indemnifying Party undertakes the defense of any Third-Party Claim, such Indemnifying Party shall thereby admit its obligation to indemnify the Indemnitee against such Third-Party Claim, and such Indemnifying Party shall control the investigation and defense or settlement thereof, and the Indemnitee may not settle or compromise such Third-Party Claim, except that such Indemnifying Party shall not (i) require any Indemnitee, without its prior written consent, to take or refrain from taking any action in connection with such Third-Party Claim, or make any public statement, which such Indemnitee reasonably considers to be against its interests, nor (ii) without the prior written consent of the Indemnitee and of Grace, if the Indemnitee is a Packco Indemnitee, or the Indemnitee and of New Grace, if the Indemnitee is a New Grace Indemnitee, consent to any settlement that does not include as a part thereof an unconditional release of the Indemnitees from liability with respect to such Third-Party Claim or that requires the Indemnitee or any of its Representatives or Affiliates to make any payment that is not fully indemnified under this Agreement or to be subject to any non-monetary remedy; and subject to the Indemnifying Party's control rights, as specified herein, the Indemnitees may participate in such investigation and defense, at their own expense. Following the provision of notices to the Indemnifying Party, until such time as an Indemnifying Party has undertaken the defense of any Third-Party Claim as provided herein, such Indemnitee shall control the investigation and defense or settlement thereof, without

prejudice to its right to seek indemnification hereunder.

(c) If an Indemnitee reasonably determines that there may be legal defenses available to it that are different from or in addition to those available to its Indemnifying Party which make it inappropriate for the Indemnifying Party to undertake the defense or settlement thereof, then such Indemnifying Party shall not be entitled to undertake the defense or settlement of such Third-Party Claim; and counsel for the Indemnifying Party shall be entitled to conduct the defense of such Indemnifying Party and counsel for the Indemnitee (selected by the Indemnitee) shall be entitled to conduct the defense of such Indemnitee, it being understood that both such counsel shall cooperate with each other to conduct the defense or settlement of such action as efficiently as possible. The above provisions of this paragraph (c) shall not apply to Third-Party Claims relating to asbestos claims described in the proviso to the definition of Packco Liabilities. Rather, with respect to such asbestos claims, with the consent of Grace-Conn., which shall not be unreasonably withheld, counsel for the Indemnifying Party shall be entitled to conduct the defense of such Third-Party Claim to the extent the legal defenses available to the Indemnifying Party and the Indemnitee are substantially similar, but counsel for the Indemnitee shall be entitled to assert and conduct its own defense to the extent, but only to the extent, of any additional legal defenses available to it.

(d) In no event shall an Indemnifying Party be liable for the fees and expenses of more than one counsel for all Indemnitees (in addition to its own counsel, if any) in connection with any one action, or separate but similar or related actions, in the same jurisdiction arising out of the same general allegations or circumstances.

(e) New Grace shall, and shall cause the other New Grace Indemnitees to, and Grace shall, and shall cause the other Packco Indemnitees to, make available to each other, their counsel and other Representatives, all information and documents reasonably available to them which relate to any Third-Party Claim, and otherwise cooperate as may reasonably be required in connection with the investigation, defense and settlement thereof, subject to the terms and conditions of a mutually acceptable joint defense agreement. Any joint defense agreement entered into by New Grace or Grace with any third party relating to any Third-Party Claim shall provide that New Grace or Grace may, if requested, provide information obtained through any such agreement to the New Grace Indemnitees and/or the Packco Indemnitees.

SECTION 4.4 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any other remedies against any Indemnifying Party. However, the procedures set forth in Section 4.3 shall be the exclusive procedures governing any indemnity action brought under this Agreement, except as otherwise specifically provided in any of the Other Agreements.

ARTICLE V

CERTAIN ADDITIONAL COVENANTS

SECTION 5.1 Notices to Third Parties. In addition to the actions described in Section 5.2, the members of the Packco Group and the members of the New Grace Group shall cooperate to make all other filings and give notice to and obtain consents from all third parties that may reasonably be required to consummate the transactions contemplated by this Agreement, the Merger Agreement and the Other Agreements.

SECTION 5.2 Licenses and Permits. Each party hereto shall cause the appropriate members of its Group to prepare and file with the appropriate licensing and permitting authorities applications for the transfer or issuance, as may be necessary or advisable in connection with the transactions contemplated by this Agreement, the Other Agreements and the Merger Agreement, to its Group of all material governmental licenses and permits required for the members of its Group to operate its Business after the Distribution Date. The members of the New Grace Group and the members of the Packco Group shall cooperate and use all reasonable efforts to secure the transfer or issuance of the licenses and permits.

SECTION 5.3 Intercompany Agreements. All contracts, licenses, agreements, commitments or other arrangements, formal or informal, between any member of the Packco Group, on the one hand, and any member of the New Grace Group, on the other hand, in existence as of the Distribution Date, pursuant to which any member of either Group makes payments in respect of Taxes to any member of the other Group or provides to any member of the other Group goods or services (including, without limitation, management, administrative, legal, financial, accounting, data processing, insurance or technical support), or the use of any Assets of any member of the other Group, or the secondment of any employee, or pursuant to which rights, privileges or benefits are afforded to members of either Group as Affiliates of the other Group, shall terminate as of the close of business on the day prior to the Distribution Date, except as specifically provided herein or in the Other Agreements. From and after the Distribution Date, no member of either Group shall have any rights under any such contract, license, agreement, commitment or arrangement with any member of the other Group, except as specifically provided herein or in the Other Agreements.

SECTION 5.4 Guarantee Obligations. Grace and New Grace shall cooperate, and shall cause their respective Groups to cooperate, to terminate, or to cause a member of the Packco Group to be substituted in all respects for any member of the New Grace Group in respect of, all obligations of any member of the New Grace Group under any Packco Liabilities for which such member of the New Grace Group may be liable, as

guarantor, original tenant, primary obligor or otherwise. If such a termination or substitution is not effected by the Distribution Date, (i) Grace shall indemnify and hold harmless the New Grace Indemnitees for any Indemnifiable Loss arising from or relating thereto, and (ii) without the prior written consent of the Chief Financial Officer, Treasurer or any Assistant Treasurer of New Grace, from and after the Distribution Date, Grace shall not, and shall not permit any member of the Packco Group or any of its Affiliates to, renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, lease, contract or other obligation for which any member of the New Grace Group is or may be liable unless all obligations of the New Grace Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to the Chief Financial Officer, Treasurer or any Assistant Treasurer of New Grace, provided that the limitations in clause (ii) shall not apply in the event that a member of the Packco Group obtains a letter of credit from a financial institution reasonably acceptable to New Grace and for the benefit of New Grace with respect to such obligation of the New Grace Group.

(b) Grace and New Grace shall cooperate, and shall cause their respective Groups to cooperate, to terminate, or to cause a member of the New Grace Group to be substituted in all respects for any member of the Packco Group in respect of, all obligations of any member of the Packco Group under any Grace-Conn. Liabilities for which such member of the Packco Group may be liable, as guarantor, original tenant, primary obligor or otherwise. The foregoing sentence does not apply to the Grace-Conn. Public Debt, which is governed by Section 2.6. If such a termination or substitution is not effected by the Distribution Date, (i) New Grace shall indemnify and hold harmless the Packco Indemnitees for any Indemnifiable Loss arising from or relating thereto, and (ii) without the prior written consent of the Chief Financial Officer, Treasurer or any Assistant Treasurer of Grace, from and after the Distribution Date, New Grace shall not, and shall not permit any member of the New Grace Group to, renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, lease, contract or other obligation for which any member of the Packco Group is or may be liable unless all obligations of the Packco Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to the Chief Financial Officer, Treasurer or any Assistant Treasurer of Grace, provided that the limitations contained in clause (ii) shall not apply in the event that a member of the New Grace Group obtains a letter of credit from a financial institution reasonably acceptable to Grace and for the benefit of Grace with respect to such obligation of the Packco Group.

SECTION 5.5 Further Assurances. In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement. Without limiting the foregoing, each party hereto shall cooperate with the other party, and execute and deliver, or use reasonable efforts to cause to be executed and delivered, all instruments, and to make all filings with, and to obtain all consents, approvals or authorizations of, any governmental or regulatory authority or any other Person under any permit, license, agreement, indenture or other instrument, and take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement, the Merger Agreement and the Other Agreements, in order to effectuate the provisions and purposes of this Agreement.

SECTION 5.6 Environmental Claims Cooperation. With respect to claims relating to Environmental Laws described in clause (a) of the definition of Packco Liabilities, the New Grace Group and the Packco Group shall cooperate to minimize the costs incurred in connection with such claims and shall generally cooperate and provide appropriate information to the other party with respect to such claims. Notwithstanding any other provision of this Agreement, including Article IV, Grace shall be entitled to participate in the defense of any such claims but New Grace shall control the resolution of any such claims; provided that New Grace shall not consent to entry of any judgment or enter into any settlement without the approval of Grace, which approval shall not be unreasonably withheld.

ARTICLE VI

ACCESS TO INFORMATION

SECTION 6.1 Provision of Corporate Records. Prior to or as promptly as practicable after the Distribution Date, Grace shall retain complete and accurate copies but shall deliver to New Grace all corporate books and records of the New Grace Group in its possession and copies of the relevant portions of all corporate books and records of the Packco Group relating directly and predominantly to the Grace-Conn. Assets, the New Grace Business, or the Liabilities of the New Grace Group, including, in each case, all active agreements, active litigation files and government filings. Grace shall also retain complete and accurate copies but deliver to New Grace all corporate board and committee minute books of Grace. From and after the Distribution Date, all such books, records and copies shall be the property of New Grace. Prior to or as promptly as practicable after the Distribution Date, New Grace shall deliver to Grace all corporate books and records of the Packco Group in its possession and copies of the relevant portions of all corporate books and records of the New Grace Group relating directly and predominantly to the Packco Assets, the Packaging Business, or the Liabilities of the Packco Group, including, in each case, all active agreements, active litigation files and government filings. From and after the Distribution Date, all such books, records and copies shall be the property of Grace. The costs and expenses incurred in the

provision of records or other information to a party shall be paid for (including reimbursement of costs incurred by the providing party) by the requesting party.

SECTION 6.2 Access to Information. From and after the Distribution Date, each of Grace and New Grace shall afford to the other and to the other's Representatives reasonable access and duplicating rights during normal business hours to all Information within the possession or control of such party's Group relating to the other party's Group's pre-Distribution business, Assets or Liabilities or relating to or arising in connection with the relationship between the Groups on or prior to the Distribution Date, insofar as such access is reasonably required for a reasonable purpose, subject to the provisions below regarding Privileged Information. Without limiting the foregoing, Information may be requested under this Section 6.2 for audit, accounting, claims, litigation and Tax purposes, as well as for purposes of fulfilling disclosure and reporting obligations.

In furtherance of the foregoing:

(a) Each party hereto acknowledges that: Each of Grace and New Grace (and the members of the Packco Group and the New Grace Group, respectively) has or may obtain Privileged Information; (ii) there are a number of Litigation Matters affecting each or both of Grace and New Grace; (iii) both Grace and New Grace have a common legal interest in Litigation Matters, in the Privileged Information and in the preservation of the confidential status of the Privileged Information, in each case relating to the pre-Distribution business of the Packco Group or the New Grace Group or relating to or arising in connection with the relationship between the Groups on or prior to the Distribution Date; and (iv) both Grace and New Grace intend that the transactions contemplated hereby and by the Merger Agreement and the Other Agreements and any transfer of Privileged Information in connection therewith shall not operate as a waiver of any potentially applicable privilege.

(b) Each of Grace and New Grace agrees, on behalf of itself and each member of the Group of which it is a member, not to disclose or otherwise waive any privilege attaching to any Privileged Information relating to the pre-Distribution business of the New Grace Group or the Packco Group, respectively, or relating to or arising in connection with the relationship between the Groups on or prior to the Distribution Date, without providing prompt written notice to and obtaining the prior written consent of the other, which consent shall not be unreasonably withheld and shall not be withheld if the other party certifies that such disclosure is to be made in response to a likely threat of suspension or debarment or similar action; provided, however, that Grace and New Grace may make such disclosure or waiver with respect to Privileged Information if such Privileged Information relates solely to the pre-Distribution business of the Packco Group in the case of Grace or the New Grace Group in the case of New Grace. In the event of a disagreement between any member of the Packco Group and any member of the New Grace Group concerning the reasonableness of withholding such consent, no disclosure shall be made prior to a resolution of such disagreement by a court of competent jurisdiction, provided that the limitations in this sentence shall not apply in the case of disclosure required by law and so certified as provided in the first sentence of this paragraph.

(c) Upon any member of the Packco Group or any member of the New Grace Group receiving any subpoena or other compulsory disclosure notice from a court, other governmental agency or otherwise which requests disclosure of Privileged Information, in each case relating to pre-Distribution business of the New Grace Group or the Packco Group, respectively, or relating to or arising in connection with the relationship between the Groups on or prior to the Distribution Date, the recipient of the notice shall promptly provide to the other Group (following the notice provisions set forth herein) a copy of such notice, the intended response, and all materials or information relating to the other Group that might be disclosed. In the event of a disagreement as to the intended response or disclosure, unless and until the disagreement is resolved as provided in paragraph (b) of this Section, the parties shall cooperate to assert all defenses to disclosure claimed by either party's Group, and shall not disclose any disputed documents or information until all legal defenses and claims of privilege have been finally determined.

SECTION 6.3 Production of Witnesses. Subject to Section 6.2, after the Distribution Date, each of Grace and New Grace shall, and shall cause each member of the Packco Group and the New Grace Group, respectively, to make available to New Grace or Grace or any member of the New Grace Group or of the Packco Group, as the case may be, upon written request, such Group's directors, officers, employees and agents as witnesses to the extent that any such Person may reasonably be required in connection with any Litigation Matters, administrative or other proceedings in which the requesting party may from time to time be involved and relating to the pre-Distribution business of the Packco Group or the New Grace Group or relating to or in connection with the relationship between the Groups on or prior to the Distribution Date.

SECTION 6.4 Retention of Records. Except as otherwise agreed in writing, or as otherwise provided in the Other Agreements, each of Grace and New Grace shall, and shall cause the members of the Group of which it

is a member to, retain all Information in such party's Group's possession or under its control relating directly and predominantly to the pre-Distribution business, Assets or Liabilities of the other party's Group until such Information is at least ten years old or until such later date as may be required by law, except that if, prior to the expiration of such period, any member of either party's Group wishes to destroy or dispose of any such Information that is at least three years old, prior to destroying or disposing of any of such Information, (a) the party whose Group is proposing to dispose of or destroy any such Information shall provide no less than 30 days' prior written notice to the other party, specifying the Information proposed to be destroyed or disposed of, and (b) if, prior to the scheduled date for such destruction or disposal, the other party requests in writing that any of the Information proposed to be destroyed or disposed of be delivered to such other party, the party whose Group is proposing to dispose of or destroy such Information promptly shall arrange for the delivery of the requested Information to a location specified by, and at the expense of, the requesting party.

SECTION 6.5 Confidentiality. Subject to Section 6.2, which shall govern Privileged Information, from and after the Distribution Date, each of Grace and New Grace shall hold, and shall use reasonable efforts to cause its Affiliates and Representatives to hold, in strict confidence all Information concerning the other party's Group obtained by it prior to the Distribution Date or furnished to it by such other party's Group pursuant to this Agreement or the Other Agreements and shall not release or disclose such Information to any other Person, except its Affiliates and Representatives, who shall be bound by the provisions of this Section 6.5, and each party shall be responsible for a breach by any of its Affiliates or Representatives; provided, however, that any member of the Packco Group or the New Grace Group may disclose such Information to the extent that (a) disclosure is compelled by judicial or administrative process or, in the opinion of such Person's counsel, by other requirements of law, or (b) such party can show that such Information was (i) available to such Person on a nonconfidential basis (other than from a member of the other party's Group) prior to its disclosure by the other party's Group, (ii) in the public domain through no fault of such Person or (iii) lawfully acquired by such Person from another source after the time that it was furnished to such Person by the other party's Group, and not acquired from such source subject to any confidentiality obligation on the part of such source known to the acquiror. Notwithstanding the foregoing, each of Grace and New Grace shall be deemed to have satisfied its obligations under this Section 6.5 with respect to any Information (other than Privileged Information) if it exercises the same care with regard to such Information as it takes to preserve confidentiality for its own similar Information.

SECTION 6.6 Cooperation with Respect to Government Reports and Filings. Grace, on behalf of itself and each member of the Packco Group, agrees to provide any member of the New Grace Group, and New Grace, on behalf of itself and each member of the New Grace Group, agrees to provide any member of the Packco Group, with such cooperation and Information as may be reasonably requested by the other in connection with the preparation or filing of any government report or other government filing contemplated by this Agreement or in conducting any other government proceeding relating to the pre-Distribution business of the Packco Group or the New Grace Group, Assets or Liabilities of either Group or relating to or in connection with the relationship between the Groups on or prior to the Distribution Date. Such cooperation and Information shall include, without limitation, promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any government authority which relate to the Packco Group, in the case of the New Grace Group, or the New Grace Group, in the case of the Packco Group. Each party shall make its employees and facilities available during normal business hours and on reasonable prior notice to provide explanation of any documents or Information provided hereunder.

ARTICLE VII

NO REPRESENTATIONS OR WARRANTIES

SECTION 7.1 No Representations or Warranties. Except as expressly set forth herein or in any other Transaction Agreement (including Article II and Sections 4.1, 4.2 and 5.5), New Grace and Grace-Conn. understand and agree that no member of the Packco Group is, in this Agreement or in any other agreement or document, representing or warranting to New Grace or any member of the New Grace Group in any way as to the Grace-Conn. Assets, the New Grace Business or the Grace-Conn. Liabilities, it being agreed and understood that New Grace and each member of the New Grace Group shall take all of the Grace-Conn. Assets "as is, where is." Except as expressly set forth herein or in any other Transaction Agreement and subject to Sections 4.1, 4.2 and 5.5, New Grace and each member of the New Grace Group shall bear the economic and legal risk that the Grace-Conn. Assets shall prove to be insufficient or that the title of any member of the New Grace Group to any Grace-Conn. Assets shall be other than good and marketable and free from encumbrances. Except as expressly set forth herein or in any other Transaction Agreement (including Article II and Sections 4.1, 4.2 and 5.5), Grace understands and agrees that no member of the New Grace Group is, in this Agreement or in any other agreement or document, representing or warranting to Grace or any member of the Packco Group in any way as to the Packco Assets, the Packaging Business or the Packco Liabilities, it being agreed and understood that Grace, Packco and each other member of the Packco Group shall take all of the Packco Assets "as is, where is." Except as expressly set forth herein or in any other Transaction Agreement and subject to Sections 4.1, 4.2 and 5.5, Grace and each member of the Packco Group shall bear the economic and legal risk that the Packco Assets shall prove to be insufficient or that the title of any member of the Packco Group to any Packco Assets shall be other than good and marketable and free from encumbrances. The foregoing shall

be without prejudice to any rights under Article II, Section 4.1, Section 4.2 or Section 5.5 or to the covenants otherwise contained in this Agreement or any other Transaction Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1 Conditions to Obligations. (a) The obligations of the parties hereto to consummate the payment of the Distribution are subject to the satisfaction of each of the following conditions:

(i) the transactions contemplated hereby (including the Distribution, the Recapitalization, the Merger, the amendment to the Grace Certificate of Incorporation and otherwise as required by applicable law and stock exchange regulations) shall have been duly approved by Grace shareholders;

(ii) all conditions to the Merger set forth in the Merger Agreement (other than that the Distribution be consummated) shall have been satisfied or waived;

(iii) all third-party consents and governmental approvals required in connection with the transactions contemplated hereby shall have been received, except where the failure to obtain such consents or approvals would not have a material adverse effect on either (A) the ability of the parties to consummate the transactions contemplated by this Agreement, the Other Agreements or the Merger Agreement or (B) the business, assets, liabilities, financial condition or results of operations of Grace-Conn. or Packco and their respective subsidiaries, taken as a whole;

(iv) the transactions contemplated by Article II shall have been consummated in all material respects, to the extent required to be consummated prior to the Distribution;

(v) the shares of New Grace Common Stock to be issued in the Distribution, and the shares of Newco Common Stock and the Newco Convertible Preferred Stock to be issued in the Recapitalization and the Merger, as the case may be, shall have been authorized for listing on the NYSE, in each case subject to official notice of issuance;

(vi) the Board of Directors of New Grace, composed as contemplated by Section 2.9, shall have been duly elected;

(vii) the Registration Statements shall have been declared effective under the Exchange Act or the Securities Act, as the case may be, by the SEC and no stop order suspending the effectiveness of either of the Registration Statements shall have been issued by the SEC and, to the knowledge of Grace and New Grace, no proceeding for that purpose shall have been instituted by the SEC;

(viii) the applicable parties shall have entered into each of the Other Agreements;

(ix) (A) the Board of Directors of Grace shall have received customary opinions of a nationally recognized investment banking or appraisal firm in form and substance reasonably satisfactory to such Board to the effect that, after giving effect to the transactions set forth in Article II hereof, neither Grace nor New Grace and Grace-Conn. will be insolvent (such opinions to be dated as of the date of the Merger Agreement, the date the Board of Directors of Grace declares the Distribution and the Distribution Date) and (B) the financial condition of each of Grace and Grace-Conn. satisfies the requirements of Section 170 of the Delaware General Corporation Law and Section 33-687 of the Connecticut Business Corporation Act, respectively, such that the distribution of the common stock of Packco to Grace by Grace-Conn. and the Distribution may be effected without violating such Sections, and the Board of Directors of Grace and the Board of Directors of Grace-Conn. shall in good faith have determined that such requirements have been satisfied; and

(x) the transactions contemplated hereby shall be in compliance with all applicable federal and state securities laws.

(b) Any determination made by the Board of Directors of Grace or Grace-Conn. on behalf of such party hereto prior to the Distribution Date concerning the satisfaction or waiver of any or all of the conditions set forth in this Section shall be conclusive.

SECTION 8.2 Use of Grace Name and Mark. Grace acknowledges that Grace-Conn. shall own all rights in the "Grace" name and logo and related tradenames and marks. Effective at the Distribution Date, Grace shall change its name to a name that does not use the word "Grace" or any variation thereof and shall itself, and shall cause each member of the Packco Group to, cease all use of the "Grace" name as part of any corporate name. As promptly as practicable after the Distribution Date, Grace shall, and shall cause each member of the Packco Group to, cease all other use of the "Grace" name and logo and related tradenames and marks, provided that Grace may use inventory including any such name, logo, tradenames or marks in existence as of the Distribution Date. Grace shall cause the Packco Group to use such names, logos and marks during such transition period only to the extent consistent with past practice and as Grace reasonably believes is appropriate, and during the period of such usage Grace shall cause the Packco Group to maintain the same standards of quality with respect to such names, logos and marks as previously exercised. No such

material shall be used by the Packco Group after the six-month anniversary of the Distribution Date.

SECTION 8.3 Complete Agreement. This Agreement, the Exhibits and Schedules hereto and the agreements and other documents referred to herein shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof (other than the Merger Agreement and the schedules and exhibits thereto) and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

SECTION 8.4 Expenses. Except as otherwise specifically provided herein or in any other Transaction Agreement, New Grace shall bear all costs and expenses (including all Debt Costs, Adjusted Foreign Transfer Taxes, Severance Costs and losses of benefits) incurred by Grace, New Grace and/or any members of their respective Groups (collectively, the "Transaction Costs") in connection with the transactions contemplated by this Agreement and the Other Agreements (including the Contribution (and the related transfers, separations and/or allocations of Assets and Liabilities), the Intragroup Spinoff, the Distribution and the Recapitalization)); provided that Grace (for the account of Newco after the Merger) agrees to bear: (i) the lesser of $50 million and 37% of the aggregate amount of all Debt Costs, Adjusted Foreign Transfer Taxes and Severance Costs; (ii) the lesser of $10 million and 37% of all other Transaction Costs (excluding any Debt Costs, Adjusted Foreign Transfer Taxes, Severance Costs and costs and expenses payable by New Grace or Grace pursuant to Section 6.12 of the Merger Agreement) and (iii) the fees and costs incurred in connection with the Grace Credit Agreement. "Severance Costs" means the costs associated with the termination in connection with the transactions contemplated hereby (including the Merger) of employment of employees of Grace and Grace-Conn. located at the Grace corporate headquarters. To the extent Transaction Costs are not included in the New Grace Capital Contribution, Newco or New Grace shall promptly pay its share of any such costs upon receipt of reasonable documentation relating to such costs. Appropriate payment shall be made between the parties in respect of Adjusted Foreign Transfer Taxes on the Distribution Date so that Adjusted Foreign Transfer Taxes are borne in the proportions described above in this Section 8.4. Appropriate payment shall be made between the parties in respect of Adjusted Foreign Transfer Taxes and the amount calculated pursuant to clause (c) of the definition of "New Grace Capital Contribution" to the extent that such amounts estimated as of the Distribution Date may be recalculated in a more accurate manner. New Grace agrees that it shall pay, or cause Grace-Conn. to pay, all amounts payable by New Grace pursuant to Section 6.12(a) of the Merger Agreement. Any amount paid by one party to the other under this Agreement in respect of Transaction Costs shall be treated, for tax purposes, as an adjustment to the portion of the New Grace Capital Contribution contributed from Grace to New Grace.

SECTION 8.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (other than the laws regarding choice of laws and conflicts of laws that would apply the substantive laws of any other jurisdiction) as to all matters, including matters of validity, construction, effect, performance and remedies.

SECTION 8.6 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by standard form of telecommunications, by courier, or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Grace or any member of the Packco Group:

Sealed Air Corporation
Park 80 East
Saddle Brook, New Jersey 07663
Attention: President
Fax: (201) 703-4152

and

Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017
Attention: Christopher Mayer, Esq.
Fax: (212) 450-4800

If to New Grace or any member of the New Grace Group:

W. R. Grace & Co.
One Town Center Road
Boca Raton, Florida 33486
Attention: Secretary
Fax: (561) 362-1970

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein, Esq.
Fax: (212) 403-2000

or to such other address as any party hereto may have furnished to the other parties by a notice in writing in accordance with this Section.

SECTION 8.7 Amendment and Modification. This Agreement may be amended, modified or supplemented only by a written agreement signed by all of the parties hereto and subject to the reasonable consent of SAC.

SECTION 8.8 Successors and Assigns; No Third-Party Beneficiaries. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns, but neither this Agreement nor any of the rights, interests and obligations hereunder shall be assigned by any party hereto without the prior written consent of the other parties. Except for the provisions of Sections 4.2 and 4.3 relating to indemnities, which are also for the benefit of the Indemnitees, this Agreement is solely for the benefit of the parties hereto and their Subsidiaries and Affiliates and is not intended to confer upon any other Persons any rights or remedies hereunder.

SECTION 8.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 8.10 Interpretation. (a) The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties hereto and shall not in any way affect the meaning or interpretation of this Agreement.

(b) The parties hereto intend that the Distribution shall be a distribution pursuant to the provisions of Section 355 of the Code, so that no gain or loss shall be recognized for federal income tax purposes as a result of such transaction, and all provisions of this Agreement shall be so interpreted. The parties hereto do not intend to submit the Distribution to the Internal Revenue Service for a private letter ruling with respect to such nonrecognition, and any ultimate ruling or decision that any gain or loss should be recognized for federal income tax purposes shall not permit a rescission or reformation of this Agreement or transactions contemplated hereby.

SECTION 8.11 Severability. If any provision of this Agreement or the application thereof to any person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party.

SECTION 8.12 References; Construction. References to any "Article," "Exhibit," "Schedule" or "Section," without more, are to Articles, Exhibits, Schedules and Sections to or of this Agreement. Unless otherwise expressly stated, clauses beginning with the term "including" set forth examples only and in no way limit the generality of the matters thus exemplified.

SECTION 8.13 Termination. Notwithstanding any provision hereof, following termination of the Merger Agreement, this Agreement may be terminated and the Distribution abandoned at any time prior to the Distribution Date by and in the sole discretion of the Board of Directors of Grace without the approval of any other party hereto or of Grace's shareholders. In the event of such termination, no party hereto or to any Other Agreement shall have any Liability to any Person by reason of this Agreement or any Other Agreement.

SECTION 8.14 SAC Reasonable Consent. The parties hereto agree that any actions to be taken by Grace or New Grace under this Agreement that are not specifically required herein and that relate to Packco or the Packaging Business (including, without limitation, the transactions described in Article II) must be reasonably satisfactory to SAC.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

W. R. GRACE & CO.

By: /s/ Larry Ellberger

Name: Larry Ellberger
Title: Senior Vice President

W. R. GRACE & CO.-CONN.

By: /s/ Robert B. Lamm

Name: Robert B. Lamm
Title: Vice President

GRACE SPECIALTY CHEMICALS, INC.
(to be renamed W. R. Grace & Co.)

By: /s/ W.B. McGowan

Name: W.B. McGowan
Title: Senior Vice President

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
SEALED AIR CORPORATION
(formerly named W. R. Grace & Co.)

Sealed Air Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The Corporation was originally incorporated under the name Grace Holding, Inc. on January 29, 1996, and its original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on the same date.

2. The Certificate of Incorporation of the Corporation was amended to change the name of the Corporation to W. R. Grace & Co. by the filing of an Amendment to Certificate of Incorporation of Grace Holding, Inc. with the Secretary of State of the State of Delaware on September 27, 1996.

3. The Certificate of Incorporation of the Corporation was further amended to change the name of the Corporation to Sealed Air Corporation by the filing of an Amendment to Certificate of Incorporation of W. R. Grace & Co. with the Secretary of State of the State of Delaware on March 31, 1998.

4. The text of the Certificate of Incorporation, as heretofore amended, is further amended and restated in its entirety by the Amended and Restated Certificate of Incorporation attached hereto.

5. The Amended and Restated Certificate of Incorporation attached hereto has been duly adopted by the Board of Directors and stockholders of the Corporation in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

6. The aforesaid amendment to the Certificate of Incorporation of the Corporation shall become effective at 5:06 p.m. Eastern Standard Time on March 31, 1998.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed and acknowledged by its Vice President, for the purpose of amending and restating the Certificate of Incorporation of the Corporation pursuant to the General Corporation Law of the State of Delaware this 31st day of March, 1998.

SEALED AIR CORPORATION

By: /s/ Robert Lamm

Name: Robert Lamm
Title: Vice President

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
SEALED AIR CORPORATION

FIRST: The name of the corporation is Sealed Air Corporation (the "Corporation").

SECOND: The registered office of the Corporation in the State of Delaware is to be located at The Prentice-Hall Corporation System, Inc., 1013 Centre Road, Wilmington, New Castle County, Delaware 19805. Its registered agent at such address is The Prentice-Hall Corporation System, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 450,000,000, consisting of 400,000,000 shares of Common Stock, par value $0.10 per share (the "Common Stock"), and 50,000,000 shares of Preferred Stock, par value $0.10 per share (the "Preferred Stock").

The Preferred Stock may be issued from time to time in one or more series. The powers, designations, preferences and other rights and qualifications, limitations or restrictions of the Preferred Stock of each series shall be such as are stated and expressed in this Article Fourth and, to the extent not stated and expressed herein, shall be such as may be fixed by the Board of Directors (authority so to do being hereby expressly granted) and stated and expressed in a resolution or resolutions adopted by the Board of Directors providing for the initial issue of Preferred Stock of such series. Such resolution or resolutions shall (a) fix the dividend rights of holders of shares of such series, (b) fix the terms on which stock of such series may be redeemed if the shares of such series are to be redeemable, (c) fix the rights of the holders of stock of such series upon dissolution or any distribution of assets, (d) fix the terms or amount of the sinking fund, if

any, to be provided for the purchase or redemption of stock of such series, (e) fix the terms upon which the stock of such series may be converted into or exchanged for stock of any other class or classes or of any one or more series of Preferred Stock if the shares of such series are to be convertible or exchangeable, (f) fix the voting rights, if any, of the shares of such series and (g) fix such other powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof desired to be so fixed.

Except to the extent otherwise provided in the resolution or resolutions of the Board of Directors providing for the initial issue of shares of a particular series or expressly required by law, holders of shares of Preferred Stock of any series shall be entitled to one vote for each share thereof so held, shall vote share for share with the holders of the Common Stock without distinction as to class and shall not be entitled to vote separately as a class or series of a class. The number of shares of Preferred Stock authorized to be issued may be increased or decreased from time to time by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, and the holders of the Preferred Stock shall not be entitled to vote separately as a class or series of a class on any such increase or decrease. For the purposes of this Amended and Restated Certificate of Incorporation, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

All shares of any one series of Preferred Stock shall be identical with each other in all respects except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall accumulate, and all series of Preferred Stock shall rank equally and be identical in all respects except as specified in the respective resolutions of the Board of Directors providing for the initial issue thereof.

Subject to the prior and superior rights of the Preferred Stock as set forth in any resolution or resolutions of the Board of Directors providing for the initial issuance of any particular series of Preferred Stock, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor and the Preferred Stock shall not be entitled to participate in any such dividend.

One series of Preferred Stock authorized hereby shall be Series A Convertible Preferred Stock, as follows:

1. Number of Shares and Designation. 36,000,000 shares of Preferred Stock of the Corporation shall constitute a series of Preferred Stock designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The number of shares of Series A Preferred Stock may be increased (to the extent of the Corporation's authorized and unissued Preferred Stock) or decreased (but not below the number of shares of Series A Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors and the filing of a certificate of increase or decrease, as the case may be, with the Secretary of State of Delaware.

2. Rank. The Series A Preferred Stock shall, with respect to payment of dividends, redemption payments and rights upon liquidation, dissolution or winding up of the affairs of the Corporation, (i) rank senior and prior to the Common Stock and each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks junior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities, including the Common Stock, are collectively referred to herein as the "Junior Securities"), (ii) rank on a parity with each other class or series of equity securities of the Corporation (other than the Common Stock), whether currently issued or issued in the future, that does not by its terms expressly provide that it ranks senior to or junior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities are collectively referred to herein as the "Parity Securities"), and (iii) rank junior to each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks senior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities are collectively referred to herein as the "Senior Securities"). The respective definitions of Junior Securities, Parity Securities and Senior Securities shall also include any rights or options exercisable or exchangeable for or convertible into any of the Junior Securities, Parity Securities or Senior Securities, as the case may be.

3. Dividends.

(a) The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, cash dividends at the annual rate of $2.00 per share. Such dividends shall be payable quarterly in arrears, in equal amounts, on April 1, July 1, October 1 and January 1 of each year (unless such day is not a Business Day (as defined below), in which event such dividends shall be payable on the next succeeding Business Day), commencing July 1, 1998 (each such payment date being a "Dividend Payment Date" and from the date of issuance until the first Dividend Payment Date and each such quarterly period thereafter being a "Dividend Period"). Dividends on shares of Series A Preferred Stock shall be cumulative from the date of issue, whether or not in any Dividend Period there shall be funds of the Corporation legally available for the

payment of dividends. The amount of dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. The amount of dividends payable on the Series A Preferred Stock for the initial Dividend Period, or for any other period shorter or longer than a full Dividend Period, shall be computed on the basis of a 360-day year of twelve 30-day months. As used herein, the term "Business Day" means any day except a Saturday, Sunday or day on which banking institutions are legally authorized to close in the City of New York.

(b) Each dividend shall be payable to the holders of record of shares of Series A Preferred Stock as they appear on the stock records of the Corporation at the close of business on such record dates (each, a "Dividend Payment Record Date"), which shall be not more than 60 days nor less than 10 days preceding the Dividend Payment Date thereof, as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not more than 60 days nor less than 10 days preceding the payment date thereof, as may be fixed by the Board of Directors. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears.

(c) Except as described in the next succeeding sentence, so long as any shares of Series A Preferred Stock are outstanding, (i) no dividends shall be declared or paid or set apart for payment, or other distribution declared or made, on any Parity Securities for any period unless the Corporation has paid or contemporaneously pays or declares and sets apart for payment on the Series A Preferred Stock all accrued and unpaid dividends for all Dividend Periods terminating on or prior to the date of payment of such dividends, and (ii) no dividends shall be declared or paid or set apart for payment, or other distribution declared or made, on the Series A Preferred Stock for any Dividend Period unless the Corporation has paid or contemporaneously pays or declares and sets apart for payment on any Parity Securities all accrued and unpaid dividends for all dividend payment periods terminating on or prior to the Dividend Payment Date for such dividends. Unless and until dividends accrued but unpaid in respect of all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to any Parity Securities at the time outstanding shall have been paid in full or a sum sufficient for such payment is set apart, all dividends declared by the Corporation upon shares of Series A Preferred Stock and upon all Parity Securities shall be declared ratably in proportion to the respective amounts of dividends accrued and unpaid on the Series A Preferred Stock and Parity Securities.

(d) So long as any shares of Series A Preferred Stock are outstanding, no dividends shall be declared or paid or set apart for payment, or other distribution declared or made, upon any Junior Securities (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of Junior Securities), nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of any employee or director incentive or benefit plans or arrangements of the Corporation or any subsidiary of the Corporation) for any consideration (nor shall any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such Junior Securities) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case (i) the full cumulative dividends on all outstanding shares of Series A Preferred Stock and any other Parity Securities shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such Parity Securities and (ii) sufficient funds shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Stock and for the current dividend period with respect to such Parity Securities.

(e) The Corporation shall not, directly or indirectly, make any payment on account of any purchase, redemption, retirement or other acquisition of any Parity Securities (other than for consideration payable solely in Junior Securities) unless all accrued and unpaid dividends on the Series A Preferred Stock for all Dividend Payment Periods ending on or before such payment for such Parity Securities shall have been paid or declared and set apart for payment.

(f) If at any time the Corporation issues any Senior Securities and the Corporation shall have failed to declare and pay or set apart for payment accrued and unpaid dividends on such Senior Securities, in whole or in part, then (except to the extent allowed by the terms of the Senior Securities) no dividends shall be declared or paid or set apart for payment on the Series A Preferred Stock unless and until all accrued and unpaid dividends with respect to the Senior Securities, including the full dividends for the then-current dividend period, shall have been declared and paid or set apart for payment.

4. Liquidation Preference.

(a) The liquidation preference for the shares of Series A Preferred Stock shall be $50.00 per share, plus an amount equal to the dividends accrued and unpaid thereon, whether or not declared, to the payment date (the "Liquidation Value").

(b) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock (i) shall not be entitled to receive the Liquidation Value of such shares until payment in full or provision has been made for the payment in full of all claims of creditors of the Corporation and the liquidation preferences for all Senior Securities, and (ii) shall be entitled

to receive the Liquidation Value of such shares before any payment or distribution of any assets of the Corporation shall be made or set apart for holders of any Junior Securities. Subject to clause (i) above, if the assets of the Corporation are not sufficient to pay in full the Liquidation Value payable to the holders of shares of Series A Preferred Stock and the liquidation preference payable to the holders of any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A Preferred Stock and any such other Parity Securities ratably in accordance with the Liquidation Value for the Series A Preferred Stock and the liquidation preference for the Parity Securities, respectively. Upon payment in full of the Liquidation Value to which the holders of shares of Series A Preferred Stock are entitled, the holders of shares of Series A Preferred Stock will not be entitled to any further participation in any distribution of assets of the Corporation.

(c) Neither a consolidation or merger of the Corporation with or into any other entity, nor a merger of any other entity with or into the Corporation, nor a sale or transfer of all or any part of the Corporation's assets for cash, securities or other property shall be considered a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 4.

5. Redemption.

(a) Optional Redemption. The Series A Preferred Stock shall not be redeemable prior to March 31, 2001. During the period from March 31, 2001 until March 31, 2003, the Corporation may redeem at its option shares of Series A Preferred Stock in accordance with this Section 5 only if the last reported sales price of a share of Common Stock in its principal trading market for any 20 trading days within a period of 30 consecutive trading days ending on the trading day prior to the date of mailing the notice of redemption is at least $70.6563. At any time on or after March 31, 2001, to the extent the Corporation shall have funds legally available to redeem shares of Series A Preferred Stock and if permitted by the immediately preceding sentence, the Corporation may redeem shares of Series A Preferred Stock, in whole or in part, at the option of the Corporation, at the applicable cash redemption price per share set forth below for any redemption during the 12-month period beginning on March 31 of the year indicated:

Year	Redemption Price Per Share
2001	$51.40
2002	$51.20
2003	$51.00
2004	$50.80
2005	$50.60
2006	$50.40
2007	$50.20
Thereafter	$50.00

plus, in each case, an amount equal to the dividends accrued and unpaid thereon, whether or not declared, up to but not including the redemption date. From and after March 31, 2008, the Corporation may redeem shares of Series A Preferred Stock, at any time in whole or in part, at the option of the Corporation, at a cash redemption price per share of $50.00 plus an amount equal to the dividends accrued and unpaid thereon, whether or not declared, up to but not including the redemption date.

(b) Mandatory Redemption. To the extent the Corporation shall have funds legally available for such payment, on March 31, 2018 (the "Mandatory Redemption Date), the Corporation shall redeem all outstanding shares of Series A Preferred Stock at a redemption price of $50.00 per share in cash, together with accrued and unpaid dividends thereon, whether or not declared, up to but not including such redemption date, without interest. If the Corporation is unable or shall fail to discharge its obligation to redeem all outstanding shares of Series A Preferred Stock on the Mandatory Redemption Date (the "Mandatory Redemption Obligation"): (i) dividends on the Series A Preferred Stock shall continue to accrue, without interest, in accordance with Section 3, and (ii) the Mandatory Redemption Obligation shall be discharged as soon thereafter as the Corporation is able to discharge such Mandatory Redemption Obligation. If and for so long as any Mandatory Redemption Obligation with respect to the Series A Preferred Stock shall not be fully discharged on the Mandatory Redemption Date, the Corporation shall not (x) directly or indirectly, redeem, purchase, or otherwise acquire any Parity Securities or discharge any mandatory or optional redemption, sinking fund or other similar obligation in respect of any Parity Securities (except in connection with a redemption, sinking fund or other similar obligation to be satisfied pro rata with the Series A Preferred Stock) or (y) declare or pay or set apart for payment any dividends or other distributions upon any Junior Securities, or, directly or indirectly, discharge any mandatory or optional redemption, sinking fund or other similar obligation in respect of any Junior Securities.

6. Procedures for Redemption.

(a) If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed pursuant to Section 5, the shares shall be redeemed on a pro rata basis (according to the number of shares of Series A Preferred Stock held by each holder, with any fractional shares rounded to the nearest whole share) or in such other manner as the Board of Directors may determine, as may be prescribed by resolution of the Board of Directors. Notwithstanding the provisions of Section 5 and this Section 6, unless full

cumulative cash dividends (whether or not declared) on all outstanding shares of Series A Preferred Stock shall have been paid or contemporaneously are declared and paid or set apart for payment for all Dividend Periods terminating on or prior to the applicable redemption date, none of the shares of Series A Preferred Stock shall be redeemed, and no sum shall be set aside for such redemption, unless shares of Series A Preferred Stock are redeemed pro rata.

(b) In the event of a redemption of shares of Series A Preferred Stock pursuant to Section 5, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 15 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed at such holder's address as the same appears on the stock register of the Corporation; provided that neither the failure to give such notice nor any defect therein shall affect the validity of the giving of notice for the redemption of any share of Series A Preferred Stock to be redeemed, except as to the holder to whom the Corporation has failed to give said notice or except as to the holder whose notice was defective. Each such notice shall state: (i) the redemption date; (ii) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the holder receives the notice.

(c) If a notice of redemption has been given pursuant to Section 6(b) and if, on or before the redemption date, the funds necessary for such redemption (including all dividends on the shares of Series A Preferred Stock to be redeemed that will accrue to but not including the redemption date) shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the pro rata benefit of the holders of the shares so called for redemption, then on the redemption date, notwithstanding that any certificates for such shares have not been surrendered for cancellation, (i) dividends shall cease to accrue on the shares of Series A Preferred Stock to be redeemed, (ii) the holders of such shares shall cease to be stockholders with respect to those shares, shall have no interest in or claims against the Corporation by virtue thereof and shall have no voting or other rights with respect thereto, except the conversion rights provided in Section 7 (in accordance with Section 6(e)) and the right to receive the monies payable upon such redemption, without interest thereon, upon surrender (and endorsement, if required by the Corporation) of their certificates, and (iii) the shares evidenced thereby shall no longer be outstanding. Subject to applicable escheat laws, any monies so set aside by the Corporation and unclaimed at the end of two years from the redemption date shall revert to the general funds of the Corporation, after which reversion the holders of such shares so called for redemption shall look only to the general funds of the Corporation for the payment of the redemption price, without interest. Any interest accrued on funds so deposited shall belong to the Corporation and be paid thereto from time to time.

(d) Upon surrender in accordance with the Corporation's notice of redemption of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(e) If a notice of redemption has been given pursuant to Section 6(b) and any holder of shares of Series A Preferred Stock shall, prior to the close of business on the Business Day preceding the redemption date, give written notice to the Corporation pursuant to Section 7 of the conversion of any or all of the shares to be redeemed held by the holder (accompanied by a certificate or certificates for such shares, duly endorsed or assigned to the Corporation, and any necessary transfer tax payment, as required by Section 7), then such redemption shall not become effective as to such shares to be converted and such conversion shall become effective as provided in Section 7, whereupon any funds deposited by the Corporation for the redemption of such shares shall (subject to any right of the holder of such shares to receive the dividend payable thereon as provided in Section 7) immediately upon such conversion be returned to the Corporation or, if then held in trust by the Corporation, shall automatically and without further corporate action or notice be discharged from the trust.

7. Conversion.

(a) Right to Convert.

(i) Subject to the provisions of this Section 7, each holder of shares of Series A Preferred Stock shall have the right, at any time and from time to time, at such holder's option, to convert any or all of such holder's shares of Series A Preferred Stock, in whole or in part, into fully paid and non-assessable shares of Common Stock at the conversion price of $56.525 per share of Common Stock, subject to adjustment as described in Section 7(c) (as adjusted, the "Conversion Price"). The number of shares of Common Stock into which a share of the Series A Preferred Stock shall be convertible (calculated as to each conversion to the nearest 1/1,000,000th of a share) shall be determined by dividing $50.00 by the Conversion Price in effect at the time of conversion.

(ii) If shares of Series A Preferred Stock are called for redemption in accordance with Section 5(a), the right to convert shares so called for redemption shall terminate at the close of business on the Business Day immediately preceding the date fixed for redemption unless the Corporation shall default in making payment of the amount payable upon such redemption, in which case the conversion rights for such shares shall continue.

(b) Mechanics of Conversion.

(i) To exercise the conversion right, the holder of shares of Series A Preferred Stock to be converted shall surrender the certificate or certificates representing such shares at the office of the Corporation (or any transfer agent of the Corporation previously designated by the Corporation to the holders of Series A Preferred Stock for this purpose) with a written notice of election to convert completed and signed, specifying the number of shares to be converted. Unless the shares issuable upon conversion are to be issued in the same name as the name in which such shares of Series A Preferred Stock are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax in accordance with Section 7(b)(vii). As promptly as practicable after the surrender by the holder of the certificates for shares of Series A Preferred Stock as aforesaid, the Corporation shall issue and shall deliver to such holder, or on the holder's written order to the holder's transferee, a certificate or certificates for the whole number of shares of Common Stock issuable upon the conversion of such shares and a check payable in an amount corresponding to any fractional interest in a share of Common Stock as provided in Section 7(b)(viii).

(ii) Each conversion shall be deemed to have been effected immediately prior to the close of business on the first Business Day (the "Conversion Date") on which the certificates for shares of Series A Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid. At such time on the Conversion Date:

(w) the person in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder of record of the shares of Common Stock represented thereby at such time;

(x) such shares of Series A Preferred Stock shall no longer be deemed to be outstanding and all rights of a holder with respect to such shares surrendered for conversion shall immediately terminate except the right to receive the Common Stock and other amounts payable pursuant to this Section 7;

(y) in lieu of dividends on such Series A Preferred Stock pursuant to Section 3, such shares of Series A Preferred Stock shall participate equally and ratably with the holders of shares of Common Stock in all dividends paid on the Common Stock; and

(z) the right of the Corporation to redeem such shares of Series A Preferred Stock shall terminate, regardless of whether a notice of redemption has been mailed as aforesaid.

All shares of Common Stock delivered upon conversion of the Series A Preferred Stock will, upon delivery, be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any preemptive rights.

(iii) Holders of shares of Series A Preferred Stock at the close of business on a Dividend Payment Record Date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such Dividend Payment Record Date and prior to such Dividend Payment Date. However, shares of Series A Preferred Stock surrendered for conversion during the period between the close of business on any Dividend Payment Record Date and the opening of business on the corresponding Dividend Payment Date (except shares converted after the issuance of a notice of redemption during such period, which shall be entitled to such dividend on the Dividend Payment Date) must be accompanied by payment of an amount equal to the dividend payable on such shares on such Dividend Payment Date; provided that notwithstanding such surrender of shares for conversion after such Dividend Payment Record Date, the holders thereof at the close of business on such Dividend

Payment Record Date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date. A holder of shares of Series A Preferred Stock on a Dividend Payment Record Date who (or whose transferee) tenders any such shares for conversion into shares of Common Stock on such Dividend Payment Date will receive the dividend payable by the Corporation on such shares of Series A Preferred Stock on such date, and the converting holder need not include payment of the amount of such dividend upon surrender of shares of Series A Preferred Stock for conversion.

(iv) Except as provided in clause (iii) above and in Section 7(c), the Corporation shall make no payment or adjustment for accrued and unpaid dividends on shares of Series A Preferred Stock, whether or not in arrears, on conversion of such shares or for dividends in cash on the shares of Common Stock issued upon such conversion.

(v) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, such number of its authorized but unissued shares of Common Stock as shall be required for the purpose of effecting conversions of the Series A Preferred Stock. Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation.

(vi) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issuance or delivery of shares of Common Stock on conversion of the Series A Preferred Stock pursuant hereto; provided that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Common Stock in a name other than that of the holder of the Series A Preferred Stock to be converted, and no such issuance or delivery shall be made unless and until the person requesting such issuance or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(vii) In connection with the conversion of any shares of Series A Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Daily Price (as defined below) per share of Common Stock on the Conversion Date. In the absence of a Daily Price, the Board of Directors shall in good faith determine the current market price on such basis as it considers appropriate, and such current market price shall be used to calculate the cash adjustment. As used herein, "Daily Price" means (w) if the shares of such class of Common Stock are then listed and traded on the New York Stock Exchange, Inc. ("NYSE"), the closing price on such day as reported on the NYSE Composite Transactions Tape; (x) if the shares of such class of Common Stock are not then listed and traded on the NYSE, the closing price on such day as reported by the principal national securities exchange on which the shares are listed and traded; (y) if the shares of such class of Common Stock are not then listed and traded on any such securities exchange, the last reported sale price on such day on the National Market of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"); or (z) if the shares of such class of Common Stock are not then traded on the NASDAQ National Market, the average of the highest reported bid and lowest reported asked price on such day, as reported by NASDAQ.

(c) Adjustments to Conversion Price. The Conversion Price shall be adjusted from time to time as follows:

(i) If, at any time after the date of issuance of the Series A Preferred Stock, the Corporation shall (A) pay a dividend or make a distribution on any class of its capital stock in shares of its Common Stock, (B) subdivide its outstanding shares of Common Stock into a greater number of shares or (C) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior thereto shall be adjusted as provided below so that the Conversion Price thereafter shall be determined by multiplying the Conversion Price at which the shares of Series A Preferred Stock were theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action, and the denominator of which shall be the number of shares of Common Stock outstanding immediately following such action. Such adjustment shall be made whenever any event listed above shall occur and shall become effective retroactively immediately after the record date in the case of a dividend and immediately after the effective date in the case of a subdivision or combination.

(ii) If, at any time after the date of issuance of the Series A Preferred Stock, the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within 45 days after the record date for determining stockholders entitled to receive such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock at the record date therefor (as determined in accordance with the provisions of Section 7(c)(iv)), the "Current Market Price"), or in case the Corporation shall issue to all holders of its Common Stock other securities convertible into or exchangeable for Common Stock for a consideration per share of Common Stock deliverable upon conversion or exchange thereof less than the Current Market Price, then the Conversion Price in effect immediately prior thereto shall be adjusted as provided below so that the Conversion Price therefor shall be equal to the price determined by multiplying (A) the Conversion Price at which shares of Series A Preferred Stock were theretofore convertible by (B) a fraction of which the numerator shall be the sum of (1) the number of shares of Common Stock outstanding on the date of issuance of the convertible or exchangeable securities, rights or warrants and (2) the number of additional shares of Common Stock that the aggregate offering price for the number of shares of Common Stock so offered would purchase at the Current Market Price per share of Common Stock, and of which the denominator shall be the sum of (1) the number of shares of Common Stock outstanding on the date of issuance of such convertible or exchangeable securities, rights or warrants and (2) the number of additional shares of Common Stock offered for subscription or purchase, or issuable upon such conversion or exchange. Such adjustment shall be made whenever such convertible or exchangeable securities, rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such securities. However, upon the expiration of any right or warrant to purchase Common Stock, the issuance of which resulted in an adjustment in the Conversion Price pursuant to this Section 7(c)(ii), if any such right or warrant shall expire and shall not have been exercised, the Conversion Price shall be recomputed immediately upon such expiration and effective immediately upon such expiration shall be increased to the price it would have been (but reflecting any other adjustments to the Conversion Price made pursuant to the provisions of this Section 7(c) after the issuance of such rights or warrants) had the adjustment of the Conversion Price made upon the issuance of such rights or warrants been made on the basis of offering for subscription or purchase only that number of shares of Common Stock actually purchased upon the exercise of such rights or warrants. No further adjustment shall be made upon exercise of any right, warrant, convertible security or exchangeable security if any adjustment shall have been made upon issuance of such security.

(iii) If, at any time after the date of issuance of the Series A Preferred Stock, the Corporation shall distribute to all holders of its Common Stock (including any dividend paid in connection with a consolidation or merger in which the Corporation is the continuing corporation) any shares of capital stock of the Corporation or its subsidiaries (other than Common Stock) or evidences of its indebtedness, cash or other assets (excluding dividends payable solely in cash that may from time to time be fixed by the Board of Directors, or dividends or distributions in connection with the liquidation, dissolution or winding up of the Corporation) or rights or warrants to subscribe for or purchase any of its securities or those of its subsidiaries or securities convertible or exchangeable for Common Stock (excluding those securities referred to in Section 7(c)(ii)), then in each such case the Conversion Price in effect immediately prior thereto shall be adjusted as provided below so that the Conversion Price thereafter shall be equal to the price determined by multiplying (A) the Conversion Price in effect on the record date mentioned below by (B) a fraction, the numerator of which shall be the Current Market Price per share of Common Stock on the record date mentioned below less the then fair market value (as determined by the Board of Directors, whose good faith determination shall be conclusive) as of such record date of the assets, evidences of indebtedness or securities so paid with respect to one share of Common Stock, and the denominator of which shall be the Current Market Price per share of Common Stock on such record date; provided, however, that in the event the then fair market value (as so determined) so paid with respect to one share of Common Stock is equal to or greater than the Current Market Price per share of Common Stock on the record date mentioned above, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Series A Preferred Stock shall have the right to receive the amount and kind of assets, evidences of indebtedness, or securities such holder would have received had such holder converted each such share of Series A Preferred Stock immediately prior to the record date for such dividend.

Such adjustment shall be made whenever any such payment is made, and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive the payment.

(iv) For the purpose of any computation under Sections 7(c)(ii) or 7(c)(iii), the Current Market Price per share of Common Stock at any date shall be deemed to be the average Daily Price for the 30 consecutive trading days commencing 35 trading days before the day in question.

(v) No adjustment in the Conversion Price shall be required unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided, however, that any adjustments that by reason of this Section 7(c)(v) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 7(c) shall be made to the nearest cent.

(vi) In the event that, at any time as a result of an adjustment made pursuant to Section 7(c)(i) or 7(c)(iii), the holder of any shares of Series A Preferred Stock thereafter surrendered for conversion shall become entitled to receive any shares of the Corporation or its subsidiaries, other than shares of the Common Stock, thereafter the number of such other shares so receivable upon conversion of any share of Series A Preferred Stock shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in Sections 7(c)(i) through 7(c)(v), and the other provisions of this Section 7 with respect to the Common Stock shall apply on like terms to any such other shares.

(vii) Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly file with the transfer agent for the Series A Preferred Stock a certificate of an officer of the Corporation setting forth the Conversion Price after the adjustment and setting forth a brief statement of the facts requiring such adjustment and a computation thereof. The certificate shall be prima facie evidence of the correctness of the adjustment. The Corporation shall promptly cause a notice of the adjusted Conversion Price to be mailed to each registered holder of shares of Series A Preferred Stock.

(viii) In case of any reclassification of the Common Stock, any consolidation of the Corporation with, or merger of the Corporation into, any other entity, any merger of another entity into the Corporation (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock of the Corporation), any sale or transfer of all or substantially all of the assets of the Corporation or any compulsory share exchange pursuant to which share exchange the Common Stock is converted into other securities, cash or other property, then lawful provision shall be made as part of the terms of such transaction whereby the holder of each share of Series A Preferred Stock then outstanding shall have the right thereafter, during the period such share shall be convertible, to convert such share only into the kind and amount of securities, cash and other property receivable upon the reclassification, consolidation, merger, sale, transfer or share exchange by a holder of the number of shares of Common Stock of the Corporation into which a share of Series A Preferred Stock would have been convertible immediately prior to the reclassification, consolidation, merger, sale, transfer or share exchange. The Corporation, the person formed by the consolidation or resulting from the merger or which acquires such assets or which acquires the Corporation's shares, as the case may be, shall make provisions in its certificate or articles of incorporation or other constituent documents to establish such rights and to ensure that the dividend, voting and other rights of the holders of Series A Preferred Stock established herein are unchanged, except as permitted by Section 9 and applicable law. The certificate or articles of incorporation or other constituent documents shall provide for adjustments, which, for events subsequent to the effective date of the certificate or articles of incorporation or other constituent documents, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The provisions of this Section 7(c)(viii) shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

(d) Optional Reduction in Conversion Price. The Corporation may at its option reduce the Conversion Price from time to time by any amount for any period of time if the period is at least 20 days and if the reduction is irrevocable during the period. Whenever the Conversion Price is so reduced, the Corporation shall mail to holders of record of the Series A Preferred Stock a notice of the reduction at least 15 days before the date the reduced Conversion Price takes effect, stating the reduced Conversion Price and the period it will be in effect. A voluntary reduction of the Conversion Price does not change or adjust the Conversion

Price otherwise in effect for purposes of Section 7(c).

8. Status of Shares. All shares of Series A Preferred Stock that are at any time redeemed pursuant to Section 5 or converted pursuant to Section 7 and all shares of Series A Preferred Stock that are otherwise reacquired by the Corporation shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized but unissued shares of Preferred Stock, without designation as to series, subject to reissuance by the Board of Directors as shares of any one or more other series.

9. Voting Rights.

(a) The holders of record of shares of Series A Preferred Stock shall not be entitled to any voting rights except as hereinafter provided in this Section 9 or as otherwise provided by law.

(b) The holders of the shares of Series A Preferred Stock (i) shall be entitled to vote with the holders of the Common Stock on all matters submitted for a vote of holders of Common Stock (voting together with the holders of Common Stock as one class), (ii) shall be entitled to a number of votes equal to the number of votes to which shares of Common Stock issuable upon conversion of such shares of Series A Preferred Stock would have been entitled if such shares of Common Stock had been outstanding at the time of the applicable vote and related record date and (iii) shall be entitled to notice of any stockholders' meeting in accordance with the Certificate of Incorporation and Bylaws of the Corporation.

(c) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series A Preferred Stock have not been paid in full or if the Corporation shall have failed to discharge its Mandatory Redemption Obligation on or after the Redemption Date, the number of directors then constituting the Board of Directors shall be increased by two and the holders of shares of Series A Preferred Stock, together with the holders of shares of every other series of preferred stock upon which like rights to vote for the election of two additional directors have been conferred and are exercisable (resulting from either the failure to pay dividends or the failure to redeem) (any such other series is referred to as the "Preferred Shares"), voting as a single class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A Preferred Stock and the Preferred Shares called as hereinafter provided. Whenever all arrears in dividends on the Series A Preferred Stock and the Preferred Shares then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, or the Corporation shall have fulfilled its Mandatory Redemption Obligation, as the case may be, then the right of the holders of the Series A Preferred Stock and the Preferred Shares to elect such additional two directors shall cease (but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in six quarterly dividends or failure to fulfill any Mandatory Redemption Obligation), and the terms of office of all persons elected as directors by the holders of the Series A Preferred Stock and the Preferred Shares shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of shares of Series A Preferred Stock and the Preferred Shares, the secretary of the Corporation may, and upon the written request of any holder of Series A Preferred Stock (addressed to the secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Series A Preferred Stock and of the Preferred Shares for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the secretary within 20 days after receipt of any such request, then any holder of shares of Series A Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock records of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series A Preferred Stock and the Preferred Shares, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Series A Preferred Stock and the Preferred Shares or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(d) So long as any shares of Series A Preferred Stock are outstanding:

(i) the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose by holders of at least 66-2/3% of the outstanding shares of Series A Preferred Stock, voting as a single class, amend, alter or repeal any provision of the Corporation's Certificate of Incorporation (by merger or otherwise) so as to materially and adversely affect the preferences, rights or powers of the Series A Preferred Stock; provided that any such amendment, alteration or repeal to create, authorize or issue any Junior Securities or Parity Securities, or any security convertible into, or exchangeable or exercisable for, shares of Junior Securities

or Parity Securities, shall not be deemed to have any such material adverse effect;

(ii) the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose of at least 66-2/3% of the votes entitled to be cast by the holders of shares of Series A Preferred Stock and of all other series of Preferred Stock upon which like rights to vote upon the matters specified herein have been conferred and are exercisable, voting as a single class regardless of series, create, authorize or issue any Senior Securities, or any security convertible into, or exchangeable or exercisable for, shares of Senior Securities; and

(iii) the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose of at least a majority of the votes entitled to be cast by the holders of shares of Series A Preferred Stock and of all other series of Preferred Stock upon which like rights to vote upon the matters specified herein have been conferred and are exercisable, voting as a single class regardless of series, create, authorize or issue any new class of Parity Securities; provided that this clause (iii) shall not limit the right of the Corporation to issue Parity Securities in connection with any merger in which the Corporation is the surviving entity;

provided that no such consent or vote of the holders of Series A Preferred Stock shall be required if at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such securities is to be made, as the case may be, all shares of Series A Preferred Stock at the time outstanding shall have been called for redemption by the Corporation and the funds necessary for such redemption shall have been set aside in accordance with Sections 5 and 6.

(e) The consent or votes required in Sections 9(c) and 9(d) shall be in addition to any approval of stockholders of the Corporation which may be required by law or pursuant to any provision of the Corporation's Certificate of Incorporation or Bylaws, which approval shall be obtained by vote of the stockholders of the Corporation in the manner provided in Section 9(b).

10. No Other Rights.

(a) The shares of Series A Preferred Stock shall not have any relative, participating, optional or other special rights and powers except as set forth herein or as may be required by law.

FIFTH: The Corporation is to have perpetual existence.

SIXTH: The private property of the stockholders shall not be subject to the payment of the corporate debts to any extent whatever except as otherwise provided by law.

SEVENTH: In furtherance, and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

A. To adopt, amend or repeal the by-laws of the Corporation; provided, however, that the by-laws adopted by the Board of Directors under the powers hereby conferred may be amended or repealed by the Board of Directors or by the stockholders having voting power with respect thereto, provided further that in the case of amendments by stockholders, the affirmative vote of the holders of at least 80 percent of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to alter, amend or repeal any provision of the by-laws;

B. To authorize and cause to be executed mortgages and liens, with or without limit as to amount, upon the real and personal property of the Corporation;

C. To authorize the guaranty by the Corporation of securities, evidences of indebtedness and obligations of other persons, corporations and business entities;

D. By resolution adopted by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member.

All corporate powers of the Corporation shall be exercised by the Board of Directors except as otherwise provided herein or by law. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80 percent of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with paragraph A of this ARTICLE SEVENTH.

EIGHTH: Any property of the Corporation constituting less than all of its assets including goodwill and its corporate franchise, deemed by the Board of Directors to be not essential to the conduct of the business of the Corporation, may be sold, leased, exchanged or otherwise disposed of by authority of the Board of Directors. All of the property and assets of the Corporation including its goodwill and its corporate franchises, may be sold, leased or exchanged upon such terms and conditions and for such consideration (which may be in whole or in part shares of stock and/or other securities of any other corporation or corporations) as the Board of Directors shall deem expedient and for the best interests of the Corporation, when and as authorized by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock given at a stockholders' meeting duly called for that purpose upon at least 20 days notice containing notice of the proposed sale, lease or exchange.

NINTH: A director or officer of the Corporation shall not be disqualified by his office from dealing or contracting with the Corporation either as a vendor, purchaser or otherwise, nor shall any transaction or contract of the Corporation be void or voidable by reason of the fact that any director or officer or any firm of which any director or officer is a member or any corporation of which any director or officer is a stockholder, officer or director, is in any way interested in such transaction or contract, provided that such transaction or contract is or shall be authorized, ratified or approved either (1) by a vote of a majority of a quorum of the Board of Directors or of a committee thereof, without counting in such majority any director so interested (although any director so interested may be included in such quorum), or (2) by a majority of a quorum of the stockholders entitled to vote at any meeting. No director or officer shall be liable to account to the Corporation for any profits realized from any such transaction or contract authorized, ratified or approved as aforesaid by reason of the fact that he, or any firm of which he is a member or any corporation of which he is a stockholder, officer or director, was interested in such transaction or contract. Nothing herein contained shall create liability in the events above described or prevent the authorization, ratification or approval of such contracts in any other manner permitted by law.

TENTH: Any contract, transaction or act of the Corporation or of the Board of Directors which shall be approved or ratified by a majority of a quorum of the stockholders entitled to vote at any meeting shall be as valid and binding as though approved or ratified by every stockholder of the Corporation; but any failure of the stockholders to approve or ratify such contract, transaction or act, when and if submitted, shall not be deemed in any way to invalidate the same or to deprive the Corporation, its directors or officers of their right to proceed with such contract, transaction or act.

ELEVENTH: Each person who is or was or has agreed to become a director or officer of the Corporation, and each such person who is or was serving or who has agreed to serve at the request of the Board of Directors or an officer of the Corporation as an employee or agent of the Corporation or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (including the heirs, executors, administrators or estate of such person), shall be indemnified by the Corporation, in accordance with the by-laws of the Corporation, to the fullest extent permitted from time to time by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted prior to such amendment) or any other applicable laws as presently or hereafter in effect. Without limiting the generality or the effect of the foregoing, the Corporation may enter into one or more agreements with any person which provide for indemnification greater than or different from that provided in this ARTICLE ELEVENTH. Any amendment or repeal of this ARTICLE ELEVENTH shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

TWELFTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the General Corporation Law of the State of Delaware, or (4) for any transaction from which the director derived an improper personal benefit. Any amendment or repeal of this ARTICLE TWELFTH shall not adversely affect any right or protection of a director of the Corporation existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

THIRTEENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of

stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

FOURTEENTH: Meetings of stockholders and directors may be held within or without the State of Delaware, as the by-laws may provide. The books of account of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the Corporation. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

FIFTEENTH: Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation to elect additional directors under specific circumstances, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing in lieu of a meeting of such stockholders. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of at least 80 percent of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with this ARTICLE FIFTEENTH.

SIXTEENTH: Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation to elect additional directors under specified circumstances, the number of directors of the Corporation shall be fixed, and may be increased or decreased from time to time, in such manner as may be prescribed by the by-laws.

Unless and except to the extent that the by-laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

The directors, other than those who may be elected by the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation, shall be divided into three classes, as nearly equal in number as possible. One class of directors shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 1997, another class shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 1998, and another class shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 1999. Members of each class shall hold office until their successors are elected and qualified. At each succeeding annual meeting of the stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected by a plurality vote of all votes cast at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation to elect additional directors under specified circumstances, any director may be removed from office at any time by the shareholders, but only for cause.

Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80 percent of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with this ARTICLE SIXTEENTH.

SEVENTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

Exhibit 3.2

AMENDED AND RESTATED BY-LAWS
OF
SEALED AIR CORPORATION
(Formerly known as W. R. Grace & Co.)

ARTICLE 1

Offices

Section 1.01. Registered Office. The registered office of the Corporation shall be in Wilmington, Delaware.

Section 1.02. Other Offices. The Corporation may also have offices at such other places within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2

Meetings of Stockholders

Section 2.01. Place. Meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors.

Section 2.02. Annual Meetings. Annual meetings of stockholders shall, unless otherwise provided by the Board of Directors, be held on the third Friday in May each year if not a legal holiday, and if a legal holiday, then on the next full business day following, at 11:00 A.M., at which the stockholders shall elect directors, vote upon the ratification of the selection of the independent auditors selected for the Corporation for the then current fiscal year of the Corporation, and transact such other business as may properly be brought before the meeting.

Section 2.03. Notice of Annual Meetings. Written notice of the annual meeting, stating the place, date and hour thereof, shall be given to each stockholder entitled to vote thereat not less than ten nor more than sixty days before the date of the meeting.

Section 2.04. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make or cause to be prepared and made, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order with the address of and the number of voting shares registered in the name of each. Such list shall be open for ten days prior to the meeting to the examination of any stockholders, for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held, and shall be produced and kept at the time and place of said meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.05. Special Meetings. Special meetings of the stockholders may be called by the chairman of the board, by the chief executive officer, by resolution of the Board of Directors, or at the request in writing of stockholders owning a majority of the voting power of the then outstanding Voting Stock. Any such resolution or request shall state the purpose or purposes of the proposed meeting. For purposes of these By-laws, the term "Voting Stock" shall have the meaning for such term set forth in the Certificate of Incorporation or, if not defined therein, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

Section 2.06. Notice of Special Meetings. Written notice of a special meeting of stockholders, stating the place, date, hour and purpose thereof, shall be given by the secretary to each stockholder entitled to vote thereat, not less than ten nor more than sixty days before the date fixed for the meeting.

Section 2.07. Business Transacted. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.08. Quorum. The holders of a majority of the voting power of the then outstanding Voting Stock, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, so long as the adjournment is not for more than thirty days and a new record date is not fixed for the adjourned meeting, until a quorum shall be present or represented. If a quorum shall be present or represented at such adjourned meeting, any business may be transacted which might have been transacted at the original meeting. When specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.

Section 2.09. Vote Required. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the Voting Stock present in person or represented by proxy shall decide any questions brought before such meeting, except as otherwise provided by statute or the Certificate of Incorporation.

Section 2.10. Proxies, Etc. Except as otherwise provided by statute or the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. No proxy or power of attorney to vote shall be used to vote at a meeting of the stockholders unless it shall have been filed with the secretary of the meeting when required by the inspectors of election.

Section 2.11. Inspectors of Election. In advance of any meeting of the stockholders, the Board of Directors or the presiding officer of such meeting shall appoint two or more inspectors of election to act at such meeting or at any adjournments thereof and make a written report thereof. One or more persons may also be designated by the Board of Directors or such presiding officer as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of such meeting shall appoint one or more inspectors to act at such meeting. No director or nominee for the office of director at such meeting shall be appointed an inspector of election. Each inspector, before entering on the discharge of the inspector's duties, shall first take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such person's ability. The inspectors of election shall, in accordance with the requirements of the Delaware General Corporation Law, (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period and file with the secretary of the meeting a record of the disposition of any challenges made to any determination by the inspectors, and (v) make and file with the secretary of the meeting a certificate of their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

ARTICLE 3

Directors

Section 3.01. Number. Subject to the rights of the holders of any series or class of stock to elect directors under specified circumstances as provided by the Certificate of Incorporation, the number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors, but no decrease in the number of directors effected by any such resolution shall change the term of any director in office at the time that any such resolution is adopted. The directors shall be elected at the annual meeting of the stockholders, except as otherwise provided by statute, the Certificate of Incorporation or Section 3.02 of these By-laws, and each director shall hold office until a successor is elected and qualified or until such director's earlier resignation or removal. Directors need not be stockholders.

Section 3.02. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and, except as otherwise provided by statute or the Certificate of Incorporation, each of the directors so chosen shall hold office until the next annual election and until a successor is elected and qualified or until such director's earlier resignation or removal.

Section 3.03. Authority. The business of the Corporation shall be managed by or under the direction of its Board of Directors, which shall exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the stockholders or are not by these By-laws or by resolution of the Board of Directors or a committee thereof, in either case not inconsistent with the statutes, the Certificate of Incorporation or these By-laws, authorized or directed to be done by the officers of the Corporation.

Section 3.04. Place of Meeting. The Board of Directors of the Corporation or any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware.

Section 3.05. Annual Meeting. A regular meeting of the Board of Directors shall be held immediately following the adjournment of the annual meeting of stockholders. No notice of such meeting shall be necessary to the directors in order legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

Section 3.06. Regular Meetings. Except as provided in Section 3.05, regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 3.07. Special Meetings. Special meetings of the Board

of Directors may be called by the chairman of the board, the chief executive officer or the president and shall be called by the president or the secretary on the written request of at least two directors. Notice of special meetings of the Board of Directors shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex or similar means of electronic transmission. The notice need not specify the business to be transacted.

Section 3.08. Emergency Meetings. In the event of an emergency which in the judgment of the chairman of the board, the chief executive officer or the president requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

Section 3.09. Quorum; Vote Required. At meetings of the Board of Directors, a majority of the directors at the time in office shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.10. Organization. The Board of Directors may elect one of its members to be chairman of the board and may fill any vacancy in the position of chairman of the board at such time and in such manner as the Board of Directors shall determine. The chairman of the board may but need not be an officer of or employed in an executive or other capacity by the Corporation. The chairman of the board shall preside at meetings of the Board of Directors and lead the Board of Directors in fulfilling its responsibilities as defined in Section 3.3. In the absence of the chairman of the board or if there should be no chairman of the board, the chief executive officer shall preside at meetings of the Board of Directors.

Section 3.11. Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in the resolution, shall have and exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, including the power and authority to declare a dividend, to authorize the issuance of stock, and to adopt a Certificate of Ownership and Merger pursuant to Section 253 of the Delaware General Corporation Law, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided that no such committee shall have the power or authority to amend the Certificate of Incorporation, adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amend the By-laws of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Unless the Board of Directors designates one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, the members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member of such committee. At meetings of any such committee, a majority of the members or alternate members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of members or alternate members present at any meeting at which there is a quorum shall be the act of the committee.

Section 3.12. Minutes of Committee Meetings. The committees shall keep regular minutes of their proceedings and, when requested to do so by the Board of Directors, shall report the same to the Board of Directors.

Section 3.13. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

Section 3.14. Participation by Conference Telephone. The members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 3.15. Compensation of Directors. The directors may be paid their expenses of attendance at each meeting of the Board of Directors or of any special or standing committee thereof. The Board of Directors may establish by resolution from time to time the fees to be paid to each director who is not an officer or employee of the Corporation or any of its subsidiaries for serving as a director of the Corporation, for serving on any special or standing committee of the Board of Directors, and for attending meetings of the Board of Directors or of any special or standing committee thereof. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE 4

Notices

Section 4.01. Giving of Notice. Notices to directors and stockholders mailed to them at their addresses appearing on the books of the Corporation shall be deemed to be given at the time when deposited in the United States mail.

Section 4.02. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these By-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE 5

Officers

Section 5.01. Selection of Officers. The officers of the Corporation shall be chosen by the Board of Directors at its first meeting after each annual meeting of stockholders and shall be a chief executive officer, who shall be a director, a president, one or more vice presidents and a secretary. Any number of offices may be held by the same person.

Section 5.02. Other Officers. The Board of Directors may appoint such other officers, assistant officers and agents as it desires who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 5.03. Term of Office, Etc. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Each officer shall hold office until a successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

Section 5.04. Chief Executive Officer. The chief executive officer of the Corporation shall preside at all meetings of the stockholders, shall have the responsibility for the general and active management and control of the affairs and business of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to the chief executive officer by the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The chief executive officer shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the other officers and agents of the Corporation.

Section 5.05. President. The president, who may also be the chief executive officer of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of president or which are delegated to the president by the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. In the absence or disability of the chief executive officer, the president shall perform the duties and exercise the powers of the chief executive officer. The president shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized.

Section 5.06. Vice Presidents. The vice presidents shall act under the direction of the chief executive officer and in the absence or disability of both the chief executive officer and the president shall perform the duties and exercise the powers of the chief executive officer. They shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more executive or senior vice presidents or may otherwise specify the order of seniority of the vice presidents, and in that event the duties and powers of the chief executive officer shall descend to the vice presidents in such specified order of seniority.

Section 5.07. Secretary. The secretary shall act under the direction of the chief executive officer. Subject to the direction of the chief executive officer, the secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record the proceedings in a book to be kept for that purpose, and the secretary shall perform like duties for the standing committees of the Board of Directors when requested to do so. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, shall have charge of the original stock books, stock transfer books and stock ledgers of the Corporation, and shall perform such other duties as may be prescribed by the chief executive officer or the Board of Directors. The secretary shall have custody of the seal of the Corporation and cause it to be affixed to any instrument requiring it, and when so affixed, it may be attested by the secretary's signature. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by such officer's signature.

Section 5.08. Assistant Secretaries. The assistant secretaries in order of their seniority, unless otherwise determined by the chief executive officer or the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe.

ARTICLE 6

Certificates of Stock

Section 6.01. Issuance. The stock of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution for any or all of the stock to be uncertificated shares. Notwithstanding any resolution by the board of directors providing for uncertificated shares, every holder of stock in the Corporation represented by certificates and, upon request, every holder of uncertificated shares in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the chairman of the board (or the vice chairman of the board, if any), the president or a vice president and the treasurer or an assistant treasurer or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation.

Section 6.02. Facsimile Signatures. If a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or (b) by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The seal of the Corporation or a facsimile thereof may, but need not, be affixed to certificates of stock.

Section 6.03. Lost Certificates, Etc.. The Corporation may establish procedures for the issuance of a new certificate of stock in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed and may in connection therewith require, among other things, the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed and the giving by such person to the Corporation of a bond in such sum as may be specified pursuant to such procedures as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 6.04. Transfer. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it shall be satisfied that all provisions of the Certificate of Incorporation, the By-laws and the laws regarding the transfer of shares have been duly complied with, to issue a new certificate to the person entitled thereto or provide other evidence of the transfer, cancel the old certificate and record the transaction upon its books.

Section 6.05. Registered Stockholders. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and dividends, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 6.06. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty or less than ten days before the date of such meeting, and not more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 7

Miscellaneous

Section 7.01. Declaration of Dividends. Dividends upon the shares of the capital stock of the Corporation may be declared and paid by the Board of Directors from the funds legally available therefor. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation.

Section 7.02. Reserves. The directors of the Corporation may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for such purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve.

Section 7.03. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 7.04. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE 8

Indemnification

Section 8.01. In General. Any person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation or for its benefit as a director, officer, employee or agent of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under and pursuant to any procedure specified in or pursuant to the General Corporation Law of the State of Delaware, as amended from time to time, from and against any and all expenses, liabilities and losses (including without limitation attorney's fees, judgments, fines and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers, employees, agents or representatives may have or hereafter acquire and, without limiting the generality of the foregoing, they shall be entitled to their respective rights of indemnification under any by-law, agreement, vote of stockholders or the Board of Directors, provision of law or otherwise, as well as their rights under this Article.

Section 8.02. Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity, or arising out of such status, whether or not the Corporation would have the power to indemnify such person against such liability.

Section 8.03. Additional Indemnification. The Board of Directors may from time to time adopt further by-laws with respect to indemnification and may amend these By-laws and such by-laws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of Delaware, as amended from time to time.

ARTICLE 9

Amendments

Section 9.01. By the Stockholders. Except as otherwise provided by statute or the Certificate of Incorporation, these By-laws may be amended by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class at any annual or special meeting of the stockholders, provided that notice of intention to amend shall have been contained in the notice of the meeting.

Section 9.02. By the Board of Directors. The Board of Directors by a majority vote of the whole Board of Directors at any meeting may amend these By-laws, including by-laws adopted by the stockholders, but the stockholders may, except as otherwise provided by statute or the Certificate of Incorporation, from time to time specify particular provisions of the By-laws which shall not be amended by the Board of Directors.

EMPLOYEE BENEFITS ALLOCATION AGREEMENT

This EMPLOYEE BENEFITS ALLOCATION AGREEMENT (this "Agreement"), dated as of March 30, 1998, by and among W. R. Grace & Co., a Delaware corporation ("Grace"), W. R. Grace & Co.-Conn., a Connecticut corporation and a wholly owned subsidiary of Grace ("Grace-Conn."), and General Specialty Chemicals, Inc. (to be renamed W. R. Grace & Co.), a Delaware corporation and a wholly owned subsidiary of Grace ("New Grace").

RECITALS

A. The Merger Agreement. Grace and Sealed Air Corporation, a Delaware corporation ("SAC"), have entered into an Agreement and Plan of Merger, dated as of August 14, 1997 (the "Merger Agreement"), pursuant to which, at the Effective Time (as defined therein), a wholly owned subsidiary of Grace will merge with and into SAC, with SAC being the surviving corporation (the "Merger"), and Grace being renamed Sealed Air Corporation.

B. The Distribution Agreement. The Distribution Agreement dated as of March 30, 1997, by and among Grace, Grace-Conn. and New Grace (the "Distribution Agreement") and the Other Agreements (as defined in the Distribution Agreement) set forth certain transactions that SAC has required as a condition to its willingness to consummate the Merger, and the purpose of the Distribution Agreement is to make possible the Merger by divesting Grace of the businesses and operations to be conducted by New Grace and its subsidiaries, including New Grace-Conn.

C. The Contribution. Prior to the Effective Time, and subject to the terms and conditions set forth in the Distribution Agreement, Grace intends to cause the transfer to a wholly owned subsidiary of Grace-Conn. ("Packco") of certain assets and liabilities of Grace and its subsidiaries predominantly related to the Packaging Business (the "Contribution"), as contemplated by the Distribution Agreement and the Other Agreements.

D. The Distribution. Following the Contribution and prior to the Effective Time, subject to the conditions set forth in the Distribution Agreement, (i) the capital stock of Packco will be distributed to Grace, (ii) the capital stock of Grace-Conn. will be contributed to New Grace and (iii) all of the issued and outstanding shares of the common stock of New Grace (together with the New Grace Rights, "New Grace Common Stock") will be distributed (the "Distribution") to the holders as of the Record Date of the common stock of Grace, par value $.01 per share ("Grace Common Stock"), other than shares held in the treasury of Grace, on a pro rata basis.

E. This Agreement. This Agreement is one of the Other Agreements contemplated by the Distribution Agreement, and its purpose is to set forth the agreement of Grace, Grace-Conn. and New Grace with respect to certain matters relating to employees and employee benefit plans and compensation arrangements;

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

ARTICLE I

DEFINITIONS

SECTION 1.1 General. Capitalized terms used but not defined herein shall have the meanings set forth in the Distribution Agreement or the Merger Agreement, as applicable. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

Agreement: has the meaning assigned to it in the preamble hereof.

ABO: has the meaning assigned to it in Section 4.1(b).

AICP: the Annual Incentive Compensation Program of Grace.

Alternate Payee: an alternate payee under a domestic relations order which qualifies under Section 414(p) of the Code and Section 206(d) of ERISA and which creates or recognizes an alternate payee's right to, or assigns to an alternate payee, all or a portion of the benefits payable to a participant under any Plan, or an alternate recipient under a medical child support order which qualifies under Section 609(a) of ERISA and which creates or recognizes the existence of an alternate recipient's right to, or assigns to an alternate recipient the right to, receive benefits for which a participant or beneficiary is eligible under any Plan.

ASA: has the meaning assigned to it in Section 4.1(b).

Benefit Plan: any Plan established, sponsored or maintained by any member of the Packco Group, any member of the New Grace Group, or any predecessor or affiliate of any of the foregoing, existing as of the Distribution Date or prior thereto, to which any member of the Packco Group or the New Grace Group contributes, has contributed, is required to contribute or has been required to contribute, on behalf of any employee of a member of the Packco Group or a member of the New Grace Group, or under which any employee of a member of the Packco Group or a member of the New Grace Group, former employee of a member of the Packco Group or a member of the New Grace Group, or any beneficiary or dependent thereof, is covered, is eligible for coverage or has benefits rights.

Change in Control Severance Agreements: the agreements listed on Schedule I hereto.

Change in Control Severance Plan: the Grace Change in Control Severance Program for U.S. Employees (April 3, 1996 - April 3, 1998).

Current Performance Period: any three-year performance period under the Grace LTIP that begins before and ends after the Effective Time.

Current Plan Year: the plan year or fiscal year, to the extent applicable with respect to any Plan, during which the Distribution Date occurs.

Cypress 401(k) Plans: the Cypress Packaging, Inc. Union Employees 401(k) Pension Plan and the Cypress Packaging, Inc. 401(k) Retirement Plan.

Deferred Compensation Plan: the W. R. Grace & Co. Deferred Compensation Program.

Distribution Agreement: has the meaning assigned to it in the fourth paragraph hereof.

Employee: with respect to any entity, an individual who is considered, according to the payroll and other records of such entity, to be employed by such entity, regardless of whether such individual is, at the relevant time, actively at work or on leave of absence (including vacation, holiday, sick leave, family and medical leave, disability leave, military leave, jury duty, layoff with rights of recall, and any other leave of absence or similar interruption of active employment that is not considered, according to the policies or practices of such entity, to have resulted in a permanent termination of such individual's employment), but excluding any individual who is, as of the relevant time, on long-term disability leave.

Foreign Plan: has the meaning assigned to it in Section 6.1.

Grace: has the meaning assigned to it in the first paragraph hereof.

Grace Dependent Care Plan: the W. R. Grace & Co. Dependent Care Plan.

Grace LTIP: the Grace Long Term Incentive Program.

Grace Medical Expense Plan: the W. R. Grace & Co. Health Care Reimbursement Account Plan.

Grace Option: an option to purchase shares of Grace Common Stock granted pursuant to any Grace Stock Incentive Plan.

Grace Severance Pay Plan: the W. R. Grace & Co. Severance Pay Plan for Salaried Employees, as amended effective July 1, 1996.

Grace Stock Incentive Plans: the Grace 1996 Stock Incentive Plan, the Grace 1994 Stock Incentive Plan, the Grace 1989 Stock Incentive Plan, the Grace 1986 Stock Incentive Plan, and the Grace 1981 Stock Incentive Plan.

Hourly Non-Union Retirement Plan: the W. R. Grace & Co.-Conn. Retirement Plan for Non-Union Employees of Subsidiary Corporations.

Hourly SIP: the W. R. Grace & Co. Hourly Employee Savings and Investment Plan.

Insured Foreign Plan: a Foreign Plan that provides retirement or pension benefits and that is funded through individually allocated insurance contracts, each of which is identified as such in the Packaging Business Disclosure Letter to the Merger Agreement.

IRS: the Internal Revenue Service.

Local Actuary: has the meaning assigned to it in Section 6.1.

LTIP Awards: has the meaning assigned to it in Section 3(a) hereof.

Newco Ratio: the amount obtained by dividing (i) the average of the arithmetic mean between the highest and lowest sales prices of a share of Grace Common Stock on the New York Stock Exchange Composite Tape on each of the five trading days immediately preceding the ex-dividend date for the Distribution by (ii) the average of the arithmetic mean between the highest and lowest sales prices of a share of Newco Common Stock on the New York Stock Exchange Composite Tape on each of the five trading days beginning on the ex-dividend date for the Distribution.

New Grace Benefit Plan: any Benefit Plan that is sponsored or maintained by a member of the New Grace Group as of the Distribution Date.

New Grace Employee: any Employee who is allocated to the New Grace Group pursuant to Section 2.1 of this Agreement and who is not hired by any member of the Packco Group pursuant to Section 6.11(b) of the Merger Agreement.

New Grace Participant: any individual who is a New Grace Employee or a beneficiary, dependent or Alternate Payee of such an individual.

New Grace Ratio: the amount obtained by dividing (i) the average of the arithmetic mean between the highest and lowest sales prices of a share of Grace Common Stock on the New York Stock Exchange Composite Tape on each of the five trading days immediately preceding the ex-dividend date for the Distribution by (ii) the average of the arithmetic mean between the highest and lowest sales prices of a share of New Grace Common Stock on the New York

Stock Exchange Composite Tape on each of the five trading days beginning on the ex-dividend date for the Distribution.

Noninsured Foreign Pension Plan: a Foreign Plan that is a defined benefit pension plan and is not an Insured Foreign Plan, each Noninsured Foreign Pension Plan being identified as such in the Packaging Business Disclosure Schedule to the Merger Agreement.

Packco Benefit Plan: any Benefit Plan that is sponsored or maintained by a member of the Packco Group following the Distribution Date.

Packco Employee: any Employee who is allocated to the Packco Group pursuant to Section 2.1 of this Agreement or who is hired by any member of the Packco Group pursuant to Section 6.11(b) of the Merger Agreement.

Packco Health Plan: the Blue Cross Blue Shield Health Plan for Cryovac and Formpac Employees.

Packco Hourly Non-Union Retirement Plan: has the meaning assigned to it in Section 4.1(d).

Packco Medical and Dependent Care Expense Plan: the Health Care and Dependent Care Spending Account Plan for Cryovac and Formpac Employees.

Packco Participant: any individual who is a Packco Employee or a beneficiary, dependent or Alternate Payee of such an individual.

Packco Savings Plan: a Qualified Plan designated by Grace to receive a transfer of assets from the Hourly SIP and/or the Salaried SIP pursuant to Section 4.2(b).

Pension Plan: any Benefit Plan that is an "employee pension benefit plan" (within the meaning of section 3(2) of ERISA), whether or not that Plan is a Qualified Plan.

Plan: any bonus, incentive compensation, deferred compensation, pension, profit sharing, retirement, stock purchase, stock option, stock ownership, stock appreciation rights, phantom stock, company car, fringe benefit, leave of absence, layoff, vacation, day or dependent care, legal services, cafeteria, life, health, medical, accident, disability, workman's compensation or other insurance, severance, separation or other employee benefit plan, practice, policy or other arrangement of any kind (including, but not limited to, any "employee benefit plan" (within the meaning of section 3(3) of ERISA)).

Qualified Plan: any Benefit Plan that is an "employee pension benefit plan" (within the meaning of section 3(2) of ERISA) and which is intended to qualify under section 401(a) of the Code.

Salaried Retirement Plan: the W. R. Grace & Co. Retirement Plan for Salaried Employees.

Salaried SIP: the W. R. Grace & Co. Salaried Employees Savings and Investment Plan.

Salary Protection Plan: the W. R. Grace & Co. Executive Salary Protection Plan.

Schurpack 401(k) Plan: the Schurpack Employees 401(k) Thrift Plan.

SERP: the W. R. Grace & Co. Supplemental Executive Retirement Plan.

Split Dollar Program: the W. R. Grace & Co. Executive Split Dollar Life Insurance Program.

Terminated Grace Employee: any individual who is, as of the Distribution Date, a former Employee of any member of the New Grace Group or the Packco Group.

Terminated Grace Participant: a Terminated Grace Employee or a beneficiary, dependent or Alternate Payee of a Terminated Grace Employee.

Termination Benefits: has the meaning assigned to it in Section 2.2(a) hereof.

Union Retirement Plan: the Retirement Plan of W. R. Grace & Co.-Conn. Chemical Group (Cedar Rapids Plant).

U.S. Welfare Plan: a Welfare Plan other than a Welfare Plan that is maintained outside of the United States primarily for the benefit of individuals substantially all of whom are nonresident aliens with respect to the United States.

Welfare Plan: any Benefit Plan that is an "employee welfare benefit plan" (within the meaning of section 3(1) of ERISA).

ARTICLE II

TRANSFER OF EMPLOYEES; TERMINATION BENEFITS

SECTION 2.1 Transfer of Employees. (a) Grace and New Grace shall take all steps necessary or appropriate so that all of the Employees of Grace and its subsidiaries are allocated between the New Grace Group and the Packco Group in accordance with the principles set forth in the Section 2.1(b), and so that each individual who is so allocated to the Packco Group is, as of the Distribution Date, an Employee of a member of the Packco Group,

and each other individual who is, as of the Distribution Date, an Employee of Grace or any of its Subsidiaries is an Employee of a member of the New Grace Group.

(b) In making the allocation provided for in Section 2.1, Grace and New Grace shall allocate each Employee who is exclusively employed in the Packaging Business to the Packco Group and each Employee who is exclusively employed in the New Grace Business to the New Grace Group. All other Employees shall be allocated in a mutually agreeable manner that, to the extent possible, takes into account the Employees' expertise, experience and existing positions and duties and does not unreasonably disrupt either the Packaging Business or the New Grace Business and maximizes the ability of each of the Packco Group and the New Grace Group to manage and operate their respective businesses after the Distribution Date, taking into account the respective needs of such businesses as established by past practice.

SECTION 2.2 Change of Control Benefits; Termination Benefits. (a) No New Grace Employee and no Packco Employee shall be deemed, as a result of the steps called for by Section 2.1 or otherwise as a result of the consummation of the transactions contemplated by the Distribution Agreement and the Merger, to have become entitled to any benefits under any Benefit Plan, contract, agreement, statute, regulation or other arrangement that provides for the payment of severance pay, salary continuation, pay in lieu of notice, unused vacation pay, or similar benefits in connection with actual or constructive termination or alleged actual or constructive termination of employment (collectively, "Termination Benefits"). Without limiting the generality of the foregoing, none of the transactions contemplated by the Distribution Agreement and the Merger Agreement constitute a "change in control" for purposes of any Benefit Plan. Grace shall take all steps necessary and appropriate so that any Change in Control Severance Agreement between Grace and any Packco Employee terminates before the Distribution Date.

(b) All Liabilities (other than for Severance Costs as defined in Section 8.04 of the Distribution Agreement) relating to or arising out of claims made by or on behalf of New Grace Participants or Packco Participants for, or with respect to, Termination Benefits relating to the actual or constructive termination or alleged actual or constructive termination of employment of any New Grace Employee or Packco Employee with any member of the Packco Group or the New Grace Group, which claims arise as a result of the consummation of the transactions contemplated by the Distribution Agreement, shall be considered other Transaction Costs that are governed by clause (ii) of the first sentence of Section 8.04 of the Distribution Agreement.

(c) Except as specifically provided otherwise in Section 2.2(b) above and in Section 8.04 of the Distribution Agreement, effective as of the Distribution Date, the New Grace Group shall assume or retain, as appropriate, all Liabilities relating to or arising out of claims made by or on behalf of New Grace Participants for, or with respect to, Termination Benefits relating to the actual or constructive termination or alleged actual or constructive termination of employment of any New Grace Employee with any member of the Packco Group or the New Grace Group, whether before, on or after the Distribution Date. In addition, the New Grace Group shall assume or retain, as appropriate, all Liabilities (including with respect to Packco Employees) pursuant to the Change in Control Severance Plan and the Change in Control Severance Agreements.

(d) Except as specifically provided otherwise in Sections 2.2(b) and (c) above and in Section 8.04 of the Distribution Agreement, effective as of the Distribution Date, the Packco Group shall assume or retain, as appropriate, all Liabilities relating to or arising out of claims made by or on behalf of Packco Participants for, or with respect to, Termination Benefits relating to the actual or constructive termination or alleged actual or constructive termination of employment of any Packco Employee with any member of the Packco Group or the New Grace Group, whether before (in the case of constructive termination), on or after the Distribution Date.

ARTICLE III

INCENTIVE PLANS

SECTION 3.1 Grace LTIP. (a) The contingent awards for Current Performance Periods held by New Grace Participants and Packco Participants (such contingent awards, the "LTIP Awards") under the Grace LTIP shall be adjusted and paid in cash by New Grace in accordance with such methodology as New Grace determines in its sole discretion.

(b) Effective as of the Distribution Date, the New Grace Group shall assume or retain, as appropriate, all Liabilities relating to or arising out of awards payable under the Grace LTIP.

SECTION 3.2 Grace Options. (a) New Grace shall assume and adopt, effective as of the Distribution Date, each of the Grace Stock Incentive Plans, with such changes as may be necessary to reflect the change in the issuer of awards thereunder and such other changes as New Grace shall, in its sole discretion, determine. As soon as practicable after and effective as of the Distribution Date, all Grace Options that are then outstanding shall be adjusted or replaced as set forth in this Section 3.2, or in such other manner as the parties hereto shall agree.

(b) Each such Grace Option that is held by a New Grace Employee or a Terminated Grace Participant shall be replaced with an option (a "New Grace Option") to acquire a number of New Grace Common Shares that equals the number of shares subject to such Grace Option immediately before such replacement, times the New Grace Ratio (rounded up to the nearest whole share), with a per-share exercise price that equals the per-share exercise price of such Grace Option immediately before such replacement, divided by the New Grace Ratio (rounded up to the nearest one hundredth of a cent). Each New

Grace Option shall otherwise have the same terms and conditions as the Grace Option it replaces, except that references to employment by or termination of employment with Grace and its affiliates shall be changed to references to employment by or termination of employment with New Grace and its affiliates. Effective as of the Distribution Date, New Grace shall assume all Liabilities relating to or arising under the New Grace Options or the Grace Stock Incentive Plans.

(c) Each such Grace Option that is held by a Packco Employee shall be adjusted so that the number of Newco Common Shares subject to such Grace Option equals the number of shares subject to such Grace Option immediately before such adjustment, times the Newco Ratio (rounded down to the nearest whole share), and the per-share exercise price equals the per-share exercise price of such Grace Option immediately before such adjustment, divided by the Newco Ratio (rounded up to the nearest whole cent). Each Grace Option as so adjusted shall otherwise have the same terms and conditions as were in effect before such adjustment. Effective as of the Distribution Date, Grace shall retain all Liabilities relating to or arising under the Grace Options held by Packco Employees.

SECTION 3.3 Annual Incentive Compensation Plan. (a) New Grace shall pay, or cause to be paid by another member of the New Grace Group, all bonuses earned by Packco Employees and New Grace Employees for the 1997 calendar year under the AICP, in accordance with the terms of the AICP as interpreted by New Grace in its sole discretion. Effective as of the Distribution Date, the New Grace Group shall assume all Liabilities relating to or arising under the AICP.

(b) Packco Employees shall not be eligible to earn bonuses under the AICP for 1998 or any subsequent year. However, if the Distribution Date occurs later than March 31, 1998, then Grace and New Grace shall use reasonable best efforts to develop and implement an annual incentive program for Packco Employees, the cost of which will be shared between the New Grace Group and the Packco Group in a manner relating to the relative portions of the 1998 calendar year that precede and follow the Distribution Date.

ARTICLE IV

PENSION AND SAVINGS PLANS

SECTION 4.1 Retirement Plans and Supplemental Retirement Plan. (a) Grace, New Grace and Grace-Conn. shall take all steps necessary or appropriate so that, effective no later than the Distribution Date: (i) one or more members of the New Grace Group are the sole sponsors of the Salaried Retirement Plan, the SERP and the Hourly Non-Union Retirement Plan; and (ii) one or more members of the Packco Group are the sole sponsors of the Union Retirement Plan. Such steps shall include, without limitation, the appointment or reappointment by New Grace (by action after the Distribution Date to approve or ratify such appointment or reappointment) of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to the Salaried Retirement Plan, the SERP and the Hourly Non-Union Retirement Plan, and the appointment or reappointment by Grace of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to the Union Retirement Plan.

(b) Effective as of the Distribution Date, the Packco Employees shall cease accruing benefits under the Salaried Retirement Plan, the SERP and the Hourly Non-Union Retirement Plan. As promptly as practicable following the Distribution Date, and effective as of the Distribution Date, Grace intends to implement a program for Packco Employees who participated in the Salaried Retirement Plan before the Distribution Date designed to substantially make up for any anticipated material adverse impact on them resulting from the termination of such participation as of the Distribution Date. Such program will assume that each such Packco Participant works as an employee until normal retirement (age 65) and that he or she will achieve a reasonable investment return on his or her account in the Sealed Air Corporation Profit Sharing Plan. Upon the implementation of such program by Grace, New Grace shall (i) cause the Salaried Retirement Plan to be amended so that, effective immediately before the Distribution Date: (A) the accrued benefit of each Packco Employee who is a participant therein is increased by crediting such Packco Employee with an additional year of service; (B) the accrued benefit of each such Packco Employee who is at least 40 years old as of the Distribution Date is also increased by an amount equal to the lesser of (x) 13 percent of the amount of such accrued benefit (after giving effect to the increase described in clause (A) of this sentence) or (y) the increase that results from crediting such Packco Employee with an additional four years of service, and (C) the accrued benefits of all such Packco Employees, as so increased, shall be fully vested as of the Distribution Date; or (ii) provide additional retirement benefits to such Packco Employees as a group having, in the aggregate, a value substantially equivalent to the increased benefits described in clause (i); provided, that the aggregate expense associated with the benefits described in clause (i) or (ii) (as applicable) shall be limited to the extent necessary so that the Accrued Benefit Obligation, calculated in accordance with FAS 87 ("ABO"), of such benefits does not exceed $15 million. Such ABO shall be determined by Actuarial Sciences Associates ("ASA") in accordance with the actuarial assumptions set forth in Schedule II hereto and in a manner consistent with past practice with respect to the Salaried Retirement Plan.

(c) Effective as of the Distribution Date, the New Grace Group shall assume or retain (as applicable) all Liabilities relating to or arising under the Salaried Retirement Plan and the SERP, including without limitation for benefits payable thereunder to Packco Participants. Effective as of the Distribution Date, the Packco Group shall assume or retain (as applicable) all Liabilities relating to or arising under the Union Retirement Plan.

(d) (i) Effective immediately after the Effective Time, Grace shall establish, cause to be established or designate a defined benefit pension plan (the "Packco Hourly Non-Union Retirement Plan") to provide benefits and assume liabilities and accept a transfer of assets from the Hourly Non-Union Retirement Plan, as provided for in this Section 4.1(d).

(ii) As soon as practicable after the Effective Time, following (A) the receipt by New Grace of a copy of a favorable determination letter or Grace's certification to New Grace, in a manner reasonably acceptable to New Grace, that the Packco Hourly Non-Union Retirement Plan is qualified under Section 401(a) of the Code and the related trust is exempt from taxation under Section 501(a) of the Code, and (B) the receipt by Grace of a copy of a favorable determination letter or New Grace's certification to Grace, in a manner reasonably acceptable to Grace, that the Hourly Non-Union Retirement Plan is qualified under Section 401(a) of the Code and the related trust is exempt from taxation under Section 501(a) of the Code, New Grace shall direct the trustee of the trust funding the Hourly Non-Union Retirement Plan to transfer to the trustee of the trust established to fund the Packco Hourly Non-Union Retirement Plan the amount described in Section 4.1(d)(iii) below. Such transfer shall be in cash unless otherwise agreed by Grace and New Grace. As of the date of such transfer, and effective immediately after the Effective Time, the Packco Group and the Packco Hourly Non-Union Retirement Plan shall assume all Liabilities for benefits payable to Packco Participants under the Hourly Non-Union Retirement Plan, and the New Grace Group and the Hourly Non-Union Retirement Plan shall retain no Liabilities for such benefits.

(iii) The amount transferred pursuant to this Section 4.1(d) shall be an amount equal to (A) less (B), as adjusted by (C); where (A) equals a portion of the assets of the Hourly Non-Union Retirement Plan having a fair market value equal to the ABO as of the Distribution Date attributable to Packco Participants; where (B) equals the aggregate payments made from the trust funding the Hourly Non-Union Retirement Plan in respect of Packco Participants from the Effective Time through the date the transfer occurs; and where (C) equals the amount of the net earnings or losses, as the case may be, from the Effective Time through the date the transfer occurs, on the average of the daily balances of the foregoing and based upon the actual rate of return earned by the Hourly Non-Union Retirement Plan during such period. All of the foregoing calculations shall be made by ASA in accordance with the assumptions set forth on Schedule III hereto. Grace shall be entitled to review and comment on such calculations as ASA is in the process of performing them. Notwithstanding the foregoing, however, in no event shall the amount so transferred be less than the amount necessary to comply with, nor more than the maximum amount permitted by, Section 414(l) of the Code and the regulations promulgated thereunder, as determined by ASA.

(iv) Grace, New Grace and Grace-Conn. shall, in connection with the transfer described in this Section 4.1(d), cooperate in making any and all appropriate filings required under the Code or ERISA, and the regulations thereunder and any applicable securities laws, and take all such action as may be necessary and appropriate to cause such transfers to take place as soon as practicable after the Effective Time. New Grace and Grace-Conn. agree, during the period ending with the date of the transfer of assets to the Packco Hourly Non-Union Retirement Plan, to cause distributions in respect of Packco Participants to be made in the ordinary course from the Hourly Non-Union Retirement Plan in accordance with applicable law and pursuant to plan provisions.

SECTION 4.2 Savings Plans. (a) Grace, New Grace and Grace-Conn. shall take all steps necessary or appropriate so that, effective no later than the Distribution Date: (i) one or more members of the New Grace Group are the sole sponsors of the Hourly SIP and the Salaried SIP; and (ii) one or more members of the Packco Group are the sole sponsors of the Cypress 401(k) Plans and the Schurpack 401(k) Plan. Effective as of the Distribution Date, the Packco Group shall assume all Liabilities relating to or arising under the Cypress 401(k) Plans and the Schurpack 401(k) Plan. Such steps shall include, without limitation, the appointment or reappointment by New Grace (by action after the Distribution Date to approve or ratify such appointment or reappointment) of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to the Hourly SIP and the Salaried SIP, and the appointment or reappointment by Grace of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to the Cypress 401(k) Plans and the Schurpack 401(k) Plan.

(b) Each of the transfers provided for in this Section 4.2(b) shall be implemented only if both Grace and New Grace so agree after the Distribution Date.

(i) Grace, New Grace and Grace-Conn. shall take all steps necessary or appropriate in order to transfer to a Packco Savings Plan and the related trust, as soon as practicable after the Effective Time, all account balances (including the pre-tax, after-tax and rollover account balances) under each of the Hourly SIP and the Salaried SIP of all Packco Participants. Such assets shall be transferred in kind, to the extent elected by New Grace with the consent of Grace (which consent shall not be unreasonably withheld), and otherwise shall be made in cash; provided, that in any event, unless the parties agree otherwise, any outstanding participant loans and FMC American Depositary Receipts shall be transferred in kind. It is the intention of Grace, New Grace and Grace-Conn. to carry out such transfer so as to preserve, to the extent practicable, the investment elections of participants as in effect immediately before the transfer, unless the parties agree otherwise.

(ii) Grace, New Grace and Grace-Conn. shall cooperate in making all appropriate filings required under the Code or ERISA, and the regulations thereunder and any applicable securities laws, implementing all appropriate communications with participants, maintaining and transferring appropriate records, and taking all such other actions as may be necessary and appropriate

to implement the provisions of this Section 4.2(b) and to cause the transfers of assets pursuant to this Section 4.2(b) to take place as soon as practicable after the Effective Time; provided, that each of such transfers shall take place only after (A) the receipt by New Grace of a favorable determination letter or Grace's certification, in a manner reasonably acceptable to New Grace, that the relevant Packco Savings Plan is qualified under Section 401(a) of the Code and the related trust is exempt from taxation under Section 501(a) of the Code, and (B) the receipt by Grace of a favorable determination letter or New Grace's certification, in a manner reasonably acceptable to Grace, that the Hourly SIP or the Salaried SIP, as applicable, is qualified under Section 401(a) of the Code and the related trust is exempt from taxation under Section 501(a) of the Code.

(c) If Grace and New Grace agree to implement the transfers provided for in Section 4.2(b), subject to the completion of such transfer and effective as of the Distribution Date, the members of the Packco Group and the SAC Savings Plan shall assume all Liabilities to or relating to Packco Participants relating to or arising under the Hourly SIP and the Salaried SIP. Effective as of the Distribution Date, the New Grace Group shall assume or retain (as applicable) all Liabilities relating to or arising under the Hourly SIP and the Salaried SIP, including without limitation for benefits payable thereunder to Packco Participants, that are not assumed by the Packco Group and the relevant Packco Savings Plan pursuant to the preceding sentence.

SECTION 4.3 Qualification of Plans. The New Grace Group shall be responsible for all Liabilities incurred by the Packco Group as a result of the failure of any of the Hourly Non-Union Retirement Plan, the Union Retirement Plan, the Hourly SIP, the Salaried SIP, the Cypress 401(k) Plans or the Schurpack 401(k) Plan to be qualified under Section 401(a) of the Code on or before the date assets are transferred from such Plan to a Packco Benefit Plan, or the date sponsorship of such Plan is assumed by any member of the Packco Group, as applicable. The Packco Group shall be responsible for all Liabilities incurred by the New Grace Group as a result of the failure of the Packco Hourly Non-Union Retirement Plan or any Packco Savings Plan to be qualified under Section 401(a) of the Code on or before the date assets are transferred to such Plan from a New Grace Benefit Plan. The parties hereto agree that to the extent any of them becomes aware that any such Plan fails or may fail to be so qualified, it shall notify the other parties and the parties shall cooperate and use best efforts to avoid such disqualification, including using the Internal Revenue Service's Voluntary Compliance Resolution program or similar programs, and taking any steps available pursuant to such program to avoid disqualification, as determined by the party who is made responsible under this Section 4.3 for the Liabilities that would result from such disqualification (and the Liabilities for which such party is responsible shall include all costs and expenses resulting from such steps, including fines, penalties, contributions, attorneys' fees and expenses and administrative expenses).

ARTICLE V

WELFARE AND OTHER BENEFITS

SECTION 5.1 Benefits for Active Employees. (a) Grace, New Grace and Grace-Conn. shall take all steps necessary or appropriate so that, effective no later than the Distribution Date, one or more members of the Packco Group are the sole sponsors of the Packco Health Plan. Such steps shall include, without limitation, the appointment or reappointment by Grace of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to the Packco Health Plan, to the extent such appointments or reappointments are necessary.

(b) Effective as of the Distribution Date, the New Grace Group shall assume or retain (as applicable) all Liabilities relating to or arising out of claims for benefits under U.S. Welfare Plans by New Grace Participants and Terminated Grace Participants, whenever such claims are incurred, and (ii) by Packco Participants to the extent such claims are incurred before the Distribution Date and reported within 365 days thereafter. Effective as of the Distribution Date, the Packco Group shall assume or retain (as applicable) all Liabilities relating to or arising out of all other claims for benefits under U.S. Welfare Plans by Packco Participants, except as specifically provided in Section 5.2.

SECTION 5.2 Retiree Welfare Benefits. Effective as of the Distribution Date, the New Grace Group shall assume all Liabilities for providing post-retirement medical and life insurance benefits under U.S. Welfare Plans sponsored by Grace or any of its subsidiaries before the Distribution Date or any members of the New Grace Group on or after the Distribution Date, to: (i) Terminated Grace Participants; (ii) Packco Participants who would have been eligible to receive such benefits if they had retired at any time on or before the first anniversary of the Distribution Date (regardless of when they actually do retire); and (iii) any New Grace Participants who become eligible for such benefits after the Distribution Date pursuant to the Grace Severance Pay Plan as a result of a termination of employment as of the Distribution Date. Effective as of the Distribution Date, the Packco Group shall provide Packco Participants who retire after the Distribution Date for whom the New Grace has not assumed Liabilities for providing post-retirement medical and life insurance benefits pursuant to the preceding sentence with such benefits pursuant to one or more group insurance or group self-insured programs; provided, that the Packco Group may require such Packco Participants to bear the entire cost of such benefits, together with a reasonable fee for their allocable share of the Packco Group's costs of administering such programs.

SECTION 5.3 Severance. The Packco Group shall adopt, effective as of the Distribution Date, and shall maintain in effect without amendment adverse to participants, at least through the first anniversary of the Distribution Date, a severance plan providing Packco Employees with

severance benefits as outlined in Exhibit A hereto.

SECTION 5.4 Split Dollar Plan; Deferred Compensation Plan; Salary Protection Plan. Effective as of the Distribution Date, each Packco Employee who participates in the Split Dollar Plan, the Deferred Compensation Plan or the Salary Protection Plan shall be treated as a terminated participant under such Plan, and shall have the same options with respect to such Plan as are available to any other participant in such Plan upon termination of employment, in accordance with the terms of such Plan as in effect immediately before the Distribution Date. Effective as of the Distribution Date, the New Grace Group shall assume all Liabilities relating to or arising under the Split Dollar Plan, the Deferred Compensation Plan and the Salary Protection Plan.

SECTION 5.5 Dependent Care and Medical Expense Plans. (a) Grace, New Grace and Grace-Conn. shall take all steps necessary or appropriate so that, effective no later than the Distribution Date, one or more members of the New Grace Group are the sole sponsors of the Grace Dependent Care Plan and the Grace Medical Expense Plan, and the New Grace Group shall assume all Liabilities under such Plans. Such steps shall include, without limitation, the appointment or reappointment by New Grace (by action after the Distribution Date to approve or ratify such appointment or reappointment) of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to such Plans, to the extent such appointments or reappointments are necessary.

(b) Grace, New Grace and Grace-Conn. shall take all steps necessary or appropriate so that, effective no later than the Distribution Date, one or more members of the Packco Group are the sole sponsors of the Packco Medical and Dependent Care Expense Plan, and the Packco Group shall assume all Liabilities under such Plan. Such steps shall include, without limitation, the appointment or reappointment by Grace of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to such Plan, to the extent such appointments or reappointments are necessary. No employer contributions to such Plan shall be made or promised with respect to the 1998 plan year unless the parties otherwise agree.

ARTICLE VI

NON-U.S. PLANS

SECTION 6.1 Non-U.S. Plans Generally. As soon as practicable after the date of this Agreement, the parties hereto shall enter into one or more agreements or memoranda of understanding (collectively, the "Foreign Plans Agreement") regarding the treatment and allocation of Liabilities relating to or arising under Benefit Plans (the "Foreign Plans") for Employees located outside the United States, including without limitation expatriates, and to expatriate employees located in the United States. The Foreign Plans Agreement shall provide for the treatment of each Foreign Plan, which treatment may include (without limitation) (i) the retention or assumption of such Foreign Plan by the Packco Group, (ii) the retention or assumption of such Foreign Plan by the New Grace Group, or (iii) an allocation of the liabilities and assets (if any) of the Foreign Plan between a Plan (which may include the Foreign Plan) that is intended to be maintained by the New Grace Group and a Plan (which may include the Foreign Plan) that is intended to be maintained by the Packco Group, after the Distribution Date; provided, that the insurance contracts funding each Insured Foreign Pension Plan (and any assets related thereto) shall be divided between the appropriate Packco Benefit Plan and New Grace Benefit Plan by the insurer in accordance with applicable law, regulation and practice. Any transfers of assets or liabilities from a Noninsured Foreign Pension Plan shall be made on the basis of reasonable methods and assumptions determined by the local actuarial firm that is, as of the date of this Agreement, serving as the actuary for such Noninsured Foreign Pension Plan (or another actuarial firm if the parties hereto so agree) (the "Local Actuary"), in accordance with applicable legal and regulatory requirements, local practice and the past practice of Grace; provided, that each of Grace, Grace-Conn. and New Grace shall be entitled to review such methods and assumptions and object to them if they are unreasonable, and to review all calculations and determinations of the Local Actuary for accuracy. It is the intention of the parties hereto that the Packco Group will assume or retain Liabilities for Packco Employees under Foreign Plans and that to the extent permitted and practicable under legal and regulatory requirements and local practice, assets transferred from Noninsured Foreign Pension Plans pursuant to the Foreign Plans Agreement shall equal the Projected Benefit Obligation, calculated in accordance with FAS 87, for the liabilities assumed by Packco Benefit Plans pursuant to the Foreign Plans Agreement.

ARTICLE VII

GENERAL

SECTION 7.1 Preservation of Rights to Amend or Terminate Plans and to Terminate or Change Terms of Employment. No provision of this Agreement shall be construed as a limitation on the rights of any member of the Packco Group or the New Grace Group to amend or terminate any Benefit Plan or other plan, program or arrangement relating to employees. No provision of this Agreement shall be construed to create a right in any employee or former employee or beneficiary or dependent of such employee or former employee under a Benefit Plan which such employee or former employee or beneficiary would not otherwise have under the terms of the Benefit Plan itself. Nothing contained in this Agreement shall confer upon any individual the right to remain an employee of any member of the Packco Group or the New Grace Group or restrain any member of the Packco Group or the New Grace Group from changing the terms and conditions of employment of any individual at any time following the Distribution Date, except as provided in Section 5.3 of this Agreement.

SECTION 7.2 Other Liabilities; Guarantee of Obligations. Effective as of the Distribution Date, the New Grace Group shall assume or retain (as applicable) all Liabilities relating to or arising out of claims for compensation and benefits made by or on behalf of any New Grace Participant, including salary, wages, bonuses, incentive compensation, severance benefits, separation pay, accrued sick, holiday, vacation, health, dental or retirement benefits, or other compensation under applicable law or otherwise, relating to or arising out of employment by Grace or any of its subsidiaries before the Distribution Date or employment by any member of the New Grace Group on or after the Distribution Date. Effective as of the Distribution Date, the Packco Group shall assume or retain (as applicable) responsibility for all Liabilities relating to or arising out of claims for compensation and benefits made by or on behalf of any Packco Participant, including salary, wages, bonuses, incentive compensation, severance benefits, separation pay, accrued sick, holiday, vacation, health, dental or retirement benefits, or other compensation under applicable law or otherwise, relating to or arising out of employment by Grace or any of its subsidiaries before the Distribution Date or employment by any member of the Packco Group on or after the Distribution Date. Notwithstanding the foregoing, this Section 7.2 shall not apply to any Liability that is specifically provided for elsewhere in this Agreement.

SECTION 7.3 Assumption of Plans; Termination of Participation. Except as specifically provided otherwise in this Agreement, Grace, New Grace and Grace-Conn. shall take all steps necessary or appropriate so that, effective no later than the Distribution Date, one or more members of the New Grace Group are the sole sponsors of all Benefit Plans that are, as of the date of this Agreement, sponsored by Grace, and the New Grace Group shall assume or retain (as applicable) all Liabilities relating to or arising under such Benefit Plans. Such steps shall include, without limitation and where appropriate, the appointment or reappointment by New Grace (by action after the Distribution Date to approve or ratify such appointment or reappointment) of all named fiduciaries, trustees, custodians, recordkeepers and other fiduciaries and service providers to such Benefit Plans. Except as specifically provided otherwise in this Agreement or in the agreement provided for in Section 6.1 of this Agreement, the accrual of benefits by Packco Participants in any New Grace Benefit Plan shall cease not later than the Distribution Date.

SECTION 7.4 Information. The parties hereto shall, before the Distribution Date or as soon as practicable thereafter, provide each other with all information as may reasonably be requested and necessary to administer each Benefit Plan effectively in compliance with applicable law. Such information shall be provided in the form requested if, at the time of such request, it exists in such form or can readily be converted to such form. If a request would require a party providing information to incur any expenses in order to receive advice from any actuary, consultant or consulting firm, the information need not be provided unless the requesting party reimburses the party providing the information for all such expenses.

SECTION 7.5 Complete Agreement; Coordination with Tax Sharing Agreement. (a) This Agreement, the Exhibits and Schedules hereto and the agreements and other documents referred to herein, shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof (other than the Distribution Agreement, the Merger Agreement and the schedules and exhibits thereto) and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

(b) This Agreement, and not the Tax Sharing Agreement, constitutes the sole agreement of the parties regarding responsibility for any excise taxes, penalties or similar levies that may be imposed by any taxing authority on, or with respect to, any Benefit Plan, except as otherwise specifically provided in the Tax Sharing Agreement with respect to payroll taxes.

SECTION 7.6 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware (other than the laws regarding choice of laws and conflict of laws that would apply the substantive laws of any other jurisdiction) as to all matters, including matters of validity, construction, effect, performance and remedies, except to the extent preempted by federal law.

SECTION 7.7 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given as provided in the Distribution Agreement.

SECTION 7.8 Successors and Assigns; No Third-Party Beneficiaries. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns, but neither this Agreement nor any of the rights, interests and obligations hereunder shall be assigned by any party hereto without the prior written consent of the other party (which consent shall not be unreasonably withheld). Without limiting the generality of the foregoing, it is expressly acknowledged that at the Effective Time, the Certificate of Incorporation of Grace will be amended (the "Newco Amendment") to change the name of Grace to "Sealed Air Corporation" and that references herein to "Grace" include, from and after the Effective Time, such corporation (which is also referred to in the Merger Agreement as Newco). Accordingly, to the extent this Agreement calls for the agreement of "Grace" or of "the parties" from and after the Effective Time, the agreement of Newco (as defined in the Merger Agreement) will be required. This Agreement is solely for the benefit of the parties hereto and their Subsidiaries and is not intended to confer, nor shall it confer, upon any other Persons (including New Grace Participants and Packco Participants) any rights or remedies hereunder.

SECTION 7.9 Amendment and Modification. This Agreement may be amended, modified or supplemented only by a written agreement signed by all

of the parties hereto.

SECTION 7.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 7.11 Interpretation. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties hereto and shall not in any way affect the meaning or interpretation of this Agreement.

SECTION 7.12 Indemnity Procedures. The provisions of Article IV of the Distribution Agreement shall apply with respect to Liabilities allocated under this Agreement.

SECTION 7.13 Severability. If any provision of this Agreement or the application thereof to any person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party.

SECTION 7.14 References; Construction. References to any "Article," "Exhibit," "Schedule" or "Section," without more, are to Articles, Exhibits, Schedules and Sections to or of this Agreement. Unless otherwise expressly stated, clauses beginning with the term "including" set forth examples only and in no way limit the generality of the matters thus exemplified.

SECTION 7.15 SAC Reasonable Consent. The parties hereto agree that any actions to be taken by Grace, Grace-Conn. or New Grace to implement the terms of this Agreement that are not specifically required herein that relate to Packco or the Packaging Business, and any actions that are to be taken pursuant to this Agreement only by agreement of the parties, must be reasonably satisfactory to SAC.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

W. R. GRACE & CO.

By: /s/ Larry Ellberger

Name: Larry Ellberger
Title: Senior Vice President

W. R. GRACE & CO.-CONN.

By: /s/ Robert B. Lamm

Name: Robert B. Lamm
Title: Vice President

GRACE SPECIALTY CHEMICALS, INC.

By: /s/ W.B. McGowan

Name: W.B. McGowan
Title: Senior Vice President

TAX SHARING AGREEMENT

This TAX SHARING AGREEMENT (this "Agreement"), dated as of March 30, 1998, by and among W. R. Grace & Co., a Delaware corporation ("Grace"), W. R. Grace & Co.-Conn., a Connecticut corporation and a wholly owned subsidiary of Grace ("Grace-Conn."), and Sealed Air Corporation, a Delaware corporation ("Sealed Air").

RECITALS

WHEREAS, Grace, Packco Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Grace, and Sealed Air have entered into an Agreement and Plan of Merger (the "Merger Agreement");

WHEREAS, Grace, Grace-Conn. and Grace Specialty Chemicals, Inc., a Delaware corporation and a wholly owned subsidiary of Grace ("New Grace"), have entered into the Distribution Agreement;

AND WHEREAS, Grace, on behalf of itself and the Packco Group, and Grace-Conn., on behalf of itself and the New Grace Group, wish to provide for the allocation between the Packco Group and the New Grace Group of all responsibilities, liabilities and benefits relating to or affecting Taxes (as hereinafter defined) paid or payable by either of them for all taxable periods, whether beginning before, on or after the Distribution Date (as hereinafter defined) and to provide for certain other matters.

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

ARTICLE I.

DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the respective meanings assigned to them in the Distribution Agreement or the Merger Agreement. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Action": as defined in Section 5.3(a).

"Active New Grace Businesses": as defined in Section 5.2(b).

"Active Packo Business": as defined in Section 5.1(b).

"Adjusted Item": as defined in Section 3.2(a)(v).

"Adjusted Party" means the party for the account of which is an Adjusted Item.

"Affiliated Group" means the affiliated group of which Grace is the common parent or any predecessor or successor thereto.

"Agreed Date": as defined in Section 2.2(b).

"Code" means the Internal Revenue Code of 1986, as amended, and shall include corresponding provisions of any subsequently enacted federal tax laws.

"Conn Prepared Returns": as defined in Section 2.2(a).

"Conn Prior Payments": as defined in Section 3.2(c)(iii).

"Consistency/Basis Disagreement": as defined in Section 2.2(b).

"Corresponding Item": as defined in Section 3.2(a)(v).

"Corresponding Party" means the party for the account of which is a Corresponding Item.

"Del Prepared Returns": as defined in Section 2.2(a).

"Discontinued Businesses": shall mean (x) the can sealing and coating portion of the New Grace Business which portion is described in the proviso to the definition of the Packaging Business and (y) certain other businesses currently accounted for as discontinued operations.

"Distribution Date" means the date on which the Distribution occurs. For purposes of this Agreement, the Distribution shall be deemed effective as of the close of business on the Distribution Date.

"Equity Securities" means any stock or other equity securities treated as stock for tax purposes, or options, warrants, rights, convertible debt, or any other instrument or security that affords any Person the right, whether conditional or otherwise, to acquire stock.

"Final Determination" means the final resolution of liability

for any Tax for a taxable period (i) by a duly executed IRS Form 870 or 870-AD (or any successor forms thereto), on the date such Form is effective, or by a comparable form under the laws of other jurisdictions; except that a Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund and/or the right of the taxing authority to assert a further deficiency shall not constitute a Final Determination with respect to the right so reserved; (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or comparable agreements under the laws of other jurisdictions; (iv) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing Tax; or (v) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"Foreign Cap" shall mean $3 million.

"Foreign Packco Subsidiary" means a Packco Subsidiary organized in a foreign jurisdiction.

"Foreign Packco Tax Item" means a Tax Item of a Foreign Packco Subsidiary arising in the Pre-Distribution Period attributable to the Packaging Business conducted by such Subsidiary other than any Tax Item of a Foreign Packco Subsidiary arising as a result of a Foreign Transfer.

"Foreign New Grace Subsidiary" means a New Grace Subsidiary organized in a foreign jurisdiction.

"Forwarding Party": as defined in Section 4.1.

"Forwarding Responsibilities": as defined in Section 4.1.

"Hypothetical Pre-Distribution Tax": as defined in Section 2.2(d).

"Hypothetical Pre-Distribution Overall Tax Benefit": as defined in Section 2.2(d).

"Indemnified Amount": as defined in Section 4.1.

"Indemnitee": as defined in Section 4.2(a).

"Indemnitor": as defined in Section 4.2(a).

"Indemnity Issue": as defined in Section 4.2(a).

"Interest": as defined under "Taxes" below.

"IRS" means the Internal Revenue Service.

"New Grace Tax Item" means a Tax Item arising in the Pre-Distribution Period attributable to (i) New Grace, Grace-Conn., Packco, any Foreign New Grace Subsidiary, any member of the Affiliated Group which was a member prior to the Distribution Date or any member of the affiliated group for United States federal income tax purposes of which W. R. Grace & Co., a New York corporation, was the common parent or (ii) the New Grace Business conducted by any Foreign Packco Subsidiary.

"Overall Tax Benefit" shall mean, for any taxable period, the net operating loss, unused credits (taking into account foreign tax credits when realized regardless of the period for which the associated earnings and profits were earned) and any other aggregate net unused Tax Benefit not used to reduce Taxes for the period.

"Packco Prior Payments": as defined in Section 3.2(c)(iii).

"Packaging Tax Item" means a Tax Item attributable to Sealed Air, any member of the Packco Group or otherwise relating to the Packaging Business or the Packaging Assets that is not a New Grace Tax Item or a Foreign Packco Tax Item.

"Payee": as defined in Section 3.2(c).

"Payor": as defined in Section 3.2(c).

"Post-Distribution Period" means the Post-Distribution Taxable Periods and the portion of any Straddle Period beginning on the date after the Distribution Date.

"Post-Distribution Taxable Period" means any taxable period beginning after the Distribution Date.

"Pre-Distribution Period" means the Pre-Distribution Taxable Periods and the portion of any Straddle Period ending on the Distribution Date.

"Pre-Distribution Schedules": as defined in Section 2.2(b).

"Pre-Distribution Taxable Period" means any taxable period ending on or before the Distribution Date.

"Proceeding" shall mean any audit or other examination, judicial or administrative proceeding relating to liability for or refunds or adjustments with respect to Taxes.

"Recipient Group": as defined in Section 4.1.

"Restriction Period" means the period beginning on the date hereof and ending on the two-year anniversary of the Effective Time.

"Reviewing Party": as defined in Section 5.3(c).

"Ruling/Opinion Exception": as defined in Section 5.1.

"Sealed Air Parties" means Sealed Air and each of its past, present or future Affiliates, other than any member of the Packco Group.

"Straddle Period" means a taxable period that includes, but does not end on, the Distribution Date.

"Substantial Authority": as defined in Section 2.1.

"Tax Benefit" means any item of loss, deduction, credit or any other Tax Item which decreases Taxes paid or payable.

"Tax Deficiency" means an assessment of Taxes, as a result of a Final Determination.

"Tax Detriment" means any item of income, gain, recapture of credit or any other Tax Item which increases Taxes paid or payable.

"Tax-Free Status" means the qualification of the Distribution (i) as a transaction described in Section 355(a)(1) of the Code, (ii) as a transaction in which the stock distributed thereby is qualified property for purposes of Section 355(c)(2) of the Code and (iii) as a transaction in which each of Grace, Grace-Conn., Packco, New Grace and each member of the New Grace Group recognizes no income or gain.

"Tax Item" means any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable, including an adjustment under Code Section 481 resulting from a change in accounting method.

"Tax Opinions" shall mean the tax opinions referred to in Section 7.1(e) of the Merger Agreement.

"Tax Refund" means a refund of Taxes as the result of a Final Determination.

"Tax Return" means any return, filing, questionnaire, information return or other document required to be filed, including requests for extensions of time, filings made with estimated tax payments, claims for refund and amended returns that may be filed, for any period with any taxing authority (whether domestic or foreign) in connection with any Tax or Taxes (whether or not a payment is required to be made with respect to such filing).

"Taxes" means all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a local, municipal, governmental, state, foreign, federation or other body, and, without limiting the generality of the foregoing, shall include income, sales, use, ad valorem, gross receipts, trade, license, value added, franchise, transfer, recording, withholding, payroll, employment, excise, occupation, unemployment insurance, social security, business license, business organization, stamp, environmental, premium and property taxes, together with any related interest, penalties and additions to any such tax, or additional amounts imposed by any taxing authority (domestic or foreign) (such interest, penalties, additions and additional amounts, "Interest").

"Transaction Party": as defined in Section 5.3(c).

ARTICLE II.

FILING OF TAX RETURNS

Section 2.1. Manner of Filing. All Tax Returns filed after the Distribution Date and the Pre-Distribution Schedules shall be prepared on a basis which is consistent with the consummation of the transactions as set forth in the Distribution Agreement, the Grace Tax Matters Certificate, the Sealed Air Tax Matters Certificate, the Tax Opinions and any opinions, rulings, agreements or written advice relating to Foreign Transfers (in the absence of a controlling change in law or circumstances) and shall be filed on a timely basis (including extensions) by the party responsible for such filing under this Agreement. In the absence of a controlling change in law or circumstances, all such Tax Returns and Pre-Distribution Schedules shall also be prepared on a basis which is consistent with the treatment of each of the Foreign Transfers in the jurisdictions listed on Exhibit A hereto as a reorganization, pursuant to a plan of reorganization, within the meaning of Section 368(a)(1)(D) of the Code. The Pre-Distribution Schedules and all Tax Returns in respect of a Pre-Distribution Taxable Period or portion, ending on the Distribution Date of any Straddle Period, that include any member of the New Grace Group or the Packco Group shall be prepared on the basis of substantial authority or on a reasonable basis with (if applicable) appropriate disclosure (each, "Substantial Authority"); provided, however, that such Schedules and Returns shall be prepared on a basis consistent with the elections (other than elections relating to carrybacks and carryforwards described in Section 3.3(a)), accounting methods, conventions and principles of taxation used for the most recent taxable periods of members of the New Grace Group for which Tax Returns involving similar Tax Items have been filed, to the extent that a failure to do so would result in a Tax Detriment, or a reduction in a Tax Benefit,

to a member of the Packco Group, as long as such consistent position has Substantial Authority. All Tax Returns in respect of a Post-Distribution Taxable Period or portion, beginning after the Distribution Date, of any Straddle Period, shall be prepared with Substantial Authority; provided, however, that such Returns shall be prepared on a basis consistent with the elections (other than elections relating to carrybacks and carryforwards described in Section 3.3(a)), accounting methods, conventions and principles of taxation used for the most recent taxable periods of members of the New Grace Group for which Tax Returns involving similar Tax Items have been filed, to the extent that a failure to do so would result in a Tax Detriment, or a reduction in a Tax Benefit, to a member of the other Group, as long as such consistent position has Substantial Authority. In the event of a conflict with respect to a Straddle Period between the requirements of the immediately preceding sentence and the second preceding sentence, the second preceding sentence shall prevail. Subject to the provisions of this Agreement, all decisions relating to the preparation of Tax Returns shall be made in the sole discretion of the party responsible under this Agreement for such preparation. Grace shall provide Grace-Conn. with copies of all Tax Returns filed after the Distribution Date that relate to any member of the New Grace Group. Grace-Conn. shall provide Grace with a copy of any portion of a Tax Return necessary to confirm Grace-Conn.'s entitlement to payment hereunder in respect of a carryback or refund.

Section 2.2. Pre-Distribution and Straddle Period Tax Returns.

(a) Grace shall prepare and file, or cause to be prepared and filed, any Tax Returns required to be filed by a member or members of the New Grace Group or the Packco Group for any Pre-Distribution Taxable Period and any Straddle Period; provided, however, that Grace-Conn. shall prepare and file, or cause to be prepared and filed, any Tax Returns relating solely to a member or members of the New Grace Group or their respective assets or businesses (such Tax Returns to be prepared and filed, or caused to be prepared and filed, by Grace, the "Del Prepared Returns", and by Grace-Conn., the "Conn Prepared Returns", respectively).

(b) With respect to any Del Prepared Return that has not been filed as of the Distribution Date and relates to a Pre-Distribution Taxable Period or a Straddle Period, Grace-Conn. shall, 25 calendar days before the due date (including extensions) for such Return, provide Grace with a schedule (collectively, the "Pre-Distribution Schedules") detailing the computation of (i) in the case of a Pre-Distribution Taxable Period, the Tax and/or Overall Tax Benefit and (ii) in the case of a Straddle Period, the Hypothetical Pre-Distribution Tax and/or Hypothetical Pre-Distribution Overall Tax Benefit, in either case, attributable to the member or members of the New Grace Group or the Packco Group included in such Return. Any Pre-Distribution Schedule relating to a Pre-Distribution Taxable Period shall be delivered to Grace in the form of a completed, but unexecuted Tax Return. If Grace so requests, Grace-Conn. shall discuss with Grace the preparation of, and allow Grace periodically to review major issues with respect to, any Pre-Distribution Schedule. In the event that Grace disagrees with any Tax Item reflected (or anticipated to be reflected) on a Pre-Distribution Schedule and demonstrates (by means of a written explanation in sufficient detail to permit such conclusion to be verified) its conclusion that Grace-Conn. has failed to comply with the requirements of the third sentence of Section 2.1 hereof (a "Consistency/Basis Disagreement"), Grace-Conn. shall explain its calculation of such Tax Item within 14 days of receipt of Grace's written explanation. The parties shall attempt in good faith mutually to resolve any Consistency/Basis Disagreements prior to the due date for filing the relevant Tax Return. Notwithstanding any other provision of this Agreement, with respect to estimated Tax payments to a foreign governmental authority for the first quarter of 1998 that are due before the parties have agreed on the amount in connection therewith for which Grace-Conn. is responsible hereunder, (I) Grace shall estimate in good faith and in accordance with past practice and make such estimated Tax payment, (II) Grace shall promptly provide such estimate to Grace-Conn., (III) Grace-Conn. shall deliver to Grace the applicable Pre-Distribution Schedule reasonably promptly after the Distribution Date (provided that Grace and its Affiliates reasonably and promptly cooperate with Grace-Conn. in the preparation thereof), (IV) Grace-Conn. shall not be required to make any payment in respect of such estimated Taxes to Grace until five days after the date that the parties agree on such Pre-Distribution Schedule (the "Agreed Date") (and such payment shall not exceed the amount of such estimated Tax paid, shall otherwise be determined based on the Pre-Distribution Schedule as distinguished from the estimated Tax paid, and shall be made in immediately available funds), and (IV) such payment shall bear interest from the time that payment is due to the applicable governmental authority until the earlier of the date that payment is made by Grace-Conn. and five days after the Agreed Date at the rate of interest charged for Eurodollar or LIBOR loans under Grace-Conn.'s principal senior bank debt agreement. If such payment by Grace-Conn. is not made by the fifth day after the Agreed Date, then such payment shall bear interest from the fifth day after the Agreed Date until the date that payment is made by Grace-Conn. at the rate that is two percent in excess of the rate set forth in clause (IV) of the preceding sentence.

(c) Whether or not any Consistency/Basis Disagreements or any other disagreements relating to a Tax Item on a Pre-Distribution Schedule have been resolved by the applicable due date, Grace shall (i) prepare the Del Prepared Returns on the basis of, and in a manner consistent with, the Pre-Distribution Schedules, (ii) provide Grace-Conn. with a copy of each Del Prepared Return 14 calendar days before such Return is filed and reflect any comments thereon provided in good faith by Grace-Conn. and (iii) provide Grace-Conn. with a copy of each Del Prepared Return two business days after such Return is filed. In the event that any Consistency/Basis Disagreements relating to a Pre-Distribution Schedule have not been resolved prior to the filing of the relevant Tax Return, such disagreements shall be promptly resolved pursuant to Section 6.7 hereof.

(d) The "Hypothetical Pre-Distribution Tax" shall mean the Tax that would have been due for the taxable period ending on the Distribution Date if the Distribution Date were the last day of the taxable period. The "Hypothetical Pre-Distribution Overall Tax Benefit" shall mean the Overall Tax Benefit that would have arisen in the taxable period ending on the Distribution Date if the Distribution Date were the last day of the taxable period. Such Tax or Overall Tax Benefit shall be computed by determining items of income, expense, deduction, loss and credit on a "closing of the books" basis, reflecting tax accounting principles as of the close of business on the Distribution Date.

Section 2.3. Post-Distribution Tax Returns. Any Tax Return for a Post-Distribution Taxable Period shall be the responsibility of the New Grace Group if such Tax Return relates solely to a member or members of the New Grace Group or their respective assets or businesses, and shall be the responsibility of the Packco Group if such Tax Return relates solely to a member or members of the Packco Group or Sealed Air or their respective assets or businesses.

ARTICLE III.

PAYMENT OF TAXES

Section 3.1. Allocation of Tax Liabilities With Respect to Unfiled Returns.

(a) All Taxes shall be paid by the party responsible under this Agreement for filing the Tax Return pursuant to which such Taxes are due; provided, however, that

(i) in the case of Taxes due with respect to Del Prepared Returns for Pre-Distribution Taxable Periods or Straddle Periods, Grace-Conn. shall pay Grace the amount, if any, of the Tax or Hypothetical Pre-Distribution Tax, as the case may be, if any, reflected in the Pre-Distribution Schedule relating to such Tax Return attributable to the member or members of the New Grace Group or the Packco Group included in such Return (and in the case of the Business Tax and Real Estate Tax due to France or a political subdivision thereof (and other Taxes due to any jurisdiction based on analogous principles), with respect to Post-Distribution Periods in 1998, Grace-Conn. shall pay Grace the amount of any Tax liability attributable to the New Grace Business). Such payment shall be made, at Grace-Conn.'s discretion, either in immediately available funds on the morning of the relevant date when payment is due to the governmental authority in respect of such Tax Return or, if not in immediately available funds, two business days prior to such due date. Grace shall forward any such payment that it receives from Grace-Conn. to the appropriate taxing authority.

(ii) in the case of Del Prepared Returns for any taxable period, on the relevant date on which payment is due (or a refund is received) in respect of such Tax Return, Grace shall pay Grace-Conn. the amount, if any, of the actual reduction in Taxes, or the actual increase in the Tax refund, that would have been payable or receivable with respect to such Tax Return but for any Overall Tax Benefit (or Hypothetical Pre-Distribution Overall Tax Benefit) that is for the account of Grace-Conn. under Section 3.2(a)(iii), below. In the case of a payment by Grace in respect of a reduction in Taxes, such payment shall be made in immediately available funds on the morning of the relevant due date or, if not in immediately available funds, two business days prior to the due date.

(iii) the parties intend that, in implementing this Section 3.1(a), payment and reimbursement between the parties shall reflect the principles of Section 3.2(a).

(b) Notwithstanding anything to the contrary, any Tax Item resulting from any act or omission not in the ordinary course of business (other than transactions contemplated by this Agreement, the Distribution Agreement, the Merger Agreement or the Benefits Agreement) on the part of any member of the Packco Group or any of the Sealed Air Parties occurring on the Distribution Date after the Effective Time shall be deemed to arise in a taxable period which begins after the Distribution Date.

Section 3.2. Indemnities; Redetermined Tax Liabilities. Except as otherwise provided in Article V:

(a) Indemnities.

(i) Grace-Conn. shall be responsible for (w) any Tax for a Pre-Distribution Taxable Period (and any Hypothetical Pre-Distribution Tax for a Straddle Period) of Grace, Grace-Conn., Packco, any Foreign New Grace Subsidiary, any current or former member of the Affiliated Group which was a member prior to the Distribution Date or any current or former member of the affiliated group for United States federal income tax purposes of which W. R. Grace & Co., a New York corporation, was the common parent, (x) any Tax for a Pre-Distribution Taxable Period (and any Hypothetical Pre-Distribution Tax for a Straddle Period) of a Foreign Packco Subsidiary attributable to the Packaging Business reflected on a Tax Return filed by such Subsidiary on or before the Distribution Date or on a Pre-Distribution Schedule, (y) any Tax of any member of the New Grace Group or a Foreign Packco Subsidiary, in either case, to the extent attributable to the New Grace Business and (z) 75% (or if the Packco Group has borne an amount of Tax in respect of adjustments to Foreign Packco Tax Items (and fees and expenses in Proceedings relating to such adjustments) that exceeds the Foreign Cap, then 100%) of any increase in Tax of a member

of the Packco Group attributable to an adjustment to a Foreign Packco Tax Item.

(ii) Grace shall be responsible for any Taxes (x) of any member of the Packco Group or otherwise relating to the Packaging Business or the Packaging Assets (except to the extent that Grace-Conn. is responsible for such Taxes pursuant to clause (i) above) and (y) of any of the Sealed Air Parties, whether arising before, on or after the Distribution Date.

(iii) Any Overall Tax Benefit (or Hypothetical Pre-Distribution Overall Tax Benefit) shall be for the account of Grace-Conn. to the extent that such Overall Tax Benefit (or Hypothetical Pre-Distribution Overall Tax Benefit) is attributable to (w) Grace, Grace-Conn., Packco, any Foreign New Grace Subsidiary, any current or former member of the Affiliated Group which was a member prior to the Distribution Date or any current or former member of the affiliated group for United States federal income tax purposes of which W. R. Grace & Co., a New York corporation, was the common parent, in each case, for the Pre-Distribution Period, (x) the Packaging Business of a Foreign Packco Subsidiary for the Pre-Distribution Period reflected on a Tax Return filed by such Subsidiary on or before the Distribution Date or on a Pre-Distribution Schedule (other than the Foreign NOLs), (y) a Pre-Distribution Period of any member of the New Grace Group or a Foreign Packco Subsidiary, in either case, to the extent attributable to the New Grace Business (other than the Foreign NOLs) or (z) any adjustment to a Foreign Packco Tax Item.

(iv) For purposes of determining the amount for which Grace or Grace-Conn. is responsible for paying the other party, or entitled to receive from the other party, in the event of any adjustment, including a Final Determination, of a Tax Item of a Foreign Packaging Subsidiary (other than a Tax Item that arises as a result of a Foreign Transfer), Tax Items that are clearly attributable to the Packaging Business or the New Grace Business, respectively, shall be allocated to such Business and Tax Items that are not so attributable shall be allocated in the proportion that the earnings from operations of such Business operated by such Subsidiary bears to the total earnings from operations of such Subsidiary, as reflected in audited financial statements for the most recent, as of the end of such taxable period, full-year accounting period. Tax Items so allocated shall be treated for all purposes of this Agreement as attributable to the Business to which they are allocated.

(v) Timing Adjustments. In the event of any adjustment, including a Final Determination, of a Tax Item (the "Adjusted Item") which results in a Tax Benefit or Tax Detriment for the account of one party and a corresponding Tax Detriment or Tax Benefit (the "Corresponding Item") for the account of the other party, then (I) if the Corresponding Item is a Tax Benefit, the Corresponding Party shall pay the Adjusted Party and (II) if the Corresponding Item is a Tax Detriment, the Adjusted Party shall pay the Corresponding Party, in either case, for each taxable period in which a member of the Group of the party entitled to payment under this Section 3.2(a)(v) actually realizes the Tax Benefit, in the case of (I), or the Tax Detriment, in the case of (II), by reason of the adjustment, an amount equal to such realized Tax Benefit, in the case of (I), or realized Tax Detriment, in the case of (II), including interest (computed at a 5% annual rate) from the original due date (without extensions) for filing of the Return for such taxable period through the date of payment under this Section 3.2(a)(v).

(b) Final Determinations. In the case of any Final Determination regarding a Tax Return, any Tax Deficiency shall be paid to the appropriate taxing authority by, and any Tax Refund received from the appropriate taxing authority shall be paid to, the party which filed such Return; provided, however, that whether or not there is a Tax Deficiency or Tax Refund and whether or not a payment is required to or from the appropriate taxing authority, Grace shall make payments to, or receive payments from, Grace-Conn. based upon the following principles:

(i) Grace-Conn. shall make a payment to Grace in an amount equal to (x) any increase in the Tax of any of the Sealed Air Parties or any member of the Packco Group resulting from any adjustment to a New Grace Tax Item and (y) 75% (or, if the Packco Group has borne an amount of Tax in respect of adjustments to Foreign Packco Tax Items (and fees and expenses in Proceedings relating to such adjustments) that exceeds the Foreign Cap, then 100%) of any increase in the Tax of any of the Sealed Air Parties or any member of the Packco Group resulting from any adjustment to a Foreign Packco Tax Item, in either case (x) or (y), together with any Interest relating thereto that is or has been imposed by the relevant taxing authority (or would have been imposed but for an offsetting Packaging Tax Item).

(ii) Grace shall pay to Grace-Conn. an amount equal to (x) any decrease in the Tax of any of the Sealed Air Parties or any member of the Packco Group resulting from any adjustment to a New Grace Tax Item and (y) any decrease in the Tax of any of the Sealed Air Parties or any member of the Packco Group resulting from any adjustment to a Foreign Packco Tax Item, in either case (x) or (y), together with any Interest relating thereto that is or has been paid by the relevant taxing authority (or would have been paid but for an offsetting Packaging Tax Item).

(iii) The parties intend that, in implementing this Section 3.2(b), payment and reimbursement between the parties shall reflect the principles of Section 3.2(a).

(iv) Payments otherwise required to be made under this Section 3.2(b) with respect to a single Final Determination shall be

netted and offset against each other so that either Grace shall make a payment to Grace-Conn. or Grace-Conn. shall make a payment to Grace, but not both.

(c) Calculation and Payment of Amounts.

(i) All calculations and determinations required to be made pursuant to this Article III shall initially be made by the party obligated to make such payment (the "Payor") in its good faith. If the party entitled to receive a payment (the "Payee") so requests, the Payor shall present its calculations and determinations to the Payee in writing. The Payee shall be deemed to consent to such calculations and determinations unless the Payee notifies the Payor in writing within 30 days of receiving such calculations and determinations. If the Payee disagrees with the Payor's calculations and determinations, the parties shall attempt in good faith mutually to resolve the disagreement. In the event that they cannot so resolve the disagreement, it shall be resolved promptly pursuant to Section 6.7 hereof.

(ii) For all tax purposes, the parties hereto agree to treat, and to cause their respective affiliates to treat, (x) any payment required to be paid to a member of the other Group by this Agreement as an adjustment to the portion of the New Grace Capital Contribution that is contributed from Grace to New Grace and (ii) any payment of interest or Taxes (other than U.S. Federal income taxes) by or to a taxing authority as taxable or deductible, as the case may be, to the party entitled under this Agreement to retain such payment or required under this Agreement to make such payment, in either case except as otherwise mandated by the law or a Final Determination. In the event of such a Final Determination, the payment in question shall be adjusted to place the parties in the same after-tax position that they would have enjoyed absent such Final Determination. Any payment required by this Agreement that is not made on or before the date required hereunder shall bear interest, from and after such date through the date of payment, at the rate that is two percent in excess of the rate of interest charged for Eurodollar or LIBOR loans under the principal senior bank debt agreement of the party required to make such payment.

(iii) Payment of any amount required to be made pursuant to this Article III as a result of a Final Determination shall become due and payable after such Final Determination has been made within ten business days of the receipt of written notice from the party entitled to receive such payment to the party required to make such payment. Any amounts required to be paid in respect of Taxes or Overall Tax Benefits pursuant to this Article III shall be adjusted to avoid duplication of payments and to take into account the sum of any payments previously made by any member of the Packco Group on or prior to the Distribution Date or by Grace-Conn. or any other member of the New Grace Group at any time in respect of such Taxes or Overall Tax Benefits (the "Conn Prior Payments") and the sum of any payments previously made by any member of the Packco Group after the Distribution Date in respect of such Taxes or Overall Tax Benefits (the "Packco Prior Payments"). Appropriate payments will be made between the parties in the event that the Conn Prior Payments or the Packco Prior Payments, respectively, exceed the amounts for which Grace-Conn. or Packco, respectively, is responsible under the principles of Section 3.2(a).

(d) Other Tax Liabilities and Refunds. Any Tax or Tax refund that is not otherwise covered by Section 3.1 or 3.2(b) shall be allocated, and payment shall be made by Grace-Conn. or Grace, using the principles of Sections 3.2(a); provided, however, that any Tax refund (whether or not governed by Section 3.1 or 3.2(b)) arising as a result of an adjustment of a Foreign Packco Tax Item shall be allocated in the same manner and to the same extent as Taxes and expenses in respect of adjustments of Foreign Packco Tax Items have been borne (it being agreed and understood that to the extent that the Foreign Cap has been exceeded, such refund shall be entirely for the benefit of Grace-Conn. and to the extent that refunds are shared 75% by Grace-Conn. and 25% by Grace the Foreign Cap shall be increased by the amount refunded to Grace). Any Tax refund received by one party that is for the account of the other party shall be paid to such other party promptly upon receipt thereof. Any Tax paid by one party that is the responsibility of the other party shall be reimbursed promptly by the other party.

Section 3.3. Carrybacks and Refund Claims. (a) Any Tax refund resulting from the carryback by any member of the New Grace Group of any Tax Item arising after the Distribution Date to a Pre-Distribution Taxable Period or a Straddle Period shall be for the account of Grace-Conn., and Grace shall promptly pay over to Grace-Conn. any such Tax refund that it receives. In the event that a member of the New Grace Group, on the one hand, and a member of the Packco Group or a Sealed Air Party, on the other hand, are each entitled to carryback a Tax Item to a Pre-Distribution Taxable Period or a Straddle Period, the respective Tax Items shall be utilized under the rules of applicable law (which shall be, in the case of carrybacks to such periods of the Affiliated Group and carrybacks under foreign or State law with respect to which there is no applicable rule regarding the priority of such utilization, the rules contained in Treasury Regulation Section 1.1502-21T). Any election affecting the carryback or carryforward of any Tax Item of any member of the New Grace Group, or a payment to or by such a member under this Agreement in respect of a carryback or carryforward, including the elections under Section 172(b)(3) of the Code and Treasury Regulation Section Section 1.1502-21T(b)(3) and 1.172-13(c) with respect to the taxable years of the Affiliated Group that begin on each of January 1, 1997, and January 1, 1998, shall not be made without the consent of Grace-Conn. and shall be made if Grace-Conn. so requests.

(b) Grace-Conn. shall be permitted to file, and Grace shall fully cooperate with Grace-Conn. in connection with, any refund claim. To the

extent that such a refund claim (other than a claim arising from a carryback) does not result in a Tax refund (or would not result in a refund if a claim were filed) as the result of an offsetting Packaging Tax Item (including a Packaging Tax Item carried back to a Pre-Distribution Taxable Period or a Straddle Period), Grace shall remit to Grace-Conn. the amount of any decrease in Tax that results or would have resulted from such refund claim.

Section 3.4. Liability for Taxes with Respect to Post-Distribution Periods. Unless otherwise specifically provided in this Agreement or the Distribution Agreement, the New Grace Group shall pay all Taxes and shall be entitled to receive and retain all refunds of Taxes with respect to periods beginning after the Distribution Date which are attributable to the New Grace Business. Unless otherwise provided in this Agreement, the Packco Group shall pay all Taxes and shall be entitled to receive and retain all refunds of Taxes with respect to periods beginning after the Distribution Date which are attributable to the Packaging Business.

ARTICLE IV.

INDEMNITY, COOPERATION AND EXCHANGE OF INFORMATION

Section 4.1. Breach. Grace-Conn. shall be liable for and shall indemnify, defend and hold harmless the Packco Indemnitees from and against, and Grace shall be liable for and shall indemnify, defend and hold harmless the New Grace Indemnitees from and against, any payment required to be made as a result of the breach by a member of the New Grace Group or the Packco Group, respectively, of any obligation under this Agreement. If any member of the Packco Group or the New Grace Group, fails to comply in any respect whatsoever with any of its responsibilities under this Agreement relating to promptly forwarding to any member of the other Group (the "Recipient Group") any communications with and refunds received from any taxing authority ("Forwarding Responsibilities"), then Grace or Grace-Conn., as the case may be (the "Forwarding Party") shall be liable for and shall indemnify and hold the New Grace Indemnitees or the Packco Indemnitees, as the case may be, harmless from and against any costs or expenses (including, without limitation, Taxes and reasonably incurred lawyers' and accountants' fees) ("Indemnified Amount") incurred by or imposed upon any member of the Recipient Group arising out of, in connection with or relating to such communication; provided, however, that the liability of the Forwarding Party with respect to any one such failure shall be equal to that portion of the Indemnified Amount that a member of the Recipient Group demonstrates is caused (directly or indirectly) by such failure.

Section 4.2. Contests. (a) Whenever a party hereto (the "Indemnitee") becomes aware of the existence of an issue that could increase the liability for any Tax, or decrease the amount of any refund, of the other party hereto or any member of its Group or require a payment hereunder (an "Indemnity Issue"), the Indemnitee shall in good faith promptly give notice to such other party (the "Indemnitor") of such Indemnity Issue. The failure of any Indemnitee to give such notice shall not relieve any Indemnitor of its obligations under this Agreement, except to the extent that such Indemnitor or its affiliate is actually materially prejudiced by such failure to give notice.

(b) The Indemnitor and its representatives, at the Indemnitor's expense, shall be entitled to participate (i) in all conferences, meetings or proceedings with any taxing authority, the subject matter of which is or includes an Indemnity Issue in respect of a Pre-Distribution Period and (ii) in all appearances before any court, the subject matter of which is or includes an Indemnity Issue in respect of a Pre-Distribution Period.

(c) Except as provided in Section 4.2(d), Grace-Conn. shall have the right to decide as between the parties hereto how any Indemnity Issue for a Pre-Distribution Taxable Period is to be dealt with and finally resolved with the appropriate taxing authority and shall control all Proceedings relating thereto. Grace agrees to cooperate with Grace-Conn. in the settlement of any such Indemnity Issue; provided, however, that Grace-Conn. shall act in good faith in the conduct of such Proceedings and shall keep Grace reasonably informed of any developments which can reasonably be expected to affect adversely Grace. Such cooperation shall include permitting Grace-Conn. to litigate or otherwise resolve any such Indemnity Issue. It is expressly the intention of the parties to this Agreement to take, and the parties shall take, all actions necessary to establish Grace-Conn. as the sole agent for Tax purposes of each member of the Affiliated Group, as if Grace-Conn. were the common parent of the Affiliated Group, with respect to all combined, consolidated and unitary Tax Returns of the Affiliated Group for the Pre-Distribution Taxable Periods.

(d) The parties jointly shall represent the interests of (i) the Affiliated Group in any Proceeding relating to any Straddle Period and (ii) any Foreign Packco Subsidiary in any Proceeding relating to any taxable period that involves an Indemnity Issue. Neither party shall settle any dispute relating to any such period without the consent of the other party (which consent shall not be unreasonably withheld); provided, however, that if either party proposes a settlement and the other party does not consent thereto, the nonconsenting party shall assume control of the Proceeding (and bear all subsequently incurred costs, fees and expenses relating thereto) and the respective liabilities of the parties shall be determined pursuant to Section 6.7 based on the magnitude and likelihood of success of the issues involved in the Proceeding, the reasonableness of the settlement offer, the expense of continuing the Proceeding and other relevant factors. Any other disputes regarding the conduct or resolution of any such Proceeding shall be resolved pursuant to Section 6.7. All costs, fees and expenses paid to third

parties in the course of such Proceeding shall be borne by the parties in the same ratio as the ratio in which, pursuant to the terms of this Agreement, the parties would share the responsibility for payment of the Taxes asserted by the taxing authority in its claim or assessment if such claim or assessment were sustained in its entirety; provided, however, that in the event that any party hereto retains its own advisors or experts in connection with any Proceeding, the costs and expenses thereof shall be borne solely by such party.

Section 4.3. Cooperation and Exchange of Information.

(a) Grace shall, and shall cause each appropriate member of the Packco Group to, prepare and submit to Grace-Conn., as soon as practicable, but in no event later than the date that is 30 days after a request from Grace-Conn. (i) all information as Grace-Conn. shall reasonably request to enable Grace-Conn. to file any Conn Prepared Return or prepare any Pre-Distribution Schedule (which information shall be provided in the form and of the quality in which comparable information was provided prior to the Distribution) and (ii) any Del Prepared Return (including any amended return) for any year within the carryback or carryforward period for an Overall Tax Benefit or Hypothetical Pre-Distribution Overall Tax Benefit that is for the account of Grace-Conn. or for any year with respect to which Grace is entitled to a payment under Section 3.2(a)(v). Grace-Conn. shall bear any out-of-pocket marginal expense paid by any member of the Packco Group in preparing and submitting such information in respect of a Pre-Distribution Schedule relating to a Pre-Distribution Taxable Period, and the parties shall share equally any such expenses in respect of a Pre-Distribution Schedule relating to a Straddle Period.

(b) Each party on behalf of itself and each member of its Group, agrees to provide the other party and the members of such party's Group with such cooperation and information as the second party or its Group members shall reasonably request in connection with the preparation or filing of any Tax Return, Pre-Distribution Schedule or claim for refund not inconsistent with this Agreement or in conducting any Proceeding in respect of Taxes. Such cooperation and information shall include, without limitation, (i) execution and delivery of a power of attorney by Grace or any other member of the Packco Group to Grace-Conn. or another member of the New Grace Group or designation of an officer of Grace-Conn. or another member of the New Grace Group as an officer of Grace or any other member of the Packco Group for the purpose of signing Tax Returns, cashing refund checks and conducting Proceedings if Grace-Conn. could not otherwise exercise its rights under this Agreement with respect to such Returns, refunds or Proceedings, (ii) promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any taxing authority which relate to the Affiliated Group, the Packaging Business or the New Grace Business and (iii) providing copies of all relevant portions of Tax Returns, accompanying schedules, related workpapers, documents relating to rulings or other determinations by taxing authorities, including, without limitation, foreign taxing authorities, and records concerning the ownership and Tax basis of property, which either party may possess. Each party shall make, and shall cause the members of the Packco Group to make, their employees and facilities available on a mutually convenient basis to provide explanation of any documents or information provided hereunder.

(c) Grace and Grace-Conn. agree to retain all Tax Returns, related schedules and workpapers, and all material records and other documents as required under Section 6001 of the Code and the regulations promulgated thereunder relating thereto existing on the date hereof or created through the Distribution Date, until the expiration of the statute of limitations (including extensions) of the taxable years to which such Tax Returns and other documents relate and until the Final Determination of any payments which may be required in respect of such years under this Agreement. Grace-Conn. and Grace agree to advise each other promptly of any such Final Determination. Any information obtained under this Section shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting any audit or other proceeding.

(d) If (i) any member of the Packco Group fails to provide any information requested pursuant to Section 4.3(a) by the dates and in the manner specified in Section 4.3(a) hereof or (ii) with respect to information not requested pursuant to Section 4.3(a) hereof, any member of either Group fails to provide any information requested pursuant to this Section 4.3, within a reasonable period, then the requesting party shall have the right to engage a "Big Six" public accounting firm of its choice to gather such information. Each party agrees upon two business days' notice, in the case of a failure to provide information pursuant to Section 4.3 hereof to permit any such "Big Six" public accounting firm full access to all appropriate records or other information in the possession of any member of the party's Group during reasonable business hours, and promptly to reimburse or pay directly all costs and expenses in connection with the engagement of such public accountants.

(e) If any member of either Group supplies information pursuant to this Agreement and an officer of any member of the other Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information and so requests, then a duly authorized officer of the member supplying such information shall certify, under penalties of perjury, the accuracy and completeness of the information so supplied. Grace agrees to indemnify and hold harmless each New Grace Indemnitee, and Grace-Conn. agrees to indemnify and hold harmless each Packco Indemnitee, from and against any cost, fine, penalty or other expense of any kind attributable to the gross negligence or willful misconduct of a member of the Packco Group, or New Grace Group, as the case may be, in supplying a member of the other Group with inaccurate or incomplete information.

ARTICLE V.

CERTAIN POST-DISTRIBUTION TRANSACTIONS

Section 5.1 Sealed Air and Packco Group Covenants.

Unless, in the case of any of Sections 5.1(a) through (f) below, Grace has obtained a ruling letter from the IRS or an opinion of nationally recognized counsel to Grace, in either case, to the effect that, without material qualification, such act or omission will not adversely affect the federal income tax consequences of the Distribution to any of Grace, Grace-Conn. or the stockholders of Grace-Conn., as set forth in the Tax Opinions, and the substance of, and basis for, such conclusion in such ruling or opinion is reasonably satisfactory to Grace-Conn. in its good faith solely with regard to preserving the Tax-Free Status of the Distribution (the "Ruling/Opinion Exception"):

(a) No Sealed Air Party at any time nor any member of the Packco Group at any time after the Effective Time shall take any action, or fail or omit to take any action, that would cause any representation made in the Sealed Air Tax Matters Certificate or the Grace Tax Matters Certificate to be untrue in a manner that would have an adverse effect on the Tax-Free Status of the Distribution.

(b) Until the first day after the Restriction Period, the Packco Group shall continue the active conduct of the Packaging Business (the "Active Packco Business"). The Packco Group shall not liquidate, dispose of, or otherwise discontinue the conduct of any material portion of the Active Packco Business. The Packco Group shall continue the active conduct of the Packaging Business primarily through officers and employees of the Packco Group (and not through independent contractors).

(c) Until the first day after the Restriction Period, no Sealed Air Party nor any member of the Packco Group shall sell or otherwise issue to any Person, or redeem or otherwise acquire from any Person (other than any member of the Packco Group), any Equity Securities of Grace or any other member of the Packco Group; provided, however, that (i) purchases that, in the aggregate, meet the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30 shall not constitute a redemption or acquisition of stock of Grace for purposes of this Section 5.1(c), (ii) if required by law, any member of the Packco Group may issue a de minimis number of Equity Securities of such member to any person in order to qualify such person to serve as an officer or director of such member and (iii) Grace may issue, as compensation for services or pursuant to the exercise of compensatory stock options, Equity Securities of Grace that do not exceed in the aggregate ten percent of the Equity Securities of Grace.

(d) Until the first day after the Restriction Period, no Sealed Air Party nor any member of the Packco Group shall (i) solicit any Person to make a tender offer for, or otherwise acquire or sell, the Equity Securities of Grace, (ii) participate in or support any unsolicited tender offer for, or other acquisition, disposition or issuance of, the Equity Securities of Grace or (iii) approve or otherwise permit any proposed business combination or any transaction which, in the case of (i), (ii) or (iii), individually or in the aggregate, together with the transactions contemplated under the Distribution Agreement, the Merger Agreement, the Benefits Agreement and this Agreement, results in one or more Persons acquiring (other than in acquisitions not taken into account for purposes of Section 355(e)) directly or indirectly stock representing a 50 percent or greater interest (within the meaning of Section 355(e) of the Code) in Grace. In addition, no Sealed Air Party nor any member of the Packco Group shall at any time, whether before or subsequent to the expiration of the Restriction Period, engage in any action described in clauses (i), (ii) or (iii) of the preceding sentence if it is pursuant to an arrangement negotiated (in whole or in part) prior to the Distribution, even if at the time of the Distribution it is subject to various conditions, nor shall any such Party or member take any action, or fail or omit to take any action, that would cause Section 355(d) or (e) to apply to the Distribution.

(e) Until the first day after the Restriction Period, no Sealed Air Party nor the members of the Packco Group shall sell, transfer, or otherwise dispose of or agree to dispose of assets (including, for such purpose, any shares of capital stock of a Subsidiary) that, in the aggregate, constitute more than 60% of the gross assets of Packco, nor shall they sell, transfer, or otherwise dispose of or agree to dispose of assets (including, for such purpose, any shares of capital stock of a Subsidiary) that, in the aggregate, constitute more than 60% of the consolidated gross assets of the Packco Group. The foregoing sentence shall not apply to sales, transfers, or dispositions of assets in the ordinary course of business. The percentages of gross assets or consolidated gross assets of Packco or the Packco Group, as the case may be, sold, transferred, or otherwise disposed of, shall be based on the fair market value of the gross assets of Packco and the Packco Group as of the Effective Time, and for this purpose, the values set forth in the Packaging Business Disclosure Letter Balance Sheet shall be conclusive.

(f) Until the first day after the Restriction Period, neither Packco nor its Subsidiaries shall voluntarily dissolve or liquidate or engage in any merger, consolidation or other reorganization. The foregoing sentence shall not apply to transactions in which Grace or Packco acquires another corporation, limited liability company, limited partnership, general partnership or joint venture solely for cash or other consideration that is not Equity Securities. Reorganizations of Grace or Packco or their respective Subsidiaries with their Affiliates, and liquidations of Packco's Affiliates, are not subject to Section 5.1(b) or this Section 5.1(f) to the extent not inconsistent with the structure necessary for the Distribution to qualify for Tax-Free Status.

(g) Until the first day after the Restriction Period, Grace

shall furnish Grace-Conn. with a copy of any ruling request that Sealed Air, Grace or any of their Affiliates may file with the IRS and any opinion received that relates to or otherwise reasonably could be expected to have an effect on the Tax-Free Status of the Distribution.

Section 5.2 New Grace Covenants.

Unless, in the case of any of Sections 5.2(a) through (e) below, Grace-Conn. has obtained a ruling letter from the IRS or an opinion of nationally recognized counsel to Grace-Conn., in either case, to the effect that, without material qualification, such act or omission will not adversely affect the federal income tax consequences of the Distribution to any of Grace, Grace-Conn. or the stockholders of Grace-Conn., as set forth in the Tax Opinions, and the substance of, and basis for, such conclusion in such ruling or opinion is reasonably satisfactory to Grace in its good faith solely with regard to preserving the Tax-Free Status of the Distribution:

(a) No member of the New Grace Group shall take any action, or fail or omit to take any action, that would cause any representation made in the Sealed Air Tax Matters Certificate or the Grace Tax Matters Certificate to be untrue in a manner that would have an adverse effect on the Tax-Free Status of the Distribution.

(b) Until the first day after the Restriction Period, the New Grace Group shall continue the active conduct of one of the Active New Grace Businesses. "Active New Grace Businesses" shall mean each of the Grace Davison business and the Grace Construction Business. The New Grace Group may dispose of, liquidate or discontinue the conduct of the Grace Davison business or the Grace Construction Products business if it actively continues the conduct of the other. The New Grace Group shall continue the active conduct of at least one of the Active New Grace Businesses primarily through officers and employees of the New Grace Group (and not through independent contractors).

(c) Until the first day after the Restriction Period, no member of the New Grace Group shall sell or otherwise issue to any Person, or redeem or otherwise acquire from any Person (other than any member of the New Grace Group), any Equity Securities of New Grace or any other member of the New Grace Group; provided, however, that (i) purchases that, in the aggregate, meet the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30 shall not constitute a redemption or acquisition of stock of New Grace for purposes of this Section 5.2(c), (ii) if required by law, any member of the New Grace Group may issue a de minimis number of Equity Securities of such member to any person in order to qualify such person to serve as an officer or director of such member and (iii) New Grace may, pursuant to shareholder-approved equity compensation plans, issue, as compensation for services or pursuant to the exercise of compensatory stock options, Equity Securities of New Grace.

(d) Until the first day after the Restriction Period, no member of the New Grace Group shall (i) solicit any Person to make a tender offer for, or otherwise acquire or sell, the Equity Securities of New Grace, (ii) participate in or support any unsolicited tender offer for, or other acquisition, disposition or issuance of, the Equity Securities of New Grace or (iii) approve or otherwise permit any proposed business combination or any transaction which, in the case of (i), (ii) or (iii), individually or in the aggregate, together with the transactions contemplated under the Distribution Agreement, the Merger Agreement, the Benefits Agreement and this Agreement, results in one or more Persons acquiring (other than in acquisitions not taken into account for purposes of Section 355(e)) directly or indirectly stock representing a 50 percent or greater interest (within the meaning of Section 355(e) of the Code) in New Grace. In addition, no member of the New Grace Group shall at any time, whether before or subsequent to the expiration of the Restriction Period, engage in any action described in clauses (i), (ii) or (iii) of the preceding sentence if it is pursuant to an arrangement negotiated (in whole or in part) prior to the Distribution, even if at the time of the Distribution it is subject to various conditions, nor shall any such member take any action, or fail or omit to take any action, that would cause Section 355(d) or (e) of the Code to apply to the Distribution.

(e) Until the first day after the Restriction Period, no member of the New Grace Group shall sell, transfer, or other-wise dispose of or agree to dispose of assets (including, for such purpose, any shares of capital stock of a Subsidiary) that, in the aggregate, constitute more than 60% of the gross assets of New Grace, nor shall they sell, transfer, or otherwise dispose of or agree to dispose of assets (including, for such purpose, any shares of capital stock of a Subsidiary) that, in the aggregate, constitute more than 60% of the consolidated gross assets of the New Grace Group. The foregoing sentence shall not apply to sales, transfers, or dispositions of assets in the ordinary course of business or to a sale, transfer or disposition of any or all of the Discontinued Businesses and either of the Active New Grace Businesses; provided, however, that in the event of a sale, transfer or disposition of one of the Active New Grace Businesses, the retained Active New Grace Business shall be conducted by a member of the New Grace Group at substantially the same level as on the Distribution Date. The percentages of gross assets or consolidated gross assets of New Grace or the New Grace Group, as the case may be, sold, transferred, or otherwise disposed of, shall be based on the fair market value of the gross assets of New Grace and the New Grace Group as of the Effective Time, and for this purpose, the values set forth in the Registration Statements shall be conclusive.

(f) Until the first day after the Restriction Period, Grace-Conn. shall furnish Grace with a copy of any ruling request that Grace-Conn. or any of its Affiliates may file with the IRS and any opinion received that relates to or otherwise reasonably could be expected to have an effect on the Tax-Free Status of the Distribution.

Section 5.3. Responsibility for Taxes.

(a) Sealed Air and Grace agree to indemnify and hold the Grace-Conn. Indemnitees harmless from and against all Indemnifiable Losses resulting from (x) any Action which causes the Distribution to fail to have Tax-Free Status or (y) the Merger failing to qualify as a reorganization under Section 368 of the Code. An "Action" shall mean any act or omission which fails to comply with any of the representations in the Sealed Air Tax Matters Certificate or the covenants in Section 5.1 and any act or omission which would fail to comply with any of the covenants in Section 5.1 but for compliance with the Ruling/Opinion Exception. An "Action" shall also include an action or omission which would be a breach of the covenant contained in the first sentence of Section 5.1(d), if such covenant were in effect until the day which is five years after the Effective Time instead of until the first day after the Restriction Period.

(b) Grace-Conn. agrees to indemnify and hold the Packco Indemnitees harmless from and against any Tax resulting from the failure of the Distribution to have Tax-Free Status, except where such failure is attributable to an Action.

(c) For purposes of Sections 5.1 and 5.2 hereof, when a tax opinion or ruling of one party (the "Transaction Party") is required to be reasonably satisfactory to the other party (the "Reviewing Party"), the Reviewing Party at the request of the Transaction Party shall designate nationally recognized counsel to review such opinion or ruling without revealing the substance of the underlying transaction to the Reviewing Party and the concurrence of such outside counsel to the sufficiency of such opinion or ruling shall constitute "reasonable satisfaction" to the Reviewing Party for purposes of this Agreement.

Section 5.4. Injunction. The parties hereto agree that the payment of monetary compensation would not be an adequate remedy for a breach of the obligations contained in Article V hereof, and each party consents to the issuance and entry of an injunction against the taking of any action by it or a member of its Group that would constitute such a breach; provided, however, that the foregoing shall be without prejudice to and shall not constitute a waiver of any other remedy either party may be entitled to at law or at equity hereunder.

Section 5.5. Distribution. For purposes of this Article V only, "Distribution" shall mean the contribution by Grace-Conn. of assets and liabilities to Packco, the distribution of cash by Packco to Grace-Conn., the distribution by Grace-Conn. of the stock of Packco to Grace, the contribution of cash and the stock of Grace-Conn. to New Grace, the loan from New Grace to Grace-Conn. and the distribution by Grace of the stock of New Grace to the shareholders of Grace, each as provided in the Distribution Agreement.

ARTICLE VI.

MISCELLANEOUS

Section 6.1. Expenses. Unless otherwise expressly provided in this Agreement, the Distribution Agreement or the Merger Agreement, each party shall bear any and all expenses that arise from their respective obligations under this Agreement.

Section 6.2. Foreign Transfer Taxes. Adjusted Foreign Transfer Taxes shall be shared by the parties as provided in the Distribution Agreement. Audit adjustments and Final Determinations of such Taxes shall be governed by the Distribution Agreement. This Agreement governs responsibilities of the parties with respect to filing Tax Returns relating to Foreign Transfer Taxes, paying Foreign Transfer Taxes reflected on such Tax Returns to the applicable governmental authority and conducting Proceedings relating to Foreign Transfer Taxes. For purposes of determining indemnity and reimbursement obligations of the parties under this Agreement, Tax Items arising as a result of the Foreign Transfers (but not Tax Items arising from any actual distribution of Subsidiary Excess Cash) shall be disregarded, and the Pre-Distribution Schedules shall not reflect such Tax Items.

Section 6.3. Payments Paid or Received on Behalf of Indemnitees; Right to Designate Payee. Each of Grace-Conn. and Grace shall be entitled to designate an Affiliate of such party as payee with respect to any payment that would otherwise be made to Grace-Conn. or Grace, respectively, under this Agreement. Any payment received by Grace-Conn. or Grace, respectively, or its respective designees shall be received on behalf of the relevant Grace-Conn. Indemnitees or Packco Indemnitees.

Section 6.4. Foreign Exchange Rate. If any amount required to be paid hereunder is determined by reference to a Tax, Tax refund, Tax Benefit or Tax Detriment that is denominated in a currency other than United States dollars, such payment shall be made in United States dollars and the amount thereof shall be computed using the Foreign Exchange Rate for such currency determined as of the date that such Tax is paid, such Tax refund is received or such Tax Benefit or Tax Detriment reduces or increases the amount of Tax or Tax refund that would otherwise be paid or received.

Section 6.5. Amendment. This Agreement may not be amended except by an agreement in writing, signed by the parties hereto. Anything in this Agreement or the Distribution Agreement to the contrary notwithstanding, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the Distribution Agreement, the provisions of this Agreement shall control.

Section 6.6. Notices. All notices and other communications

hereunder shall be in writing and shall be delivered by hand including overnight business courier or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

(a) To Grace-Conn. or any member of the New Grace Group:

W. R. Grace & Co.-Conn.
One Town Center Road
Boca Raton, Florida 33486-1010
Attention: Secretary
Fax: (561) 362-1635

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Andrew R. Brownstein, Esq.
Fax: (212) 403-2000

(b) To Grace or any member of the Packco Group:

care of Sealed Air
Park 80 East
Saddle Brook, New Jersey 07663
Attention: President
Fax: (201) 703-4152

with a copy to:

Davis Polk & Wardwell
450 Lexington Ave.
New York, New York 10017
Attention: Christopher Mayer, Esq.
Fax: (212) 450-4800

Section 6.7. Resolution of Disputes. Any disputes between the parties with respect to this Agreement regarding the practice and preparation of returns or the calculation of amounts shall be resolved by a "Big Six" public accounting firm whose determination shall be conclusive and binding on the parties. The fees and expenses of such firm shall be shared equally by Grace-Conn. and Grace, except as otherwise provided herein. Any other disputes shall be resolved by a "Big Six" public accounting firm or a law firm or by any other procedure that the parties may choose.

Section 6.8. Application to Present and Future Subsidiaries. This Agreement is being entered into by Grace-Conn. and Grace on behalf of themselves and each member of the New Grace Group and Packco Group, respectively. This Agreement shall constitute a direct obligation of each such member. Grace-Conn. and Grace hereby guarantee the performance of all actions, agreements and obligations provided for under this Agreement of each member of the New Grace Group and the Packco Group, respectively. Grace-Conn. and Grace shall, upon the written request of the other, cause any of their respective Group members formally to execute this Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the successors and assigns of any of the corporations bound hereby.

Section 6.9. Term. This Agreement shall commence on the date of execution indicated below and shall continue in effect until otherwise agreed to in writing by Grace-Conn. and Grace, or their successors.

Section 6.10. Titles and Headings. Titles and headings to Sections herein are inserted for the convenience of reference only and are not intended to be a part or to affect the meaning or interpretation of this Agreement.

Section 6.11. Legal Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without prejudice to any rights or remedies otherwise available to any party hereto, each party hereto acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

Section 6.12 Governing Law. This Agreement shall be governed by the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

W. R. GRACE & CO.

By: /s/ Larry Ellberger

Name: Larry Ellberger
Title: Senior Vice President

W. R. GRACE & CO.-CONN.

By: /s/ Robert B. Lamm

    Name: Robert B. Lamm
    Title: Vice President

SEALED AIR CORPORATION

By: /s/ William V. Hickey

    Name: William V. Hickey
    Title: President

Exhibit A

Argentina

Australia

Belgium

Brazil

Canada

Chile

Colombia

Germany

Hong Kong

Italy

Japan

Mexico

Netherlands

New Zealand

Poland

Russia

South Africa

Spain

Sweden

United Kingdom

Venezuela

Exhibit 10.3

GLOBAL REVOLVING CREDIT AGREEMENT (5-YEAR)

Among

W. R. GRACE & CO.
CERTAIN OF ITS SUBSIDIARIES,

INCLUDING CRYOVAC, INC.

ABN AMRO BANK N.V.,
as Administrative Agent,

BANKERS TRUST COMPANY,
as Documentation Agent,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

AND

NATIONSBANK, N.A.,
as Co-Syndication Agents

AND

THE BANKS PARTY HERETO

Dated as of March 30, 1998

TABLE OF CONTENTS

GLOBAL REVOLVING CREDIT AGREEMENT (5-YEAR), dated as of March 30, 1998, among W. R. GRACE & CO., a Delaware corporation (the "Company"), Cryovac, Inc., a Delaware corporation ("Cryovac"), as the initial Subsidiary Borrower (together with the Company and any additional Subsidiary Borrowers, the "Borrowers," and each, a "Borrower"), the Company and certain Domestic Subsidiaries, as guarantors, the Banks party hereto from time to time, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents. All capitalized terms used herein shall have the meanings provided in Section 10.

WITNESSETH:

WHEREAS, subject to and upon the terms and conditions set forth herein, the Banks are willing to make available to the Borrowers the credit facilities provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. AMOUNT AND TERMS OF CREDIT.

Section 1.01. The Commitments. (a) Subject to and upon the terms and conditions set forth herein, each Bank severally agrees to make, at any time and from time to time on or after the Effective Date and prior to the Final Maturity Date, a loan or loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") to one or more Borrowers, which Revolving Loans:

(i) shall, at the option of the requesting Borrower, be either Base Rate Loans or Eurocurrency Loans, provided that all Revolving Loans made as part of the same Borrowing shall, unless otherwise specifically provided herein, be of the same Type;

(ii) may be in Dollars or Eurocurrencies, at the option of the requesting Borrower;

(iii) may be repaid and reborrowed in accordance with the provisions hereof;

(iv) of any Bank at any time outstanding shall not have an aggregate Original Dollar Amount which, when added to the product of (x) such Bank's Percentage and (y) the sum of (I) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Revolving Loans then being incurred) then outstanding and (II) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the Revolving Loans then being incurred) at such time exceeds the Revolving Loan Commitment of such Bank (after giving effect to any simultaneous reinstatement in the Revolving Loan Commitment of such Bank on such date pursuant to

Section 1.01(d)(i)) at such time); and

(v) for all Banks at any time outstanding shall not have an aggregate Original Dollar Amount which, when added to the sum of (I) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the Revolving Loans then being incurred) at such time, (II) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Revolving Loans then being incurred) then outstanding and (III) the aggregate principal amount of all Bid Loans (exclusive of Bid Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Revolving Loans then being incurred) then outstanding, exceeds the Total Revolving Loan Commitment (after giving effect to any simultaneous increase in the Total Revolving Loan Commitment on such date pursuant to Section 1.01(d)(i)) at such time.

(b) Subject to and upon the terms and conditions set forth herein, ABN AMRO in its individual capacity agrees to make, at any time and from time to time on or after the Effective Date and prior to the Swingline Expiry Date, a loan or loans (each, a "Swingline Loan" and, collectively, the "Swingline Loans") to the Company, which Swingline Loans (i) shall be made and maintained in Dollars as Base Rate Loans or at a fixed rate (for a period not to exceed 30 days) as quoted by ABN AMRO and acceptable to the Company (each an "Offered Rate Loan"), (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not exceed in aggregate principal amount at any time outstanding that aggregate principal amount which, when added to the sum of (I) the aggregate principal amount of all Revolving Loans then outstanding, (II) the aggregate principal amount of all Bid Loans outstanding at such time (exclusive of Bid Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Swingline Loan then being incurred) and (III) the aggregate amount of all Letter of Credit Outstandings at such time (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the Swingline Loan then being incurred), equals the Total Revolving Loan Commitment (after giving effect to any simultaneous reinstatement in the Total Revolving Loan Commitment on such date pursuant to Section 1.01(d)(i)) at such time and (iv) shall not exceed when added to the "Swingline Loans" outstanding under the Other Credit Agreement, the Maximum Swingline Amount. ABN AMRO will not make a Swingline Loan after it has received written notice from the Required Banks stating that a Default exists and specifically requesting that ABN AMRO not make any Swingline Loans, provided that ABN AMRO may continue making Swingline Loans at such time thereafter as the Default in question has been cured or waived in accordance with the requirements of this Agreement or the Required Banks have withdrawn the written notice described above in this sentence. In addition, ABN AMRO shall not be obligated to make any Swingline Loan at a time when a Bank Default exists unless ABN AMRO shall have entered into arrangements satisfactory to it and the Company to eliminate ABN AMRO's risk with respect to the Bank which is the subject of such Bank Default, including by cash collateralizing such Bank's Percentage of the outstanding Swingline Loans.

(c) On any Business Day, ABN AMRO may, in its sole discretion, give written notice to the Banks that its outstanding Swingline Loans shall be funded with a Borrowing of Revolving Loans (provided that such notice shall be deemed to have been automatically given upon the occurrence of a Default under Section 9.05 or upon the exercise of any of the remedies provided in the last paragraph of Section 9), in which case a Borrowing of Revolving Loans constituting Base Rate Loans (each such Borrowing, a "Mandatory Borrowing") shall be made on the immediately succeeding Business Day by all Banks (without giving effect to any reductions of the Commitments pursuant to the last paragraph of Section 9) pro rata based on each such Bank's Percentage, and the proceeds thereof shall be applied directly to ABN AMRO to repay ABN AMRO for such outstanding Swingline Loans. Each Bank hereby irrevocably agrees to make Revolving Loans upon one Business Day's notice pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified in writing by ABN AMRO notwithstanding (i) the amount of the Mandatory Borrowing may not comply with the minimum amount for Borrowings otherwise required hereunder, (ii) any condition specified in Section 5 may not then be satisfied, (iii) the existence of any Default, (iv) the date of such Mandatory Borrowing and (v) the amount of the Total Revolving Loan Commitment at such time. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Company), then each Bank hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Company on or after such date and prior to such purchase from ABN AMRO (without recourse or warranty) such participations in the outstanding Swingline Loans as shall be necessary to cause the Banks to share in such Swingline Loans ratably based upon their respective Percentages, provided that (x) all interest payable on the Swingline Loans shall be for the account of ABN AMRO until the date the respective participation is required to be purchased and, to the extent attributable to the purchased participation, shall be payable to the participant from and after such date, (y) at the time any purchase of participations pursuant to this sentence is actually made, the purchasing Bank shall be required to pay ABN AMRO interest on the principal amount of participation purchased for each day from and including the day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the overnight Federal Funds Rate for the first three days and at the rate otherwise applicable to Revolving Loans maintained as Base Rate Loans for each day

thereafter and (z) each Bank that so purchases a participation in a Swingline Loan shall thereafter be entitled to receive its pro rata share of each payment of principal received on such Swingline Loan; provided further that no Bank shall be obligated to acquire a participation in a Swingline Loan if a Default shall have occurred and be continuing at the time such Swingline Loan was made and ABN AMRO had received written notice from the Required Banks in accordance with Section 1.01(b) above prior to advancing such Swingline Loan.

(d) (i) The Company may from time to time request any Bank to agree, or to arrange for a Local Affiliate of such Bank to agree, to provide a Local Currency Commitment to any Subsidiary Borrower or to the Company (i) with respect to any currency which the Company has previously requested be designated an Eurocurrency and which request the Banks denied or (ii) if it is beneficial to the Company or such Subsidiary Borrower to avoid withholding tax to borrow Loans directly from a Bank (or a Local Affiliate of a Bank) in a foreign country, provided, that the sum of the aggregate amount of Local Currency Commitments in effect at any one time plus the aggregate amount of "Local Currency Commitments" in effect under the Other Credit Agreement at any one time may not exceed $250,000,000. If a Bank is willing, in its sole discretion, to provide such a Local Currency Commitment, or is willing, in its sole discretion, to arrange to have a Local Affiliate of such Bank provide such a Local Currency Commitment, then such Bank and such Subsidiary Borrower or the Company, as applicable, shall execute and deliver to the Administrative Agent a Local Currency Addendum, or, if such Bank has arranged to have such Local Affiliate provide such a Local Currency Commitment, such Local Affiliate, such Bank and such Subsidiary Borrower or the Company, as applicable, shall execute and deliver to the Administrative Agent a Local Currency Designation and Assignment Agreement. Such Local Currency Commitment shall be designated in Dollars. A Bank's Revolving Loan Commitment shall be automatically reduced to the extent that such Bank or any Local Affiliate of such Bank has from time to time in effect any Local Currency Commitment and such Bank's Revolving Loan Commitment shall be automatically reinstated to the extent that any such Local Currency Commitment expires or is terminated either in whole or in part, unless at the time of such expiration or termination the Revolving Loan Commitments of all Banks have terminated (in which case such Bank's Revolving Loan Commitment shall not be reinstated to any extent), by (i) 100% of such Local Currency Commitment, if there has been no reduction in the Total Revolving Loan Commitment from the date such Local Currency Commitment went into effect or (ii) such lesser percentage of such Local Currency Commitment that equals the quotient (expressed as a percentage) obtained by dividing the Total Revolving Loan Commitment as in effect on such day by the Total Revolving Loan Commitment as in effect on the day such Local Currency Commitment went into effect, if there has been a reduction in the Total Revolving Loan Commitment from the date such Local Currency Commitment went into effect. The Bank providing (whether directly or through its Local Affiliate) such Local Currency Commitment and the relevant Subsidiary Borrower or the Company, as applicable, shall provide the Administrative Agent five Business Days prior notice of any change in the amount of any Bank's Local Currency Commitment. Promptly upon receipt of such Notice, the Administrative Agent shall calculate the amount of such Bank's Revolving Loan Commitment after giving effect to such change. Upon its receipt of such notice, the Administrative Agent will notify the Company and the Banks of such change.

The Company may on five Business Days' written notice to the Administrative Agent terminate in whole or in part any Local Currency Commitment from time to time provided that after giving effect to such termination, the Original Dollar Amount of all Local Currency Loans outstanding under such Local Currency Commitment shall not exceed such Local Currency Commitment as so reduced.

(ii) Subject to and upon the terms and conditions set forth herein and in or pursuant to the applicable Local Currency Documentation, each Bank with a Local Currency Commitment and each Local Affiliate with a Local Currency Commitment severally agrees to make, at any time and from time to time on or after the Effective Date and prior to the Final Maturity Date (or such shorter period as may be specified in or pursuant to the applicable Local Currency Documentation), a loan or loans (each, a "Local Currency Loan" and, collectively, the "Local Currency Loans") to one or more Subsidiary Borrowers or the Company, as applicable, specified in the applicable Local Currency Documentation, which Local Currency Loans (A) shall not have an Original Dollar Amount exceeding the Local Currency Commitment specified in the applicable Local Currency Documentation, (B) may be repaid and reborrowed in accordance with the provisions hereof and of the applicable Local Currency Documentation, and (C) shall not have an Original Dollar Amount exceeding for all Banks and all such Local Affiliates at any time outstanding the Total Local Currency Commitment at such time.

(iii) Each Local Currency Loan shall mature on such date, on or prior to the Final Maturity Date, as the applicable Borrower and Bank or such Bank's Local Affiliate shall agree prior to the making of such Local Currency Loan in or pursuant to the applicable Local Currency Documentation. Upon reaching agreement as to interest rate and maturity, unless any applicable condition specified in Section 5.02 hereof has not been satisfied, on the date agreed the applicable Bank or its Local Affiliate shall make the proceeds of such Local Currency Loan available to the relevant Borrower as provided in the applicable Local Currency Documentation. No Local Currency Documentation may waive, alter or modify any rights of the Administrative Agent or the other Banks under this Agreement, including, without limitation, the rights of the Banks under Section 9 hereof.

(iv) Each Local Currency Designation and Assignment Agreement shall provide that the Bank executing such Local Currency Designation and Assignment Agreement is empowered to act as the applicable Local Affiliate's agent, with full power and authority to act on behalf of such Local Affiliate with respect to the transactions contemplated by this Agreement. Accordingly, each other Bank, the Administrative Agent, each Borrower and each Subsidiary Guarantor shall be conclusively entitled to rely on any actions taken by such Bank and any notice given by the Administrative Agent or any Borrower or Subsidiary Guarantor to such Bank shall be deemed to also have been delivered to such Local Affiliate. With regard to any matters relating to calculating a Bank's "Percentage" or the "Required Banks" or the unanimous vote of the Banks, any Local Currency Commitment and any outstanding Local Currency Loans provided by a Local Affiliate of a Bank shall be deemed to be Local Currency Commitments and Local Currency Loans, as applicable, of such Bank. Accordingly, a Local Affiliate shall not have the right to vote as a Bank hereunder but shall otherwise be entitled to the same rights and benefits hereunder as the Banks are entitled.

(e) More than one Borrowing may occur on the same date, but at no time shall there be outstanding more than twenty-five Borrowings of Eurocurrency Loans.

Section 1.02. Minimum Amount of Each Borrowing. (a) The aggregate principal amount of each Borrowing of Revolving Loans shall not be less than an Original Dollar Amount of (i) with respect to Eurocurrency Loans, $2,000,000 and, if greater, in integral multiples of 500,000 units of the relevant currency and (ii) with respect to Base Rate Loans, $500,000 and, if greater, in integral multiples of $50,000, provided that Mandatory Borrowings shall be made in the amounts required by Section 1.01(c).

(b) The aggregate principal amount of each Borrowing of Local Currency Loans shall not be less than an Original Dollar Amount of $2,000,000 and, if greater, shall be in an integral multiple of 500,000 units of the relevant currency.

(c) The aggregate principal amount of each Borrowing of Swingline Loans shall not be less than $500,000 and, if greater, shall be in an integral multiple of $50,000.

Section 1.03. Notice of Borrowing. (a) Whenever any Borrower desires to make a Borrowing (other than of Local Currency Loans, Bid Loans, Swingline Loans or Revolving Loans incurred pursuant to a Mandatory Borrowing) hereunder the Company (but not any other Borrower) on behalf of itself or any other Borrower shall give the Administrative Agent at its Notice Office at least (x) four Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Eurocurrency Loan denominated in a Eurocurrency to be made hereunder, (y) three Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Eurocurrency Loan denominated in Dollars to be made hereunder and (z) same Business Day's written notice (or telephonic notice promptly confirmed in writing) of each Base Rate Loan to be made hereunder, provided that any such notice shall be deemed to have been given on a certain day only if given before 11:00 A.M. (New York time) (12:00 Noon (New York time) in the case of a Borrowing of Base Rate Loans) on such day. Each such written notice (or written confirmation of any telephonic notice) (each a "Notice of Borrowing"), except as otherwise expressly provided in Section 1.11, shall be irrevocable and shall be given by the Company in the form of Exhibit A-1, appropriately completed to specify (i) the date of such Borrowing (which shall be a Business Day), (ii) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (iii) whether the Loans to be made pursuant to such Borrowing are to be initially maintained as Base Rate Loans or Eurocurrency Loans, (iv) the applicable Borrower, and (v) in the case of Eurocurrency Loans, the initial Interest Period and currency to be applicable thereto. The Administrative Agent shall promptly give each Bank notice of such proposed Borrowing, of such Bank's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing. Any notices and the borrowing mechanics relating to Local Currency Loans shall be set forth in the applicable Local Currency Documentation.

(b) Whenever the Company desires to incur a Swingline Loan hereunder, the Company shall give ABN AMRO no later than 12:00 Noon (New York time) on the day such Swingline Loan is to be made, written notice or telephonic notice promptly confirmed in writing of such Swingline Loan to be made hereunder. Each such notice shall be irrevocable and specify in each case (I) the date of Borrowing (which shall be a Business Day), (II) the aggregate principal amount of the Swingline Loan to be made pursuant to such Borrowing and (III) whether such Swingline Loan shall be made and maintained as a Base Rate Loan or an Offered Rate Loan.

(c) Without in any way limiting the obligation of the Company on behalf of itself or any other Borrower to confirm in writing any telephonic notice of any Borrowing of Revolving Loans, Swingline Loans or Local Currency Loans, the Administrative Agent or ABN AMRO, as the case may be, or, in the case of Local Currency Loans, the applicable Bank, may act without liability upon the basis of telephonic notice of such Borrowing, believed by the Administrative Agent, ABN AMRO or the applicable Bank, as the case may be, in good faith to be from a Senior Financial Officer of the Company (or from any other officer of the Company designated in writing from time to time by a Senior Financial Officer of the Company as a person entitled to give telephonic notices hereunder), prior to receipt of written confirmation. In each such case, the Administrative Agent's, ABN AMRO's, or the applicable Bank's record of the terms of any such telephonic notice

of such Borrowing of Revolving Loans, Swingline Loans or Local Currency Loans, as the case may be, shall be prima facie correct. Each Subsidiary Borrower irrevocably appoints the Company as its agent hereunder to issue requests for Borrowings on its behalf under Section 1.03.

(d) Mandatory Borrowings shall be made upon the notice specified in Section 1.01(c), with the Company irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of Mandatory Borrowings as set forth in Section 1.01(c).

Section 1.04. Bid Loans. (a) Each Bank severally agrees that the Company may request Bid Borrowings denominated in Dollars under this Section 1.04 from time to time on any Business Day during the period from the Effective Date until the date occurring one day prior to the Final Maturity Date, in the manner set forth below; provided that, following the making of each Bid Borrowing, the aggregate Original Dollar Amount of all Loans outstanding hereunder plus the aggregate amount of all Letter of Credit Outstandings at such time shall not exceed the Total Commitment in effect at such time. Each Bid Borrowing shall be in an aggregate amount not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof.

(i) The Company may request a Bid Borrowing by delivering to the Administrative Agent by telecopier or telex, a notice of a Bid Borrowing (a "Notice of Bid Borrowing"), in substantially the form of Exhibit A-2 hereto, specifying the date and aggregate amount of the proposed Bid Borrowing, the maturity date for repayment of each Bid Loan to be made as part of such Bid Borrowing (which maturity date may be the date occurring between one and 180 days after the date of such Bid Borrowing and in any case of no later than the Final Maturity Date), the interest payment date or dates relating thereto (which shall occur at least every 90 days), and any other terms to be applicable to such Bid Borrowing, not later than 9:00 A.M. (New York time) at least one Business Day prior to the date of the proposed Bid Borrowing. The Company may request Bid Borrowings for more than one maturity date in a single Notice of Bid Borrowing. The Administrative Agent shall in turn promptly notify each Bank of each request for a Bid Borrowing received by it from the Company by sending such Bank a copy of the related Notice of Bid Borrowing.

(ii) Each Bank may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Bid Loans to the Company as part of such proposed Bid Borrowing at a rate or rates of interest specified by such Bank in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Company), before 9:00 A.M. (New York time) on the date of such proposed Bid Borrowing, of the minimum amount (which must be at least $5,000,000) and maximum amount of each Bid Loan that such Bank would be willing to make as part of such proposed Bid Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 1.04, exceed such Bank's Commitment), the rate or rates of interest therefor and the maturity date relating thereto, provided that if the Administrative Agent in its capacity as a Bank shall, in its sole discretion, elect to make any such offer, it shall notify the Company of such offer before 8:45 A.M. (New York time) on the date on which notice of such election is to be given to the Administrative Agent by the other Banks. Subject to Sections 5 and 9, any offer so made shall not be revocable except with the written consent of the Administrative Agent given on the instructions of the Company.

(iii) The Company may, in turn, before 10:00 A.M. (New York time) on the date of such proposed Bid Borrowing, either

(A) cancel such Bid Borrowing by giving the Administrative Agent notice to that effect,

(B) irrevocably accept one or more of the offers made by any Bank or Banks pursuant to paragraph (ii) above, in its sole discretion, subject only to the provisions of this paragraph (iii), by giving notice to the Administrative Agent of the amount of each Bid Loan (which amount shall be equal to or greater than the minimum amount and equal to or less than the maximum amount, notified to the Company by the Administrative Agent on behalf of such Bank for such Bid Loan pursuant to paragraph (ii) above) to be made by each Bank as part of such Bid Borrowing, and reject any remaining offers with the same maturity date made by Banks pursuant to paragraph (ii) above by giving the Administrative Agent notice to that effect; provided, however, that (x) the Company shall not accept an offer made pursuant to paragraph (ii) above, at any interest rate if the Company shall have, or shall be deemed to have, rejected any other offer with the same maturity date made pursuant to paragraph (ii) above, at a lower interest rate, (y) if the Company declines to accept, or is otherwise restricted by the provisions of this Agreement from accepting, the maximum aggregate principal amount of Bid Borrowings offered at the same interest rate with the same maturity date pursuant to paragraph (ii) above, then the Company shall accept a pro rata portion of each offer made at such interest rate with the same maturity date, based as nearly as possible on the ratio of the aggregate principal amount of such offers to be accepted by the

Company to the maximum aggregate principal amount of such offers made pursuant to paragraph (ii) above (rounding up or down to the next higher or lower multiple of $1,000,000), and (z) no offer made pursuant to paragraph (ii) above shall be accepted unless the Bid Borrowing in respect of such offer is in an integral multiple of $1,000,000 and the aggregate amount of such offers accepted by the Company is equal to at least $5,000,000, or

(C) reject any or all of such offers either directly by written or telephonic notice to the Administrative Agent or indirectly by taking no action prior to the deadline specified above.

Any offer or offers made pursuant to paragraph (ii) above not expressly accepted or rejected by the Company in accordance with this paragraph (iii) shall be deemed to have been rejected by the Company. Determinations by the Company of the amount of Bid Loans shall be conclusive in the absence of demonstrable error.

(iv) If the Company notifies the Administrative Agent that such Bid Borrowing is canceled pursuant to clause (A) of paragraph (iii) above, the Administrative Agent shall give prompt notice thereof to the Banks and such Bid Borrowing shall not be made.

(v) If the Company accepts one or more of the offers made by any Bank or Banks pursuant to clause (B) of paragraph (iii) above, the Administrative Agent shall in turn promptly notify (A) each Bank that has made an offer as described in paragraph (ii) above of the date and aggregate amount of such Bid Borrowing and whether or not any offer or offers made by such Bank pursuant to paragraph (ii) above have been accepted by the Company and (B) each Bank that is to make a Bid Loan as part of such Bid Borrowing of the amount of each Bid Loan to be made by such Bank as part of such Bid Borrowing. Each Bank that is to make a Bid Loan as part of such Bid Borrowing shall, before 12:00 Noon (New York time) on the date of such Bid Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence, make available to the Administrative Agent at the Administrative Agent's Payment Office such Bank's portion of such Bid Borrowing, in same day funds. Unless the Administrative Agent determines that any applicable condition set forth in Section 5 has not been satisfied, the Administrative Agent will make available to the Company at the Administrative Agent's Payment Office the aggregate of the amounts so made available by the Banks prior to 1:00 P.M. (New York time) on such day, to the extent of funds actually received by the Administrative Agent prior to 12:00 Noon (New York time).

(vi) The acceptance by the Company of any offer made by any Bank pursuant to paragraph (iii) (B) above shall be irrevocable and binding on the Company.

(b) Within the limits and on the conditions set forth in this Section 1.04 (including, without limitation, the condition set forth in the proviso to the first sentence of subsection (a) above), the Company may from time to time borrow under this Section 1.04, repay or prepay pursuant to subsection (c) below, and reborrow under this Section 1.04.

(c) The Company shall repay to the Administrative Agent for the account of each Bank that has made a Bid Loan, or each other holder of a Bid Note, on the maturity date of each Bid Loan (such maturity date being that specified by the Company for repayment of such Bid Loan in the related Notice of Bid Borrowing delivered pursuant to subsection (a)(i) above and provided in the Bid Note, if any, evidencing such Bid Loan), the then unpaid principal amount of such Bid Loan. The Company shall have no right to prepay any principal amount of any Bid Loan unless, and then only on the terms, specified by the Company for such Bid Loan in the related Notice of Bid Borrowing delivered pursuant to subsection (a)(i) above.

(d) The Company shall pay interest on the unpaid principal amount of each Bid Loan from the date of such Bid Loan to (but not including) the date the principal amount of such Bid Loan is repaid in full, at the rate of interest for such Bid Loan specified by the Bank making such Bid Loan in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable in arrears on the interest payment date or dates specified by the Company for such Bid Loan in the related Notice of Bid Borrowing delivered pursuant to subsection (a)(i) above.

Section 1.05. Disbursement of Funds. No later than 12:00 Noon (New York time) on the date specified in each Notice of Borrowing (or (x) in the case of Base Rate Loans, no later than 2:00 p.m. (New York time), (y) in the case of Swingline Loans, no later than 2:00 P.M. (New York time) on the date specified in Section 1.03(b) or (z) in the case of Mandatory Borrowings, no later than 12:00 Noon (New York time) on the date specified in Section 1.01(c)), each Bank with a Revolving Loan Commitment will make available through such Bank's applicable lending office its pro rata portion of each Borrowing requested to be made on such date to the Administrative Agent (or, in the case of Swingline Loans, ABN AMRO shall make available the full amount thereof) in Dollars and in immediately available funds at the Administrative Agent's Payment Office, unless such Borrowing is denominated in currency other than Dollars, in which case each such Bank shall make available its Loan comprising part of such Borrowing at such office as the Administrative Agent has previously specified in a notice to each such Bank, in such funds as are then customary for the

settlement of international transactions in such currency and no later than such local time as is necessary for such funds to be received and transferred to the relevant Borrower for same day value on the date of the Borrowing. The Administrative Agent, unless it determines that any applicable condition in Section 5 has not been satisfied, will make available to the respective Borrower of Loans denominated in Dollars at the Administrative Agent's Payment Office the aggregate of the amounts so made available by the Banks prior to 1:00 P.M. (New York time) (or 3:00 P.M. (New York time) in the case of Base Rate Loans) on such day, to the extent of funds actually received by the Administrative Agent prior to 12:00 Noon (New York time) (or 2:00 P.M. (New York time) in the case of Base Rate Loans) and of Loans denominated in a Eurocurrency at such office as the Administrative Agent has previously agreed to with such Borrower the aggregate of the amounts so made available by the Banks prior to 1:00 P.M. (local time) on such day, to the extent of funds actually received by the Administrative Agent prior to 12:00 Noon (local time), in each case in the type of funds received by the Administrative Agent from the Banks. Unless the Administrative Agent shall have been notified by any Bank prior to the date of any Borrowing (including, for the purposes of the balance of this Section 1.05, a Bid Borrowing) that such Bank does not intend to make available to the Administrative Agent such Bank's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, make available to the respective Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the respective Borrower and such Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover on demand from such Bank or such Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to such Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Bank, the overnight Federal Funds Rate if such Loan is denominated in Dollars or the cost to the Administrative Agent of acquiring and holding such funds for such period, if such loan is denominated in a Eurocurrency and (ii) if recovered from such Borrower, the rate of interest applicable to the respective Borrowing as determined in accordance with Section 1.09 or 1.04(d), as the case may be. Nothing in this Section 1.05 shall be deemed to relieve any Bank from its obligation to fulfill its Commitments hereunder or to prejudice any rights which any Borrower may have against any Bank as a result of any default by such Bank hereunder. Each Bank making a Local Currency Loan to a Subsidiary Borrower shall make the proceeds of such Local Currency Loan available to the relevant Subsidiary Borrower in accordance with the applicable Local Currency Documentation.

Section 1.06. Notes. (a) The Loans made by each Bank and Local Affiliate and the Letters of Credit issued by the Issuing Agent shall be evidenced by one or more accounts or records maintained by such Bank or the Issuing Agent, as the case may be, in the ordinary course of business. The accounts or records maintained by the Issuing Agent and each Bank shall be conclusive in the absence of manifest error as to the amount of the Loans made by the Banks to the Borrowers and the Letters of Credit issued for the account of the Company, and the interest and payments thereon. Any failure to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to any Loan or any Letter of Credit.

(b) Each Borrower's obligation to pay the principal of, and interest on, all Loans made by a Bank or its Local Affiliate to such Borrower shall, upon request by such Bank or its Local Affiliate, be evidenced (i) if Revolving Loans, by a promissory note duly executed and delivered to such Bank by such Borrower in the form of Exhibit B-1 with blanks appropriately completed in conformity herewith (each, a "Revolving Note" and, collectively, the "Revolving Notes"), (ii) if Bid Loans, by a promissory note duly executed and delivered to such Bank by the Company in the form of Exhibit B-2 with blanks appropriately completed in conformity herewith (each, a "Bid Note" and, collectively, the "Bid Notes"), (iii) if Local Currency Loans, by a promissory note duly executed and delivered by such Borrower to such Bank or its Local Affiliate substantially in the form of Exhibit B-3 with blanks appropriately completed in conformity herewith (each, a "Local Currency Note" and, collectively, the "Local Currency Notes") and (iv) if Swingline Loans, by a promissory note duly executed and delivered by the Company to ABN AMRO substantially in the form of Exhibit B-4 with blanks appropriately completed in conformity herewith (the "Swingline Note").

(c) Each Bank will, and will cause its Local Affiliates, if any, to note on its or such Local Affiliate's internal records the amount of each Loan made by it or such Local Affiliate, as the case may be, and each payment and conversion in respect thereof and will prior to any transfer of any of its Notes or such Local Affiliate's Notes, if any, endorse, or cause its Local Affiliates to endorse, on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to make any such notation shall not affect any Borrower's obligations in respect of such Loans.

Section 1.07. Conversions. Each Borrower shall have the option to convert on any Business Day all or a portion equal to at least $2,000,000 (and, if greater, in an integral multiple of $500,000), of the outstanding principal amount of Revolving Loans made to such Borrower pursuant to one or more Borrowings of one or more Types of Loans into a

Borrowing of another Type of Loan, provided that (i) except as otherwise provided in Section 1.11(b), Eurocurrency Loans denominated in Dollars may be converted into Base Rate Loans only on the last day of an Interest Period applicable thereto and no such partial conversion of Eurocurrency Loans shall reduce the outstanding principal amount of Eurocurrency Loans made pursuant to any single Borrowing to less than $2,000,000, (ii) Base Rate Loans may only be converted into Eurocurrency Loans denominated in Dollars if no Event of Default is in existence on the date of the conversion and (iii) no conversion pursuant to this Section 1.07 shall result in a greater number of Borrowings than is permitted under Section 1.01(e). Neither Swingline Loans nor Loans denominated in a currency other than Dollars may be converted pursuant to this Section 1.07. Each such conversion shall be effected by such Borrower giving the Administrative Agent at its Notice Office prior to 11:00 A.M. (New York time) at least three Business Days' (one Business Day's in the case of conversions into Base Rate Loans) prior written notice (or telephone notice promptly confirmed in writing) (each a "Notice of Conversion") specifying the Loans to be so converted, the Borrowing(s) pursuant to which such Loans were made, the date of such conversion (which shall be a Business Day) and, if to be converted into Eurocurrency Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Bank prompt notice of any such proposed conversion affecting any of its Loans.

Section 1.08. Pro Rata Borrowings. All Borrowings of Revolving Loans made under this Agreement pursuant to Section 1.03 or incurred pursuant to a Mandatory Borrowing shall be incurred from the Banks pro rata on the basis of their then respective Unutilized Revolving Loan Commitments. All Borrowings of Revolving Loans converted from one Type of Loans into another Type of Loans pursuant to Section 1.07 shall be made by the Banks in the same percentage as such Borrowing was originally advanced. It is understood that no Bank shall be responsible for any default by any other Bank of its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Bank to make its Loans hereunder.

Section 1.09. Interest. (a) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Base Rate Loan made to such Borrower from the date the proceeds thereof are made available to such Borrower until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Base Rate Loan and (ii) the conversion of such Base Rate Loan into a Eurocurrency Loan pursuant to Section 1.07 at a rate per annum which shall be equal to the Base Rate in effect from time to time.

(b) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurocurrency Loan made to such Borrower from the date the proceeds thereof are made available to such Borrower until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Eurocurrency Loan and (ii) the conversion of such Eurocurrency Loan into a Base Rate Loan pursuant to Section 1.07 at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Eurocurrency Rate for such Interest Period.

(c) Each Local Currency Loan shall bear interest at such rate as the applicable Borrower and the Bank or Local Affiliate, as applicable, making such Local Currency Loan shall agree pursuant to the applicable Local Currency Documentation.

(d) Each Offered Rate Loan shall bear interest at such rate as the Company and ABN AMRO shall agree prior to the making of such Offered Rate Loan.

(e) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable hereunder, shall, in each case, bear interest at a rate per annum equal to, (i) in the case of Loans denominated in Dollars (other than any Eurocurrency Loan), 2% in excess of the rate otherwise applicable to Base Rate Loans from time to time and (ii) in the case of Eurocurrency Loans, the rate which is the greater of (x) 2% in excess of the rate then borne by such Loan and (y) the sum of the Applicable Margin, plus two percent (2%) plus the rate of interest per annum as determined by the Administrative Agent (rounded upwards, if necessary, to the nearest whole multiple of one-sixteenth of one percent (1/16%)), at which overnight or weekend deposits of the appropriate currency (or, if such amount due remains unpaid more than three Business Days then for such other period of time not longer than six months as the Administrative Agent may elect in its absolute discretion) 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 the applicable period as determined above and in an amount comparable to the unpaid principal amount of any such Eurocurrency Loan (or, if the Administrative Agent is not placing deposits in such currency in the interbank market, then the Administrative Agent's cost of funds in such currency for such period). Interest which accrues under this Section 1.09(e) shall be payable on demand.

(f) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on the last Business Day of each March, June, September and December, (ii) in respect of each Eurocurrency Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period, (iii) in respect of Offered Rate Loans, on such dates as the Company and ABN AMRO shall agree prior to the making of such Offered Rate Loan, (iv) in respect of Local Currency Loans on such

dates as the applicable Borrower and the Bank or Local Affiliate, as applicable, making such Local Currency Loans shall agree pursuant to the Local Currency Documentation, and (v) in respect of each Loan, on any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(g) Upon each Interest Determination Date, the Administrative Agent shall determine the interest rate for the Eurocurrency Loans for the Interest Period to be applicable to such Eurocurrency Loans and shall promptly notify the Borrowers and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

Section 1.10. Interest Periods. At the time any Borrower gives any Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, any Eurocurrency Loan (in the case of the initial Interest Period applicable thereto) or on the (i) fourth Business Day, in the case of Eurocurrency Loans denominated in a currency other than Dollars and (ii) third Business Day, in the case of Eurocurrency Loans denominated in Dollars, prior to the expiration of an Interest Period applicable to such Eurocurrency Loan (in the case of subsequent Interest Periods), the respective Borrower shall have the right to elect, by giving the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) thereof, the interest period (each an "Interest Period") applicable to such Borrowing, which Interest Period shall, at the option of such Borrower, be a one, two, three or six-month period, provided that:

(i) all Eurocurrency Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Borrowing of Eurocurrency Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of Base Rate Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(iii) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, that if any Interest Period would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) no Interest Period may be selected at any time when an Event of Default is then in existence; and

(vi) no Interest Period shall be selected which extends beyond the Final Maturity Date.

If upon the expiration of any Interest Period for Loans denominated in Dollars, the respective Borrower has failed to elect (or is not permitted to elect) a new Interest Period to be applicable to such Borrowing as provided above, such Borrower shall be deemed to have elected to convert such Borrowing into a Borrowing of Base Rate Loans effective as of the expiration date of current Interest Period.

Section 1.11. Increased Costs, Illegality, etc. (a) In the event that any Bank shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the Effective Date affecting the interbank eurocurrency market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurocurrency Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Fixed Rate Loan because of (x) any change since the Effective Date in any applicable law or governmental rule, regulation, guideline, order or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline or order such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurocurrency Rate and/or (y) any other circumstances affecting such Bank or the interbank eurocurrency market or the position of such Bank in such market; or

(iii) at any time that the making or continuance of any Fixed Rate Loan has become (x) unlawful by compliance by such Bank with any law, governmental rule, regulation, guideline or order or (y) impossible by compliance by such Bank with any governmental request (whether or not having the force of law);

then, and in any such event, such Bank (or the Administrative Agent, in the case of clause (i) above) shall promptly give notice (by telephone confirmed in writing) to the Company, any affected Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, Eurocurrency Loans shall no longer be available until such time as the Administrative Agent notifies the Company, any affected Borrower and the Banks that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by any Borrower with respect to such affected Eurocurrency Loans which have not yet been incurred (including by way of conversion) shall be deemed to be a request for Base Rate Loans, (y) in the case of clause (ii) above, such Borrower shall pay to such Bank, within 15 days of receipt of the notice referred to below, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Bank, setting forth in reasonable detail the basis for the calculation thereof, submitted to the affected Borrower by such Bank shall, absent manifest error, be final and conclusive and binding upon all parties hereto) and (z) in the case of the clause (iii) above, such Borrower shall take one of the actions specified in Section 1.11(b) as promptly as possible and, in any event, within the time period required by law. To the extent the notice required by the preceding sentence and relating to costs arising under clause (ii) above is given by any Bank more than 90 days after the occurrence of the event giving rise to the additional costs of the type described in clause (ii) above, such Bank shall not be entitled to compensation under this Section 1.11(a) for any amounts incurred or accrued prior to the giving of such notice to the affected Borrower.

(b) At any time that any Fixed Rate Loan is affected by the circumstances described in Section 1.11(a)(ii) or (iii), the respective Borrower may (and in the case of a Fixed Rate Loan affected pursuant to Section 1.11(a)(iii) shall) either (x) if the affected Fixed Rate Loan is then being made initially or pursuant to a conversion, cancel the respective Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) thereof on the same date that such Borrower was notified by the affected Bank or the Administrative Agent pursuant to Section 1.11(a)(ii) or (iii) or require the affected Bank to make such Fixed Rate Loan as or convert such Fixed Rate Loan into, a Base Rate Loan or (y) if the affected Fixed Rate Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Bank to convert such Fixed Rate Loan into a Base Rate Loan, provided that, if more than one Bank is similarly affected at any time, then all similarly affected Banks must be treated the same pursuant to this Section 1.11(b).

(c) If any Bank determines at any time that any change after the Effective Date in any applicable law or governmental rule, regulation, guideline, order, directive or request (whether or not having the force of law) concerning capital adequacy, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank based on the existence of such Bank's Commitment hereunder or its obligations hereunder, then the Borrowers jointly and severally agree to pay to such Bank, within 15 days of the receipt of the notice referred to below, such additional amounts as shall be required to compensate such Bank or such other corporation for the increased cost to such Bank or such other corporation as a result of such increase of capital. In determining such additional amounts, each Bank will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Bank's determination of compensation owing under this Section 1.11(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Bank, upon determining that any additional amounts will be payable pursuant to this Section 1.11(c), will give prompt written notice thereof to the Borrowers, which notice shall show in reasonable detail the basis for calculation of such additional amounts, although the failure to give any such notice shall not release or diminish the Borrowers' obligations to pay additional amounts pursuant to this Section 1.11(c). To the extent the notice required by the immediately preceding sentence is given by any Bank more than 90 days after the occurrence of the event giving rise to the additional costs of the type described in this Section 1.11(c), such Bank shall not be entitled to compensation under this Section 1.11(c) for any amounts incurred or accrued prior to the giving of such notice to the Borrowers.

Section 1.12. Compensation. Each Borrower shall compensate each Bank, upon its written request (which request shall set forth in reasonable detail the basis for requesting and calculation of the amount of such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurocurrency Loans or, in the case of ABN AMRO, its Offered Rate Loans, but excluding any loss of anticipated profits) which such Bank may sustain: (i) if for any reason (other than a default by such Bank or the Administrative Agent) a Borrowing of, or conversion from or into, Eurocurrency Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 1.11); (ii) if any repayment (including any repayment made pursuant to Section 4.01 or 4.02 or as a result of an acceleration of the Loans pursuant to Section 9) or conversion of any of its Eurocurrency Loans

or Offered Rate Loans (but excluding any Offered Rate Loan repaid with the proceeds of a Mandatory Borrowing at any time no Default shall have occurred and be continuing) occurs on a date which is not its maturity date or the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of its Eurocurrency Loans or Offered Rate Loans is not made on any date specified in a notice of prepayment given by any Borrower; or (iv) as a consequence of (x) any other default by any Borrower to repay its Loans when required by the terms of this Agreement or the Notes, if any, held by such Bank or (y) any election made pursuant to Section 1.11(b), provided that with respect to this clause (y) only such compensation shall not be payable to a Bank that provided notice to the Company under Section 1.11(a)(iii).

Section 1.13. Change of Lending Office. Each Bank agrees that on the occurrence of any event giving rise to the operation of Section 1.11(a)(ii) or (iii), Section 1.11(c), Section 2.06 or Section 4.04 with respect to such Bank, it will, if requested by the Company, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans or Letters of Credit affected by such event, provided that such designation is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of such Section. Nothing in this Section 1.13 shall affect or postpone any of the obligations of any Borrower or the right of any Bank provided in Sections 1.11, 2.06 and 4.04.

Section 1.14. Replacement of Banks. (a)(i) Upon the occurrence of any event giving rise to the operation of Section 1.11(a)(ii) or (iii), Section 1.11(c), Section 2.06 or Section 4.04 with respect to any Bank which results in such Bank charging to any Borrower increased costs in excess of those being generally charged to such Borrower by the other Banks or (ii) as and to the extent provided in Section 13.12(b), the Company shall have the right, in accordance with the requirements of Section 13.04(b), if no Default or Event of Default will exist after giving effect to such replacement, to replace such Bank (the "Replaced Bank") with one or more other Eligible Transferee or Transferees (collectively, the "Replacement Bank") acceptable to the Administrative Agent, provided that (i) at the time of any replacement pursuant to this Section 1.14, the Replacement Bank shall enter into one or more Assignment and Assumption Agreements pursuant to Section 13.04(b) (and with all fees payable pursuant to said Section 13.04(b) to be paid by the Replacement Bank) pursuant to which the Replacement Bank shall acquire the entire Revolving Loan Commitment and Local Currency Commitment and all outstanding Revolving Loans and/or Local Currency Loans, as the case may be, of the Replaced Bank and, in connection therewith, shall pay to (x) the Replaced Bank in respect thereof an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Revolving Loans of the Replaced Bank and an amount equal to all Unpaid Drawings that have been funded by (and not reimbursed to) such Replaced Bank, together with all then unpaid interest with respect thereto at such time, (B) an amount equal to the principal of, and all accrued interest on, all outstanding Local Currency Loans of the Replaced Bank or any of its Local Affiliates and (C) an amount equal to all accrued, but theretofore unpaid, Fees and all other amounts due hereunder owing to the Replaced Bank pursuant to Section 3.01 and (y) ABN AMRO an amount equal to such Replaced Bank's Percentage of any Mandatory Borrowings and any Unpaid Drawing (which at such time remains an Unpaid Drawing) to the extent such amount was not theretofore funded by such Replaced Bank, and (ii) all obligations of the Borrowers owing to the Replaced Bank (other than those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full by the Borrowers to such Replaced Bank concurrently with such replacement.

(b) Upon the execution of the respective Assignment and Assumption Agreements, the payment of the amounts referred to in clauses (i) and (ii) of Section 1.14(a) and, if so requested by the Replacement Bank, delivery to the Replacement Bank of the appropriate Note or Notes executed by the appropriate Borrowers, the Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 1.11, 1.12, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such Replaced Bank.

Section 1.15. Compensation. (a) Each Bank may require the applicable Borrower to pay, contemporaneously with each payment of interest on each of such Bank's Eurocurrency Loans, additional interest on such Eurocurrency Loan at a rate per annum determined by such Bank up to but not exceeding the excess of (i) (A) the applicable Eurocurrency Rate divided by (B) one minus the Eurocurrency Reserve Percentage over (ii) the applicable Eurocurrency Rate. Any Bank wishing to require payment of such additional interest shall so notify the applicable Borrower and the Administrative Agent of the amount then due it under this Section, in which case such additional interest on the Eurocurrency Loans of such Banks shall be payable through the Administrative Agent to such Bank at the place indicated in such notice with respect to each Interest Period ending at least one Business Day after the giving of such notice.

(b) If and so long as any Bank is required to make special deposits with the Bank of England or to maintain reserve asset ratios in respect of such Bank's Eurocurrency Loans in pounds sterling, such Bank may require the applicable Borrower to pay, contemporaneously with each payment of interest on each of such Bank's Eurocurrency Loans in pounds sterling to such Borrower, additional interest on such Eurocurrency Loan at a rate per annum equal to such Bank's MLA Cost calculated in accordance with the formula and in the manner set forth in Exhibit M hereto.

Section 1.16. Substitution of Euro for National Currency. If

any Eurocurrency or Local Currency is replaced by the Euro, the Euro may be tendered in payment of any outstanding amount denominated in such Eurocurrency or Local Currency at the conversion rate specified in, or otherwise calculated in accordance with, the regulations adopted by the Council of the European Union relating to the Euro. Except as provided in the foregoing provisions of this Section, no replacement of an Eurocurrency or Local Currency by the Euro shall discharge, excuse or otherwise affect the performance of any obligation of any Borrower under this Agreement or its Notes.

Section 1.17. Assumption of Obligations by SAC. If the SAC Merger is consummated, then the Company may, in its discretion, cause SAC, unconditionally and irrevocably to assume, as a joint and several obligor with each Borrower all of the obligations of each Borrower to make payment of (i) principal and interest with respect to the Loans incurred by each Borrower, (ii) the Unpaid Drawings and (iii) each Borrower's Notes, to the same extent, and with the same force and effect, as if SAC had originally executed the Notes, was the applicant for each Letter of Credit, and received the proceeds of the Loans incurred by each Borrower, by delivering an assumption agreement to the Administrative Agent. Nothing in this Section 1.17 shall (i) impair or otherwise affect the liability of any Borrower or Guarantor under any Credit Document or (ii) affect the obligation of the Company to cause all Domestic Subsidiaries which are Material Subsidiaries to become Subsidiary Guarantors pursuant to Section 7.09.

SECTION 2. LETTERS OF CREDIT.

Section 2.01. Letters of Credit. (a) Subject to and upon the terms and conditions set forth herein, the Company may request that the Issuing Agent issue, at any time and from time to time on and after the Effective Date and prior to the thirtieth (30) day prior to the Final Maturity Date, for the account of the Company, a Dollar denominated irrevocable standby letter of credit in support of obligations of the Company or any Subsidiary, in a form customarily used by the Issuing Agent or in such other form as has been approved by the Issuing Agent (each such standby letter of credit a "Letter of Credit").

(b) The Issuing Agent hereby agrees that it will (subject to the terms and conditions contained herein) at any time and from time to time on or after the Effective Date and prior to the Final Maturity Date, following its receipt of the respective Letter of Credit Request, issue for the account of the Company one or more Letters of Credit, as is permitted to remain outstanding without giving rise to a Default or an Event of Default, provided that the Issuing Agent shall be under no obligation to issue any Letter of Credit if at the time of such issuance:

(i) any order, judgment or decree of any governmental authority or arbitrator shall purport by its terms to enjoin or restrain the Issuing Agent from issuing such Letter of Credit or any requirement of law applicable to the Issuing Agent or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over the Issuing Agent shall prohibit, or request that the Issuing Agent refrain from, the issuance of letters of credit generally or such Letter of Credit in particular; or

(ii) The Issuing Agent shall have received notice from the Required Banks prior to the issuance of such Letter of Credit of the type described in the penultimate sentence of Section 2.03(b).

In addition, the Issuing Agent shall not be obligated to issue any Letter of Credit at a time when a Bank Default exists unless the Issuing Agent shall have entered into arrangements satisfactory to it and the Company to eliminate the Issuing Agent's risk with respect to the Bank which is the subject of the Bank Default, including by cash collateralizing an amount equal to the product of (x) such Bank's Percentage and (y) the Letter of Credit Outstandings.

(c) Notwithstanding the foregoing, (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid on the date of, and prior to the issuance of, the respective Letter of Credit) at such time would exceed either (x) when added to the "Letter of Credit Outstandings" under the Other Credit Agreement, $100,000,000 or (y) when added to the sum of the Original Dollar Amount of all Revolving Loans, Swingline Loans, Bid Loans and Local Currency Loans then outstanding, an amount equal to the Total Revolving Loan Commitment at such time and (ii) each Letter of Credit shall by its terms terminate on or before the fifth Business Day prior to the Final Maturity Date.

Section 2.02. Minimum Stated Amount. The initial Stated Amount of each Letter of Credit shall not be less than $250,000 or such lesser amount as is acceptable to the Issuing Agent.

Section 2.03. Letter of Credit Requests. (a) Whenever the Company desires that a Letter of Credit be issued for its account, the Company shall give the Administrative Agent and the Issuing Agent at least five Business Days' (or such shorter period as is acceptable to the Issuing Agent) written notice thereof. Each notice shall be in the form of Exhibit C (each a "Letter of Credit Request").

(b) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the Company that such Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 2.01(c). Unless the Issuing Agent has received

notice from the Required Banks before it issues a Letter of Credit that a Default or an Event of Default then exists or that the issuance of such Letter of Credit would violate Section 2.01(c), then the Issuing Agent shall issue the requested Letter of Credit for the account of the Company in accordance with the Issuing Agent's usual and customary practices.

Section 2.04. Letter of Credit Participations. (a) Immediately upon the issuance by the Issuing Agent of any Letter of Credit, the Issuing Agent shall be deemed to have sold and transferred to each other Bank (each such Bank, in its capacity under this Section 2.04, a "Participant"), and each such Participant shall be deemed irrevocably and unconditionally to have purchased and received from the Issuing Agent, without recourse or warranty, an undivided interest and participation, to the extent of such Participant's Percentage in such Letter of Credit, each drawing made thereunder and the obligations of the Company under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto. Upon any change in the Commitment of the Banks pursuant to Section 1.01(d), Section 1.14 or 13.04, it is hereby agreed that, with respect to all outstanding Letters of Credit and Unpaid Drawings, there shall be an automatic adjustment to the participations pursuant to this Section 2.04 to reflect the new Percentages of the assignor and assignee Bank or of all Banks, as the case may be.

(b) In determining whether to pay under any Letter of Credit, the Issuing Agent shall have no obligation relative to the other Banks other than to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the Issuing Agent under or in connection with any Letter of Credit if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for the Issuing Agent any resulting liability to the Company, any Subsidiary of the Company or any Bank.

(c) In the event that the Issuing Agent makes any payment under any Letter of Credit and the Company shall not have reimbursed such amount in full to the Issuing Agent pursuant to Section 2.05(a), the Issuing Agent shall promptly notify the Administrative Agent, which shall promptly notify each Participant of such failure, and each Participant shall promptly and unconditionally pay to the Issuing Agent the amount of such Participant's Percentage of such unreimbursed payment in Dollars and in same day funds. If the Administrative Agent so notifies, prior to 11:00 A.M. (New York time) on any Business Day, any Participant required to fund a payment under a Letter of Credit, such Participant shall make available to the Issuing Agent in Dollars such Participant's Percentage of the amount of such payment on such Business Day in same day funds. If and to the extent such Participant shall not have so made its Percentage of the amount of such payment available to the Issuing Agent, such Participant agrees to pay to the Issuing Agent, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Issuing Agent at the overnight Federal Funds Rate. The failure of any Participant to make available to the Issuing Agent its Percentage of any payment under any Letter of Credit shall not relieve any other Participant of its obligation hereunder to make available to the Issuing Agent its Percentage of any Letter of Credit on the date required, as specified above, but no Participant shall be responsible for the failure of any other Participant to make available to the Issuing Agent such other Participant's Percentage of any such payment.

(d) Whenever the Issuing Agent receives a payment of a reimbursement obligation as to which it has received any payments from the Participants pursuant to clause (c) above, the Issuing Agent shall pay to each Participant which has paid its Percentage thereof, in Dollars and in same day funds, an amount equal to such Participant's share (based upon the proportionate aggregate amount originally funded by such Participant to the aggregate amount funded by all Participants) of the payment of the principal amount of such reimbursement obligation and interest thereon accruing after the purchase of the respective participations.

(e) Subject to Section 2.04(b) the obligations of the Participants to make payments to the Issuing Agent with respect to Letters of Credit issued by it shall be irrevocable and not subject to any qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, setoff, defense or other right which the Company or any of its Subsidiaries may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Participant, or any other Person, whether in connection with this Agreement, any Letter of Credit, any other Credit Document, the transactions contemplated herein or therein or any unrelated transactions (including any underlying transaction between the Company or any of its Subsidiaries on the one hand and the beneficiary named in any such Letter of Credit on the other hand);

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

(iv) the surrender or impairment of any security for the

performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default or Event of Default.

Section 2.05. Agreement to Repay Letter of Credit Drawings. (a) The Company hereby agrees to reimburse the Issuing Agent, by making payment to the Administrative Agent in immediately available funds at the Payment Office of the Administrative Agent, for any payment or disbursement made by the Issuing Agent under any Letter of Credit (each such amount, so paid until reimbursed, an "Unpaid Drawing"), (i) on the date of such payment or disbursement, if the Issuing Agent provides notice to the Company by 12:00 Noon (New York time) that it has made a payment or disbursement of such amount with respect to a Letter of Credit or (ii) by 12:00 Noon (New York time) on the next Business Day, if the Issuing Agent provides notice to the Borrower after 12:00 Noon (New York time) that it has made a payment or disbursement of such amount with respect to a Letter of Credit, in each case together with interest on the amount so paid or disbursed by the Issuing Agent, to the extent not reimbursed prior to 12:00 Noon (New York time) on the date of such payment or disbursement, from and including the date paid or disbursed to but excluding the date the Issuing Agent was reimbursed by the Company therefor at a rate per annum which shall be the Base Rate in effect from time to time; provided, however, to the extent such amounts are not reimbursed prior to 12:00 Noon (New York time) on the third Business Day following such payment or disbursement, interest shall thereafter accrue on the amounts so paid or disbursed by the Issuing Agent (and until reimbursed by the Company) at a rate per annum which shall be the Base Rate in effect from time to time plus 2% and with such interest to be payable on demand. The Issuing Agent shall give the Company prompt notice of each Drawing under any Letter of Credit, provided that the failure to give any such notice shall in no way affect, impair or diminish the Company's obligations hereunder.

(b) The obligations of the Company under this Section 2.05 to reimburse the Issuing Agent with respect to drawings on Letters of Credit (each, a "Drawing") (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Company may have or have had against any Bank (including in its capacity as issuer of the Letter of Credit or as Participant), or any non-application or misapplication by the beneficiary of the proceeds of such Drawing, the Issuing Agent's only obligation to the Company being to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the Issuing Agent under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for the Issuing Agent any resulting liability to the Company or any of its Subsidiaries.

Section 2.06. Increased Costs. If at any time after the Effective Date, the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or request (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Issuing Agent or any Participant with any request or directive by any such authority (whether or not having the force of law), or any change in generally acceptable accounting principles, shall either (i) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against letters of credit issued by the Issuing Agent or participated in by any Participant, or (ii) impose on the Issuing Agent or any Participant any other conditions relating, directly or indirectly, to this Agreement or any Letter of Credit; and the result of any of the foregoing is to increase the cost to the Issuing Agent or any Participant of issuing, maintaining or participating in any Letter of Credit, or reduce the amount of any sum received or receivable by the Issuing Agent or any Participant hereunder or reduce the rate of return on its capital with respect to Letters of Credit (except for changes in the rate of tax on, or determined by reference to, the net income or profits of the Issuing Agent or such Participant, pursuant to the laws of the jurisdiction in which the Issuing Agent or such Participant is organized or the jurisdiction in which the Issuing Agent's or such Participant's principal office or applicable lending office is located or any subdivision thereof or therein), then, within 15 days after demand of the Company by the Issuing Agent or such Participant (a copy of which demand shall be sent by the Issuing Agent or such Participant to the Administrative Agent), the Company shall pay to the Issuing Agent or such Participant such additional amount or amounts as will compensate the Issuing Agent or such Participant for such increased cost or reduction in the amount receivable or reduction on the rate of return on its capital. The Issuing Agent or any Participant, upon determining that any additional amounts will be payable pursuant to this Section 2.06, will give prompt written notice thereof to the Company, which notice shall include a certificate submitted to the Company by the Issuing Agent or such Participant (a copy of which certificate shall be sent by the Issuing Agent or such Participant to the Administrative Agent), setting forth in reasonable detail the basis for the calculation of such additional amount or amounts necessary to compensate the Issuing Agent or such Participant. The certificate required to be delivered pursuant to this Section 2.06 shall, if delivered in good faith and absent manifest error, be final and conclusive and binding on the Company. To the extent the notice required by the second preceding sentence is given by the Issuing Agent or any Participant more than 90 days after the occurrence of the event giving rise to the additional costs of the type described in this Section 2.06, the Issuing Agent or such Participant shall not be entitled to compensation under this Section 2.06 for any amounts incurred or accrued prior to the

giving of such notice to the Company.

SECTION 3. FEES; REDUCTIONS OF COMMITMENTS.

Section 3.01. Fees. (a) The Company agrees to pay to the Administrative Agent for distribution to each Bank a Facility Fee (the "Facility Fee") for the period from the Effective Date to but not including the Final Maturity Date (or such earlier date as the Total Commitment shall have been terminated) on the daily average Commitment of such Bank, at a rate of:

(i) 0.080% per annum for each day Category A Period exists,

(ii) 0.095% per annum for each day Category B Period exists,

(iii) 0.125% per annum for each day Category C Period exists,

(iv) 0.150% per annum for each day Category D Period exists,

(v) 0.200% per annum for each day Category E Period exists, and

(vi) 0.250% per annum for each day Category F Period exists.

Accrued Facility Fee shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December of each year, and on the Final Maturity Date (or upon such earlier date as the Total Commitment is terminated).

(b) The Company agrees to pay to the Administrative Agent for pro rata distribution to each Bank (based upon such Bank's Percentage) a fee in respect of each Letter of Credit issued hereunder (the "Letter of Credit Fee") for the period from and including the date of issuance of such Letter of Credit to but not including the termination of such Letter of Credit, computed at a rate per annum equal to the Applicable Margin as in effect from time to time on the daily Stated Amount of such Letter of Credit. Accrued Letter of Credit Fees shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December and upon the first day on or after the termination of the Total Revolving Loan Commitment upon which no Letters of Credit remain outstanding.

(c) The Company agrees to pay to the Issuing Agent, for its account, a facing fee in respect of each Letter of Credit issued by the Issuing Agent in such amounts as agreed between the Company and the Issuing Agent from time to time.

(d) The Company agrees to pay to the Issuing Agent, upon each drawing under, issuance of, or amendment to, any Letter of Credit issued by the Issuing Agent, such amount as shall at the time of such event be the administrative charge which the Issuing Agent is generally imposing in connection with such occurrence with respect to letters of credit.

(e) The Company agrees to pay to the Administrative Agent, for the account of each Bank on the date hereof, such up front fees as shall have been agreed to between the Company and the Administrative Agent.

(f) The Company agrees to pay to the Administrative Agent, for its own account, such other fees as shall have been agreed to by the Company and the Administrative Agent.

Section 3.02. Voluntary Reduction of Commitments. (a) Upon at least five Business Days' prior notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), the Company shall have the right, at any time or from time to time, without premium or penalty, to terminate the Total Commitment in whole or in part, in integral multiples of $10,000,000 in the case of partial reductions to the Total Commitment, provided that each such reduction shall apply proportionately to permanently reduce the Commitments of each Bank.

(b) With respect to any Bank subject to replacement pursuant to and as and to the extent provided in Section 13.12(b), the Company may, upon five Business Days' prior notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks) terminate the entire Commitment of such Bank so long as all Loans, together with all accrued and unpaid interest, Fees and all other amounts, owing to such Bank are repaid concurrently with the effectiveness of such termination pursuant to Section 4.01(b) (at which time Schedule 1.01 shall be deemed modified to reflect such changed amounts), and at such time such Bank shall no longer constitute a "Bank" for purposes of this Agreement, except with respect to indemnifications under this Agreement (including, without limitation, Sections 1.11, 1.12, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such repaid Bank.

Section 3.03. Mandatory Reduction of Commitments. The Total Revolving Loan Commitment (and the Revolving Loan Commitment of each Bank) shall terminate in its entirety on the Final Maturity Date.

SECTION 4. PREPAYMENTS: PAYMENTS.

Section 4.01. Voluntary Prepayments. (a) Each Borrower shall have the right to prepay the Loans (other than Bid Loans and Local Currency Loans) made to it, without premium or penalty, in whole or in part at any time and from time to time on the following terms and conditions: (i) the respective Borrower shall give the Administrative Agent prior to 12:00 Noon (New York time) at its Notice Office (x) same day written notice (or telephonic notice promptly confirmed in writing) of such Borrower's intent

to prepay Base Rate Loans or Swingline Loans and (y) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of such Borrower's intent to prepay Eurocurrency Loans, the amount of such prepayment and, in the case of Eurocurrency Loans, the specific Borrowing or Borrowings pursuant to which made, which notice the Administrative Agent shall promptly transmit to each of the Banks; and (ii) each prepayment shall be of Loans having an Original Dollar Amount of at least $500,000 provided that if any partial prepayment of Eurocurrency Loans made pursuant to any Borrowing shall reduce the outstanding Eurocurrency Loans made pursuant to such Borrowing to an amount less than an Original Dollar Amount of $2,000,000, then such Borrowing may not be continued as a Borrowing of Eurocurrency Loans and any election of an Interest Period with respect thereto given by the respective Borrower shall have no force or effect. Any Bid Loan shall be prepayable only with the consent of the Bank making such Bid Loan. Any Local Currency Loan shall be prepayable to the extent and on the terms provided in the applicable Local Currency Documentation.

(b) With respect to any Bank subject to replacement pursuant to and as and to the extent provided in Section 13.12(b), the respective Borrower may, upon five Business Days' written notice by such Borrower to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), repay all Loans (other than Bid Loans), together with all accrued and unpaid interest, Fees, and all other amounts owing to the non-consenting Bank in accordance with said Section 13.12(b) so long as (A) the Commitment of such Bank is terminated concurrently with such repayment pursuant to Section 3.02(b) (at which time Schedule 1.01 shall be deemed modified to reflect the changed Commitments) and (B) the consents required by Section 13.12(b) in connection with the prepayment pursuant to this Section 4.01(b) have been obtained.

Section 4.02. Mandatory Prepayments. (a) (i) If on any date the sum of (I) the aggregate outstanding Original Dollar Amount of Revolving Loans, Swingline Loans and Bid Loans and (II) the aggregate amount of Letter of Credit Outstandings exceeds the Total Revolving Loan Commitment as then in effect, there shall be required to be repaid on such date that principal amount of Loans, in an amount equal to such excess. If, after giving effect to the prepayment of all outstanding Loans, the aggregate amount of the Letter of Credit Outstandings exceeds the Total Revolving Loan Commitment as then in effect, there shall be paid to the Administrative Agent at its Payment Office on such date an amount of cash equal to the amount of such excess (up to a maximum amount equal to the Letter of Credit Outstandings at such time), such cash to be held as security for the obligations of the Company hereunder in a cash collateral account established by the Administrative Agent.

(ii) If on any date the sum of the aggregate outstanding Original Dollar Amount of Local Currency Loans made under any Local Currency Commitment exceeds such Local Currency Commitment as then in effect, there shall be required to be repaid on such date that principal amount of such Local Currency Loans in an amount equal to such excess.

(b) With respect to each repayment of Loans required by Section 4.02, the respective Borrower may designate the Types of Loans which are to be repaid and, in the case of Eurocurrency Loans, the specific Borrowing or Borrowings pursuant to which made, provided that: (i) repayments of Eurocurrency Loans made pursuant to this Section 4.02 may only be made on the last day of an Interest Period applicable thereto unless all such Eurocurrency Loans with Interest Periods ending on such date of required repayment and all Base Rate Loans have been paid in full; (ii) if any repayment of Eurocurrency Loans denominated in Dollars made pursuant to a single Borrowing shall reduce the outstanding Eurocurrency Loans made pursuant to such Borrowing to an amount less than $2,000,000, such Borrowing shall be converted at the end of the then current Interest Period into a Borrowing of Base Rate Loans; and (iii) each repayment in respect of any Loans made pursuant to a specific Borrowing shall be applied pro rata among such Loans. In the absence of a designation by the respective Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion.

(c) Notwithstanding anything to the contrary contained elsewhere in this Agreement, all then outstanding Loans shall be repaid in full on the Final Maturity Date.

Section 4.03. Method and Place of Payment. Except as otherwise specifically provided herein, all payments under this Agreement or any Note (i) to be made in Dollars shall be made to the Administrative Agent for the account of the Bank or Banks entitled thereto no later than 12:00 Noon (New York time) on the date when due and shall be made in Dollars in immediately available funds at the Administrative Agent's Payment Office and (ii) to be made in a Eurocurrency shall be made to the Administrative Agent, no later than 12:00 noon local time at the place of payment (or such earlier time as the Administrative Agent may notify to the relevant Borrower(s) as necessary for such funds to be received for same day value on the date of such payment) in the currency in which such amount is owed to such office as the Administrative Agent has previously specified in a notice to the Borrowers for the benefit of the Person or Persons entitled thereto. All payments under this Agreement relating to Local Currency Loans shall be made in the manner provided in the applicable Local Currency Documentation. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

Section 4.04. Net Payments. (a) All payments made by the Borrowers hereunder or under any Note will be made without setoff, counterclaim or other defense. Except as provided in Section 4.04(b) and (c) with respect to payments made by a Borrower hereunder or under any Note, all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein from or through which such payments originate or are made (but excluding, (i) in the case of each Bank and the Administrative Agent, any tax imposed on or measured by net income or profits pursuant to the laws of the jurisdiction in which such Bank or the Administrative Agent (as the case may be) is organized or any subdivision thereof or therein and (ii) in the case of each Bank, any tax imposed on or measured by net income or profits pursuant to the laws of the jurisdiction in which the principal office or applicable lending office of such Bank is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). If any Taxes are so levied or imposed, the respective Borrower agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. The respective Borrower will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes is due pursuant to applicable law certified copies of tax receipts, or other documents reasonably satisfactory to the Bank or Administrative Agent, evidencing such payment by such Borrower. The respective Borrower agrees to indemnify and hold harmless each Bank, and reimburse such Bank upon its written request, for the amount of any Taxes so levied or imposed and paid by such Bank; provided, however, that the relevant Borrower shall not be obligated to make payment to the Bank or the Administrative Agent (as the case may be) pursuant to this Section in respect of penalties, interest and other liabilities attributable to Taxes, if (x) written demand therefor has not been made by such Bank or the Administrative Agent within 90 days from the date on which such Bank or the Administrative Agent knew of the imposition of Taxes by the relevant governmental authorities or (y) to the extent such penalties, interest and other liabilities are attributable to the gross negligence or willful misconduct of the Bank. If any Bank shall obtain a refund, credit or deduction as a result of the payment of or indemnification for any Taxes made by any Borrower to such Bank pursuant to this Section 4.04(a), such Bank shall pay to such Borrower an amount with respect to such refund, credit or deduction equal to any net tax benefit actually received by such Bank as a result thereof which such Bank determines, in its sole discretion, to be attributable to such payment.

(b) Each Bank that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) agrees to deliver to the Company and the Administrative Agent on or prior to the Effective Date, or in the case of a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or 13.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Bank, (i) two accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001 (or successor forms) certifying to such Bank's entitlement to a complete exemption from United States withholding tax with respect to payments to be made by the Company under this Agreement and under any Note, or (ii) if the Bank is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and cannot deliver either Internal Revenue Service Form 1001 or 4224 pursuant to clause (i) above, (x) a certificate substantially in the form of Exhibit D (any such certificate, a "Section 4.04(b)(ii) Certificate") and (y) two accurate and complete original signed copies of Internal Revenue Service Form W-8 (or successor form) certifying to such Bank's entitlement to a complete exemption from United States withholding tax with respect to payments of interest to be made by the Company under this Agreement and under any Note. In addition, each Bank agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Company and the Administrative Agent two new accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001, or Form W-8 and a Section 4.04(b)(ii) Certificate, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Bank to a continued exemption from or reduction in United States withholding tax with respect to payments by the Company under this Agreement and any Note, or it shall immediately notify the Company and the Administrative Agent of its inability to deliver any such Form or Certificate, in which case such Bank shall not be required to deliver any such Form or Certificate. Notwithstanding anything to the contrary contained in Section 4.04(a), but subject to Section 13.04(b) and the immediately succeeding sentence, (x) the Company shall be entitled, to the extent it is required to do so by law, to deduct or withhold Taxes, income or similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder for the account of any Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes to the extent that such Bank has not timely provided to the Company U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (y) the Company shall not be obligated pursuant to Section 4.04(a) to gross-up payments to be made to a Bank in respect of Taxes, income or similar taxes imposed by the United States if (I) such Bank has not provided to the Company the Internal Revenue Service Forms required to be provided to the Company pursuant to this Section 4.04(b), to the extent that such Forms do not establish a complete exemption from withholding of such taxes or (II)

in the case of a payment, other than interest, is made to a Bank described in clause (ii) above. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 4.04 and except as set forth in Section 13.04(b), the Company agrees to pay additional amounts and to indemnify each Bank in the manner set forth in Section 4.04(a) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Effective Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of income or similar Taxes.

(c) If a Bank is managed and controlled from or incorporated under the laws of any jurisdiction other than the United Kingdom and is required to make Revolving Loans to a Subsidiary Borrower incorporated in the United Kingdom through a lending office located outside the United Kingdom (a "Non-U.K. Bank"), such Non-U.K. Bank agrees to file with the relevant taxing authority (with a copy to the Company and the Administrative Agent), to the extent that it is entitled to file, at the expense of such Subsidiary Borrower within 20 days after the Effective Date, or in the case of a Non-U.K. Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.13 or 13.04 (unless the respective Non-U.K. Bank was already a Non-U.K. Bank immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Non-U.K. Bank, two accurate and complete copies of the form entitled "Claim on Behalf of a United States Domestic Corporation to Relief from United Kingdom Income Tax on Interest and Royalties Arising in the United Kingdom," or its counterpart with respect to jurisdictions other than the United States, or any successor form. Such Non-U.K. Bank shall claim in such form its entitlement to a complete exemption from or reduced rate of U.K. withholding tax on interest paid by such Subsidiary Borrower hereunder, and shall file with the relevant taxing authority, any successor forms thereto if any previously filed form is found to be incomplete or incorrect in any material respect or upon the obsolescence of any previously delivered form, provided that the failure to obtain such exemption from or reduced rate of U.K. withholding tax shall not alter the obligations of the Borrowers under Section 4.04(a).

(d) Each Bank represents and warrants to the Administrative Agent and the Borrowers that under applicable law and treaties in effect as of the date hereof no taxes imposed by the United States or any country in which any Bank is organized or controlled or in which any Bank's applicable lending office is located or any political subdivision of any of the foregoing will be required to be withheld by the Borrowers with respect to any payments to be made to such Bank, or any of its Applicable Lending Offices, in respect of any of the Loans; provided, however, that the Banks shall not make the representations and warranties under this Section 4.04(d) with respect to, and such representations and warranties shall not include, (i) Loans denominated in a currency other than the official currency of the jurisdiction under the laws of which the applicable Borrower is organized and (ii) Loans for which the outstanding principal thereof and interest thereon is being paid by the Company pursuant to Section 12.

SECTION 5. CONDITIONS PRECEDENT.

Section 5.01. Conditions to Effective Date and Credit Events on the Effective Date. The occurrence of the Effective Date pursuant to Section 13.10, and the obligation of each Bank to make Loans, and the obligation of the Issuing Agent to issue Letters of Credit, in each case on the Effective Date, are subject at the time of such Credit Event to the satisfaction of the following conditions:

(a) Execution of Agreement; Notes. (i) This Agreement shall have been executed and delivered as provided in Section 13.10 and (ii) to the extent requested by any Bank, there shall have been delivered to (x) the Administrative Agent for the account of the requesting Bank(s) the appropriate Bid Notes and/or Revolving Notes and/or Local Currency Notes executed by the respective Borrower and (y) to ABN AMRO, the Swingline Note executed by the Company, in each case in the amount, maturity and as otherwise provided herein.

(b) Opinion of Counsel. On the Effective Date, the Administrative Agent shall have received an opinion, addressed to the Administrative Agent and each of the Banks and dated the Effective Date, from (i) Wachtell, Lipton, Rosen & Katz, Special Counsel of the Borrowers, covering the matters set forth in and in the form of Exhibit E-1 and (ii) General Counsel of the Company and Cryovac, covering the matters set forth in and in the form of Exhibit E-2, and such other matters incident to the transactions contemplated herein as the Administrative Agent may reasonably request.

(c) Corporate Documents; Proceedings; Officers' Certificates. (i) On the Effective Date, the Administrative Agent shall have received from the Company and Cryovac a certificate, dated the Effective Date, signed by the Secretary or any Assistant Secretary of such Borrower, substantially in the form of Exhibit F-1, with appropriate insertions, together with copies of the certificate of incorporation and by-laws of such Borrower and the resolutions of the Borrower referred to in such certificate, and a certificate, dated the Effective Date, signed by the Chairman, President or any Vice President of such Borrower, substantially in the form of Exhibit F-2, and each of the foregoing shall be satisfactory to the Administrative Agent.

(ii) All corporate proceedings and all instruments and agreements (other than the Merger Agreement, the Distribution Agreement, the Other Agreements (as defined in the Distribution Agreement) or any instrument or agreement incidental thereto) in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be satisfactory in form and substance to the Administrative Agent, and, with respect to the Company, the Administrative Agent shall have received all information and copies of all documents and papers, including records of corporate proceedings and governmental approvals (to the extent required under clause (d) below), which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

(d) Governmental Approvals, etc. On or prior to the Effective Date, all necessary governmental (domestic and foreign) and third party approvals in connection with the transactions contemplated by the Credit Documents and otherwise referred to herein or therein including, without limitation, the Reorganization, shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the consummation of the transactions contemplated by the Credit Documents including, without limitation, the Reorganization (except such approvals the failure to obtain which, and such waiting periods the non-expiration of which, prior to consummation of the Reorganization, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect).

(e) Existing Credit Agreements. On or prior to the Effective Date, the Company shall have provided evidence satisfactory to the Administrative Agent of amendments to the Existing Credit Agreements which provide for the release of the Company from its obligations under the Existing Credit Agreements.

(f) Fees, etc. On the Effective Date, the Company shall have paid to the Administrative Agent and the Banks all costs, fees and expenses (including, without limitation, legal fees and expenses) payable to the Administrative Agent and the Banks to the extent then due.

(g) Reorganization. On the Effective Date, the Merger Agreement shall be in full force and effect and any consents of the shareholders of the Company or SAC which may be required to authorize the SAC Merger shall have been obtained.

(h) Merger Agreement. On or before the Effective Date, the Agent shall have received true and correct copies of the Merger Agreement and Distribution Agreement.

Section 5.02. Conditions as to All Credit Events. The occurrence of the Effective Date pursuant to Section 13.10, and the obligation of each Bank to make Loans (including Loans made on the Effective Date, but excluding Mandatory Borrowings made thereafter, which shall be made as provided in Section 1.01(c)) and the obligation of the Issuing Agent to issue any Letter of Credit, is subject, at the time of each such Credit Event (except as hereinafter indicated), to the satisfaction of the following conditions:

(a) No Default; Representations and Warranties. At the time of each such Credit Event and also after giving effect thereto (i) there shall exist no Default and (ii) all representations and warranties contained herein (other than Section 6.05) and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of the making of such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

(b) Notice of Borrowing, Letter of Credit Request. (i) Prior to the making of each Loan, the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 1.03(a). Prior to the making of each Swingline Loan, ABN AMRO shall have received the notice required by Section 1.03(b).

(ii) Prior to the issuance of each Letter of Credit, the Administrative Agent and the Issuing Agent shall have received a Letter of Credit Request meeting the requirements of Section 2.03.

The occurrence of the Effective Date and the acceptance of the benefits of each Credit Event shall constitute a representation and warranty by the Borrowers that all the applicable conditions to such Credit Event specified in this Section 5 have been satisfied as of that time. All of the Notes, certificates, legal opinions and other documents and papers referred to in this Section 5, unless otherwise specified, shall be delivered to the Administrative Agent at its Notice Office for the account of each of the Banks and, except for the Notes, if any, in sufficient counterparts for each of the Banks and shall be satisfactory in form and substance to the Administrative Agent and the Banks.

Section 5.03. Subsidiary Borrowers, etc. (a) At any time that the Company desires that a Wholly-Owned Subsidiary of the Company

(other than Cryovac) become a Subsidiary Borrower hereunder, such Subsidiary Borrower shall satisfy the following conditions at the time it becomes a Subsidiary Borrower:

(i) if requested by any Bank, such Subsidiary Borrower shall have executed and delivered Revolving Notes and, if appropriate, Local Currency Notes satisfying the conditions of Section 1.06;

(ii) such Subsidiary Borrower shall have executed and delivered an Election to Become a Subsidiary Borrower, which shall be in full force and effect;

(iii) to the extent any of the documents, writings, records, instruments and consents that would have been required by Section 5.01(c) if such Subsidiary Borrower had been subject thereto on the Effective Date had not been heretofore delivered, such items shall have been delivered to, and shall be satisfactory to, the Administrative Agent; and

(iv) except in the case of SAC, if the SAC Merger has occurred, such Subsidiary Borrower shall have received the consent of the Administrative Agent, such consent not to be unreasonably withheld.

(b) Each Subsidiary Borrower shall cease to be a Borrower hereunder upon the delivery to the Administrative Agent of an Election to Terminate in the form of Exhibit L hereto or such Subsidiary Borrower ceasing to be a Subsidiary. Upon ceasing to be a Borrower pursuant to the preceding sentence, a Borrower shall lose the right to request Borrowings hereunder, but such circumstance shall not affect any obligation of a Subsidiary Borrower theretofore incurred.

SECTION 6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Banks to enter into this Agreement and to make the Loans, and issue (and participate in) the Letters of Credit as provided herein, each Borrower makes the following representations, warranties and agreements, all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans and issuance of the Letters of Credit.

Section 6.01. Status. Each of the Company and its Material Subsidiaries (i) is duly organized, validly existing and, if applicable, in good standing, under the laws of the jurisdiction of its incorporation or organization, (ii) has the corporate or comparable power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified as a foreign corporation and, if applicable, in good standing in each jurisdiction where the ownership, leasing or operation of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

Section 6.02. Power and Authority. Each Borrower and each Subsidiary Guarantor has the corporate or comparable power and authority to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is a party and has taken all necessary corporate or comparable action to authorize the execution, delivery and performance by it of each of such Credit Documents. Each Borrower and each Subsidiary Guarantor has duly executed and delivered each of the Credit Documents to which it is a party, and each of such Credit Documents constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

Section 6.03. No Violation. Neither the execution, delivery or performance by any Borrower or any Guarantor of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (i) contravenes any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, except where such contravention would not reasonably be expected to have a Material Adverse Effect, (ii) conflicts or is inconsistent with or results in any breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Company or any of its Material Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which the Company or any of its Material Subsidiaries is a party or by which it or any of its property or assets are bound or to which it may be subject, except where such conflict, inconsistency, breach or default would not reasonably be expected to result in a Material Adverse Effect or (iii) violates any provision of the certificate of incorporation or by-laws (or the equivalent documents) of the Company or any of its Material Subsidiaries.

Section 6.04. Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made on or prior to the relevant Credit Event and which remain in full force and effect), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to be obtained by the Company, any Borrower or any Guarantor to authorize, or is required for, (i) the

execution, delivery and performance of any Credit Document or (ii) the legality, validity, binding effect or enforceability of any Credit Document.

Section 6.05. Financial Statement; Financial Condition. The W. R. Grace & Co./Grace Packaging Special-Purpose Combined Financial Statements appearing at pages F-1 through F-22 of the Joint Proxy Statement/Prospectus of the Company dated February 13, 1998 and the Unaudited Special-Purpose Combined Interim Financial Statements appearing at pages F-23 through F-26 of the Joint Proxy Statement/Prospectus of the Company dated February 13, 1998 present fairly, in all material respects, the combined financial position of the Company and Grace Packaging (as that term is defined in Note 1 to such Special-Purpose Combined Financial Statements) at the dates of the balance sheets, and the combined earnings and cash flows of Grace Packaging (as so defined) for the periods specified therein, in accordance with the basis of presentation described in Note 1 to such Special-Purpose Combined Financial Statements and Note 1 to such Unaudited Special-Purpose Combined Interim Financial Statements, as applicable. Such Special-Purpose Combined Financial Statements and Unaudited Special-Purpose Combined Interim Financial Statements have been prepared in accordance with generally accepted accounting principles and practices consistently applied (except as set forth in the notes to such Special-Purpose Combined Financial Statements and the notes to such Unaudited Special-Purpose Combined Interim Financial Statements). During the period from September 30, 1997 to the Effective Date, there has been no change in the business, results of operations or financial condition of Grace Packaging (as so defined), that would reasonably be expected to have a Material Adverse Effect.

Section 6.06. Litigation. Except for certain proceedings, investigations and other legal matters as to which the Company cannot currently predict the results or impact, if any, but as to which in any event, pursuant to the Distribution Agreement, the Company and Cryovac and its affiliates are indemnified by the New Grace Group (as defined in the Distribution Agreement), there are no actions, suits or proceedings pending or, to the knowledge of any Borrower, threatened against the Company or any Material Subsidiary in which there is a reasonable possibility of an adverse decision (i) which in any manner draws into question the validity or enforceability of any Credit Document or (ii) that would reasonably be expected to have a Material Adverse Effect.

Section 6.07. True and Complete Disclosure. All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of the Company or any of its Subsidiaries in writing to any Bank (including, without limitation, all information relating to the Company and its Subsidiaries contained in the Credit Documents but excluding any forecasts and projections of financial information and results submitted to any Bank) for purposes of or in connection with this Agreement, or any transaction contemplated herein, is to the knowledge of the Company true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

Section 6.08. Use of Proceeds; Margin Regulations. (a) All proceeds of Loans shall be used by the respective Borrowers (i) to make cash transfers as provided in the Distribution Agreement, (ii) to repay certain existing Indebtedness of the Company and its Subsidiaries, or (iii) for the working capital and general corporate purposes of the Company and its Subsidiaries, including acquisitions of assets and stock (including repurchases by the Company of its own stock).

(b) No part of the proceeds of any Loan will be used by any Borrower or any Subsidiary thereof to purchase or carry any Margin Stock (other than repurchases by the Company of its own stock) or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System.

Section 6.09. Tax Returns and Payments. Each of the Company and its Subsidiaries has timely filed or caused to be timely filed, on the due dates thereof or pursuant to applicable extensions thereof, with the appropriate taxing authority, all Federal and other material returns, statements, forms and reports for taxes (the "Returns") required to be filed by or with respect to the income, properties or operations of the Company and/or any of its Subsidiaries, except where the failure to so file would not reasonably be expected to result in a Material Adverse Effect. Each of the Company and its Subsidiaries has paid all material taxes payable by them other than taxes which are not delinquent, and other than those contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles and which if unpaid would reasonably be expected to result in a Material Adverse Effect.

Section 6.10. Compliance with ERISA. Each Plan is in substantial compliance with the material provisions of ERISA and the Code; no Reportable Event has occurred with respect to a Plan which would reasonably be expected to result in a Material Adverse Effect; no Plan is insolvent or in reorganization; excluding Plans which are multiemployer plans (as defined in Section 4001(a)(3) of ERISA) the aggregate Unfunded Current Liability for all Plans does not exceed $20,000,000, and no Plan has an accumulated or waived funding deficiency or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; all material contributions required to be made with respect to a Plan have been timely made; neither the Company nor any Subsidiary of the

Company nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), or 4971 of the Code; no proceedings have been instituted to terminate, or to appoint a trustee to administer, any Plan other than pursuant to Section 4041(b) of ERISA; and no lien imposed under the Code or ERISA on the assets of the Company or any Subsidiary of the Company or any ERISA Affiliate exists or is likely to arise on account of any Plan. All representations made in this Section 6.10 with respect to Plans which are multiemployer plans (as defined in Section 4001(a)(3) of ERISA) shall be to the best knowledge of the Company.

Section 6.11. Subsidiaries. Schedule 6.11 correctly sets forth, as of the Effective Date, each Material Subsidiary of the Company.

Section 6.12. Compliance with Statutes, etc. Each of the Company and its Subsidiaries is, to the knowledge of the Senior Financial Officers, after due inquiry, in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of their businesses and the ownership of their property, except any such noncompliance as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 6.13. Environmental Matters. (a) Each of the Company and its Subsidiaries is, to the knowledge of the Senior Financial Officers, after due inquiry, in compliance with all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws, except for any such noncompliance or failures which would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has received notice to the effect that its operations are not in compliance with any of the requirements of any Environmental Law or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to release of any toxic or hazardous waste or substance into the environment, except for notices that relate to noncompliance or remedial action which would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 6.14. Investment Company Act. Neither the Company nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 6.15. Public Utility Holding Company Act. Neither the Company nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 6.16. Patents, Licenses, Franchises and Formulas. Each of the Company and its Subsidiaries owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, or each has obtained licenses or assignments of all other rights of whatever nature necessary for the present conduct of its businesses, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, would reasonably be expected to result in a Material Adverse Effect.

Section 6.17. Properties. Each of the Company and its Subsidiaries has good title to all properties owned by them, free and clear of all Liens, other than as permitted by Section 8.03, except where the failure to have such good title free and clear of such Liens would not reasonably be expected to result in a Material Adverse Effect.

Section 6.18. Labor Relations. Neither the Company nor any of its Subsidiaries is engaged in any unfair labor practice that would reasonably be expected to have a Material Adverse Effect.

SECTION 7. AFFIRMATIVE COVENANTS.

Each Borrower covenants and agrees that on and after the Effective Date and until the Total Commitment and all Letters of Credit have terminated, and the Loans, any Unpaid Drawings and the Notes, together with interest, Fees and all other obligations incurred hereunder and thereunder, are paid in full:

Section 7.01. Information Covenants. The Company will furnish to the Administrative Agent (in sufficient quantity for each Bank):

(a) Quarterly Financial Statements. Within 60 days after the close of each of the first three quarterly accounting periods in each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly accounting period and the related consolidated statements of income for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly accounting period and the related consolidated statement of cash flows for the elapsed portion of the fiscal year ended with the last day of such quarterly accounting period, all of which shall be certified by the chief financial officer of the Company subject to normal year-end audit adjustments and to the fact that such financial statements may be abbreviated and may omit footnotes or contain incomplete footnotes.

(b) Annual Financial Statements. Within 120 days after the close of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and retained earnings and cash flows for such fiscal year, in each case reported on by independent certified public accountants of recognized national standing.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 7.01 (a) and (b), a certificate of the chief financial officer of the Company to the effect that to the best of such officer's knowledge, no Default has occurred and is continuing, or if the chief financial officer is unable to make such certification, such officer shall supply a statement setting forth the reasons for such inability, specifying the nature and extent of such reasons. Such certificate shall also set forth the calculations required to establish whether the Company was in compliance with the provisions of Sections 8.01 and 8.02, at the end of such fiscal quarter or year, as the case may be.

(d) Notice of Default or Litigation. Promptly, and in any event within five Business Days after a Senior Financial Officer obtains actual knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or (ii) a development or event which would reasonably be expected to have a Material Adverse Effect.

(e) Other Reports and Filings. Within ten Business Days after the same are filed, copies of all reports on Forms 10-K, 10-Q, and 8-K and any amendments thereto, or successor forms, which the Company may file with the Securities Exchange Commission or any governmental agencies substituted therefor.

(f) Other Information. From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

Section 7.02. Books, Records and Inspections. The Company will, and will cause each of its Subsidiaries to, permit officers and designated representatives of the Administrative Agent or the Required Banks, at their own expense, upon five Business Days' notice, to visit and inspect (subject to reasonable safety and confidentiality requirements) any of the properties of the Company or such Subsidiary, and to examine the books of account of the Company or such Subsidiary and discuss the affairs, finances and accounts of the Company or such Subsidiary with, and be advised as to the same by, its and their officers and independent accountants, all at such reasonable times during normal business hours and intervals and to such reasonable extent as the Administrative Agent or the Required Banks may request; provided that such Bank shall have given the Company's Chief Financial Officer or Treasurer a reasonable opportunity to participate therein in person or through a designated representative.

Section 7.03. Maintenance of Insurance. The Company will, and will cause each of its Material Subsidiaries to maintain with financially sound and reputable insurance companies (which may include captive insurers) insurance as is reasonable for the business activities of the Company and its Subsidiaries.

Section 7.04. Corporate Franchises. The Company will, and will cause each of its Material Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and corporate or comparable franchises necessary or desirable in the normal conduct of its business; provided, however, that nothing in this Section 7.04 shall prevent any transaction that is part of the Reorganization or prevent (i) any merger or consolidation between or among the Subsidiaries of the Company, in each case in accordance with Section 8.06, or (ii) the dissolution or liquidation of any Subsidiary of the Company or the withdrawal by the Company or any of its Subsidiaries of its qualification to do business as a foreign corporation in any jurisdiction, if the Company determines that there is a valid business purpose for doing so.

Section 7.05. Compliance with Statutes, etc. The Company will, and will cause each of its Subsidiaries to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including, without limitation, all Environmental Laws applicable to the ownership or use of Real Property now or hereafter owned or operated by the Company or any of its Subsidiaries), except where the necessity of compliance therewith is being contested in good faith and except such noncompliances as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 7.06. ERISA. As soon as possible and, in any event, within 10 days after a Senior Financial Officer of the Company knows of the occurrence of any of the following, the Company will deliver to each of the Banks a certificate of the Chief Financial Officer of the Company setting forth details as to such occurrence and the action, if any, that the Company or a Subsidiary is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Company, the Subsidiary, the ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: that a Reportable Event which would reasonably be expected to result in a Material Adverse Effect has occurred; that a Plan has been or is expected to be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA;

that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code; that proceedings may be or have been instituted to terminate or appoint a trustee to administer a Plan pursuant to which the Company, a Subsidiary of the Company or an ERISA Affiliate will be required to contribute amounts in excess of $20,000,000 in the aggregate in any fiscal year of the Company in order to effect such termination; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that the Company, any Subsidiary of the Company or any ERISA Affiliate will or is expected to incur any material liability (including any indirect, contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or with respect to a Plan under Section 401(a)(29) or 4971 of the Code.

Section 7.07. Performance of Obligations. The Company will, and will cause each of its Subsidiaries to, perform all of its material monetary obligations, including tax liabilities, under the terms of each mortgage, indenture, security agreement and other material agreement by which it is bound, except where the same is being contested in good faith and except such non-payments as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 7.08. Spin-off and SAC Merger. Both the Spin-off and the SAC Merger shall have been completed within five days of the first Credit Event hereunder and immediately upon consummation of the SAC Merger all representations and warranties contained herein and in the other Credit Documents shall be deemed to have been made as of the date of consummation of the SAC Merger and after giving effect to the SAC Merger.

Section 7.09. Additional Guarantors. The Company shall (i) within 30 days after the delivery of the financial statements required to be delivered pursuant to Section 7.01(a) or (b) cause each Domestic Subsidiary which, directly, or indirectly, is, at the date of such financial statements, a Material Subsidiary and not already a Subsidiary Guarantor, to become a Subsidiary Guarantor hereunder, (ii) immediately upon consummation of the SAC Merger cause SAC to become a Subsidiary Guarantor hereunder, and (iii) immediately upon consummation of an Acquisition cause any Acquired Entity which, directly or indirectly, is both a Domestic Subsidiary and a Material Subsidiary, to become a Subsidiary Guarantor hereunder, in each case by executing a Subsidiary Guarantee Agreement and delivering to the Administrative Agent the documents that would have been required by Section 5.01(c) if such Subsidiary had been subject thereto on the Effective Date.

SECTION 8. NEGATIVE COVENANTS.

Each Borrower covenants and agrees that on and after the Effective Date and until the Total Commitment and all Letters of Credit have terminated, and the Loans, any Unpaid Drawings and the Notes, together with interest, Fees and all other obligations incurred hereunder and thereunder, are paid in full:

Section 8.01. Interest Coverage Ratio. The Company will not permit the Interest Coverage Ratio (i) for the Test Periods ending on June 30, 1998, September 30, 1998 and December 31, 1998 to be less than 2.8 to 1.0 and (ii) for any Test Period ending after December 31, 1998 to be less than 3.0 to 1.0.

Section 8.02. Leverage Ratio. The Company will not permit the Leverage Ratio at any time after the SAC Merger to be more than 3.5 to 1.0.

Section 8.03. Liens. The Company will not, and will not permit any of its Material Subsidiaries to, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date hereof securing Indebtedness outstanding on the date hereof or incurred pursuant to Section 8.04(b), in any case identified on Schedule 8.04(b);

(b) Liens on any asset securing Indebtedness incurred or assumed after the date hereof for the purpose of financing all or any part of the cost of purchasing or constructing such asset (including any capitalized lease); provided that such Lien attaches to such asset concurrently with or within 180 days after the purchase or completion of construction thereof;

(c) any Lien on any asset of any Person existing at the time such Person becomes a Subsidiary of the Company and not created in contemplation of such event;

(d) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Company or any of its Subsidiaries and not created in contemplation of such event;

(e) any Lien on any asset existing prior to the acquisition thereof by the Company or any of its Subsidiaries and not created in contemplation of such acquisition;

(f) any Lien arising out of the renewal, replacement 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 other than by an amount equal to any reasonable financing fees and is not secured by any additional assets;

(g) Liens created pursuant to any industrial revenue

bond or similar conduit financing to secure the related Indebtedness, so long as such Lien is limited to the assets of the related project;

(h) Liens securing any obligations of any Subsidiary of the Company to a Borrower or a Subsidiary Guarantor;

(i) Liens on Accounts Receivable that are the subject of a Permitted Receivables Financing (and any related property that would ordinarily be subjected to a lien in connection therewith, such as proceeds and records);

(j) Liens for taxes, governmental assessments, charges or levies in the nature of taxes not yet due and payable, or Liens for taxes, governmental assessments, charges or levies in the nature of taxes being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Company) have been established;

(k) Liens imposed by law, which were incurred in the ordinary course of business and do not secure indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's, repairmen's and mechanic's liens and other similar Liens arising in the ordinary course of business, including, without limitation, Liens in respect of litigation claims made or filed against the Company or any of its Subsidiaries in the ordinary course of business, and (x) which do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Company and its Subsidiaries or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(l) Permitted Encumbrances;

(m) utility deposits and pledges or deposits in connection with worker's compensation, unemployment insurance and other social security legislation, or to secure the performance of tenders, statutory obligations, surety, customs and appeal bonds, bids, leases, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(n) landlord's liens under leases to which the Company or any of its Subsidiaries is a party;

(o) Liens arising from precautionary UCC financing statement filings regarding operating leases;

(p) Liens not otherwise permitted by the foregoing clauses of this Section securing Indebtedness in an aggregate principal amount outstanding at any time not exceeding the greater of $150,000,000 and 10% of Consolidated Stockholders' Equity as at the last day of the most recently ended fiscal quarter of the Company; and

(q) Prior to the Spin-off, Liens that are permitted by the Existing Credit Agreements.

Section 8.04. Subsidiary Indebtedness. The Company will not permit any of its Material Subsidiaries to create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness incurred pursuant to this Agreement and the Other Credit Agreement;

(b) Indebtedness existing as of February 28, 1998 or incurred pursuant to commitments or lines of credit in effect as of February 28, 1998, in any case identified on Schedule 8.04(b), or any renewal, replacement or refunding thereof so long as such renewals, replacements or refundings do not increase the amount of such Indebtedness or such commitments or lines of credit in the aggregate;

(c) Indebtedness of any Person existing at the time such Person becomes a Subsidiary of the Company or is merged or consolidated into the Company or any of its Subsidiaries and not created in contemplation of such event, provided that on a pro forma basis (assuming that such event had been consummated on the first day of the most recently ended period of four fiscal quarters for which financial statements have been or are required to have been delivered pursuant to Section 7.01), the Company would have been in compliance with Sections 8.01 and 8.02 as of the last day of such period, and any renewal, replacement or refunding thereof so long as such renewal, replacement or refunding does not increase the amount of such Indebtedness;

(d) Indebtedness of a Subsidiary Guarantor;

(e) Indebtedness owed to the Company or a Subsidiary of the Company;

(f) Indebtedness secured by Liens permitted pursuant to Section 8.03(b);

(g) Indebtedness arising under a Permitted Receivables

Financing; and

(h) Indebtedness not otherwise permitted by the foregoing clauses of this Section 8.04 in an aggregate principal amount at any time outstanding not exceeding the greater of $150,000,000 and 10% of Consolidated Stockholders' Equity as at the last day of the most recently ended fiscal quarter of the Company.

Section 8.05. Limitations on Acquisitions. The Company will not, and will not permit any of its Subsidiaries, to make any Material Acquisition unless (i) no Event of Default exists or would exist after giving effect to such Material Acquisition and (ii) except in the case of any transaction that is part of the Reorganization, concurrently with or before consummation of such Material Acquisition, the Company delivers to the Administrative Agent a certificate of the Chief Financial Officer of the Company, certifying that (A) immediately upon and following the consummation of such Material Acquisition, the Company will be in compliance with Sections 8.03 and 8.04 and (B) on a pro forma basis (assuming such Material Acquisition had been consummated on the first day of the most recently ended period of four fiscal quarters for which financial statements have been or are required to have been delivered pursuant to Section 7.01 and determined, if the SAC Merger occurs, as to any period of four fiscal quarters during which or before the SAC Merger took place on a pro forma basis assuming the SAC Merger had been consummated on the first day of such period), the Company would have been in compliance with Sections 8.01 and 8.02 as of the last day of such period.

Section 8.06. Mergers and Consolidations. Other than any transaction that is part of the Reorganization, the Company will not, and will not permit any Material Subsidiary to, be a party to any merger or consolidation, provided that:

(a) any Subsidiary may consolidate with or merge into the Company or another Subsidiary if in any such merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation; and

(b) any Person may consolidate with or merge into the Company or any Subsidiary if (A) in any such merger or consolidation involving the Company, the Company is the surviving or continuing corporation, (B) in any such merger or consolidation involving a Subsidiary the corporation resulting from such merger or consolidation shall be a Subsidiary; and (C) at the time of such merger or consolidation and after giving effect thereto, (i) if such transaction constitutes a Material Acquisition, the Company or such Subsidiary has complied with Section 8.05 and (ii) in any event, no Event of Default shall have occurred and be continuing or would result after giving effect to such transaction.

Section 8.07. Asset Sales. (a) Other than in connection with any transaction that is part of the Reorganization or as may be permitted by Section 8.07(b), the Company will not, and will not permit any Material Subsidiary to, sell, lease, transfer or otherwise dispose of (by merger or otherwise to a Person who is not a Wholly-Owned Subsidiary) all or any part of its property if such transaction involves a substantial portion of the business of the Company and its Subsidiaries, taken as a whole. As used in this paragraph, a sale, lease, transfer or other disposition of any property of the Company or a Subsidiary shall be deemed to be a substantial portion of the business of the Company and its Subsidiaries, taken as a whole, if the property proposed to be disposed of, together with all other property previously sold, leased, transferred or disposed of (other than in the ordinary course of business and other than as part of a Permitted Receivables Financing) during the current fiscal year of the Company would exceed 10% of the Consolidated Assets as of the end of the immediately preceding fiscal year (determined, if the SAC Merger occurs, on a pro forma basis assuming the SAC Merger had been consummated on December 31, 1997).

(b) The Company will not, and will not permit any Material Subsidiary to, sell, pledge or otherwise transfer any Accounts Receivable as a method of financing (other than in connection with any transaction that is part of the Reorganization) unless, after giving effect thereto the sum of (i) the aggregate uncollected balances of Accounts Receivable so transferred ("Transferred Receivables") plus (ii) the aggregate amount of collections on Transferred Receivables theretofore received by the seller but not yet remitted to the purchaser, in each case at the date of determination, would not exceed $300,000,000 (a "Permitted Receivables Financing").

Section 8.08. Business. The Company will not, and will not permit any of its Subsidiaries to, engage in any business other than the businesses in which the Company and its subsidiaries, taken as a whole, or, if the SAC Merger occurs, SAC and its Subsidiaries, taken as a whole, are engaged on the Effective Date, plus extensions and expansions thereof, and businesses and activities incidental or related thereto.

Section 8.09. Limitation on Asset Transfers to Foreign Subsidiaries. Neither the Company nor any Domestic Subsidiary, will convey, sell, lease, assign, transfer or otherwise dispose of (collectively, a "transfer") any of its property, business or assets (including, without limitation leasehold interests), whether now owned or hereafter acquired, to any Foreign Subsidiary, except in connection with the Reorganization or such transfers which, individually or in the aggregate, would not reasonably be expected to materially and adversely affect the business, results of operations or financial condition of the

Company or of the Company and its Subsidiaries taken as a whole.

SECTION 9. EVENTS OF DEFAULT.

The occurrence of any of the following specified events shall constitute an "Event of Default":

Section 9.01. Payments. Any Borrower shall (i) default in the payment when due of any payment of principal of its Loans or Notes or (ii) default, and such default shall continue unremedied for at least two Business Days, of any payment of interest on its Loans or Notes, of any Unpaid Drawing or any Fees owing by it hereunder or thereunder; or

Section 9.02. Representations, etc. Any representation, warranty or statement made by any Borrower herein or in any other Credit Document or in any certificate delivered pursuant hereto or thereto shall prove to have been, when made, untrue in any material respect; or

Section 9.03. Covenants. Any Borrower shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 7.08, 7.09 and/or 8 (other than Section 8.08 or 8.09) or (ii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Sections 9.01 and 9.02 and clause (i) of this Section 9.03 but including Sections 8.08 and 8.09) contained in this Agreement and such default described in this clause (ii) shall continue unremedied for a period of 30 days after written notice to the Company by the Administrative Agent or the Required Banks; or

Section 9.04. Default Under Other Agreements. (i) The Company or any of its Subsidiaries shall (x) default in any payment of any Indebtedness (other than the Notes) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (y) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Notes) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity or (ii) any Indebtedness of the Company or any of its Subsidiaries shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled or other mandatory required prepayment or by reason of optional prepayment or tender by the issuer at its discretion, prior to the stated maturity thereof; provided that it shall not constitute an Event of Default pursuant to this Section 9.04 unless the aggregate amount of all Indebtedness referred to in clauses (i) and (ii) above exceeds $20,000,000 at any one time; or

Section 9.05. Bankruptcy, etc. The Company or any of its Material Subsidiaries shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against the Company or any of its Material Subsidiaries, and the petition is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Company or any of its Material Subsidiaries, or the Company or any of its Material Subsidiaries commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any of its Material Subsidiaries, or there is commenced against the Company or any of its Material Subsidiaries any such proceeding which remains undismissed for a period of 60 days, or the Company or any of its Material Subsidiaries is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Company or any of its Material Subsidiaries suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Company or any of its Material Subsidiaries makes a general assignment for the benefit of creditors; or any corporate action is taken by the Company or any of its Material Subsidiaries for the purpose of effecting any of the foregoing; or

Section 9.06. ERISA. (a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan shall have had or is likely to have a trustee appointed to administer such Plan, any Plan is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA (other than 4041(b)), any Plan shall have an Unfunded Current Liability, a material contribution required to be made to a Plan has not been timely made, the Company or any Subsidiary of the Company or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), or 4971 of the Code; (b) there shall result from any such event or events the imposition of a lien, the granting of a security interest, or a liability, involving in any case in excess of $20,000,000; and (c) which lien, security interest or liability, would reasonably be expected to have a Material Adverse Effect; or

Section 9.07. Judgments. One or more judgments or decrees shall be entered against the Company or any of its Material Subsidiaries involving in the aggregate for the Company and its Material Subsidiaries a liability (not paid or fully covered by insurance) of $20,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged

or stayed or bonded pending appeal within 30 days from the entry thereof; or

Section 9.08. Guaranty. The Guaranty or any provision thereof shall cease to be in full force or effect, or any Guarantor or any Person acting by or on behalf of any Guarantor shall deny or disaffirm such Guarantor's obligations under the Guaranty; or

Section 9.09. Change of Control. A Change of Control shall occur.

If an Event of Default has occurred and is continuing, the Administrative Agent shall upon the written request of the Required Banks, by written notice to the Company, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Bank or the holder of any Note to enforce its claims against any Borrower (provided, that, if an Event of Default specified in Section 9.05 shall occur with respect to any Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Company as specified in clauses (i), (ii) and (v) below shall occur automatically without the giving of any such notice): (i) declare the Total Commitment terminated, whereupon the Commitment of each Bank shall forthwith terminate immediately and any Facility Fee and other Fees shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Loans and the Notes and all obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; (iii) terminate any Letter of Credit which may be terminated in accordance with its terms; (iv) direct the Company to pay (and the Company agrees that upon receipt of such notice, or upon the occurrence of an Event of Default specified in Section 9.05 in respect of the Company, it will pay) to the Administrative Agent at its Payment Office such additional amounts of cash, to be held as security for the Company's reimbursement obligations for Drawings that may subsequently occur under outstanding Letters of Credit thereunder, equal to the aggregate Stated Amount of all Letters of Credit issued and then outstanding; and (v) apply any cash collateral as provided in Section 4.02(a).

SECTION 10. DEFINITIONS AND ACCOUNTING TERMS.

Section 10.01. Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ABN AMRO" shall mean ABN AMRO Bank N.V. in its individual capacity.

"Accounts Receivable" shall mean, with respect to any Person, all rights of such Person to the payment of money arising out of any sale, lease or other disposition of goods or provision of services by such Person.

"Acquired Entities" shall mean any Person that becomes a Subsidiary as a result of an Acquisition.

"Acquisition" means (i) an investment by the Company or any of its Subsidiaries in any Person (other than the Company or any of its Subsidiaries) pursuant to which such Person shall become a Subsidiary or shall be merged into or consolidated with the Company or any of its Subsidiaries or (ii) an acquisition by the Company or any of its Subsidiaries of the property and assets of any Person (other than the Company or any of its Subsidiaries) that constitutes substantially all of the assets of such Person or any division or line or business of such Person.

"Administrative Agent" shall mean ABN AMRO Bank N.V., in its capacity as Administrative Agent for the Banks hereunder, and shall include any successor to the Administrative Agent appointed pursuant to Section 11.09.

"Affiliate" shall mean, with respect to any Person, any other Person (i) directly or indirectly controlling (including, but not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with, such Person or (ii) that directly or indirectly owns more than 5% of the voting securities of such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of, such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Global Revolving Credit Agreement, as modified, supplemented, amended, restated, extended, renewed or replaced from time to time.

"Applicable Credit Rating" at any time shall mean (i) the Moody's Credit Rating at such time and the S&P Credit Rating at such time, if such Credit Ratings are the same, or (ii) if the Moody's Credit Rating and the S&P Credit Rating differ by one level (it being understood that a rating level shall include numerical modifiers and (+) and (-) modifiers), the Applicable Credit Rating shall be the higher of the two Credit Ratings or (iii) if the Moody's Credit Rating and the S&P Credit Rating differ by more than one level, the Applicable Credit Rating shall be the Credit Rating that is one level lower than the higher of the two Credit Ratings. If any Credit Rating shall be changed by Moody's or S&P, such change shall be effective for purposes of this definition as of the Business Day following such change. Any change in the Applicable Credit Rating shall apply during the period beginning on the effective date of such change and ending on the date immediately preceding the effective date of the next such change.

"Applicable Margin" shall mean, for any day, the rate per annum set forth below opposite the Applicable Rating Period then in effect, it being understood that the Applicable Margin shall be based on the Applicable Rating Period designated as a "Category D Period" until such time as the Leverage Ratio for the first Test Period ended after the Effective Date shall be determined as provided in the definition of "Applicable Rating Period" or until the Company shall have obtained both a Moody's Credit Rating and S&P Credit Rating, at which time the Applicable Margin shall be determined as provided below:

APPLICABLE RATING PERIOD	RATE
Category A Period	.170%
Category B Period	.205%
Category C Period	.250%
Category D Period	.300%
Category E Period	.425%
Category F Period	.500%

provided, that for each day the sum of the outstanding principal amount of the Loans, Unpaid Drawings, and the Stated Amount of all Letters of Credit outstanding plus the outstanding principal amount of the "Loans", "Unpaid Drawings", and the Stated Amount of all "Letters of Credit" outstanding under the Other Credit Agreement exceeds $800,000,000, the Applicable Margin shall be increased by 0.05% per annum.

"Applicable Rating Period" shall mean, subject to the terms and conditions set forth below, the period set forth below then in effect:

APPLICABLE RATING PERIOD	CRITERIA
Category A Period	Either (i) the Applicable Credit Rating is A- or higher (to the extent based on a S&P Credit Rating) or A3 or higher (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is less than 1.00:1.00.
Category B Period	Either (i) the Applicable Credit Rating is BBB+ (to the extent based on a S&P Credit Rating) or Baa1 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 1.00:1.00, but less than 1.50:1.00, and in either case a Category A Period is not then in effect.
Category C Period	Either (i) the Applicable Credit Rating is BBB (to the extent based on a S&P Credit Rating) or Baa2 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 1.50:1.00, but less than 2.00:1.00, and in either case neither a Category A Period nor a Category B Period is then in effect.
Category D Period	Either (i) the Applicable Credit Rating is BBB- (to the extent based on a S&P Credit Rating) or Baa3 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 2.00:1.00, but less than 2.50:1.00, and in either case neither a Category A Period, Category B Period nor a Category C Period is in effect.
Category E Period	Either (i) the Applicable Credit Rating is BB+ (to the extent based on a S&P Credit Rating) or Ba1 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 2.50:1.00, but less than 3.00:1.00, and in either case neither a Category A Period, Category B Period, Category C Period nor Category D Period is then in effect.
Category F Period	Either (i) the Applicable Credit Rating is BB or lower (to the extent based on a S&P Credit Rating) or Ba2 or lower (to the extent based on a Moody's Credit Rating) or (ii) the Leverage

Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 3.00:1.00, and in either case neither a Category A Period, Category B Period, Category C Period, Category D Period nor Category E Period is then in effect.

A Leverage Ratio shall remain in effect until the date the Administrative Agent receives the Company's most recent financial statements pursuant to Section 7.01(a) or (b), at which time the Applicable Rating Period shall be adjusted based upon the Leverage Ratio for the Test Period ending on the last day of the immediately preceding fiscal quarter. If the Company fails to deliver its financial statements within the times specified in Section 7.01(a) or (b), as applicable, then the Company shall be deemed to have a Category F Period Leverage Ratio for such Test Period until it delivers such financial statements, at which time the Applicable Rating Period will be adjusted effective as of the date of the receipt of such financial statements based upon the Leverage Ratio as of the last day of the Test Period covered by such financial statements. Notwithstanding anything to the contrary contained herein, in the event that only one Credit Rating exists at any time or if no Credit Rating exists, then the Applicable Rating Period shall be based on the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b).

"Assignment and Assumption Agreement" shall mean the Assignment and Assumption Agreement substantially in the form of Exhibit G (appropriately completed).

"Bank" shall mean each financial institution listed in Schedule 1.01, as well as any Person which becomes a "Bank" hereunder pursuant to Section 13.04.

"Bank Default" shall mean (i) the refusal (which has not been retracted) of a Bank to make available its portion of any Borrowing (including any Mandatory Borrowing) or to fund its portion of any unreimbursed payment under Section 2.04(c) or (ii) a Bank having notified in writing the Company and/or the Administrative Agent that it does not intend to comply with its obligations under Section 1.01(a), (b) or (c) or Section 2, in the case of either clause (i) or (ii) as a result of any takeover of such Bank by any regulatory authority or agency.

"Bankruptcy Code" shall have the meaning provided in Section 9.05.

"Base Rate" at any time shall mean the higher of (x) the rate which is 1/2 of 1% in excess of the Federal Funds Rate and (y) the Prime Lending Rate as in effect from time to time.

"Base Rate Loans" shall mean any Loan designated as such by the respective Borrower at the time of the incurrence thereof or conversion thereto.

"Bid Borrowing" shall mean a Borrowing consisting of simultaneous Bid Loans from each of the Banks whose offer to make one or more Bid Loans as part of such Borrowing has been accepted by the Company under the procedure described in Section 1.04.

"Bid Loan" shall mean a Loan by a Bank to the Company as part of a Bid Borrowing.

"Bid Note" shall have the meaning provided in Section 1.06(b).

"Borrower" shall have the meaning provided in the first paragraph of this Agreement.

"Borrowing" shall mean (i) the borrowing by a Borrower of one Type of Loan on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurocurrency Loans the same Interest Period, provided that Base Rate Loans incurred pursuant to Section 1.11(b) shall be considered part of the related Borrowing of Eurocurrency Loans and (ii) the borrowing by the Company of Swingline Loans from ABN AMRO on a given date.

"Business Day" shall mean (i) for all purposes other than as covered by clauses (ii) or (iii) below, any day except Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close, (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurocurrency Loans denominated in Dollars, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in the London interbank Eurocurrency market and (iii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Local Currency Loans or Eurocurrency Loans denominated in a Local Currency, any day which is a Business Day described in clause (i) above and on which banks and foreign exchange markets are open for business in the city where disbursements of or payments on such Loan are to be made.

"Capital Leases" shall mean at any date any lease of Property which, in accordance with generally accepted accounting principles, would be required to be capitalized on the balance sheet of the lessee.

"Change of Control" shall mean (i) any "Person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), excluding an employee benefit or stock ownership plan of the Company, is or

shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 50% or more on a fully diluted basis of the voting stock of the Company or shall have the right to elect a majority of the directors of the Company or (ii) the Board of Directors of the Company shall cease to consist of a majority of Continuing Directors; provided that any change in the ownership of the stock of the Company or change in the Board of Directors of the Company occurring in connection with the consummation of the Reorganization shall not result in the occurrence of a Change of Control.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement, and to any subsequent provisions of the Code amendatory thereof, supplemental thereto or substituted therefor.

"Commitment" of any Bank shall mean its Revolving Loan Commitment and its Local Currency Commitments.

"Company" shall have the meaning provided in the first paragraph of this Agreement.

"Consolidated Assets" shall mean, at any date, the total assets of the Company and its Subsidiaries as at such date in accordance with GAAP.

"Consolidated Debt" shall mean, at any time, all Indebtedness (other than Contingent Obligations) of the Company and its Subsidiaries determined on a consolidated basis.

"Consolidated Interest Expense" for any period shall mean total interest expense (including amounts properly attributable to interest with respect to capital leases in accordance with generally accepted accounting principles and amortization of debt discount and debt issuance costs) of the Company and its Subsidiaries on a consolidated basis for such period.

"Consolidated Liabilities" shall mean, at any date, the sum of all liabilities of the Company and its Subsidiaries as at such date in accordance with GAAP, provided that the Convertible Preferred Stock shall not be a liability.

"Consolidated Stockholders' Equity" shall mean, at any date, the remainder of (a) Consolidated Assets as at such date, minus (b) Consolidated Liabilities as at such date.

"Contingent Obligation" shall mean, as to any Person, any obligation of such Person guaranteeing any Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the amount such Person guarantees but in any event not more than the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Continuing Directors" shall mean the directors of the Company on the Effective Date and each other director, if such director becomes a director in connection with the Reorganization or such director's nomination for election to the Board of Directors of the Company is recommended by a majority of the then Continuing Directors.

"Convertible Preferred Stock" shall mean the voting convertible preferred stock, which will become (with the consummation of the SAC Merger) series A preferred stock of the Company.

"Credit Documents" shall mean this Agreement, and once executed and delivered pursuant to the terms of this Agreement, each Note, each Letter of Credit Request, each Notice of Borrowing, each Notice of Conversion, each Letter of Credit, all Local Currency Documentation, each Notice of Bid Borrowing and each Subsidiary Guarantee Agreement.

"Credit Event" shall mean (i) the occurrence of the Effective Date and (ii) the making of any Loan or the issuance of any Letter of Credit.

"Credit Rating" shall mean the Moody's Credit Rating or the S&P Credit Rating.

"Creditors" shall mean and include the Administrative Agent, each Bank and the Issuing Agent.

"Cryovac" shall have the meaning provided in the first paragraph of this Agreement.

"Default" shall mean any Event of Default or event, act or

condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Distribution Agreement" shall have the same meaning herein as in the Merger Agreement.

"Dollars" and the sign "$" shall each mean freely transferable lawful money of the United States (expressed in dollars).

"Domestic Subsidiary" shall mean any Subsidiary of the Company other than a Foreign Subsidiary.

"Drawing" shall have the meaning provided in Section 2.05(b).

"EBITDA" for any period shall mean the consolidated net income (or loss) of the Company and its Subsidiaries for such period, adjusted by adding thereto (or subtracting in the case of a gain) the following amounts to the extent deducted or included, as applicable, when calculating consolidated net income (a) Consolidated Interest Expense, (b) income taxes, (c) any extraordinary gains or losses, (d) gains or losses from sales of assets (other than from sales of inventory in the ordinary course of business), (e) all amortization of goodwill and other intangibles, (f) depreciation, (g) all non-cash contributions or accruals to or with respect to deferred profit sharing or compensation plans, (h) any non-cash gains or losses resulting from the cumulative effect of changes in accounting principles, and (i) non-recurring reasonable charges incurred by the Company or any of its Subsidiaries on or prior to December 31, 1998 in connection with the Reorganization and any restructuring charges or any asset revaluation provisions, to the extent such amounts do not exceed $80,000,000; provided that there shall be included in such determination for such period all such amounts attributable to any Acquired Entity acquired during such period pursuant to an Acquisition to the extent not subsequently sold or otherwise disposed of during such period for the portion of such period prior to such Acquisition; provided further that any amounts added to consolidated net income pursuant to clause (g) above for any period shall be deducted from consolidated net income for the period, if ever, in which such amounts are paid in cash by the Company or any of its Subsidiaries.

"Effective Date" shall have the meaning provided in Section 13.10.

"Election to Become a Subsidiary Borrower" shall mean an Election to Become a Subsidiary Borrower in the form of Exhibit H, which shall be executed by each Subsidiary Borrower in accordance with Section 5.03.

"Eligible Transferee" shall mean and include a commercial bank or financial institution.

"Environmental Claims" shall mean any and all administrative, regulatory or judicial actions, suits, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any violation (or alleged violation) by the Company or any of its Subsidiaries under any Environmental Law (hereafter "Claims") or any permit issued under any such law, including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to the environment.

"Environmental Law" shall mean any federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to the environment or Hazardous Materials.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with the Company or any of its Subsidiaries would be deemed to be a "single employer" (i) within the meaning of Section 414(b), (c), (m) and (o) of the Code or (ii) as a result of the Company or any of its Subsidiaries being or having been a general partner of such person.

"Euro" shall mean the currency of participating member states of the European Union that adopt a single currency in accordance with the Treaty on European Union signed February 7, 1992.

"Eurocurrency" means any of Australian Dollars, Belgian Francs, Canadian Dollars, Deutsche Marks, Dollars, Dutch Guilders, French Francs, Italian Lire, Japanese Yen, Norwegian Krone, British Pounds Sterling, Spanish Pesetas, Swedish Krona, and any other currency approved by the Administrative Agent and the Banks, in each case for so long as such currency is freely transferable and convertible to Dollars and is available to the Required Banks.

"Eurocurrency Loan" shall mean any Loan designated as such by the requesting Borrower at the time of the incurrence thereof or conversion thereto.

"Eurocurrency Reserve Percentage" shall mean the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D).

"Eurocurrency Rate" shall mean the offered quotation to first-class banks in the London interbank eurocurrency market by ABN AMRO for deposits of amounts in Dollars or the relevant Eurocurrency, as appropriate, in immediately available funds comparable to the outstanding principal amount of the Eurocurrency Loan of ABN AMRO with maturities comparable to the Interest Period applicable to such Eurocurrency Loan commencing two Business Days thereafter as of 11:00 A.M. (London time) on the date which is two Business Days prior to the commencement of such Interest Period.

"Event of Default" shall have the meaning provided in Section 9.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Existing Credit Agreements" shall mean (i) the Credit Agreement dated as of May 16, 1997 among W. R. Grace & Co.-Conn., W. R. Grace & Co., the Banks party thereto and The Chase Manhattan Bank, as Administrative Agent, and (ii) the 364-Day Credit Agreement dated as of May 16, 1997 among W. R. Grace & Co.-Conn., W. R. Grace & Co., the Banks party thereto, NationsBank, N.A. (South), as Documentation Agent, and The Chase Manhattan Bank as Administrative Agent.

"Facility Fee" shall have the meaning provided in Section 3.01(a).

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

"Fees" shall mean all amounts payable pursuant to or referred to in Section 3.01.

"Final Maturity Date" shall mean March 30, 2003.

"Fixed Rate Loans" shall mean Bid Loans, Eurocurrency Loans and Offered Rate Loans.

"Foreign Subsidiary" shall mean (i) each Subsidiary of the Company not incorporated under the laws of the United States or of any State thereof and (ii) any other Subsidiary of the Company substantially all of the operations of which remain outside the United States.

"Guaranteed Obligations" shall mean the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on each Note and Loan made under this Agreement, together with all the other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Company and each Subsidiary Borrower to the Administrative Agent and the Banks now existing or hereafter incurred under, arising out of or in connection with this Agreement or any other Credit Document to which the Company or any Subsidiary Borrower is a party and the due performance and compliance with all the terms, conditions and agreements contained in such Credit Documents by the Company and each Subsidiary Borrower.

"Guarantor" shall mean the Company or a Subsidiary Guarantor.

"Guarantors" shall mean the Company and each Subsidiary Guarantor.

"Guaranty" shall mean the Guaranty of the Company and the Subsidiary Guarantors set forth in Section 12.

"Hazardous Materials" shall mean (a) any petrochemical or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, and radon gas; and (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous wastes," "restrictive hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar meaning and regulatory effect under any applicable Environmental Law.

"Indebtedness" of any Person means, at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services (except trade accounts payable and accrued expenses arising in the ordinary course of business) to the extent such amounts would in accordance with GAAP be recorded as debt on a balance sheet of such Person, (iv) all obligations of such Person as lessee which are capitalized in accordance with GAAP, (v) all non-

contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit (other than letters of credit which secure obligations in respect of trade payables or other letters of credit not securing Indebtedness, unless such reimbursement obligation remains unsatisfied for more than 3 Business Days), (vi) all Indebtedness secured by a Lien on any asset of such Person, whether or not such Indebtedness is otherwise an obligation of such Person, and (vii) all Contingent Obligations of such Person minus the portion of such Contingent Obligation which is secured by a letter of credit naming such Person as beneficiary issued by a bank which, at the time of the issuance (or any renewal or extension) of such Letter of Credit has a long term senior unsecured indebtedness rating of at least A by S&P or A2 by Moody's.

"Interest Coverage Ratio" for any period shall mean the ratio of EBITDA to the sum of (i) Consolidated Interest Expense for such period and (ii) the aggregate principal amount of dividends paid or accrued on the Company's preferred stock during such period; provided that when calculating the Interest Coverage Ratio (i) for the period ending June 30, 1998 Consolidated Interest Expense and dividends shall be the amount equal to the Interest Expense and dividends paid for the fiscal quarter ending June 30, 1998 times four (4); (ii) for the period ending September 30, 1998 Consolidated Interest Expense and dividends shall be the amount calculated for the two fiscal quarters ending September 30, 1998 times two (2); and (iii) for the period ending December 31, 1998 Consolidated Interest Expense and dividends shall be the amount calculated for the three fiscal quarters ending December 31, 1998 times one and one-third (1-1/3).

"Interest Determination Date" shall mean, with respect to any Eurocurrency Loan, the Business Day established in accordance with market custom and practice in the Eurocurrency market, as determined by the Administrative Agent (it being agreed that such date is the second Business Day) prior to the commencement of any Interest Period relating to such Eurocurrency Loan for Dollars and all Local Currencies (other than Pound Sterling) and the first day of such Interest Period for Pounds Sterling).

"Interest Period" shall have the meaning provided in Section 1.10.

"Issuing Agent" shall mean ABN AMRO Bank N.V. in its capacity as issuer of the Letters of Credit and, if ABN AMRO shall cease to be a Bank hereunder, such Bank which has agreed with the Company to act as issuer of the Letters of Credit.

"Judgment Currency" shall have the meaning provided in Section 13.17.

"Judgment Currency Conversion Date" shall have the meaning provided in Section 13.17.

"Letter of Credit" shall have the meaning provided in Section 2.01(a).

"Letter of Credit Fee" shall have the meaning provided in Section 3.01(b).

"Letter of Credit Outstandings" shall mean, at any time, the sum of (i) the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the aggregate amount of all Unpaid Drawings.

"Letter of Credit Request" shall have the meaning provided in Section 2.03(a).

"Leverage Ratio" shall mean, at any time, the ratio of Consolidated Debt at such time to EBITDA for the Test Period last ended.

"Lien" shall mean any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other) or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease.

"Loan" shall mean any Revolving Loan, Bid Loan, Swingline Loan or Local Currency Loan.

"Local Affiliate" means any Affiliate of a Bank who has executed a Local Currency Designation and Assignment Agreement and as to which such Bank has not delivered a notice terminating such designation.

"Local Currency" shall mean any currency in which a Bank has agreed to extend a Local Currency Commitment.

"Local Currency Addendum" means a Local Currency Addendum in the form of Exhibit I hereto and shall be executed by a Subsidiary Borrower (if applicable), the Company, a Bank and the Administrative Agent which, among other things, specifies the Local Currency Commitment designated in Dollars which such Bank is willing to provide, the applicable country and currency in which Local Currency Loans made pursuant to such Local Currency Commitment will be made available, the interest rate and margin applicable to such Local Currency Loans, the fees which will accrue on such Local Currency Commitment and such other borrowing mechanics as may be applicable.

"Local Currency Commitment" means, for any Bank or any Local Affiliate, the amount specified in the applicable Local Currency Documentation, as the same may be adjusted from time to time pursuant to Section 1.01(d) and the applicable Local Currency Documentation.

"Local Currency Designation and Assignment Agreement" means a Local Currency Designation and Assignment Agreement in the form of Exhibit

J hereto and shall be executed by the Company, a Subsidiary Borrower (if applicable), a Bank, such Bank's Local Affiliate and the Administrative Agent which, among other things, specifies such Local Affiliate's Local Currency Commitment designated in Dollars, the applicable country and currency in which Local Currency Loans made pursuant to such Local Currency Commitment will be made available, the interest rate and margin applicable to such Local Currency Loans, the fees which will accrue on such Local Currency Commitment and such other borrowing mechanics as may be applicable.

"Local Currency Documentation" means, in the case of a Bank providing a Local Currency Commitment, a Local Currency Addendum and in the case of a Local Affiliate providing a Local Currency Commitment, a Local Currency Designation and Assignment Agreement, and any documents executed in connection therewith.

"Local Currency Loan" shall have the meaning provided in Section 1.01(d)(ii).

"Local Currency Note" shall have the meaning provided in Section 1.06(b).

"Mandatory Borrowings" shall have the meaning provided in Section 1.01(c).

"Margin Stock" shall have the meaning provided in Regulation U of the Board of Governors of the Federal Reserve System.

"Material Adverse Effect" means a material adverse effect on the business, results of operations, or financial condition of the Company and its Subsidiaries, taken as a whole.

"Material Acquisition" means an Acquisition in which the aggregate purchase price paid in cash or property (other than property consisting of equity shares or interests or other equivalents of corporate stock of, or partnership or other ownership interests in, the Company), equals or exceeds 10% of the sum (calculated without giving effect to such Acquisition) of (i) Consolidated Debt (determined as at the end of the most recently ended fiscal quarter of the Company), plus (ii) Consolidated Stockholders' Equity (determined as at the end of the then most recently ended fiscal quarter of the Company), plus (iii) any increase thereof attributable to any equity offerings or issuances of capital stock occurring subsequent to the end of such fiscal quarter and before any such purchase or acquisition.

"Material Subsidiary" means any Borrower and any other Subsidiary that, directly or indirectly through a Subsidiary, either (A) owns assets with a book value in excess of 2% of the book value of the Consolidated Assets measured as of the last day of the most recently completed fiscal quarter for which financial statements have been delivered pursuant to Section 7.01(a) or (b) or (B) generated annual revenues in excess of 2% of the revenues of the Company and its Subsidiaries, taken as a whole, for the most recently completed four fiscal quarter period for which financial statements have been delivered pursuant to Section 7.01(a) or (b) (determined in each case, if a Material Acquisition occurs, on a pro forma basis assuming such Material Acquisition had been consummated on the first day of the most recently ended four fiscal quarter period).

"Maximum Swingline Amount" shall mean $20,000,000.

"Merger Agreement" shall mean the Agreement and Plan of Merger dated as of August 14, 1997 among the Company, Packco Acquisition Corp. and SAC, as amended.

"Moody's" shall mean Moody's Investors Service, Inc.

"Moody's Credit Rating" shall mean the rating level (it being understood that a rating level shall include numerical modifiers and (+) and (-) modifiers) assigned, whether express or indicative, by Moody's to the Company's senior unsecured long-term debt, provided that in the event that no senior unsecured long-term debt of the Company is rated by Moody's, there shall be no Moody's Credit Rating.

"Non-U.K. Bank" shall have the meaning provided in Section 4.04(c).

"Note" shall mean and include each Revolving Note, Bid Note, Swingline Note and each Local Currency Note.

"Notice of Bid Borrowing" shall have the meaning provided in Section 1.04(a)(i).

"Notice of Borrowing" shall have the meaning provided in Section 1.03(a).

"Notice of Conversion" shall have the meaning provided in Section 1.07.

"Notice Office" shall mean the office of the Administrative Agent located at 1325 Avenue of the Americas, New York, New York 10019, Attention: Agency Services, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"NYSE" shall mean The New York Stock Exchange.

"Obligations" shall mean all amounts owing to the Administrative

Agent or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Obligation Currency" shall have the meaning provided in Section 13.17.

"Offered Rate Loan" shall have the meaning provided in Section 1.01(b)

"Original Dollar Amount" means the amount of any Obligation denominated in Dollars and, in relation to any Loan denominated in a currency other than Dollars, the U.S. Dollar Equivalent of such Loan on the day it is advanced or continued for an additional Interest Period.

"Other Credit Agreement" shall mean the Global Revolving Credit Agreement (364-Day) dated as of the date hereof among the Company, Cryovac, each Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as guarantors, the banks party thereto from time to time, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, as amended from time to time.

"Participant" shall have the meaning provided in Section 2.04(a).

"Payment Office" shall mean the office of the Administrative Agent located at 1325 Avenue of the Americas, New York, New York 10019, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA or any successor thereto.

"Percentage" of any Bank at any time shall mean a fraction (expressed as a percentage) the numerator of which is the Revolving Loan Commitment of such Bank at such time and the denominator of which is the Total Revolving Loan Commitment at such time; provided, that if the Percentage of any Bank is to be determined after the Total Revolving Loan Commitment has been terminated, then the Percentages of the Banks shall be determined immediately prior (and without giving effect) to such termination.

"Permitted Encumbrances" shall mean as of any particular time, (i) such easements, leases, subleases, encroachments, rights of way, minor defects, irregularities or encumbrances on title which are not unusual with respect to property similar in character to any such Real Property and which do not secure Indebtedness and do not materially impair such Real Property for the purpose for which it is held or materially interfere with the conduct of the business of the Company or any of its Subsidiaries and (ii) municipal and zoning ordinances, which are not violated by the existing improvements and the present use made by the Company or any of its Subsidiaries of such Real Property.

"Permitted Receivables Financing" shall have the meaning provided in Section 8.07(b).

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer or single-employer plan subject to Title IV of ERISA which is maintained or contributed to by (or to which there is an obligation to contribute to) the Company or a Subsidiary of the Company or an ERISA Affiliate, and each such plan for the five-year period immediately following the latest date on which the Company or a Subsidiary of the Company or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"Prime Lending Rate" shall mean the rate which ABN AMRO announces from time to time as its prime lending rate for U.S. Dollar loans to borrowers located in the United States. The Prime Lending Rate shall change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. ABN AMRO may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Real Property" of any Person shall mean all of the right, title and interest of such Person in and to land, improvements and fixtures, including leaseholds.

"Register" shall have the meaning provided in Section 13.16.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing or migration into the environment.

"Replaced Bank" shall have the meaning provided in Section 1.14.

"Replacement Bank" shall have the meaning provided in Section 1.14.

"Reportable Event" shall mean an event described in Section

4043(b) and (c) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Reorganization" means the transactions contemplated by the Distribution Agreement and the Merger Agreement.

"Required Banks" shall mean Banks, the sum of whose outstanding Revolving Loan Commitments (or after the termination thereof, outstanding Revolving Loans, Bid Loans and Percentage of outstanding Swingline Loans and Letter of Credit Outstandings) and, subject to Section 1.01(d)(iv), Local Currency Commitments (or after the termination thereof, outstanding Local Currency Loans) represent an amount greater than 50% of the sum of the Total Revolving Loan Commitment (or after the termination thereof, the sum of the then total outstanding Revolving Loans and the aggregate Percentages of the total outstanding Swingline Loans and Letter of Credit Outstandings at such time) and the Total Local Currency Commitment (or after the termination thereof, the total outstanding Local Currency Loans).

"Returns" shall have the meaning provided in Section 6.09.

"Revolving Loan" shall have the meaning provided in Section 1.01(a).

"Revolving Loan Commitment" shall mean, for each Bank, the amount set forth opposite such Bank's name in Schedule 1.01 directly below the column entitled "Revolving Loan Commitment," as same may be (x) adjusted from time to time pursuant to Sections 1.01(d), 3.02, 3.03 and/or 9 or (y) adjusted from time to time as a result of assignments to or from such Bank pursuant to Section 1.14 or 13.04(b).

"Revolving Note" shall have the meaning provided in Section 1.06(b).

"SAC" means Sealed Air Corporation, a Delaware corporation (to be renamed "Sealed Air Corporation (US)").

"SAC Merger" shall mean the merger of Packco Acquisition Corp. with and into SAC as contemplated by the Merger Agreement.

"Section 4.04(b)(ii) Certificate" shall have the meaning provided in Section 4.04(b).

"Securities Act" shall mean the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

"Senior Financial Officer" shall mean the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Treasurer and each Assistant Treasurer of the Company.

"S&P" shall mean Standard & Poor's Ratings Services, a division of McGraw Hill, Inc.

"S&P Credit Rating" shall mean the rating level (it being understood that a rating level shall include numerical modifiers and (+) and (-) modifiers) assigned, whether express or implied, by S&P to the Company's senior unsecured long-term debt, provided that in the event that no senior unsecured outstanding long-term debt of the Company is rated by S&P there shall be no S&P Credit Rating.

"Spin-off" shall mean the transfer by the Company of all the equity interests in Grace Specialty Chemicals, Inc. to the stockholders of the Company substantially on the terms specified in the Merger Agreement and the Distribution Agreement.

"Stated Amount" of each Letter of Credit shall mean at any time the maximum amount available to be drawn thereunder at such time, determined without regard to whether any conditions to drawing could then be met.

"Subsidiary" shall mean, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time; provided that prior to the Spin-off each reference in this Agreement and any other Credit Document to any Subsidiary of the Company or to the Company and its Subsidiaries, taken as a whole, shall be deemed to refer, respectively, only to Cryovac and Cryovac's Subsidiaries and to the Company and Cryovac and Cryovac's Subsidiaries, taken as a whole.

"Subsidiary Borrower" shall mean and include Cryovac and any other Wholly-Owned Subsidiary of the Company that has become and remains a Subsidiary Borrower pursuant to Section 5.03.

"Subsidiary Guarantee Agreement" means a letter to the Administrative Agent in the form of Exhibit K hereto executed by a Subsidiary whereby it acknowledges it is party hereto as a Guarantor under Section 12 hereof.

"Subsidiary Guarantor" shall mean Cryovac and all other Domestic Subsidiaries of the Company which pursuant to Section 7.09 have become and remain Guarantors hereunder.

"Swingline Expiry Date" shall mean the date which is two Business Days prior to the Final Maturity Date.

"Swingline Loan" shall have the meaning provided in Section 1.01(b).

"Swingline Note" shall have the meaning provided in Section 1.06(b).

"Taxes" shall have the meaning provided in Section 4.04(a).

"Test Period" shall mean the four consecutive fiscal quarters of the Company then last ended, in each case taken as one accounting period.

"Total Local Currency Commitment" shall mean, at any time, the sum of the Local Currency Commitments of each of the Banks and their Local Affiliates.

"Total Commitment" shall mean, at any time, the sum of the Commitments of each of the Banks.

"Total Revolving Loan Commitment" shall mean, at any time, the sum of the Revolving Loan Commitments of each of the Banks.

"Total Unutilized Revolving Loan Commitment" shall mean, at any time, an amount equal to the remainder of (x) the then Total Revolving Loan Commitment less (y) the sum of the aggregate principal amount of Revolving Loans, Bid Loans and Swingline Loans outstanding plus the then aggregate amount of Letter of Credit Outstandings.

"Tranche" shall mean the respective facility and commitments utilized in making Loans, with there being four separate Tranches, i.e., Bid Loans, Revolving Loans, Swingline Loans and Local Currency Loans.

"Type" shall mean any type of Loan determined with respect to the interest option and currency applicable thereto, i.e., a Base Rate Loan, Bid Loan, Offered Rate Loan or a Eurocurrency Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"Unfunded Current Liability" of any Plan means the amount, if any, by which the actuarial present value of the accumulated plan benefits under the Plan as of the close of its most recent plan year exceeds the fair market value of the assets allocable thereto, each determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of such Plan.

"United States" and "U.S." shall each mean the United States of America.

"Unpaid Drawings" shall have the meaning provided in Section 2.05(a).

"Unutilized Revolving Loan Commitment" of any Bank at any time shall mean the Revolving Loan Commitment of such Bank at such time less the sum of (i) the aggregate principal amount of Revolving Loans made by such Bank and then outstanding and (ii) such Bank's Percentage of Swingline Loans and the Letter of Credit Outstandings at such time.

"U.S. Dollar Equivalent" means the amount of Dollars which would be realized by converting another currency into Dollars in the spot market at the exchange rate quoted by the Administrative Agent, at approximately 11:00 a.m. (London time) two Business Days prior to the date on which a computation thereof is required to be made, to major banks in the interbank foreign exchange market for the purchase of Dollars for such other currency.

"Wholly-Owned Subsidiary" shall mean, as to any Person, (i) any corporation 100% of whose capital stock (other than director's qualifying shares) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Wholly-Owned Subsidiaries of such Person has a 100% equity interest at such time.

Section 10.02. Principles of Construction. (a) All references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Agreement unless otherwise specified.

(b) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in the United Sates as in effect from time to time.

SECTION 11. THE ADMINISTRATIVE AGENT.

Section 11.01. Appointment. The Banks hereby designate ABN AMRO Bank N.V. as Administrative Agent to act as specified herein and in the other Credit Documents. Each Bank hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, the Administrative Agent to take such action on its behalf under the provisions of this Agreement, the other Credit Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof and such other powers

as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder by or through its respective officers, directors, agents, employees or affiliates.

Section 11.02. Nature of Duties. The Administrative Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement and the other Credit Documents. Neither the Administrative Agent nor any of its respective officers, directors, agents, employees or affiliates shall be liable for any action taken or omitted by it or them hereunder or under any other Credit Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have by reason of this Agreement or any other Credit Documents a fiduciary relationship in respect of any Bank or the holder of any Note; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

Section 11.03. Lack of Reliance on the Administrative Agent. Independently and without reliance upon the Administrative Agent, each Bank and the holder of each Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Company and its Subsidiaries in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of the Company and its Subsidiaries and, except as expressly provided in this Agreement, the Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Bank or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. The Administrative Agent shall not be responsible to any Bank or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of the Company and its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit Document, or the financial condition of the Company and its Subsidiaries or the existence or possible existence of any Default or Event of Default.

Section 11.04. Certain Rights of the Administrative Agent. If the Administrative Agent shall request instructions from the Required Banks with respect to any act or action (including failure to act) in connection with the Agreement or any Credit Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Banks; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Bank or the holder of any Note shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Banks.

Section 11.05. Reliance. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that the Administrative Agent believed to be the proper Person, and, without respect to all legal maters pertaining to this Agreement and any other Credit Document and its duties hereunder and thereunder, upon advice of counsel selected by the Administrative Agent.

Section 11.06. Indemnification. To the extent the Administrative Agent is not reimbursed and indemnified by the Borrowers, the Banks will reimburse and indemnify the Administrative Agent, in proportion to their respective Percentages as used in determining the Required Banks, for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its respective duties as Administrative Agent hereunder or under any other Credit Document, in any way relating to or arising out of this Agreement or any other Credit Document; provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

Section 11.07. The Administrative Agent in Its Individual Capacity. With respect to its obligation to make Loans and issue Letters of Credit under this Agreement, the Administrative Agent shall have the rights and powers specified herein for a "Bank" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Banks," "Required Banks," "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Company or any Subsidiary or Affiliate of the Company as if they were not performing the duties specified herein, and may accept fees and other consideration from the Borrowers for services in connection with this Agreement and otherwise without having to account for the same to the Banks.

Section 11.08. Holders. The Administrative Agent shall deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee, assignee or endorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefor.

Section 11.09. Resignation by the Administrative Agent. (a) The Administrative Agent may resign from the performance of all its functions and duties hereunder and/or under the other Credit Documents at any time by giving 30 days' prior written notice to the Company and the Banks. Such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below.

(b) Upon any such notice of resignation, the Required Banks shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial bank or trust company reasonably acceptable to the Company.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent, with the consent of the Company, shall then appoint a commercial bank or trust company with capital and surplus of not less than $500,000,000 as successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Required Banks appoint a successor Administrative Agent as provided above.

Section 11.10. Documentation Agent and Syndication Agents. Nothing in this Agreement shall impose upon the Documentation Agent or either Syndication Agent, in their respective capacities as such, any duty or responsibility whatsoever.

SECTION 12. GUARANTY.

Section 12.01. The Guaranty. In order to induce the Banks to enter into this Agreement and to extend credit hereunder to the Borrowers and in recognition of the direct benefits to be received by the Company and each Subsidiary Guarantor from the proceeds of the Loans to the Borrowers, each Guarantor hereby agrees with the Banks as follows: each Guarantor hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all of the Guaranteed Obligations to the Creditors. If any or all of the Guaranteed Obligations to the Creditors becomes due and payable hereunder, each Guarantor unconditionally promises to pay such indebtedness to the Creditors, or order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Creditors in collecting any of the Guaranteed Obligations.

Section 12.02. Bankruptcy. Additionally, each Guarantor unconditionally and irrevocably guarantees the payment of any and all of the Guaranteed Obligations to the Creditors whether or not then due or payable by any Borrower upon the occurrence in respect of such Borrower of any of the events specified in Section 9.05, and unconditionally and irrevocably promises to pay such Guaranteed Obligations to the Creditors, or order, on demand, in lawful money of the United States.

Section 12.03. Nature of Liability. The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Guaranteed Obligations whether executed by such Guarantor, any other guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by any Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations of any Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by any Borrower, or (e) any payment made to the Administrative Agent or the Creditors on the indebtedness which the Administrative Agent or such Creditors repay any Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

Section 12.04. Independent Obligation. The obligations of each Guarantor hereunder are independent of the obligations of any other guarantor or any Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other guarantor or any Borrower and whether or not any other Guarantor or any Borrower be joined in any such action or actions. Each Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by any Borrower or other circumstance which operates to toll any statute of limitations as to such Borrower shall operate to toll the statute of limitations as to each Guarantor.

Section 12.05. Authorization. Each Guarantor authorizes the Creditors without notice or demand (except as shall be required by applicable law and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to:

(a) change the manner, place or terms of payment of,

and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;

(c) exercise or refrain from exercising any rights against any Borrower or others or otherwise act or refrain from acting;

(d) release or substitute any one or more endorsers, guarantors, any Borrower or other obligors;

(e) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of any Borrower to its creditors other than the Creditors;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of any Borrower to the Creditors regardless of what liability or liabilities of the Company or any Borrower remain unpaid;

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement this Agreement or any of such other instruments or agreements; and/or

(h) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Section 12.

Section 12.06. Reliance. It is not necessary for the Creditors to inquire into the capacity or powers of any Borrower or the officers, directors, partners or agents acting or purporting to act on its behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 12.07. Subordination. Any of the indebtedness of any Borrower relating to the Guaranteed Obligations now or hereafter owing to a Guarantor is hereby subordinated to the Guaranteed Obligations of such Borrower owing to the Creditors; and if the Administrative Agent so requests at a time when an Event of Default exists, all such indebtedness relating to the Guaranteed Obligations of such Borrower to a Guarantor shall be collected, enforced and received by the Company for the benefit of the Creditors and be paid over to the Administrative Agent on behalf of the Creditors on account of the Guaranteed Obligations of such Borrower to the Creditors, but without affecting or impairing in any manner the liability of such Guarantor under the other provisions of this Guaranty. Prior to the transfer by any Guarantor of any note or negotiable instrument evidencing any of the indebtedness relating to the Guaranteed Obligations of any Borrower to such Guarantor, such Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, each Guarantor hereby agrees with the Creditors that it will not exercise any right of subrogation or contribution which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 5.09 of the Bankruptcy Code or otherwise) against any Borrower or any other Guarantor until all Guaranteed Obligations have been irrevocably paid in full in cash.

Section 12.08. Waiver. (a) Each Guarantor waives any right (except as shall be required by applicable law and cannot be waived) to require the Creditors to (i) proceed against any Borrower or any other party, (ii) proceed against or exhaust any security held from any Borrower or any other party or (iii) pursue any other remedy in the Administrative Agent's or any other Creditors' power whatsoever. Each Guarantor waives any defense based on or arising out of any defense of any Borrower or any other party, other than payment in full of the Guaranteed Obligations, based on or arising out of the disability of any Borrower, any other guarantor or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Borrower other than payment in full of the Guaranteed Obligations. To the greatest extent permitted by law the Creditors may, at their election, foreclose on any security held by the Administrative Agent or any other Creditors by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent and any other Creditors may have against any Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations

have been paid. Each Guarantor waives any defense arising out of any such election by the Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against any Borrower or any other Guarantor or any other party or any security.

(b) Each Guarantor waives all presentments, demands for performance, protests and notices (except as otherwise expressly provided for herein), including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Each Guarantor assumes all responsibility for being and keeping itself informed of each Borrower's financial condition and assets, and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which each Guarantor assumes and incurs hereunder, and agrees that the Creditors shall have no duty to advise any Guarantor of information known to them regarding such circumstances or risks.

Section 12.09. Nature of Liability. It is the desire and intent of the Guarantors and the Creditors that this Guaranty shall be enforced against each Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of any Guarantor under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of the Guaranteed Obligations of such Guarantor shall be deemed to be reduced and such Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable law.

Section 12.10. Judgments Binding. If claim is ever made upon any Creditor or any subsequent holder of a Note of any Borrower for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant, then and in such event each Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon each Guarantor, notwithstanding any revocation hereof or the cancellation of any Note or other instrument evidencing any liability of any Borrower, and each Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

SECTION 13. MISCELLANEOUS.

Section 13.01. Payment of Expenses, Etc. The Borrowers jointly and severally shall: (i) whether or not the transactions contemplated herein are consummated, pay all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and disbursements of Chapman and Cutler subject to any ceiling separately agreed) in connection with the preparation, execution and delivery of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein and any amendment, waiver or consent relating hereto or thereto, of the Administrative Agent in connection with its syndication efforts with respect to this Agreement and of the Administrative Agent and, following an Event of Default, each of the Banks in connection with the enforcement of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel for the Administrative Agent and, following an Event of Default, for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify the Administrative Agent and each Bank, and each of their respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations (including removal or remedial actions), losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not the Administrative Agent or any Bank is a party thereto) related to the entering into and/or performance of this Agreement or any other Credit Document or the use of any Letter of Credit or the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein or in any other Credit Document or the exercise of any of their rights or remedies provided herein or in the other Credit Documents, or (b) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property owned or at any time operated by the Company or any of its Subsidiaries, the generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by the Company or any of its Subsidiaries, the non-compliance of any Real Property with foreign, federal, state and local laws, regulations, and ordinances (including applicable permits thereunder) applicable to any Real Property, or any Environmental Claim asserted against the Company, any of its Subsidiaries or any Real Property owned or at any time operated by the Company or any of its Subsidiaries, including, in each case, without

limitation, the reasonable fees and disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify, pay or hold harmless the Administrative Agent or any Bank set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrowers shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

Section 13.02. Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Company or any Subsidiary Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) (in whatever currency denominated) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Company or any Subsidiary Borrower against and on account of the Obligations and liabilities of the Company or any Subsidiary Borrower to such Bank under this Agreement or under any of the other Credit Documents, (in whatever currency denominated) including, without limitation, all interests in Obligations purchased by such Bank pursuant to Section 13.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

Section 13.03. Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier) and mailed, telecopied, cabled or delivered: if to the Company or Cryovac at: One Town Center Road, Boca Raton, Florida 33486-1010, Attention: Susan G. Eccher, Assistant Treasurer, (Tel.) 561-362-1949, (Fax) 561-362-1944; if to any Subsidiary Borrower, at such Subsidiary Borrower's address provided in the respective Election to Become a Subsidiary Borrower; if to any Subsidiary Guarantor, at such Subsidiary Guarantor's address specified opposite its signature below as provided in the respective Subsidiary Guarantee Agreement; if to any Bank, at its address specified opposite its name on the applicable signature page hereof or in the applicable Assignment and Assumption Agreement; and if to the Administrative Agent, at its Notice Office; or, as to any Borrower, any Subsidiary Guarantor or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Bank, at such other address as shall be designated by such Bank in a written notice to the Company and the Administrative Agent. All such notices and communications shall, when mailed, telecopied, or cabled or sent by overnight courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telecopier, except that notices and communications to the Administrative Agent shall not be effective until received by the Administrative Agent.

Section 13.04. Benefit of Agreement, Etc. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, no Borrower may assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of the Banks and, provided, further, that, although any Bank may transfer, assign or grant participations in its rights hereunder, such Bank shall remain a "Bank" for all purposes hereunder (and may not transfer or assign all or any portion of its Commitments hereunder except as provided in Section 13.04(b)) and the transferee, assignee or participant, as the case may be, shall not constitute a "Bank" hereunder and, provided, further, that no Bank shall transfer or grant any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend the final scheduled maturity of any Loan, Note or Letter of Credit (unless such Letter of Credit is not extended beyond the Final Maturity Date) in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof) or (ii) consent to the assignment or transfer by any Borrower of any of its rights and obligations under this Agreement. In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto) and all amounts payable by the Borrowers hereunder shall be determined as if such Bank had not sold such participation.

(b) Notwithstanding the foregoing, any Bank (or any Bank together with one or more other Banks) may (x) assign all or a portion of its Revolving Loan Commitment (and related outstanding Obligations hereunder) to its parent company and/or any affiliate of such Bank which is at least 80% owned by such Bank or its parent company or to one or more

Banks or (y) assign all, or if less than all, a portion, when added to the "Revolving Loan Commitment" under the Other Credit Agreement assigned concurrently therewith, equal to at least $10,000,000 in the aggregate for the assigning Bank or assigning Banks, of such Revolving Loan Commitments (and related outstanding Obligations) hereunder to one or more Eligible Transferees, each of which assignees shall become a party to this Agreement as a Bank by execution of an Assignment and Assumption Agreement, provided that (i) at such time Schedule 1.01 shall be deemed modified to reflect the Commitments of such new Bank and of the existing Banks, (ii) upon surrender of any old Notes, upon request new Notes will be issued to such new Bank and to the assigning Bank, such new Notes to be in conformity with the requirements of Section 1.06 (with appropriate modifications) to the extent needed to reflect the revised Commitments, (iii) the consent of the Administrative Agent and the Company shall be required in connection with any such assignment pursuant to clause (y) above (which consent shall not be unreasonably withheld), (iv) the assigning Bank shall assign the same percentage of its "Revolving Credit Commitment" under the Other Credit Agreement concurrently with such assignment, and (v) the Administrative Agent shall receive at the time of each such assignment, from the assigning or assignee Bank, the payment of a non-refundable assignment fee of $3,500 (which assignment fee need not be paid hereunder if the assignment fee is paid under the Other Credit Agreement) and, provided, further, that such transfer or assignment will not be effective until recorded by the Administrative Agent on the Register pursuant to Section 13.16. To the extent of any assignment pursuant to this Section 13.04(b), the assigning Bank shall be relieved of its obligations hereunder with respect to its assigned Commitments. At the time of each assignment pursuant to this Section 13.04(b) to a Person which is not already a Bank hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Bank shall provide to the Company and the Administrative Agent the appropriate Internal Revenue Service Forms (and, if applicable a Section 4.04(b)(ii) Certificate) described in Section 4.04(b). To the extent that an assignment of all or any portion of a Bank's Commitments and related outstanding Obligations pursuant to Section 1.14 or this Section 13.04(b) would, at the time of such assignment, result in increased costs under Section 1.11, 1.12 or 2.06 from those being charged by the respective assigning Bank prior to such assignment, then the Company shall not be obligated to pay such increased costs (although the Company shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(c) Nothing in this Agreement shall prevent or prohibit any Bank from pledging its Loans and Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank.

Section 13.05. No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent or any Bank or any holder of any Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any Borrower and the Administrative Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on any Borrower in any case shall entitle any Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

Section 13.06. Payments Pro Rata. (a) Except as otherwise provided in this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the respective Borrower in respect of any Obligations hereunder, it shall distribute such payment to the Banks (other than any Bank that has consented in writing to waive its pro rata share of any such payment) pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans, Unpaid Drawings, Facility Fee or Letter of Credit Fees, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such Obligations then owed and due to such Bank bears to the total of such Obligations then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the respective Borrower to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided that if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 13.07. Calculations; Computations. (a) All computations of interest, Facility Fees and other Fees hereunder shall be made on the basis of a year of (i) 365/366 days, as applicable, with respect to Facility Fees, Letter of Credit Fees and interest on Base Rate Loans and Eurocurrency Loans denominated in Pounds Sterling and other Local

Currencies customarily computed on such basis in accordance with customary Eurocurrency market practice, as determined by the Administrative Agent and (ii) 360 days, with respect to all other amounts, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or Fees are payable. The applicable Local Currency Documentation may specify that a different day count method is applicable to amounts owing pursuant to such Local Currency Documentation.

(b) For purposes of determining compliance with the dollar amounts set forth in Section 8 and determining the Applicable Margin, the dollar equivalent of any Indebtedness or other obligation incurred in a currency other than Dollars shall be the dollar equivalent thereof as in effect on the last Business Day of the then most recently ended fiscal quarter of the Company and such dollar equivalent shall remain in effect until same is recalculated as of the last Business Day of the immediately succeeding fiscal quarter, and with such dollar equivalent to mean, at any time of determination thereof, the amount of Dollars which could be purchased with the amount of currency involved in such computation at the spot exchange rate therefor as published in the New York edition of The Wall Street Journal on the date one Business Day subsequent to the date of any determination of such dollar equivalent, provided that if the New York edition of The Wall Street Journal is not published on such date, reference shall be made to such rate as set forth in the most recently published New York edition of The Wall Street Journal, and provided further, that if any time the New York edition of The Wall Street Journal ceases to publish such exchange rates, the dollar equivalent shall be the amount of Dollars which could be purchased with the amount of currency involved in such computation at the spot rate therefor as quoted by the Administrative Agent at approximately 11:00 a.m. (London time) on the date two Business Days prior to the date of any determination thereof for purchase on such date.

Section 13.08. Governing Law; Submission to Jurisdiction; Venue; Waiver of Jury Trial. (a) This Agreement and the other Credit Documents and the rights and obligations of the parties hereunder and thereunder shall be construed in accordance with and be governed by the law of the State of New York. Any legal action or proceeding with respect to this Agreement or any other Credit Document may be brought in the courts of the State of New York or the United States for the Southern District of New York located in the Borough of Manhattan, and, by execution and delivery of this Agreement, each Borrower and Subsidiary Guarantor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Borrower and Subsidiary Guarantor hereby further irrevocably waives any claim that any such courts lack jurisdiction over such Borrower or Subsidiary Guarantor, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or any other Credit Document brought in any of the aforesaid courts, that any such court lacks jurisdiction over such Borrower or Subsidiary Guarantor. Each Subsidiary Borrower and Subsidiary Guarantor hereby irrevocably designates, appoints and empowers the Company as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding. If for any reason the Company shall cease to be available to act as such, each Subsidiary Borrower and Subsidiary Guarantor agrees to designate a new designee, appointee and agent in New York City on the terms and for the purposes of this provision satisfactory to the Administrative Agent under this Agreement. Each Borrower and Subsidiary Guarantor further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address specified pursuant to Section 13.03, such service to become effective 30 days after such mailing. Each Borrower and Subsidiary Guarantor hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other Credit Document that service of process was in any way invalid or ineffective. Nothing herein shall affect the right of the Administrative Agent under this Agreement, any Bank or the holder of any Note to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any Borrower or Subsidiary Guarantor in any other jurisdiction.

(b) Each Borrower and Subsidiary Guarantor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Credit Document brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) The Company hereby agrees with each Subsidiary Borrower, each Subsidiary Guarantor, the Administrative Agent and each Bank that the Company irrevocably accepts such appointment as agent as set forth in clause (a) of this Section 13.08 and agrees that the Company (i) shall inform the Administrative Agent promptly in writing of any change of its address, (ii) shall notify the Administrative Agent of any termination of any of the agency relationships created by clause (a) of this Section 13.08, (iii) shall perform its obligations as such agent in accordance with the provisions of clause (a) of this Section 13.08 and (iv) shall forward promptly to each Subsidiary Borrower and Subsidiary Guarantor any legal process received by the Company in its capacity as process agent. As process agent, the Company agrees to discharge the above-mentioned obligations and will not refuse fulfillment of such obligations under clause (a) of this Section 13.08. In addition, the Company agrees that it shall maintain its qualification to do business in the State of New York and shall at all times have a registered agent in New York to receive

service of process.

(d) Each of the parties to this Agreement hereby irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement, the other Credit Documents or the transactions contemplated hereby or thereby.

Section 13.09. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Company and the Administrative Agent.

Section 13.10. Effectiveness. This Agreement shall become effective on the date (the "Effective Date") on which (i) the Company, Cryovac and each of the Banks shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at its Notice Office or, in the case of the Banks, shall have given to the Administrative Agent telephonic (confirmed in writing), written or facsimile notice (actually received) at such office that the same has been signed and mailed to it and (ii) all conditions contained in Section 5.01 are met to the satisfaction of the Administrative Agent and the Required Banks (determined after giving effect to the Effective Date). Upon the satisfaction of the conditions described in clause (i) of the immediately preceding sentence and upon the Administrative Agent's good faith determination that the conditions described in clause (ii) of the immediately preceding sentence have been met, then the Effective Date shall be deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been met (although the occurrence of the Effective Date shall not release any Borrower from any liability or prevent the existence of an Event of Default based upon failure to satisfy one or more of the applicable conditions contained in Section 5.01). The Administrative Agent will give each Borrower and each Bank prompt written notice of the occurrence of the Effective Date.

Section 13.11. Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 13.12. Amendment or Waiver; etc. (a) Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Borrowers and the Required Banks, provided that no such change, waiver, discharge or termination shall, without the consent of each Bank (with Obligations being directly affected in the case of following clause (i)), (i) extend the final scheduled maturity of any Loan or Note or extend the stated maturity of any Letter of Credit beyond the Final Maturity Date, or reduce the rate or extend the time of payment of interest thereon or any Fees, or reduce the principal amount thereof, (ii) amend, modify or waive any provision of the definition of "Eurocurrency" or of Section 13.06(b) or this Section 13.12, (iii) reduce the percentage specified in the definition of Required Banks, (iv) except as provided in Section 13.18 hereof, release any Guarantor from its obligations under the Guaranty or (v) consent to the assignment or transfer by any Borrower of any of its rights and obligations under this Agreement; provided further, that no such change, waiver, discharge or termination shall (w) increase the Commitments of any Bank over the amount thereof then in effect without the consent of such Bank (it being understood that waivers or modifications of conditions precedent, covenants or Defaults shall not constitute an increase of the Commitment of a Bank), (x) without the consent of ABN AMRO, amend, modify or waive any provision of Section 2 or alter its rights or obligations with respect to Letters of Credit or Swingline Loans, (y) without the consent of each Bank with a Local Currency Commitment or that has arranged for one of its Local Affiliates to provide a Local Currency Commitment, amend, modify or waive any provision of Section 1 as same applies to Local Currency Commitments, or (z) without the consent of the Administrative Agent, amend, modify or waive any provision of Section 11 as same applies to the Administrative Agent or any other provision as same relates to the rights or obligations of the Administrative Agent.

(b) If, in connection with any proposed change, waiver, discharge or termination with respect to any of the provisions of this Agreement as contemplated by clauses (i) through (v), inclusive, of the first proviso to Section 13.12(a), the consent of the Required Banks is obtained but the consent of one or more of such other Banks whose consent is required is not obtained, then the Company shall have the right, so long as all non-consenting Banks whose individual consent is required are treated as described in either clause (A) or (B) below, to either (A) replace each such non-consenting Bank or Banks with one or more Replacement Banks pursuant to Section 1.14 so long as at the time of such replacement, each such Replacement Bank consents to the proposed change, waiver, discharge or termination or (B) terminate such non-consenting Bank's Revolving Loan Commitment and repay in full such non-consenting Bank's outstanding Loans in accordance with Sections 3.02(b) and 4.01(b), provided that, unless the Commitments that are terminated, and Loans that are repaid, pursuant to preceding clause (B) are immediately replaced in full at such time through the addition of new Banks or the increase of the Commitments and/or outstanding Loans of existing Banks (who in each case must specifically consent thereto), then in the case of any action pursuant to preceding clause (B) the Required Banks (determined before giving effect to the proposed action) must specifically consent thereto, provided further, that in any event the Company shall not have the right to replace a Bank, terminate its Commitments or repay its Loans solely as a result of

the exercise of such Bank's rights (and the withholding of any required consent by such Bank) pursuant to the second proviso to Section 13.12(a).

Section 13.13. Survival. All indemnities set forth herein including, without limitation, in Sections 1.11, 1.12, 2.06, 4.04, 13.01 and 13.06 shall survive the execution, delivery and termination of this Agreement and the Notes and the making and repayment of the Loans.

Section 13.14. Domicile of Loans. Each Bank may transfer and carry its Loans at, to or for the account of any office, Subsidiary or Affiliate of such Bank. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Loans pursuant to this Section 13.14 would, at the time of such transfer, result in increased costs under Section 1.11, 1.12, 2.06 or 4.04 from those being charged by the respective Bank prior to such transfer, then the Borrowers shall not be obligated to pay such increased costs (although the Borrowers shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective transfer).

Section 13.15. Confidentiality. (a) Subject to the provisions of clause (b) of this Section 13.15, each Bank agrees that it will use its best efforts not to disclose without the prior consent of the Company (other than to its employees, auditors, advisors or counsel or to another Bank if the Bank or such Bank's holding or parent company in its sole discretion determines that any such party should have access to such information, provided such Persons shall be subject to the provisions of this Section 13.15 to the same extent as such Bank) any information with respect to the Company or any of its Subsidiaries which is now or in the future furnished pursuant to this Agreement or any other Credit Document and which is designated by the Company to the Banks in writing as confidential, provided that any Bank may disclose any such information (i) as has become generally available to the public, (ii) as may be required or appropriate in any report, examination, statement or testimony submitted to any municipal, state or federal regulatory body having or claiming to have jurisdiction over such Bank or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (iii) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (iv) in order to comply with any law, order, regulation or ruling applicable to such Bank, (v) to the Administrative Agent and (vi) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Notes or Revolving Loan Commitments or any interest therein by such Bank, provided, that such prospective transferee agrees to abide by the provisions contained in this Section.

(b) Each Borrower hereby acknowledges and agrees that each Bank may share with any of its affiliates any information related to the Company or any of its Subsidiaries (including, without limitation, any nonpublic customer information regarding the creditworthiness of the Company and its Subsidiaries, provided such Persons shall be subject to the provisions of this Section 13.15 to the same extent as such Bank).

Section 13.16. Register. Each Borrower hereby designates the Administrative Agent to serve as such Borrower's agent, solely for purposes of this Section 13.16, to maintain a register (the "Register") on which it will record the Commitments from time to time of each of the Banks, the Loans made by each of the Banks and each repayment in respect of the principal amount of the Loans of each Bank. Failure to make any such recordation, or any error in such recordation shall not affect such Borrower's obligations in respect of such Loans. With respect to any Bank, the transfer of the Commitment of such Bank and the rights to the principal of, and interest on, any Loan made pursuant to such Commitment shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Commitment and Loans and prior to such recordation all amounts owing to the transferor with respect to such Commitment and Loans shall remain owing to the transferor. The registration of assignment or transfer of all or part of any Commitments and Loans shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement pursuant to Section 13.04(b). Coincident with the delivery of such an Assignment and Assumption Agreement to the Administrative Agent for acceptance and registration of assignment or transfer of all or part of a Loan, or as soon thereafter as practicable, the assigning or transferor Bank shall surrender the Note, if any, evidencing such Loan, and thereupon one or more new Notes, if requested by the transferor Bank and/or the new Bank, shall be issued to the assigning or transferor Bank and/or the new Bank. The Borrowers jointly and severally agree to indemnify the Administrative Agent from and against any and all losses, claims, damages and liabilities of whatsoever nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties under this Section 13.16.

Section 13.17. Judgment Currency. (a) The Borrowers' obligation hereunder and under the other Credit Documents to make payments in Dollars or any other currency (the "Obligation Currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or the respective Bank of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Bank under this Agreement or the other Credit Documents. If for the purpose of obtaining or enforcing judgment against any Borrower in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made, at the

rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrowers covenant and agree to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate or exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange for this Section 13.17, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

Section 13.18. Release of Subsidiary Guaranty. The Guaranty provided by a Subsidiary Guarantor will automatically be terminated upon the receipt by the Administrative Agent of a certificate from a Senior Financial Officer, certifying as of the date of the certificate that, after the consummation of the transaction or series of transactions described in such certificate (which certification shall also state that such transactions, individually or in the aggregate, will be in compliance with the terms and conditions of this Agreement, including to the extent applicable, the covenants contained in Section 8, and that no Event of Default existed, exists or will exist, as the case may be, immediately before, as a result of, or immediately after giving effect to the transaction or transactions and the terminations), the Subsidiary identified in such certification will no longer be a Subsidiary of the Company. The Administrative Agent and each Bank shall, at the Company's expense, execute and deliver such instruments as the Company may reasonably request to evidence such termination.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

W. R. GRACE & CO., as Borrower and Guarantor

By /s/ J. Gary Kaenzig, Jr.

Its Senior Vice President

CRYOVAC, INC, as Borrower and Guarantor

By /s/ J. Gary Kaenzig, Jr.

Its Vice President

Address:

500 Park Avenue
New York, New York 10022
Attention: Jack Deegan
Telephone: (212) 446-4263
Telecopy: (212) 446-4237

ABN AMRO BANK N.V., individually and as Administrative Agent

By /s/ John W. Deegan

Its Group Vice President

By /s/ Ryan D. Robinson

Its Group Vice President

Address:

335 Madison Avenue, 6th Fl.
New York, NY 10017
Attention: Annette Hanami
Telephone: (212) 503-7483
Telecopy: (212) 503-7355

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By /s/ Ambrish Thanawala

Its Vice President

Address:

130 Liberty Street, 34th Floor
New York, New York 10006
Attention: Gregory Shefrin
Telephone: (212) 250-1724
Telecopy: (212) 250-7218

BANKERS TRUST COMPANY

By /s/ Gregory P. Shefrin

Its Vice President

Address:

767 Fifth Avenue, 5th Floor
New York, NY 10153-0083
Attention: Thomas Kane
Telephone: (212) 407-5341
Telecopy: (212) 593-1083

NATIONSBANK, N.A.

By /s/ Thomas J. Kane

Its Vice President

Address:

399 Park Avenue
New York, New York 10043
Attention: Bill Martens
Telephone: (212) 559-3895
Telecopy: (212) 793-5017

CITIBANK, N.A.

By /s/ William G. Martens III

Its Attorney-In-Fact

Address:

Two World Financial Center
34th Floor
New York, NY 10281-1050
Attention: Bob Donohue
Telephone: (212) 266-7336
Telecopy: (212) 266-7594

COMMERZBANK AG, NEW YORK BRANCH

By /s/ Robert J. Donohue

Its Vice President

By /s/ Peter T. Doyle

Its Assistant Treasurer

Address:

1301 Ave of the Americas,
18th Flr
New York, New York 10019
Attention: Thomas Randolph
Telephone: (212) 261-7431
Telecopy: (212) 459-3179

CREDIT LYONNAIS, NEW YORK BRANCH

By /s/ Vladimir Labun

Its First Vice President - Manager

Address:

Mail Stop: CT FD 0752
One Landmark Square
Stamford, CT 06904
Attention: Dorothy Bambach
Telephone: (203) 358-6289
Telecopy: (203) 358-6111

FLEET NATIONAL BANK

By /s/ Dorothy Bambach

Its Senior Vice President

Address:

750 Walnut Avenue, 3rd Floor
Cranford, NJ 07016
Attention: L. David Lyons
Telephone: (908) 709-5361
Telecopy: (908) 709-6433

SUMMIT BANK

By /s/ L. David Lyons

Its Vice President

Address:

909 Fanin Street
Suite 1700
Houston, Texas 77010
Attention: Jimmy Simien
Telephone: (713) 653-8239
Telecopy: (713) 951-9921

TORONTO DOMINION (TEXAS), INC.

By /s/ Jimmy Simien

Its Vice President

Address:

34 East 51st Street
New York, NY 10022
Attention: Luca Balestra
Telephone: (212) 407-1764
Telecopy: (212) 407-1740

BANCA DI ROMA

By /s/ Luca Balestra

Its Assistant Vice President

By /s/ Amedeo Lanniccari

Its Assistant Vice President

Address:

One Wall Street, 21st Street
New York, NY 10286
Attention: Ernest Fung
Telephone: (212) 635-6805
Telecopy: (212) 635-7978

THE BANK OF NEW YORK

By /s/ Ernest Fung

Its Vice President

Address:

One Liberty Plaza
New York, New York 10006
Attention: Michael Kus
Telephone: (212) 225-5027
Telecopy: (212) 225-5090

THE BANK OF NOVA SCOTIA

By /s/ [illegible]

Its Vice President

Address:

25 West 51st Street,
3rd Floor
New York, NY 10019
Attention: Giulio Giovine
Telephone: (212) 314-0239
Telecopy: (212) 765-2978

BANCA NAZIONALE DEL LAVORO S.P.A. --
NEW YORK BRANCH

By /s/ Giulio Giovine

Its Vice President

By /s/ Leonardo Valentini

Its First Vice President

Address:

520 Madison Avenue, 37th Floor
New York, New York 10022
Attention: Sean Mounier
Telephone: (212) 715-4413
Telecopy: (212) 715-4535

COMPAGNIE FINANCIERE DE CIC ET
DE L'UNION EUROPEENNE

By /s/ Sean Mounier

Its First Vice President

By /s/ Brian O'Leary

Its Vice President

Address:

153 West 51st Street
New York, New York 10019
Attention: Juan Duarte
Telephone: (212) 373-1253
Telecopy: (312) 373-1180

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Stephen E. McDonald

Its First Vice President

Address:

190 River Road MC: NJ3130
2nd Fl.
Summit, NJ 07901
Attention: Mark Smith
Telephone: (908) 598-3079
Telecopy: (908) 598-3085

FIRST UNION NATIONAL BANK

By /s/ Mark R. Smith

Its Senior Vice President

Address:

140 Broadway, 4th Floor
New York, New York 10005-1196
Attention: Diane Zieske
Telephone: (212) 658-2851
Telecopy: (212) 658-5109

MARINE MIDLAND BANK

By /s/ Rochelle Forster

Its Vice President

Address:

191 Peachtree Street N.E. GA-370
Atlanta, GA 30303
Attention: Jim Barwis, RM
Gene Wood, Credit
Telephone: (404) 332-1326
Telecopy: (404) 332-6898

WACHOVIA BANK N.A.

By /s/ Jim Barwis

Its Vice President

Address:

50 South LaSalle Street, B-9
Chicago, Illinois 60675
Attention: Kelly Schneck
Telephone: (312) 630-6203
Telecopy: (312) 444-5055

THE NORTHERN TRUST COMPANY

By /s/ Jaron Grimm

Its Vice President

Address:

565 Fifth Avenue
New York, NY 10017
Attention: Scott Harwood
Telephone: (212) 880-1073
Telecopy: (212) 880-1080

BANK AUSTRIA AKTIENGESELLSCHAFT

By /s/ J. Anthony Seay

Its First Vice President

By /s/ W. Scott Harwood

Its Assistant Vice President

Address:

1251 Avenue of the Americas
New York, NY 10020-1104
Attention: William DiNicola
Telephone: (212) 782-4307
Telecopy: (212) 782-6445

THE BANK OF TOKYO-MITSUBISHI, LTD.

By /s/ William DiNicola

Its Attorney-In-Fact

Address:

499 Park Avenue, 9th Floor
New York, NY 10022-1278
Attention: Rick Pace
Telephone: (212) 415-9720
Telecopy: (212) 415-9606

BANQUE NATIONALE DE PARIS

By /s/ Richard Pace

Its Corporate Banking Divisior

By /s/ Robert S. Taylor, Jr.

Its Senior Vice President

Address:

10 East 53rd Street, 36th Floor
New York, NY 10022
Attention: Anthony Giobbi
Telephone: (212) 527-8737
Telecopy: (212) 527-8777

CARIPLO-CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE SPA

By /s/ Anthony F. Giobbi

Its First Vice President

By /s/ Charles W. Kennedy

Its First Vice President

Address:

375 Park Avenue, 2nd Floor
New York, NY 10152
Attention: Harmon Butler
Telephone: (212) 546-9611
Telecopy: (212) 546-9675

CREDITO ITALIANO S.P.A.

By /s/ Harmon Butler

Its First Vice President

By /s/ Umberto Seretti

Its Vice President

Address:

125 West 55th Street
New York, NY 10019
Attention: Rob Surdam
Telephone: (212) 541-0704
Telecopy: (212) 541-0793

KREDIETBANK N.V.

By /s/ Robert Snauffer

Its Vice President

By /s/ Raymond F. Murray

Its Vice President

Address:

1735 Market Street, 7th Floor
Philadelphia, PA 19103
Attention: Gil Mateer
Telephone: (215) 553-2199
Telecopy: (215) 553-4899

MELLON BANK, N.A.

By /s/ Gil Mateer

Its Vice President

Address:

55 East 59th Street,
9th Floor
New York, NY 10022
Attention: Robert Woods
Telephone: (212) 891-3655
Telecopy: (212) 891-3661

BANCA MONTE DEI PASCHI DI SIENA, S.P.A.

By /s/ G. Natalicchi

Its S.V.P. & General Manager

By /s/ Brian R. Landy

Its Vice President

Address:

1270 Avenue of the Americas
14th Floor
New York, NY 10019
Attention: Josef Haas
Telephone: (212) 332-8605
Telecopy: (212) 332-8660

NORDDEUTSCHE LANDESBANK GIROZENTRALE

By /s/ Stephen R. Hunter

Its Senior Vice President

By /s/ Josef Haas

Its Vice President

Address:

711 Fifth Avenue, 16th Floor
New York, NY 10022
Attention: Armen Karozichian
Telephone: (212) 583-2604
Telecopy: (212) 371-9386 FAX

SUNTRUST BANK, ATLANTA

By /s/ W. David Winston

Its Group Vice President

By /s/ Laura G. Hanson

Its Assistant Vice President

Address:

245 Park Avenue, 35th Floor
New York, NY 10167
Attention: Gerard McKenna
Telephone: (212) 692-3152
Telecopy: (212) 599-5303

ISTITUTO BANCARIO SAN PAOLO
DI TORINO SPA

By /s/ Gerard McKenna

Its Vice President

By /s/ [illegible]

Its First Vice President

Address:

520 Madison Avenue, 8th Floor
New York, NY 10022
Attention: Michael Fought
Telephone: (212) 418-2254
Telecopy: (212) 418-2228

CREDIT AGRICOLE INDOSUEZ

By /s/ Craig Welch

Its First Vice President

By /s/ Sarah McClintock

Its Vice President

Address:

375 Park Avenue, 9th Floor
New York, NY 10152
Attention: Esperanza Quintero
Telephone: (212) 758-5040
Telecopy: (212) 838-1077

BANCA POPOLARE DI MILANO

By /s/ Anthony Franco

Its Executive Vice President

& General Manager

By /s/ Esperanza Quintero

Its Vice President

Address:

BANCA COMMERCIALE ITALIANA
New York Branch

One William Street
New York, NY 10004
Attention: Tom McCullough
Telephone: (212) 607-3886
Telecopy: (212) 809-2124

By /s/ Charles Dougherty

Its Vice President

By /s/ Karen Purelis

Its Vice President

SCHEDULE 1.01

COMMITMENTS

BANK NAME	COMMITMENT
ABN AMRO Bank N.V.	$53,125,000
Bank of America National Trust and Savings Association	$53,125,000
Bankers Trust Company	$53,125,000
NationsBank, N.A.	$53,125,000
Citibank, N.A.	$41,666,667
Commerzbank AG, New York Branch	$41,666,667
Credit Lyonnais, New York Branch	$41,666,667
Fleet National Bank	$41,666,667
Summit Bank	$41,666,667
Toronto Dominion (Texas), Inc.	$41,666,667
Banca di Roma	$31,250,000
The Bank of New York	$31,250,000
The Bank of Nova Scotia	$31,250,000
Banca Nazionale del Lavoro S.p.A. -- New York Branch	$31,250,000
Compagne Financiere de CIC et de L'Union Europeene	$31,250,000
The First National Bank of Chicago	$31,250,000
First Union National Bank	$31,250,000
Marine Midland Bank	$31,250,000
Wachovia Bank N.A.	$31,250,000
The Northern Trust Company	$18,125,000
Bank Austria Aktiengesellschaft	$18,125,000
The Bank of Tokyo-Mitsubishi, Ltd.	$18,125,000
Banque Nationale de Paris	$18,125,000
Cariplo-Cassa di Risparmio delle Provincie Lombarde SpA	$18,125,000
Credito Italiano S.p.A.	$18,125,000
Kredietbank N.V.	$18,125,000

Mellon Bank, N.A.	$18,125,000
Banca Monte dei Paschi di Siena, S.p.A.	$18,125,000
Norddeutsche Landesbank Girozentrale	$18,125,000
SunTrust Bank, Atlanta	$18,125,000
Istituto Bancario San Paolo di Torino SpA	$18,125,000
Credit Agricole Indosuez	$12,916,666
Banca Popolare di Milano	$12,916,666
Banca Commerciale Italiana	$12,916,666

SCHEDULE 6.11

MATERIAL SUBSIDIARIES

Cryovac, Inc.

SCHEDULE 8.04(b)

EXISTING INDEBTEDNESS

None

EXHIBIT A-1

NOTICE OF REVOLVING CREDIT BORROWING

[Date]

ABN AMRO Bank N.V., as Administrative Agent
for the Banks party to
the Credit Agreement
referred to below

1325 Avenue of the Americas
New York, New York 10019
Attention: Agency Services

Gentlemen:

The undersigned refers to the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998 (as amended, modified or supplemented from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), you, as Administrative Agent for such Banks, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, and hereby gives you notice, irrevocably, pursuant to Section 1.03(a) of the Credit Agreement, that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 1.03(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, ____.1

(ii) The aggregate principal amount of the Proposed Borrowing is $_____.

(iii) The Proposed Borrowing will be a Revolving Loan.

(iv) The Proposed Borrowing is to be initially maintained as a [Base Rate Loan] [Eurocurrency Loan with an initial Interest Period of _____ months].

(v) The applicable Borrower shall be _____.

(vi) The Proposed Borrowing will be denominated in _____.2

- --------

(1) Same Business Day notice is permitted for a Proposed Borrowing of Base Rate Loans, at least three Business Days' prior notice is required for a Proposed Borrowing of Eurocurrency Loans denominated in U.S. Dollars and at least four Business Days' prior notice is required for a Proposed Borrowing of non-U.S. Dollar denominated Eurocurrency Loans.

(2) Must be denominated in U.S. Dollars or in any Eurocurrency.

The undersigned hereby certifies that the following statements will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in the Credit Agreement (other than Section 6.05) and in the other Credit Documents will be true and correct in all material respects, both before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, with the same effect as though such representations and warranties had been made on and as of the date of such Proposed Borrowing (it being understood that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only of such specified date); and

(B) no Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

W. R. GRACE & CO.

By _____
Name:
Title:

EXHIBIT A-2

NOTICE OF BID BORROWING

[Date]

ABN AMRO Bank N.V., as Administrative Agent
for the Banks party to
the Credit Agreement
referred to below

1325 Avenue of the Americas
New York, New York 10019
Attention: Agency Services

Gentlemen:

The undersigned refers to the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998 (as amended, modified or supplemented from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), you, as Administrative Agent for such Banks, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, and hereby gives you notice, irrevocably, pursuant to Section 1.04(a) of the Credit Agreement, that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 1.04(a) of the Credit Agreement:

(i) The date of the Proposed Bid Borrowing 1 _____

(ii) Aggregate Principal Amount of each Proposed Bid Borrowing 2 _____

(iii) Maturity Date for each Proposed Bid Borrowing 3 _____

(iv) Interest Payment Dates for each Proposed Bid Borrowing _____

- --------

1 At least one Business Day's prior notice is required for a Proposed Bid Borrowing.

2 Not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof.

3 Must be 1 to 180 days after the date of such Proposed Bid Borrowing and in any case of no later than the Final Maturity Date.

The undersigned hereby certifies that the following statements will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in the Credit Agreement (other than Section 6.05) and in the other Credit Documents will be true and correct in all material respects, both before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, with the same effect as though such representations and warranties had been made on and as of the date of such Proposed Borrowing (it being understood that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only of such specified date); and

(B) no Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

W. R. GRACE & CO.

By _____
Name:
Title:

EXHIBIT B-1

REVOLVING NOTE

New York, New York

---------- --, ----

FOR VALUE RECEIVED, [NAME OF BORROWER], a corporation organized and existing under the laws of _____ (the "Company"), hereby promises to pay to _____ or its registered assigns (the "Bank"), at the office of ABN AMRO Bank N.V. (the "Administrative Agent") located at 1325 Avenue of the Americas, New York, New York 10019 (or, in the case of Eurocurrency Loans denominated in a currency other than Dollars, at such office as the Administrative Agent has previously notified the Borrower) on the Final Maturity Date (as defined in the Agreement referred to below) the unpaid principal amount of all Revolving Loans (as defined in the Agreement) made by the Bank to the Company pursuant to the Agreement, in each case in the applicable currency of such Revolving Loan in accordance with Section 4.03 of the Agreement.

The Company promises also to pay interest on the unpaid principal amount of each Revolving Loan in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.09 of the Agreement.

This Note is one of the Revolving Notes referred to in the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party thereto (including the Bank), the Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof and the other Credit Documents (as defined in the Agreement). This Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment, in whole or in part, prior to the Final Maturity Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By _____
Name:
Title:

EXHIBIT B-2

BID NOTE

New York, New York

---------- --, ----

FOR VALUE RECEIVED, W. R. GRACE & CO., a corporation organized and existing under the laws of the State of Delaware (the "Company"), hereby promises to pay to _____ or its registered assigns (the "Bank"), at the office of ABN AMRO Bank N.V. (the "Administrative Agent") located at 1325 Avenue of the Americas, New York, New York 10019, the unpaid principal amount of each Bid Loan (as defined in the Agreement referred to below) made by the Bank to the Company pursuant to the Agreement on the applicable maturity date agreed to by the Company and the Bank for such Bid Loan pursuant to Section 1.04 of the Agreement.

The Company promises also to pay interest on the unpaid principal amount hereof at said office from the date hereof until paid at the rates and at the times provided in Section 1.04(d) of the Agreement.

This Note is one of the Bid Notes referred to in the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party thereto (including the Bank), the Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof and the other Credit Documents (as defined in the Agreement). This Bid Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Bid Note is subject to mandatory repayment, in whole or in part, prior to the Final Maturity Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Bid Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Bid Note.

THIS BID NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

W. R. GRACE & CO.

By _____
Name:
Title:

EXHIBIT B-3

LOCAL CURRENCY NOTE

---------- --, ----

FOR VALUE RECEIVED, [NAME OF BORROWER], a corporation organized and existing under the laws of _____ (the "Company"), hereby promises to pay to _____ or its registered assigns (the "Bank"), in lawful money of _____ in immediately available funds, at the office of the Bank located at _____ in accordance with the Local Currency Documentation (as defined in the Agreement referred to below) the unpaid principal amount of all Local Currency Loans (as defined in the Agreement) made by the Bank to the Company pursuant to the Agreement and the Local Currency Documentation.

The Company promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in the Local Currency Documentation.

This Note is one of the Local Currency Notes referred to in the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party

thereto (including the Bank), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof, the Local Currency Documentation and the other Credit Documents (as defined in the Agreement). This Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment, in whole or in part, prior to the Final Maturity Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By _____
Name:
Title:

EXHIBIT B-4

SWINGLINE NOTE

$_____ New York, New York

---------- --, ----

FOR VALUE RECEIVED, W. R. GRACE & CO., a corporation organized and existing under the laws of Delaware (the "Company"), hereby promises to pay to ABN AMRO Bank N.V. or its registered assigns (the "Bank"), in lawful money of the United States of America in immediately available funds, at the office of ABN AMRO Bank N.V. (the "Administrative Agent") located at 1325 Avenue of the Americas, New York, New York 10019, on the Final Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS ($_____) or, if less, the unpaid principal amount of all Swingline Loans (as defined in the Agreement) made by the Bank to the Company pursuant to the Agreement.

The Company promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.09 of the Agreement.

This Note is the Swingline Note referred to in the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party thereto (including the Bank), the Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof and the other Credit Documents (as defined in the Agreement). This Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment, in whole or in part, prior to the Swingline Expiry Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

W. R. GRACE & CO.

By _____
Name:
Title:

EXHIBIT C

LETTER OF CREDIT REQUEST

No. (1) Dated (2)

ABN AMRO Bank N.V., Individually and as
Administrative Agent under the Global
Revolving Credit Agreement (5-Year)
(the "Credit Agreement"), dated
as of March 30, 1998, among W. R.
Grace & Co., Cryovac, Inc., as the
initial Subsidiary Borrower, and
each additional Subsidiary Borrower,
the Company and certain Domestic
Subsidiaries, as Guarantors, the
lenders from time to time party
thereto (the "Banks"), ABN AMRO Bank
N.V., as Administrative Agent,
Bankers Trust Company, as Documentation
Agent, and Bank of America National
Trust and Savings Association and
NationsBank, N.A., as Co-Syndication Agents
1325 Avenue of the Americas
New York, New York 10019

Dear Sirs:

We hereby request that ABN AMRO Bank N.V., in its individual capacity, issue a standby Letter of Credit for the account of the undersigned on (3) (the "Date of Issuance") in the aggregate stated amount of (4)

For purposes of this Letter of Credit Request, unless otherwise defined herein, all capitalized terms used herein which are defined in the Credit Agreement shall have the respective meaning provided therein.

The beneficiary of the requested Letter of Credit will be (5) , and such Letter of Credit will be in support of (6) and will have a stated expiration date of (7) .

We hereby certify that:

(1) The representations and warranties contained in the Credit Agreement (other than Section 6.05) and the other Credit Documents will be true and correct in all material respects, both before and after giving effect to the issuance of the Letter of Credit requested hereby, as though made on the Date of Issuance (it being understood that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects as of such specified date).

(2) No Default has occurred and is continuing nor, after giving effect to the issuance of the Letter of Credit requested hereby, would such a Default occur.

Copies of all documentation with respect to the supported transaction are attached hereto.

W. R. GRACE & CO.

By _____
Name:
Title:

- ---------

(1) Letter of Credit Request Number.

(2) Date of Letter of Credit Request.

(3) Date of Issuance which shall be at least five Business Days from the date hereof and prior to the date 30 days prior to the Final Maturity Date.

(4) Aggregate initial stated amount of Letter of Credit, which amount shall not be less than $250,000.

(5) Insert name and address of beneficiary.

(6) Insert description of obligation to be supported by the requested Letter of Credit.

(7) Insert last date upon which drafts may be presented which may not be later than the fifth Business Day prior to the Final Maturity Date.

EXHIBIT D

SECTION 4.04(b)(ii) CERTIFICATE

Reference is hereby made to the Global Revolving Credit Agreement (5-Year) dated as of March 30, 1998 (the "Credit Agreement"), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A,. as Co-Syndication Agents. Pursuant to the provisions of Section 4.04(b)(ii) of the Credit Agreement, the undersigned hereby certifies that it is not a "bank" as such term is used in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended.

[NAME OF BANK]

By _____
Name:
Title:

Date:

EXHIBIT E-1

March 30, 1998

To the Administrative Agent and each of the Banks
party to the Credit Agreement referred to below

Re: Global Revolving Credit Agreement (5-Year), dated as of the date hereof (the "Credit Agreement"), among W. R. Grace & Co., a Delaware corporation ("Grace"), certain of its subsidiaries, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent,

Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents and the Banks Party thereto (the "Banks")

- ---

Ladies and Gentlemen:

We have acted as special counsel to Grace and Cryovac, Inc., a Delaware corporation ("Cryovac"), in connection with (a) the Credit Agreement and (b) any Notes executed and delivered on the date hereof by Grace and Cryovac (the Credit Agreement and such Notes being herein collectively referred to as the "Credit Documents"). This opinion is being delivered to you pursuant to Section 5.01(b) of the Credit Agreement. Unless otherwise defined herein, capitalized terms used herein have the meanings set forth in the Credit Agreement.

On behalf of Grace and Cryovac, we have participated in the preparation of the Credit Agreement and the other Credit Documents, and have examined copies of each of the foregoing documents executed by Grace and Cryovac. We have also examined such certificates, documents and records, and have made such examination of law, as we have deemed necessary to enable us to render the opinions expressed below. In addition, we have examined and relied as to matters of fact upon representations and warranties contained in the Credit Documents and in certificates, copies of which have been furnished to you, delivered in connection with the Credit Documents. The opinions expressed below are based and rely exclusively on our review of such documents and laws.

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that:

1. (a) Grace is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has the corporate power and authority under such laws to execute and deliver each of the Credit Documents to which it is a party and perform its obligations as a Borrower and a Guarantor and related obligations under the Credit Documents. The execution and delivery by Grace of the Credit Documents and its performance of its obligations thereunder have been duly and validly authorized by all necessary corporate action of Grace.

(b) Cryovac is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has the corporate power and authority under such laws to

execute and deliver each of the Credit Documents to which it is a party and perform its obligations as a Borrower and a Guarantor and related obligations under the Credit Documents. The execution and delivery by Cryovac of the Credit Documents and its performance of its obligations thereunder have been duly and validly authorized by all necessary corporate action of Cryovac.

2. (a) Each of the Credit Documents to which Grace is a party has been duly executed and delivered by a duly authorized officer of Grace.

(b) Each of the Credit Documents to which Cryovac is a party has been duly executed and delivered by a duly authorized officer of Cryovac.

3. (a) Neither the execution nor delivery by Grace of the Credit Documents to which it is a party, nor performance by Grace of its obligations thereunder, (i) contravenes the certificate of incorporation or by-laws, each as amended, of Grace or (ii) contravenes any provisions of any New York or United States federal law, statute, rule or regulation (including Regulations G, T, U, and X of the Board of Governors of the Federal Reserve System) or any provision of the General Corporation Law of the State of Delaware.

(b) Neither the execution nor delivery by Cryovac of the Credit Documents to which it is a party, nor performance by Cryovac of its obligations thereunder, (i) contravenes the certificate of incorporation or by-laws, each as amended, of Cryovac or (ii) contravenes any provisions of any New York or United States federal law, statute, rule or regulation (including Regulations G, T, U, and X of the Board of Governors of the Federal Reserve System) or any provision of the General Corporation Law of the State of Delaware.

4. (a) The Credit Agreement and each of the other Credit Documents to which Grace is a party constitute the legal, valid and binding obligations of Grace, enforceable against Grace in accordance with their respective terms.

(b) The Credit Agreement and each of the other Credit Documents to which Cryovac is a party constitute the legal, valid and binding obligations of Cryovac, enforceable against Cryovac in accordance with their respective terms.

5. No consent or authorization of, filing with, notice to or other similar act by or in respect of any New York, Delaware or United States federal governmental or regulatory authority or agency is required to be obtained or made by or on behalf of Grace as a condition to (i) the execution, delivery or performance of the Credit Documents to which Grace is a party or (ii) the legality, validity, binding effect or enforceability of any such Credit Document with respect to Grace, except for such consents, approvals, authorizations or other actions as have been obtained or performed.

(b) No consent or authorization of, filing with, notice to or other similar act by or in respect of any New York, Delaware or United States federal governmental or regulatory authority or agency is required to be obtained or made by or on behalf of Cryovac as a condition to (i) the execution, delivery or performance of the Credit Documents to which Cryovac is a party or (ii) the legality, validity, binding effect or enforceability of any such Credit Document with respect to Cryovac, except for such consents, approvals, authorizations or other actions as have been obtained or performed.

6. The federal courts located in and state courts of the State of New York will give effect to and recognize the choice of law provisions in those Credit Documents which purport to be governed by the laws of the State of New York.

7. Neither Grace nor Cryovac is an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

8. Neither Grace nor Cryovac is a "holding company," or a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

The opinions expressed herein are subject to the following qualifications, assumptions and comments:

A. This firm has assumed that: (i) all factual information contained in all documents reviewed by this firm is true and correct; (ii) all signatures on all documents reviewed by this firm are genuine; (iii) all documents submitted to this firm as originals are true and complete; (iv) all documents submitted as copies are true and complete copies of the originals thereof; (v) each of the parties to the Credit Documents other than Grace and Cryovac (the "Other Parties") has all power and authority to execute, deliver and perform its obligations under the Credit Documents to which it is a party; (vi) the Credit Documents have been duly and validly authorized, executed, and delivered by each of the Other Parties which is a party thereto;

(vii) each of the Credit Documents is the valid and binding obligation of each of the Other Parties which is a party thereto, enforceable against such Other Party in accordance with its terms; (viii) each natural person signing any document reviewed by this firm had the legal capacity to do so; (ix) each person signing in a representative capacity on behalf of any Other Party any document reviewed by this firm had authority to sign in such capacity; and (x) the laws of any jurisdiction other than the State of New York or the Delaware General Corporation Law that govern any of the documents reviewed by this firm do not modify the terms that appear in any such document.

B. Each of the Credit Documents is subject to the effect of (i) bankruptcy, insolvency, reorganization, liquidation, dissolution, moratorium or other similar laws relating to or affecting the rights of creditors generally and (ii) the application of general principles of equity (regardless of whether the issue is considered in proceedings at law or in equity).

C. We express no opinion as to the effect of the laws of any jurisdiction (other than federal laws and the laws of the State of New York) wherein any Bank may be located which limit rates of interest that may be charged or collected by such Bank.

D. We express no opinion with respect to: (i) the enforceability of provisions in the Credit Documents relating to delay or omission of enforcement of rights or remedies, waivers of defenses, waivers of notices, or waivers of benefits of usury, appraisement, valuation, stay, extension, moratorium, redemption, statutes of limitation or other non-waivable benefits bestowed by operation of law; (ii) the lawfulness or enforceability of exculpation clauses, clauses relating to releases of unmatured claims, clauses purporting to waive unmatured rights, severability clauses, and clauses similar in substance or nature to those expressed in the foregoing clause (i) and this clause (ii), insofar as any of the foregoing are contained in the Credit Documents; or (iii) the enforceability of the indemnification or contribution provisions set forth in the Credit Documents to the extent they purport to relate to liabilities resulting from or based upon a party's own negligence, recklessness or intentional misfeasance or any violation of federal or state securities or blue sky laws.

E. We express no opinion as to: (i) whether a federal or state court outside of the State of New York would give effect to the choice of New York law provided for in the Credit Documents; (ii) provisions of the Credit Documents that relate to the subject matter jurisdiction of the federal courts to adjudicate any controversy related to the Credit Documents or the transactions contemplated thereby; or (iii) any waiver of the defense of inconvenient forum (other than with respect to venue in a New York State court) or of the right to a jury trial in any of the Credit Documents.

F. We express no opinion with respect to Section 13.02 of the Credit Agreement insofar as it purports to create rights of set-off: (i) against special deposits and indebtedness held or owing by persons other than Banks; (ii) in respect of contingent and unmatured indebtedness; (iii) against assets of a Borrower with respect to Indebtedness owing by another Borrower; or (iv) in favor of participants.

G. We express no opinion with respect to the applicability of Section 548 of the federal Bankruptcy Code or any comparable provision of state law, including the provisions relating to fraudulent conveyances and fraudulent transfers. In particular, we express no opinion as to whether Cryovac or any other Subsidiary may guarantee, become a joint and several obligor or otherwise become liable for, or pledge its assets to secure, indebtedness incurred by its parent or another subsidiary of its parent except to the extent such Subsidiary may be determined to have benefitted from the incurrence of such indebtedness by its parent or such other Subsidiary, or as to whether such benefit may be measured other than by the extent to which the proceeds of the indebtedness incurred by its parent or such other Subsidiary are made available to such Subsidiary for its corporate purposes.

H. We note with respect to obligations denominated in a currency other than United States Dollars that (i) a New York statute provides that a judgment by a court of the State of New York in respect of an obligation denominated in any such other currency would be rendered in such currency and would be converted into United States Dollars at the rate of exchange prevailing on the date of entry of such judgment, (ii) a judgment by a federal court located in the State of New York in respect of such an obligation may be rendered in United States Dollars and we express no opinion as to the rate of exchange such federal court would apply and (iii) Section 13.17 of the Credit Agreement may be unenforceable to the extent it is inconsistent with the foregoing clauses (i) and (ii).

We are members of the bar of the State of New York and we express no opinion as to the laws of any jurisdiction other than the federal laws of the United States of America, the laws of the State of New York and the General Corporation Law of the State of Delaware.

This opinion is rendered solely for your benefit, and the benefit

of your successors and assigns, in connection with the transactions described above. This opinion may not be used or relied upon by any other person without our prior written consent.

Very truly yours,

EXHIBIT E-2

March 30, 1998

To the Administrative Agent and each of the Banks
party to the Credit Agreement referred to below

Re: Global Revolving Credit Agreement (5-Year), dated as of the date hereof (the "Credit Agreement"), among W. R. Grace & Co., a Delaware corporation ("Grace"), Cryovac, Inc., a Delaware corporation and wholly owned subsidiary of Grace ("Cryovac") and any additional Subsidiaries of Grace becoming party thereto, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, and the Banks party thereto (the "Banks")

Ladies and Gentlemen:

As General Counsel of Grace and its subsidiaries, including Cryovac, I have been requested to render my opinion in connection with the Credit Agreement and any Notes executed and delivered on the date hereof (collectively, the "Credit Documents"). I am rendering this opinion pursuant to Section 5.01(b) of the Credit Agreement. Capitalized terms used but not defined in this opinion shall have the meanings ascribed thereto in the Credit Agreement. As you are aware, as a result of the Reorganization, I am resigning as Executive Vice President and General Counsel of Grace, the name of which is being changed to "Sealed Air Corporation," and all but four of Grace's current directors and all but one of Grace's current officers are likewise resigning.

I have examined or caused to be examined the Certificate of Incorporation and the By-laws of Grace, each as amended to date, the Certificate of Incorporation and the By-laws of Cryovac, each as amended to date, the records of the meetings and other corporate proceedings of the Company and of Cryovac, the Credit Documents to which Grace or Cryovac are parties, and such other corporate records, agreements, certificates and documents, and have made or caused to be made such examination of law, as I deem necessary for the purposes of the opinion hereinafter expressed.

Based upon the foregoing, and subject to the qualifications stated below, I am of the following opinion:

1. (a) Neither the execution nor the delivery by Grace of the Credit Documents, nor the performance by Grace of its obligations thereunder, to the best of my knowledge, (i) results in the breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the properties or assets of Grace pursuant to the terms of any material indenture, loan agreement or other agreement or instrument (other than the Credit Agreement) under which Grace or any of its properties or assets are bound; or (ii) violates any order, award, judgment, determination, writ, injunction or decree applicable to Grace.

(b) Neither the execution nor the delivery by Cryovac of the Credit Documents, nor the performance by Cryovac of its obligations thereunder, to the best of my knowledge, (i) results in the breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the properties or assets of Cryovac pursuant to the terms of any material indenture, loan agreement or other agreement or instrument (other than the Credit Agreement) under which Cryovac or any of its properties or assets are bound; or (ii) violates any order, award, judgment, determination, writ, injunction or decree applicable to Cryovac.

2. Except as set forth in the Joint Proxy Statement/Prospectus, dated February 13, 1998, included in the Registration Statement on Form S-4 filed by Grace on February 13, 1998, or in the Information Statement, dated February 13, 1998, included in the Registration Statement on Form 10 filed by Grace Specialty Chemicals, Inc. on March 13, 1998, or in the Annual Report on Form 10-K for the year ended December 31, 1997, to the best of my knowledge, there are no pending or threatened actions, suits or proceedings (i) with respect to any Credit Document, (ii) with respect to any material Indebtedness of Grace or Cryovac, or (iii) that, in my opinion, have a reasonable likelihood of materially and adversely affecting the business, financial condition or operations of Grace and its Subsidiaries taken as a whole or of Cryovac and its Subsidiaries taken as a whole.

This opinion is limited to the specific issues addressed herein and is limited in all respects to laws and interpretations thereof and other matters existing on the date hereof. I do not undertake to update this opinion for changes in such laws, interpretations or matters. This opinion is furnished solely for your benefit, and the benefit of your successors and permitted assignees with respect to your rights under the Credit Agreement, in connection with the transactions contemplated by the Credit Agreement, is not to be relied upon for any other purpose and may not be made available to any other person, firm or entity (other than such a permitted assignee or prospective permitted assignee) without my express prior written consent, except as may be required by law or in response to any judicial or regulatory requirement, order or decree; provided that Wachtell, Lipton, Rosen & Katz may rely upon this opinion to the extent they deem appropriate in rendering their opinion to you dated the date hereof in connection with the Credit Agreement.

Very truly yours,

EXHIBIT F-1

SECRETARY'S CERTIFICATE

I, the undersigned _____ Secretary of [Name of Borrower], a corporation organized and existing under the laws of (the "Company"), do hereby certify in my capacity as _____ Secretary of the Company and on behalf of the Company that:

1. This Certificate is furnished pursuant to Section 5.01(c) of the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998 among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. The persons named below have been duly elected, have duly qualified as and at all times since _____1 (to and including the date hereof) have been officers of the Company, holding the respective offices of the Company set forth opposite their names and the signatures below set opposite their names are their genuine signatures or a facsimile thereof.

NAME2	OFFICE	SIGNATURE
----------	----------	----------
----------	----------	----------
----------	----------	----------

3. Attached hereto as Exhibit A is a copy of the [describe appropriate charter documents] of the Company as filed in the [describe appropriate filing office], together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of the By-Laws of the Company which were duly adopted, and are in full force and effect on the date hereof, and have been in effect since _____, 19__, together with all amendments thereto adopted though the date hereof.3

5. Attached hereto as Exhibit C is a true and correct copy of resolutions which were duly adopted on _____, 199__ [by unanimous written consent of the Board of Directors of the Company] [at a meeting of the Board of Directors of the Company duly called and held, at which meeting a quorum of such Board was at all times present in person and acting throughout], and such resolutions have not been revoked, rescinded, amended or modified. Except as attached hereto as Exhibit C, no resolutions have been adopted by the Board of Directors of the Company which deal with the execution, delivery or performance of the Credit Documents.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 1998.

By _____
Name:
Title:

_____
(1) Insert a date occurring before any action taken with regard to the Credit Documents.

(2) Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this Certificate.

(3) Insert same date as in paragraph 2.

EXHIBIT F-2

OFFICER'S CERTIFICATE

I, the undersigned [title] of [Name of Borrower], a corporation organized and existing under the laws of _____ (the "Company"), do hereby certify in my capacity as [title] of the Company and on behalf of the Company that:

1. This Certificate is furnished pursuant to Section 5.01(c) of the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998 among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. On the date hereof, all of the conditions in Sections 5.01(a), (d), (f), (g) and (h) of the Credit Agreement and Section 5.02(a) of the Credit Agreement have been satisfied.

3. The financial projections (the "Projections") contained in that certain Confidential Information Memorandum dated February 1998 distributed to the Banks in connection with the Credit Agreement were based on good faith estimates and assumptions made by the management of the Company and its Subsidiaries as of the date such Confidential Information Memorandum was distributed to the Banks. On and as of the Effective Date, nothing has come to the attention of such management since the date of such Confidential Information Memorandum which would lead such management to believe that the Projections were not, on the date such Confidential Memorandum was distributed to the Banks, reasonable and attainable in all material respects, it being understood, however, that no attempt has been made to update the projections and projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by the Projections probably will differ from the projected results and that the differences may be material.1

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 1998.

By _____
Name:
Title:

_____
1 Insert item 3 only in the Certificate of W. R. Grace & Co.

EXHIBIT G

ASSIGNMENT AND ASSUMPTION AGREEMENT

Date: _____, _____

Reference is made to the Global Revolving Credit Agreement (5-Year) described in Item 2 of Annex I hereto (as such Credit Agreement may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless defined in Annex I hereto, terms defined in the Credit Agreement are used herein as therein defined. _____ (the "Assignor") and _____ (the "Assignee") hereby agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby

purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified in Item 4 of Annex I hereto (the "Assigned Share") of all of the outstanding rights and obligations under the Credit Agreement relating to the facilities listed in Item 4 of Annex I hereto, including, without limitation, all rights and obligations with respect to the Assigned Share of the Revolving Loans, Swingline Loans and Letters of Credit.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the other Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or the other Credit Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company and its Subsidiaries or the performance or observance by the Company and its Subsidiaries of any of their obligations under the Credit Agreement or the other Credit Documents to which they are a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement and the other Credit Documents, together with copies of the financial statements referred to therein 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 Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Bank 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 Credit Agreement; (iii) confirms that it is an Eligible Transferee under Section 13.04(b) of the Credit Agreement; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Administrative Agent, by the terms thereof, together with such powers as are reasonably incidental thereto; [and] (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank[; and (vi) attaches the forms described in Section 13.04(b) of the Credit Agreement]1

4. Following the execution of this Assignment and Assumption Agreement by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Administrative Agent. The effective date of this Assignment and Assumption Agreement shall be the date of execution hereof by the Assignor and the Assignee, the receipt of the consent of the Administrative Agent and the Company to the extent required by Section 13.04(b) of the Credit Agreement, the receipt by the Administrative Agent of the administrative fee referred to in such Section 13.04(b) and the recordation of the assignment effected hereby on the Register by the Administrative Agent as provided in Section 13.16 of the Credit Agreement, or such later date, if any, which may be specified in Item 5 of Annex I hereto (the "Settlement Date").

5. Upon the delivery of a fully executed original hereof to the Administrative Agent, as of the Settlement Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a Bank thereunder and under the other Credit Documents and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Credit Documents.

6. It is agreed that the Assignee shall be entitled to (w) all interest on the Assigned Share of the Loans at the rates specified in Item 6 of Annex I; (x) all Facility Fee on the Assigned Share of the Total Revolving Loan Commitment at the rate specified in Item 7 of Annex I hereto; [and] (y) all Letter of Credit Fees on the Assignee's participation in all Letters of Credit at the rate specified in Item 8 of Annex I hereto, which, in each case, accrue on and after the Settlement Date, such interest and Facility Fee and Letter of Credit Fees, to be paid by the Administrative Agent directly to the Assignee. It is further agreed that all payments of principal made on the Assigned Share of the Loans which occur on and after the Settlement Date will be paid directly by the Administrative Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the respective Loans made by the Assignor pursuant to the Credit Agreement which are outstanding on the Settlement Date and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves.

7. THIS ASSIGNMENT AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Assignment and Assumption Agreement, as of the date first above written, such execution also being made on Annex I hereto.

[NAME OF ASSIGNOR]
as Assignor

Accepted this _____ day of _____, ___

By _____
Title:

[NAME OF ASSIGNEE]
as Assignee

By _____
Title:

[Consented to as of _____, ____:

ABN AMRO BANK N.V., as Administrative Agent

By _____
Title:

Consented to as of _____, ____:

W. R. GRACE & CO.

By _____
Title]2

_____

(1) Include if the Assignee is organized under the laws of a jurisdiction outside of the United States.

(2) The consents of the Administrative Agent and the Company are required for assignments except those solely pursuant to Section 13.04(b)(x) of the Credit Agreement.

ANNEX I

ANNEX FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

1. Borrower(s): W. R. Grace & Co.
Cryovac, Inc.
[Names of each Subsidiary Borrower designated and accepted after the Effective Date]

2. Name and Date of Credit Agreement:

Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998, among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent for such Banks, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, as amended to the date hereof.

3. Date of Assignment Agreement:

4. Amounts
(as of date of item #3 above):

	Revolving Loan Commitment
a. Aggregate Amount for all Banks	$_____
b. Assigned Share3	_____%
c. Amount of Assigned Share	

5. Settlement Date:

6. Rate of Interest
to the Assignee: As set forth in Section 1.09 of the

Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)4

(3) Percentage taken to 12 decimal places.

(4) W. R. Grace & Co. and the Administrative Agent shall direct the entire amount of the interest to the Assignee at the rate set forth in Section 1.09 of the Credit Agreement, with the Assignor and Assignee effecting the agreed upon sharing of the interest through payments by the Assignee to the Assignor.

7. Facility Fee to the Assignee: As set forth in Section 3.01(a) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)5

8. Letter of Credit Fees to the Assignee: As set forth in Section 3.01(b) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)6

[9.] [10.] Notice:

ASSIGNOR:

_____
_____
_____
_____
Attention:
Telephone:
Telecopier:
Reference:

ASSIGNEE:

_____
_____
_____
_____
Attention:
Telephone:
Telecopier:
Reference:

(5) W. R. Grace & Co. and the Administrative Agent shall direct the entire amount of the Facility Fee to the Assignee at the rate set forth in Section 3.01(a) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Facility Fee through payment by the Assignee to the Assignor.

(6) W. R. Grace & Co. and the Administrative Agent shall direct the entire amount of the Letter of Credit Fees to the Assignee at the rate set forth in Section 3.01(b) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Letter of Credit Fees through payment by the Assignee to the Assignor.

Payment Instructions:

ASSIGNOR:

_____
_____
_____
_____
Attention:
Reference:

ASSIGNOR:

_____
_____
_____
_____
Attention:
Reference:

Accepted and Agreed:

[NAME OF ASSIGNEE] [NAME OF ASSIGNOR]

By _____ By _____

_____ _____
(Print Name and Title) (Print Name and Title)

EXHIBIT H

ELECTION TO BECOME A SUBSIDIARY BORROWER

ABN AMRO Bank N.V., as Administrative Agent
1325 Avenue of the Americas
New York, New York 10019

Gentlemen:

The undersigned, [name of Subsidiary Borrower], a _____ corporation, refers to the Global Revolving Credit Agreement (5-Year), dated as of March 30, 1998 (the "Credit Agreement"), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), you, as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents. All capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Credit Agreement.

The undersigned, desiring to incur Revolving Loans or Local Currency Loans under the Credit Agreement, hereby elects, as required by Section 5.03 of the Credit Agreement, to become a Subsidiary Borrower for purposes of the Credit Agreement, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 6 (other than Section 6.05) of the Credit Agreement are true and correct as to the undersigned and its Subsidiaries as of the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date), and the undersigned hereby agrees to comply with all the obligations of a Borrower under, and to be bound in all respects by the terms of, the Credit Agreement as if the undersigned were an original signatory thereto. The undersigned, simultaneously with its execution hereof, is delivering the appropriate Revolving Note and, if applicable, the Local Currency Note to the Administrative Agent for the account of each of the Banks in accordance with the terms of the Credit Agreement (but only in any case where a Bank has requested that such Notes be delivered to it). All notices and other communications to the undersigned provided for under the Credit Agreement may be sent to it in care of the Company at the address for notices from time to time in effect pursuant to Section 13.03 of the Credit Agreement.

Very truly yours,

[NAME OF SUBSIDIARY BORROWER]

By _____
Title:

Address for Notices:

_____
_____
_____
_____
_____

Acknowledged and Agreed:

W. R. GRACE & CO.

By _____
Title:

ABN AMRO BANK N.V.,

as Administrative Agent

By _____
Title:

EXHIBIT I

FORM OF LOCAL CURRENCY ADDENDUM

Dated _____, _____

Reference is made to the Global Revolving Credit Agreement (5-

Year) dated as of March 30, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents. Terms defined in the Credit Agreement, unless otherwise defined herein, are used herein with the same meaning.

WITNESSETH:

WHEREAS, the Company wishes to have, subject to the terms and conditions contained herein and in the Credit Documents, _____ (the "Lender") make available a Local Currency Commitment to the [Company] [following Subsidiary Borrower: _____] and the Lender is willing to so make available such a Local Currency Commitment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Credit Documents and other good and valuable consideration, it is hereby agreed between the parties as follows:

1. The Lender consents to the conversion of a portion of Lender's Revolving Loan Commitment equal to the amount specified in Item 1 of Schedule I hereto. The Commitment being created hereunder shall, upon the effectiveness of this Agreement, be recharacterized as a Local Currency Commitment.

2. The conditions to the effectiveness of this Agreement, the amount of the Local Currency Commitment being made available hereunder, the interest rate (including the Applicable Margin) which will accrue on Local Currency Loans made available pursuant hereto, the maturity of such Loans, the borrowing mechanics relating to such Loans, the country in which such Loans may be borrowed and the currency in which such Loans shall be denominated shall be as set forth in Schedule I hereto. Except to the extent expressly inconsistent with the terms set forth herein or in Schedule I hereto, the Local Currency Commitment and Local Currency Loans being made available hereunder shall be governed by the terms of the Credit Documents.

3. Following the execution of this Agreement by the Lender, the Company and, if the applicable Borrower is not the Company, such applicable Borrower, it will be delivered to the Administrative Agent for recording by the Administrative Agent. The effective date for this Agreement (the "Effective Date") shall be the date specified in Item 14 of Schedule I hereto unless the Lender provides written notice which is received by the Administrative Agent prior to such date that the conditions set forth in Item 15 of Schedule I hereto have not been met.

4. Upon such recording by the Administrative Agent, as of the Effective Date, the Lender shall have a Local Currency Commitment as provided in Section 1.01(d)(i) of the Credit Agreement and the rights and obligations of a Bank related thereto (except as otherwise expressly specified in this Agreement or the Credit Agreement). Accordingly as set forth in Section 1.01(d)(i) of the Credit Agreement, the Lender's Revolving Loan Commitment shall be automatically reduced by the amount of the Local Currency Commitment being made available hereunder and such Revolving Loan Commitment shall be automatically reinstated to the extent provided in Section 1.01(d)(i) of the Credit Agreement when such Local Currency Commitment expires or is terminated, unless at the time of such expiration or termination the Revolving Loan Commitments of all Banks shall have terminated.

5. Lender hereby agrees with the Administrative Agent that to the extent the Administrative Agent benefits from any indemnities or other obligations of the Banks in its favor, Lender's obligation shall be calculated as if the Local Currency Commitment and Local Currency Loans being provided by it hereunder were a Revolving Loan Commitment and Revolving Loans, respectively.

6. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

8. The Company hereby confirms and agrees that the Local Currency Commitment and Local Currency Loans being provided pursuant to the terms hereof shall be treated as Commitments and Eurocurrency Loans, respectively, entitled to the benefits of Section 1.11, Section 1.12 and Section 4.04 except that all determinations and calculations made by the Administrative Agent under such Sections shall be made by the Lender and references to the Eurocurrency Rate in such Sections shall be deemed to be references to the rate specifies in Item 8 of Schedule I.

9. The Company hereby confirms and agrees that its

guaranty contained in the Credit Agreement remains in full force and effect and that any and all Local Currency Loans provided by the Lender pursuant hereto are entitled to the benefit of such guaranty.*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

[NAME OF LENDER]

By _____
Name:
Title:

[NAME OF BORROWER RECEIVING LOCAL CURRENCY COMMITMENT]

By _____
Name:
Title:

W. R. GRACE & CO.

By _____
Name:
Title:

Received for recordation this
____ day of _____, _____

ABN AMRO BANK N.V., as Administrative Agent

By _____
Name:
Title:

By _____
Name:
Title:

_____
* Omit if the Company is the Borrower entitled to borrow under the Local Currency Commitment being provided hereunder.

SCHEDULE I

1. Amount of Local Currency Commitment: $_____ (must be designated in U.S. Dollars).

2. Termination of Local Currency Commitment (check one):

-
/_/ Same termination provisions as are applicable to the Revolving Loan Commitments in the Credit Agreement.

-
/_/ The Local Currency Commitment being provided pursuant to the terms hereof shall terminate on _____, ____ unless earlier terminated as a result of an Event of Default.

3. Country in which Local Currency Loans will be made available: _____.

4. Specify where and when proceeds of each Local Currency Loan will be made available:
---.

5. Currency in which Local Currency Loans will be denominated: _____.

6. Amount of Lender's Revolving Loan Commitment after giving effect hereto: $_____ (must be designated in U.S. Dollars).

7. Applicable interest rate index (check one):

-
/_/ Eurocurrency Rate calculated as if the Local Currency Loan were a Eurocurrency Loan in a Eurocurrency except that rate will be determined based upon rates offered by the Lender in the currency of the applicable Eurocurrency Loan instead of ABN AMRO.

-
/_/ Other (please specify, including whether interest is computed based upon a 360 day or 365/366 day year). _____.

8. Applicable Margin for Local Currency Loans (check one)* :

- ------------
* The Lender and the Borrower should include the effect of reserves or similar costs which are applicable to the Local Currency Loans.

-
/_/ Same as the Applicable Margin from time to time in effect for Eurocurrency Loans in the Credit Agreement.

-
/_/ Other (please specify). _____.

9. Default interest rate applicable to Local Currency Loans (check one):

-
/_/ Same as the default rate applicable to Loans denominated in a Eurocurrency in the Credit Agreement except that the Lender shall make all such determinations and calculations.

-
/_/ Other (please specify). _____.

10. Interest Periods applicable to Local Currency Loans (check one):

-
/_/ Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

-
/_/ Other (please specify). _____.

11. Interest accrued on Local Currency Loans shall be payable (check one):

-
/_/ Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

-
/_/ Other (please specify). _____.

12. Maturity of Local Currency Loans, which maturity may not be later than the Final Maturity Date (check one):

-
/_/ Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

-
/_/ Other (please specify). _____.

13. Borrowing notices and mechanics (check one):

-
/_/ Same as set forth in Section 1.03 of the Credit Agreement relating to Eurocurrency Loans denominated in a Eurocurrency except (i) such notice shall be delivered to the Lender, (ii) references in such Section to the Administrative Agent shall be deemed references to the Lender and (iii) references to time in such Section shall be deemed references to local time.

-
/_/ Other (please specify). _____.

14. Effective Date:** _____, _____

- -----------
** This date should be no earlier than five Business Days after the delivery of this Agreement to the Administrative Agent.

15. Conditions to effectiveness:

(i) Election to Become a Subsidiary Borrower, if applicable.

(ii) Local Currency Note.

-
/_/ Yes.

-

/_/ Not required.

(iii) To the extent that any documents, writings, records instruments or consents would have been required by Section 5.01(c) of the Credit Agreement if such Borrower had been subject thereto on the Effective Date and such items have not heretofore been delivered, such items shall be delivered to, and shall be satisfactory to, the Administrative Agent.

(iv) No Default shall have occurred and be continuing.

(iv) Legal opinion, if requested, in form and substance as reasonably requested by the party requesting opinion.

[(v) Lender to specify such other documents as it may require.]

EXHIBIT J

FORM OF LOCAL CURRENCY DESIGNATION AND ASSIGNMENT AGREEMENT

Dated _____, _____

Reference is made to the Global Revolving Credit Agreement (5-Year) dated as of March 30, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A. as Co-Syndication Agents. Terms defined in the Credit Agreement, unless otherwise defined herein, are used herein with the same meaning.

WITNESSETH:

WHEREAS, the Company wishes to have, subject to the terms and conditions contained herein and in the Credit Documents, _____ (the "Designor") make available a Local Currency Commitment through its Affiliate _____ (the "Local Affiliate") to the [Company] [following Subsidiary Borrower: _____] and the Designor and the Local Affiliate are willing to so make available such a Local Currency Commitment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Credit Documents and other good and valuable consideration, it is hereby agreed between the parties as follows:

1. The Designor hereby assigns to the Local Affiliate, and the Local Affiliate hereby accepts such assignment of, a portion of Designor's Revolving Loan Commitment equal to the amount specified in Item 1 of Schedule I hereto. The Revolving Loan Commitment being assigned hereunder shall, upon the effectiveness of this Agreement, be recharacterized as a Local Currency Commitment.

2. The conditions to the effectiveness of this Agreement, the amount of the Local Currency Commitment being made available hereunder, the interest rate (including the Applicable Margin) which will accrue on Local Currency Loans made available pursuant hereto, the maturity of such Loans, the borrowing mechanics relating to such Loans, the country in which such Loans may be borrowed and the currency in which such Loans shall be denominated shall be as set forth in Schedule I hereto. Except to the extent expressly inconsistent with the terms set forth herein or in Schedule I hereto, the Local Currency Commitment and Local Currency Loans being made available hereunder shall be governed by the terms of the Credit Documents.

3. The Designor and the Administrative Agent make no representations or warranties and assume no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto and (ii) the financial condition of the Borrowers or the performance or observance by the Borrowers of any of their obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

4. The Local Affiliate (i) confirms that it has received a copy of the Credit Documents and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Designor or any other Bank 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 Credit Agreement; (iii) confirms and

agrees that pursuant to Section 1.01(d)(iv) of the Credit Agreement, with regard to any matters relating to calculating the Banks' Percentages or the Required Banks or the unanimous vote of the Banks, any Local Currency Commitment provided by the Local Affiliate and any Local Currency Loans provided by the Local Affiliate shall be deemed to be Local Currency Commitments and Local Currency Loans, as applicable, of Designor and therefore the Local Affiliate is not entitled to vote on any matters as a Bank under the Credit Documents; (iv) 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 as are delegated to the Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it will promptly provide the Administrative Agent with a copy of any borrowing notice it receives.

5. Following the execution of this Agreement by the Designor and the Local Affiliate, the Company and, if the applicable Borrower is not the Company, such applicable Borrower, it will be delivered to the Administrative Agent for recording by the Administrative Agent. The effective date for this Agreement (the "Effective Date") shall be the date specified in Item 14 of Schedule I hereto unless the Designor provides written notice which is received by the Administrative Agent prior to such date that the conditions set forth in Item 15 of Schedule I hereto have not been met.

6. Upon such recording by the Administrative Agent, as of the Effective Date, the Local Affiliate shall be a party to the Credit Agreement as a Bank with an obligation to make Local Currency Loans as a Bank pursuant to Section 1.01(d)(i) of the Credit Agreement and the rights and obligations of a Bank related thereto (except as otherwise expressly specified in this Agreement or the Credit Agreement). Accordingly as set forth in Section 1.01(d)(i) of the Credit Agreement, the Designor's Revolving Credit Commitment shall be automatically reduced by the amount of the Local Currency Commitment being made available hereunder and such Revolving Credit Commitment shall be automatically reinstated to the extent provided in Section 1.01(d)(i) of the Credit Agreement when such Local Currency Commitment expires or is terminated, unless at the time of such expiration or termination the Revolving Loan Commitments of all Banks shall have terminated.

7. Designor hereby agrees with the Administrative Agent that to the extent the Administrative Agent benefits from any indemnities or other obligations of the Banks in its favor, Designor's obligation shall be calculated as if the Local Currency Commitment and Local Currency Loans being provided by the Local Affiliate hereunder were being provided directly by Designor.

8. The Local Affiliate hereby appoints Designor as its agent in administering the credit with full power and authority to act on behalf of the Local Affiliate with respect to the transactions relating hereto. Accordingly, the Local Affiliate confirms and agrees that the Administrative Agent, the other Banks and each Borrower may conclusively rely on any actions which Designor takes as also being taken on behalf of the Local Affiliate and any notices given to (other than borrowing notices given pursuant to Schedule I hereto), or received by, Designor shall be deemed to have been given to, or received by, the Local Affiliate.

9. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

10. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

11. The Company hereby confirms and agrees that the Local Currency Commitment and Local Currency Loans being provided pursuant to the terms hereof shall be treated as Commitments and Eurocurrency Loans, respectively, entitled to the benefits of Section 1.11, Section 1.12 and Section 4.04 except that all determinations and calculations made by the Administrative Agent under such Sections shall be made by the Local Affiliate and references to the Eurocurrency Rate in such Sections shall be deemed to be references to the rate specifies in Item 7 of Schedule I.

12. The Company hereby confirms and agrees that its guaranty contained in the Credit Agreement remains in full force and effect and that any and all Local Currency Loans provided by the Local Affiliate pursuant hereto are entitled to the benefit of such guaranty.*

---

* Omit if the Company is the Borrower entitled to borrow under the Local Currency Commitment being provided hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement

to be executed by their officers thereunto duly authorized as of the date first above written.

[NAME OF DESIGNOR]

By _____
Name:
Title:

[NAME OF LOCAL AFFILIATE]

By _____
Name:
Title:

[NAME OF BORROWER RECEIVING LOCAL CURRENCY COMMITMENT]

By _____
Name:
Title:

W. R. GRACE & CO.

By _____
Name:
Title:

Received for recordation this
____ day of _____, _____

ABN AMRO BANK N.V., as Administrative Agent

By _____
Name:
Title:

By _____
Name:
Title:

SCHEDULE I

1. Amount of Local Currency Commitment: $_____ (must be designated in Dollars).

2. Termination of Local Currency Commitment (check one):

/_/ Same termination provisions as are applicable to the Revolving Loan Commitments in the Credit Agreement.

/_/ The Local Currency Commitment being provided pursuant to the terms hereof shall terminate on _____, ____ unless earlier terminated as a result of an Event of Default.

3. Country in which Local Currency Loans will be made available: _____.

4. Specify where and when proceeds of each Local Currency Loan will be made available:
---.

5. Currency in which Local Currency Loans will be denominated: _____.

6. Amount of Designor's Revolving Loan Commitment after giving effect hereto: $_____ (must be designated in Dollars).

7. Applicable interest rate index (check one):

/_/ Eurocurrency Rate calculated as if the Local Currency Loan were a Eurocurrency Loan in a Eurocurrency except that rate will be determined based upon rates offered by the Local Affiliate in the currency of the applicable Eurocurrency Loan instead of ABN AMRO.

/_/ Other (please specify, including whether interest is computed based upon a 360 day or 365/366 day year). _____.

8. Applicable Margin for Local Currency Loans (check one)* :

/_/ Same as the Applicable Margin from time to time in effect for Eurocurrency Loans in the Credit Agreement.

/_/ Other (please specify). _____.

9. Default interest rate applicable to Local Currency Loans (check one):

/_/ Same as the default rate applicable to Loans denominated in a Eurocurrency in the Credit Agreement except that the Local Affiliate shall make all such determinations and calculations.

/_/ Other (please specify). _____.

10. Interest Periods applicable to Local Currency Loans (check one):

/_/ Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/_/ Other (please specify). _____.

11. Interest accrued on Local Currency Loans shall be payable (check one):

/_/ Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/_/ Other (please specify). _____.

12. Maturity of Local Currency Loans, which maturity may not be later than the Final Maturity Date (check one):

/_/ Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/_/ Other (please specify). _____.

13. Borrowing notices and mechanics (check one):

/_/ Same as set forth in Section 1.03 of the Credit Agreement relating to Eurocurrency Loans denominated in a Eurocurrency except (i) such notice shall be delivered to the Local Affiliate, (ii) references in such Section to the Administrative Agent shall be deemed references to the Local Affiliate and (iii) references to time in such Section shall be deemed references to local time.

/_/ Other (please specify). _____.

14. Effective Date:** _____, _____

15. Conditions to effectiveness:

(i) Election to Become a Subsidiary Borrower, if applicable.

(ii) Local Currency Note.

/_/ Yes.

/_/ Not required.

(iii) To the extent that any documents, writings, records instruments or consents would have been required by Section 5.01(c) of the Credit Agreement if such Borrower had been subject thereto on the Effective Date and such items have not heretofore been delivered, such items shall be delivered to, and shall be satisfactory to, the Administrative Agent.

(iv) No Default shall have occurred and be continuing.

(iv) Legal opinion, if requested, in form and substance as reasonably requested by the party requesting opinion.

[(v) Local Affiliate to specify such other documents as

it may require.]

---

* The Local Affiliate and the Borrower should include the effect of reserves or similar costs which are applicable to the Local Currency Loans.

** This date should be no earlier than five Business Days after the delivery of this Agreement to the Administrative Agent.

EXHIBIT K

SUBSIDIARY GUARANTEE AGREEMENT

---------- --, ----

ABN AMRO Bank N.V., as Administrative Agent
for the Banks party to the Global
Revolving Credit Agreement (5-Year)
dated as of March 30, 1998 among W. R.
Grace & Co., Cryovac, Inc., as the
initial Subsidiary Borrower, and each
additional Subsidiary Borrower,
the Company and certain Domestic
Subsidiaries, as Guarantors, the
lenders from time to time party thereto
(the "Banks"), ABN AMRO Bank N.V., as
Administrative Agent, Bankers Trust
Company, as Documentation Agent, and
Bank of America National Trust and
Savings Association and NationsBank,
N.A., as Co-Syndication Agents (the
"Credit Agreement")

Ladies and Gentlemen:

Reference is made to the Credit Agreement described above. Terms not defined herein which are defined in the Credit Agreement shall have for the purposes hereof the meaning provided therein.

The undersigned, [name of Subsidiary Guarantor], a [jurisdiction of incorporation] corporation, hereby acknowledges that it is a "Guarantor" for all purposes of the Credit Agreement, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 6 (other than Section 6.05) of the Credit Agreement are true and correct as to the undersigned as of the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

Without limiting the generality of the foregoing, the undersigned hereby agrees to perform all the obligations of a Guarantor under, and to be bound in all respects by the terms of, the Credit Agreement, including without limitation Section 12 thereof, to the same extent and with the same force and effect as if the undersigned were a direct signatory thereto.

This Agreement shall be construed in accordance with and governed by the internal laws of the State of New York.

Very truly yours,

[NAME OF SUBSIDIARY GUARANTOR]

By _____
Name:_____
Title:_____

EXHIBIT L

FORM OF ELECTION TO TERMINATE

--------------, ----

ABN AMRO BANK N.V., as Administrative Agent,
for the Banks party to the Global
Revolving Credit Agreement (5-Year)
dated as of March 30, 1998 among W. R.
Grace & Co., Cryovac, Inc., as the
initial Subsidiary Borrower, and each

additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (the "Credit Agreement")

Dear Sirs:

Reference is made to the Credit Agreement described above. Terms not defined herein which are defined in the Credit Agreement shall have for the purposes hereof the meaning provided therein.

The undersigned, [name of Subsidiary Borrower], a [jurisdiction of incorporation] corporation, hereby elects to terminate its status as a Subsidiary Borrower for purposes of the Credit Agreement, effective as of the date hereof. The undersigned hereby represents and warrants that all principal and interest on all Notes of the undersigned and all other amounts payable by the undersigned pursuant to the Credit Agreement have been paid in full on or prior to the date hereof. Notwithstanding the foregoing, this Election to Terminate shall not affect any obligation of the undersigned under the Credit Agreement or under any Note heretofore incurred.

This instrument shall be construed in accordance with and governed by the internal laws of the State of New York.

Very truly yours,

[NAME OF BORROWING SUBSIDIARY]

By _____
Name:_____
Title:_____

The undersigned hereby confirms that the status of [name of Subsidiary Borrower] as a Subsidiary Borrower for purposes of the Credit Agreement described above is terminated as of the date hereof.

W. R. GRACE & CO.

By _____
Name:_____
Title:_____

Receipt of the above Election to Terminate is hereby acknowledged on and as of _____.

ABN AMRO BANK N.V.,
as Administrative Agent

By _____
Name:_____
Title:_____

EXHIBIT M

CALCULATION OF MLA COST FOR
EUROCURRENCY LOANS DENOMINATED IN POUNDS STERLING

Any additional interest to be paid to a Bank pursuant to Section 1.15(b) shall accrue at a rate per annum equal to such Bank's MLA Cost calculated on the basis of the following formula:

$$\text{MLA Cost} = \frac{BY+L(Y-X)+S(Y-Z)}{100-(B+S)}$$

1. Where on day of application of the formula:

B is the percentage of the Bank's eligible liabilities which the Bank of England requires the Bank to hold in a non-interest bearing deposit account with the Bank of England in accordance with its cash ratio requirements;

Y is the rate at which Sterling deposits in an amount approximately equal to the principal amount of the relevant Loan are offered by the Bank to leading banks in the London interbank market at or about 11:00 A.M. (London time) on that day for the Relevant Period (as

defined below);

L is the percentage of eligible liabilities which the Bank of England requires such Bank to maintain as secured money with members of the London Discount Market Association and/or as secured call money with those money brokers and gilt-edged market makers recognized by the Bank of England;

X is the rate at which secured Sterling deposits in the relevant amount may be placed by the Bank with members of the London Discount Market Association and/or as secured call money with money brokers and gilt-edged market makers at or about 11:00 A.M. (London time) on that day for the Relevant Period;

S is the percentage of the Bank's eligible liabilities which the Bank of England requires the Bank to place as a special deposit with the Bank of England; and

Z is the interest rate per annum allowed by the Bank of England on special deposits.

2. For the purposes of this Exhibit M:

(a) "eligible liabilities" and "special deposits" have the meanings given to them at the time of application of the formula by the Bank of England;

(b) "Relevant Period" means:

(i) if the relevant Interest Period is 3 months or less, such Interest Period; or

(ii) if the relevant Interest Period is more than 3 months, each consecutive period of 3 months within such Interest Period and any balance of such Interest Period.

3. In the application of the formula B, Y, L, X, S and Z are included in the formula as figures and not as percentages, e.g. if B=0.5% and Y=15%, BY is calculated as 0.5x15.

4. The formula is applied on the first day of each Relevant Period.

5. The rate calculated in accordance with the formula is, if necessary, rounded upward to four decimal places.

6. Calculations will be made on the basis of a year of 365 days and the actual number of days elapsed.

7. If a change in circumstances (including the imposition of alternative or additional official requirements, other than capital adequacy requirements) renders the formula inappropriate in the reasonable opinion of the Bank, the Bank shall notify the Borrowers of the manner in which its MLA Cost will subsequently be calculated (which manner shall be determined reasonably and in good faith). The manner of calculation so notified by the Bank shall, in the absence of manifest error, be binding on all the parties.

Exhibit 10.4

GLOBAL REVOLVING CREDIT AGREEMENT (364-DAY)

Among

W. R. GRACE & CO.
CERTAIN OF ITS SUBSIDIARIES,
INCLUDING CRYOVAC, INC.

ABN AMRO BANK N.V.,
as Administrative Agent,

BANKERS TRUST COMPANY,
as Documentation Agent,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

AND

NATIONSBANK, N.A.,
as Co-Syndication Agents

AND

THE BANKS PARTY HERETO

Dated as of March 30, 1998

TABLE OF CONTENTS

GLOBAL REVOLVING CREDIT AGREEMENT (364-DAY), dated as of March 30, 1998, among W. R. GRACE & CO., a Delaware corporation (the "Company"), Cryovac, Inc., a Delaware corporation ("Cryovac"), as the initial Subsidiary Borrower (together with the Company and any additional Subsidiary Borrowers, the "Borrowers," and each, a "Borrower"), the Company and certain Domestic Subsidiaries, as guarantors, the Banks party hereto from time to time, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents. All capitalized terms used herein shall have the meanings provided in Section 10.

WITNESSETH:

WHEREAS, subject to and upon the terms and conditions set forth herein, the Banks are willing to make available to the Borrowers the credit facilities provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. AMOUNT AND TERMS OF CREDIT.

Section 1.01. The Commitments. (a) Subject to and upon the terms and conditions set forth herein, each Bank severally agrees to make, at any time and from time to time on or after the Effective Date and prior to the Final Maturity Date, a loan or loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") to one or more Borrowers, which Revolving Loans:

(i) shall, at the option of the requesting Borrower, be either Base Rate Loans or Eurocurrency Loans, provided that all Revolving Loans made as part of the same Borrowing shall, unless otherwise specifically provided herein, be of the same Type;

(ii) may be in Dollars or Eurocurrencies, at the option of the requesting Borrower;

(iii) may be repaid and reborrowed in accordance with the provisions hereof;

(iv) of any Bank at any time outstanding shall not have an aggregate Original Dollar Amount which, when added to the product of (x) such Bank's Percentage and (y) the sum of (I) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Revolving Loans then being incurred) then outstanding and (II) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the Revolving Loans then being incurred)

at such time exceeds the Revolving Loan Commitment of such Bank (after giving effect to any simultaneous reinstatement in the Revolving Loan Commitment of such Bank on such date pursuant to Section 1.01(d)(i)) at such time); and

(v) for all Banks at any time outstanding shall not have an aggregate Original Dollar Amount which, when added to the sum of (I) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the Revolving Loans then being incurred) at such time, (II) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Revolving Loans then being incurred) then outstanding and (III) the aggregate principal amount of all Bid Loans (exclusive of Bid Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Revolving Loans then being incurred) then outstanding, exceeds the Total Revolving Loan Commitment (after giving effect to any simultaneous increase in the Total Revolving Loan Commitment on such date pursuant to Section 1.01(d)(i)) at such time.

(b) Subject to and upon the terms and conditions set forth herein, ABN AMRO in its individual capacity agrees to make, at any time and from time to time on or after the Effective Date and prior to the Swingline Expiry Date, a loan or loans (each, a "Swingline Loan" and, collectively, the "Swingline Loans") to the Company, which Swingline Loans (i) shall be made and maintained in Dollars as Base Rate Loans or at a fixed rate (for a period not to exceed 30 days) as quoted by ABN AMRO and acceptable to the Company (each an "Offered Rate Loan"), (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not exceed in aggregate principal amount at any time outstanding that aggregate principal amount which, when added to the sum of (I) the aggregate principal amount of all Revolving Loans then outstanding, (II) the aggregate principal amount of all Bid Loans outstanding at such time (exclusive of Bid Loans which are repaid with the proceeds of, and simultaneously with the respective incurrence of, the Swingline Loan then being incurred) and (III) the aggregate amount of all Letter of Credit Outstandings at such time (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the Swingline Loan then being incurred), equals the Total Revolving Loan Commitment (after giving effect to any simultaneous reinstatement in the Total Revolving Loan Commitment on such date pursuant to Section 1.01(d)(i)) at such time and (iv) shall not exceed when added to the "Swingline Loans" outstanding under the Other Credit Agreement, the Maximum Swingline Amount. ABN AMRO will not make a Swingline Loan after it has received written notice from the Required Banks stating that a Default exists and specifically requesting that ABN AMRO not make any Swingline Loans, provided that ABN AMRO may continue making Swingline Loans at such time thereafter as the Default in question has been cured or waived in accordance with the requirements of this Agreement or the Required Banks have withdrawn the written notice described above in this sentence. In addition, ABN AMRO shall not be obligated to make any Swingline Loan at a time when a Bank Default exists unless ABN AMRO shall have entered into arrangements satisfactory to it and the Company to eliminate ABN AMRO's risk with respect to the Bank which is the subject of such Bank Default, including by cash collateralizing such Bank's Percentage of the outstanding Swingline Loans.

(c) On any Business Day, ABN AMRO may, in its sole discretion, give written notice to the Banks that its outstanding Swingline Loans shall be funded with a Borrowing of Revolving Loans (provided that such notice shall be deemed to have been automatically given upon the occurrence of a Default under Section 9.05 or upon the exercise of any of the remedies provided in the last paragraph of Section 9), in which case a Borrowing of Revolving Loans constituting Base Rate Loans (each such Borrowing, a "Mandatory Borrowing") shall be made on the immediately succeeding Business Day by all Banks (without giving effect to any reductions of the Commitments pursuant to the last paragraph of Section 9) pro rata based on each such Bank's Percentage, and the proceeds thereof shall be applied directly to ABN AMRO to repay ABN AMRO for such outstanding Swingline Loans. Each Bank hereby irrevocably agrees to make Revolving Loans upon one Business Day's notice pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified in writing by ABN AMRO notwithstanding (i) the amount of the Mandatory Borrowing may not comply with the minimum amount for Borrowings otherwise required hereunder, (ii) any condition specified in Section 5 may not then be satisfied, (iii) the existence of any Default, (iv) the date of such Mandatory Borrowing and (v) the amount of the Total Revolving Loan Commitment at such time. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Company), then each Bank hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Company on or after such date and prior to such purchase from ABN AMRO (without recourse or warranty) such participations in the outstanding Swingline Loans as shall be necessary to cause the Banks to share in such Swingline Loans ratably based upon their respective Percentages, provided that (x) all interest payable on the Swingline Loans shall be for the account of ABN AMRO until the date the respective participation is required to be purchased and, to the extent attributable to the purchased participation, shall be payable to the participant from and after such date, (y) at the time any purchase of participations pursuant to this sentence is actually made, the purchasing Bank shall be required to pay ABN AMRO interest on the principal amount of participation purchased for each day from and including the day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of

payment for such participation, at the overnight Federal Funds Rate for the first three days and at the rate otherwise applicable to Revolving Loans maintained as Base Rate Loans for each day thereafter and (z) each Bank that so purchases a participation in a Swingline Loan shall thereafter be entitled to receive its pro rata share of each payment of principal received on such Swingline Loan; provided further that no Bank shall be obligated to acquire a participation in a Swingline Loan if a Default shall have occurred and be continuing at the time such Swingline Loan was made and ABN AMRO had received written notice from the Required Banks in accordance with Section 1.01(b) above prior to advancing such Swingline Loan.

(d) (i) The Company may from time to time request any Bank to agree, or to arrange for a Local Affiliate of such Bank to agree, to provide a Local Currency Commitment to any Subsidiary Borrower or to the Company (i) with respect to any currency which the Company has previously requested be designated an Eurocurrency and which request the Banks denied or (ii) if it is beneficial to the Company or such Subsidiary Borrower to avoid withholding tax to borrow Loans directly from a Bank (or a Local Affiliate of a Bank) in a foreign country, provided, that the sum of the aggregate amount of Local Currency Commitments in effect at any one time plus the aggregate amount of "Local Currency Commitments" in effect under the Other Credit Agreement at any one time may not exceed $250,000,000. If a Bank is willing, in its sole discretion, to provide such a Local Currency Commitment, or is willing, in its sole discretion, to arrange to have a Local Affiliate of such Bank provide such a Local Currency Commitment, then such Bank and such Subsidiary Borrower or the Company, as applicable, shall execute and deliver to the Administrative Agent a Local Currency Addendum, or, if such Bank has arranged to have such Local Affiliate provide such a Local Currency Commitment, such Local Affiliate, such Bank and such Subsidiary Borrower or the Company, as applicable, shall execute and deliver to the Administrative Agent a Local Currency Designation and Assignment Agreement. Such Local Currency Commitment shall be designated in Dollars. A Bank's Revolving Loan Commitment shall be automatically reduced to the extent that such Bank or any Local Affiliate of such Bank has from time to time in effect any Local Currency Commitment and such Bank's Revolving Loan Commitment shall be automatically reinstated to the extent that any such Local Currency Commitment expires or is terminated either in whole or in part, unless at the time of such expiration or termination the Revolving Loan Commitments of all Banks have terminated (in which case such Bank's Revolving Loan Commitment shall not be reinstated to any extent), by (i) 100% of such Local Currency Commitment, if there has been no reduction in the Total Revolving Loan Commitment from the date such Local Currency Commitment went into effect or (ii) such lesser percentage of such Local Currency Commitment that equals the quotient (expressed as a percentage) obtained by dividing the Total Revolving Loan Commitment as in effect on such day by the Total Revolving Loan Commitment as in effect on the day such Local Currency Commitment went into effect, if there has been a reduction in the Total Revolving Loan Commitment from the date such Local Currency Commitment went into effect. The Bank providing (whether directly or through its Local Affiliate) such Local Currency Commitment and the relevant Subsidiary Borrower or the Company, as applicable, shall provide the Administrative Agent five Business Days prior notice of any change in the amount of any Bank's Local Currency Commitment. Promptly upon receipt of such Notice, the Administrative Agent shall calculate the amount of such Bank's Revolving Loan Commitment after giving effect to such change. Upon its receipt of such notice, the Administrative Agent will notify the Company and the Banks of such change.

The Company may on five Business Days' written notice to the Administrative Agent terminate in whole or in part any Local Currency Commitment from time to time provided that after giving effect to such termination, the Original Dollar Amount of all Local Currency Loans outstanding under such Local Currency Commitment shall not exceed such Local Currency Commitment as so reduced.

(ii) Subject to and upon the terms and conditions set forth herein and in or pursuant to the applicable Local Currency Documentation, each Bank with a Local Currency Commitment and each Local Affiliate with a Local Currency Commitment severally agrees to make, at any time and from time to time on or after the Effective Date and prior to the Final Maturity Date (or such shorter period as may be specified in or pursuant to the applicable Local Currency Documentation), a loan or loans (each, a "Local Currency Loan" and, collectively, the "Local Currency Loans") to one or more Subsidiary Borrowers or the Company, as applicable, specified in the applicable Local Currency Documentation, which Local Currency Loans (A) shall not have an Original Dollar Amount exceeding the Local Currency Commitment specified in the applicable Local Currency Documentation, (B) may be repaid and reborrowed in accordance with the provisions hereof and of the applicable Local Currency Documentation, and (C) shall not have an Original Dollar Amount exceeding for all Banks and all such Local Affiliates at any time outstanding the Total Local Currency Commitment at such time.

(iii) Each Local Currency Loan shall mature on such date, on or prior to the Final Maturity Date, as the applicable Borrower and Bank or such Bank's Local Affiliate shall agree prior to the making of such Local Currency Loan in or pursuant to the applicable Local Currency Documentation. Upon reaching agreement as to interest rate and maturity, unless any applicable condition specified in Section 5.02 hereof has not been satisfied, on the date agreed the applicable Bank or its Local Affiliate shall make the proceeds of such Local Currency Loan available to the relevant Borrower as provided in the applicable Local Currency Documentation. No Local Currency Documentation may waive, alter

or modify any rights of the Administrative Agent or the other Banks under this Agreement, including, without limitation, the rights of the Banks under Section 9 hereof.

(iv) Each Local Currency Designation and Assignment Agreement shall provide that the Bank executing such Local Currency Designation and Assignment Agreement is empowered to act as the applicable Local Affiliate's agent, with full power and authority to act on behalf of such Local Affiliate with respect to the transactions contemplated by this Agreement. Accordingly, each other Bank, the Administrative Agent, each Borrower and each Subsidiary Guarantor shall be conclusively entitled to rely on any actions taken by such Bank and any notice given by the Administrative Agent or any Borrower or Subsidiary Guarantor to such Bank shall be deemed to also have been delivered to such Local Affiliate. With regard to any matters relating to calculating a Bank's "Percentage" or the "Required Banks" or the unanimous vote of the Banks, any Local Currency Commitment and any outstanding Local Currency Loans provided by a Local Affiliate of a Bank shall be deemed to be Local Currency Commitments and Local Currency Loans, as applicable, of such Bank. Accordingly, a Local Affiliate shall not have the right to vote as a Bank hereunder but shall otherwise be entitled to the same rights and benefits hereunder as the Banks are entitled.

(e) More than one Borrowing may occur on the same date, but at no time shall there be outstanding more than twenty-five Borrowings of Eurocurrency Loans.

Section 1.02. Minimum Amount of Each Borrowing. (a) The aggregate principal amount of each Borrowing of Revolving Loans shall not be less than an Original Dollar Amount of (i) with respect to Eurocurrency Loans, $2,000,000 and, if greater, in integral multiples of 500,000 units of the relevant currency and (ii) with respect to Base Rate Loans, $500,000 and, if greater, in integral multiples of $50,000, provided that Mandatory Borrowings shall be made in the amounts required by Section 1.01(c).

(b) The aggregate principal amount of each Borrowing of Local Currency Loans shall not be less than an Original Dollar Amount of $2,000,000 and, if greater, shall be in an integral multiple of 500,000 units of the relevant currency.

(c) The aggregate principal amount of each Borrowing of Swingline Loans shall not be less than $500,000 and, if greater, shall be in an integral multiple of $50,000.

Section 1.03. Notice of Borrowing. (a) Whenever any Borrower desires to make a Borrowing (other than of Local Currency Loans, Bid Loans, Swingline Loans or Revolving Loans incurred pursuant to a Mandatory Borrowing) hereunder the Company (but not any other Borrower) on behalf of itself or any other Borrower shall give the Administrative Agent at its Notice Office at least (x) four Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Eurocurrency Loan denominated in a Eurocurrency to be made hereunder, (y) three Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Eurocurrency Loan denominated in Dollars to be made hereunder and (z) same Business Day's written notice (or telephonic notice promptly confirmed in writing) of each Base Rate Loan to be made hereunder, provided that any such notice shall be deemed to have been given on a certain day only if given before 11:00 A.M. (New York time) (12:00 Noon (New York time) in the case of a Borrowing of Base Rate Loans) on such day. Each such written notice (or written confirmation of any telephonic notice) (each a "Notice of Borrowing"), except as otherwise expressly provided in Section 1.11, shall be irrevocable and shall be given by the Company in the form of Exhibit A-1, appropriately completed to specify (i) the date of such Borrowing (which shall be a Business Day), (ii) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (iii) whether the Loans to be made pursuant to such Borrowing are to be initially maintained as Base Rate Loans or Eurocurrency Loans, (iv) the applicable Borrower, and (v) in the case of Eurocurrency Loans, the initial Interest Period and currency to be applicable thereto. The Administrative Agent shall promptly give each Bank notice of such proposed Borrowing, of such Bank's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing. Any notices and the borrowing mechanics relating to Local Currency Loans shall be set forth in the applicable Local Currency Documentation.

(b) Whenever the Company desires to incur a Swingline Loan hereunder, the Company shall give ABN AMRO no later than 12:00 Noon (New York time) on the day such Swingline Loan is to be made, written notice or telephonic notice promptly confirmed in writing of such Swingline Loan to be made hereunder. Each such notice shall be irrevocable and specify in each case (I) the date of Borrowing (which shall be a Business Day), (II) the aggregate principal amount of the Swingline Loan to be made pursuant to such Borrowing and (III) whether such Swingline Loan shall be made and maintained as a Base Rate Loan or an Offered Rate Loan.

(c) Without in any way limiting the obligation of the Company on behalf of itself or any other Borrower to confirm in writing any telephonic notice of any Borrowing of Revolving Loans, Swingline Loans or Local Currency Loans, the Administrative Agent or ABN AMRO, as the case may be, or, in the case of Local Currency Loans, the applicable Bank, may act without liability upon the basis of telephonic notice of such Borrowing, believed by the Administrative Agent, ABN AMRO or the applicable Bank, as the case may be, in good faith to be from a Senior Financial Officer of the Company (or from any other officer of the Company designated in writing from time to time by a Senior Financial Officer of the Company as a person

entitled to give telephonic notices hereunder), prior to receipt of written confirmation. In each such case, the Administrative Agent's, ABN AMRO's, or the applicable Bank's record of the terms of any such telephonic notice of such Borrowing of Revolving Loans, Swingline Loans or Local Currency Loans, as the case may be, shall be prima facie correct. Each Subsidiary Borrower irrevocably appoints the Company as its agent hereunder to issue requests for Borrowings on its behalf under Section 1.03.

(d) Mandatory Borrowings shall be made upon the notice specified in Section 1.01(c), with the Company irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of Mandatory Borrowings as set forth in Section 1.01(c).

Section 1.04. Bid Loans. (a) Each Bank severally agrees that the Company may request Bid Borrowings denominated in Dollars under this Section 1.04 from time to time on any Business Day during the period from the Effective Date until the date occurring one day prior to the Final Maturity Date, in the manner set forth below; provided that, following the making of each Bid Borrowing, the aggregate Original Dollar Amount of all Loans outstanding hereunder plus the aggregate amount of all Letter of Credit Outstandings at such time shall not exceed the Total Commitment in effect at such time. Each Bid Borrowing shall be in an aggregate amount not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof.

(i) The Company may request a Bid Borrowing by delivering to the Administrative Agent by telecopier or telex, a notice of a Bid Borrowing (a "Notice of Bid Borrowing"), in substantially the form of Exhibit A-2 hereto, specifying the date and aggregate amount of the proposed Bid Borrowing, the maturity date for repayment of each Bid Loan to be made as part of such Bid Borrowing (which maturity date may be the date occurring between one and 180 days after the date of such Bid Borrowing and in any case of no later than the Final Maturity Date), the interest payment date or dates relating thereto (which shall occur at least every 90 days), and any other terms to be applicable to such Bid Borrowing, not later than 9:00 A.M. (New York time) at least one Business Day prior to the date of the proposed Bid Borrowing. The Company may request Bid Borrowings for more than one maturity date in a single Notice of Bid Borrowing. The Administrative Agent shall in turn promptly notify each Bank of each request for a Bid Borrowing received by it from the Company by sending such Bank a copy of the related Notice of Bid Borrowing.

(ii) Each Bank may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Bid Loans to the Company as part of such proposed Bid Borrowing at a rate or rates of interest specified by such Bank in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Company), before 9:00 A.M. (New York time) on the date of such proposed Bid Borrowing, of the minimum amount (which must be at least $5,000,000) and maximum amount of each Bid Loan that such Bank would be willing to make as part of such proposed Bid Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 1.04, exceed such Bank's Commitment), the rate or rates of interest therefor and the maturity date relating thereto, provided that if the Administrative Agent in its capacity as a Bank shall, in its sole discretion, elect to make any such offer, it shall notify the Company of such offer before 8:45 A.M. (New York time) on the date on which notice of such election is to be given to the Administrative Agent by the other Banks. Subject to Sections 5 and 9, any offer so made shall not be revocable except with the written consent of the Administrative Agent given on the instructions of the Company.

(iii) The Company may, in turn, before 10:00 A.M. (New York time) on the date of such proposed Bid Borrowing, either

(A) cancel such Bid Borrowing by giving the Administrative Agent notice to that effect,

(B) irrevocably accept one or more of the offers made by any Bank or Banks pursuant to paragraph (ii) above, in its sole discretion, subject only to the provisions of this paragraph (iii), by giving notice to the Administrative Agent of the amount of each Bid Loan (which amount shall be equal to or greater than the minimum amount and equal to or less than the maximum amount, notified to the Company by the Administrative Agent on behalf of such Bank for such Bid Loan pursuant to paragraph (ii) above) to be made by each Bank as part of such Bid Borrowing, and reject any remaining offers with the same maturity date made by Banks pursuant to paragraph (ii) above by giving the Administrative Agent notice to that effect; provided, however, that (x) the Company shall not accept an offer made pursuant to paragraph (ii) above, at any interest rate if the Company shall have, or shall be deemed to have, rejected any other offer with the same maturity date made pursuant to paragraph (ii) above, at a lower interest rate, (y) if the Company declines to accept, or is otherwise restricted by the provisions of this Agreement from accepting, the maximum aggregate principal amount of Bid Borrowings offered at the same interest rate with the same maturity date pursuant to paragraph (ii) above, then the Company shall accept a pro rata portion of each offer

made at such interest rate with the same maturity date, based as nearly as possible on the ratio of the aggregate principal amount of such offers to be accepted by the Company to the maximum aggregate principal amount of such offers made pursuant to paragraph (ii) above (rounding up or down to the next higher or lower multiple of $1,000,000), and (z) no offer made pursuant to paragraph (ii) above shall be accepted unless the Bid Borrowing in respect of such offer is in an integral multiple of $1,000,000 and the aggregate amount of such offers accepted by the Company is equal to at least $5,000,000, or

(C) reject any or all of such offers either directly by written or telephonic notice to the Administrative Agent or indirectly by taking no action prior to the deadline specified above.

Any offer or offers made pursuant to paragraph (ii) above not expressly accepted or rejected by the Company in accordance with this paragraph (iii) shall be deemed to have been rejected by the Company. Determinations by the Company of the amount of Bid Loans shall be conclusive in the absence of demonstrable error.

(iv) If the Company notifies the Administrative Agent that such Bid Borrowing is canceled pursuant to clause (A) of paragraph (iii) above, the Administrative Agent shall give prompt notice thereof to the Banks and such Bid Borrowing shall not be made.

(v) If the Company accepts one or more of the offers made by any Bank or Banks pursuant to clause (B) of paragraph (iii) above, the Administrative Agent shall in turn promptly notify (A) each Bank that has made an offer as described in paragraph (ii) above of the date and aggregate amount of such Bid Borrowing and whether or not any offer or offers made by such Bank pursuant to paragraph (ii) above have been accepted by the Company and (B) each Bank that is to make a Bid Loan as part of such Bid Borrowing of the amount of each Bid Loan to be made by such Bank as part of such Bid Borrowing. Each Bank that is to make a Bid Loan as part of such Bid Borrowing shall, before 12:00 Noon (New York time) on the date of such Bid Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence, make available to the Administrative Agent at the Administrative Agent's Payment Office such Bank's portion of such Bid Borrowing, in same day funds. Unless the Administrative Agent determines that any applicable condition set forth in Section 5 has not been satisfied, the Administrative Agent will make available to the Company at the Administrative Agent's Payment Office the aggregate of the amounts so made available by the Banks prior to 1:00 P.M. (New York time) on such day, to the extent of funds actually received by the Administrative Agent prior to 12:00 Noon (New York time).

(vi) The acceptance by the Company of any offer made by any Bank pursuant to paragraph (iii) (B) above shall be irrevocable and binding on the Company.

(b) Within the limits and on the conditions set forth in this Section 1.04 (including, without limitation, the condition set forth in the proviso to the first sentence of subsection (a) above), the Company may from time to time borrow under this Section 1.04, repay or prepay pursuant to subsection (c) below, and reborrow under this Section 1.04.

(c) The Company shall repay to the Administrative Agent for the account of each Bank that has made a Bid Loan, or each other holder of a Bid Note, on the maturity date of each Bid Loan (such maturity date being that specified by the Company for repayment of such Bid Loan in the related Notice of Bid Borrowing delivered pursuant to subsection (a)(i) above and provided in the Bid Note, if any, evidencing such Bid Loan), the then unpaid principal amount of such Bid Loan. The Company shall have no right to prepay any principal amount of any Bid Loan unless, and then only on the terms, specified by the Company for such Bid Loan in the related Notice of Bid Borrowing delivered pursuant to subsection (a)(i) above.

(d) The Company shall pay interest on the unpaid principal amount of each Bid Loan from the date of such Bid Loan to (but not including) the date the principal amount of such Bid Loan is repaid in full, at the rate of interest for such Bid Loan specified by the Bank making such Bid Loan in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable in arrears on the interest payment date or dates specified by the Company for such Bid Loan in the related Notice of Bid Borrowing delivered pursuant to subsection (a)(i) above.

Section 1.05. Disbursement of Funds. No later than 12:00 Noon (New York time) on the date specified in each Notice of Borrowing (or (x) in the case of Base Rate Loans, no later than 2:00 p.m. (New York time), (y) in the case of Swingline Loans, no later than 2:00 P.M. (New York time) on the date specified in Section 1.03(b) or (z) in the case of Mandatory Borrowings, no later than 12:00 Noon (New York time) on the date specified in Section 1.01(c)), each Bank with a Revolving Loan Commitment will make available through such Bank's applicable lending office its pro rata portion of each Borrowing requested to be made on such date to the Administrative Agent (or, in the case of Swingline Loans, ABN AMRO shall make available the full amount thereof) in Dollars and in immediately available funds at the Administrative Agent's Payment Office, unless such Borrowing is denominated in currency other than Dollars, in which case each

such Bank shall make available its Loan comprising part of such Borrowing at such office as the Administrative Agent has previously specified in a notice to each such Bank, in such funds as are then customary for the settlement of international transactions in such currency and no later than such local time as is necessary for such funds to be received and transferred to the relevant Borrower for same day value on the date of the Borrowing. The Administrative Agent, unless it determines that any applicable condition in Section 5 has not been satisfied, will make available to the respective Borrower of Loans denominated in Dollars at the Administrative Agent's Payment Office the aggregate of the amounts so made available by the Banks prior to 1:00 P.M. (New York time) (or 3:00 P.M. (New York time) in the case of Base Rate Loans) on such day, to the extent of funds actually received by the Administrative Agent prior to 12:00 Noon (New York time) (or 2:00 P.M. (New York time) in the case of Base Rate Loans) and of Loans denominated in a Eurocurrency at such office as the Administrative Agent has previously agreed to with such Borrower the aggregate of the amounts so made available by the Banks prior to 1:00 P.M. (local time) on such day, to the extent of funds actually received by the Administrative Agent prior to 12:00 Noon (local time), in each case in the type of funds received by the Administrative Agent from the Banks. Unless the Administrative Agent shall have been notified by any Bank prior to the date of any Borrowing (including, for the purposes of the balance of this Section 1.05, a Bid Borrowing) that such Bank does not intend to make available to the Administrative Agent such Bank's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, make available to the respective Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the respective Borrower and such Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover on demand from such Bank or such Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to such Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Bank, the overnight Federal Funds Rate if such Loan is denominated in Dollars or the cost to the Administrative Agent of acquiring and holding such funds for such period, if such loan is denominated in a Eurocurrency and (ii) if recovered from such Borrower, the rate of interest applicable to the respective Borrowing as determined in accordance with Section 1.09 or 1.04(d), as the case may be. Nothing in this Section 1.05 shall be deemed to relieve any Bank from its obligation to fulfill its Commitments hereunder or to prejudice any rights which any Borrower may have against any Bank as a result of any default by such Bank hereunder. Each Bank making a Local Currency Loan to a Subsidiary Borrower shall make the proceeds of such Local Currency Loan available to the relevant Subsidiary Borrower in accordance with the applicable Local Currency Documentation.

Section 1.06. Notes. (a) The Loans made by each Bank and Local Affiliate and the Letters of Credit issued by the Issuing Agent shall be evidenced by one or more accounts or records maintained by such Bank or the Issuing Agent, as the case may be, in the ordinary course of business. The accounts or records maintained by the Issuing Agent and each Bank shall be conclusive in the absence of manifest error as to the amount of the Loans made by the Banks to the Borrowers and the Letters of Credit issued for the account of the Company, and the interest and payments thereon. Any failure to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to any Loan or any Letter of Credit.

(b) Each Borrower's obligation to pay the principal of, and interest on, all Loans made by a Bank or its Local Affiliate to such Borrower shall, upon request by such Bank or its Local Affiliate, be evidenced (i) if Revolving Loans, by a promissory note duly executed and delivered to such Bank by such Borrower in the form of Exhibit B-1 with blanks appropriately completed in conformity herewith (each, a "Revolving Note" and, collectively, the "Revolving Notes"), (ii) if Bid Loans, by a promissory note duly executed and delivered to such Bank by the Company in the form of Exhibit B-2 with blanks appropriately completed in conformity herewith (each, a "Bid Note" and, collectively, the "Bid Notes"), (iii) if Local Currency Loans, by a promissory note duly executed and delivered by such Borrower to such Bank or its Local Affiliate substantially in the form of Exhibit B-3 with blanks appropriately completed in conformity herewith (each, a "Local Currency Note" and, collectively, the "Local Currency Notes") and (iv) if Swingline Loans, by a promissory note duly executed and delivered by the Company to ABN AMRO substantially in the form of Exhibit B-4 with blanks appropriately completed in conformity herewith (the "Swingline Note").

(c) Each Bank will, and will cause its Local Affiliates, if any, to note on its or such Local Affiliate's internal records the amount of each Loan made by it or such Local Affiliate, as the case may be, and each payment and conversion in respect thereof and will prior to any transfer of any of its Notes or such Local Affiliate's Notes, if any, endorse, or cause its Local Affiliates to endorse, on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to make any such notation shall not affect any Borrower's obligations in respect of such Loans.

Section 1.07. Conversions. Each Borrower shall have the option to convert on any Business Day all or a portion equal to at least

$2,000,000 (and, if greater, in an integral multiple of $500,000), of the outstanding principal amount of Revolving Loans made to such Borrower pursuant to one or more Borrowings of one or more Types of Loans into a Borrowing of another Type of Loan, provided that (i) except as otherwise provided in Section 1.11(b), Eurocurrency Loans denominated in Dollars may be converted into Base Rate Loans only on the last day of an Interest Period applicable thereto and no such partial conversion of Eurocurrency Loans shall reduce the outstanding principal amount of Eurocurrency Loans made pursuant to any single Borrowing to less than $2,000,000, (ii) Base Rate Loans may only be converted into Eurocurrency Loans denominated in Dollars if no Event of Default is in existence on the date of the conversion and (iii) no conversion pursuant to this Section 1.07 shall result in a greater number of Borrowings than is permitted under Section 1.01(e). Neither Swingline Loans nor Loans denominated in a currency other than Dollars may be converted pursuant to this Section 1.07. Each such conversion shall be effected by such Borrower giving the Administrative Agent at its Notice Office prior to 11:00 A.M. (New York time) at least three Business Days' (one Business Day's in the case of conversions into Base Rate Loans) prior written notice (or telephone notice promptly confirmed in writing) (each a "Notice of Conversion") specifying the Loans to be so converted, the Borrowing(s) pursuant to which such Loans were made, the date of such conversion (which shall be a Business Day) and, if to be converted into Eurocurrency Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Bank prompt notice of any such proposed conversion affecting any of its Loans.

Section 1.08. Pro Rata Borrowings. All Borrowings of Revolving Loans made under this Agreement pursuant to Section 1.03 or incurred pursuant to a Mandatory Borrowing shall be incurred from the Banks pro rata on the basis of their then respective Unutilized Revolving Loan Commitments. All Borrowings of Revolving Loans converted from one Type of Loans into another Type of Loans pursuant to Section 1.07 shall be made by the Banks in the same percentage as such Borrowing was originally advanced. It is understood that no Bank shall be responsible for any default by any other Bank of its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Bank to make its Loans hereunder.

Section 1.09. Interest. (a) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Base Rate Loan made to such Borrower from the date the proceeds thereof are made available to such Borrower until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Base Rate Loan and (ii) the conversion of such Base Rate Loan into a Eurocurrency Loan pursuant to Section 1.07 at a rate per annum which shall be equal to the Base Rate in effect from time to time.

(b) Each Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurocurrency Loan made to such Borrower from the date the proceeds thereof are made available to such Borrower until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Eurocurrency Loan and (ii) the conversion of such Eurocurrency Loan into a Base Rate Loan pursuant to Section 1.07 at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin plus the Eurocurrency Rate for such Interest Period.

(c) Each Local Currency Loan shall bear interest at such rate as the applicable Borrower and the Bank or Local Affiliate, as applicable, making such Local Currency Loan shall agree pursuant to the applicable Local Currency Documentation.

(d) Each Offered Rate Loan shall bear interest at such rate as the Company and ABN AMRO shall agree prior to the making of such Offered Rate Loan.

(e) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable hereunder, shall, in each case, bear interest at a rate per annum equal to, (i) in the case of Loans denominated in Dollars (other than any Eurocurrency Loan), 2% in excess of the rate otherwise applicable to Base Rate Loans from time to time and (ii) in the case of Eurocurrency Loans, the rate which is the greater of (x) 2% in excess of the rate then borne by such Loan and (y) the sum of the Applicable Margin, plus two percent (2%) plus the rate of interest per annum as determined by the Administrative Agent (rounded upwards, if necessary, to the nearest whole multiple of one-sixteenth of one percent (1/16%)), at which overnight or weekend deposits of the appropriate currency (or, if such amount due remains unpaid more than three Business Days then for such other period of time not longer than six months as the Administrative Agent may elect in its absolute discretion) 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 the applicable period as determined above and in an amount comparable to the unpaid principal amount of any such Eurocurrency Loan (or, if the Administrative Agent is not placing deposits in such currency in the interbank market, then the Administrative Agent's cost of funds in such currency for such period). Interest which accrues under this Section 1.09(e) shall be payable on demand.

(f) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on the last Business Day of each March, June, September and December, (ii) in respect of each Eurocurrency Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the

first day of such Interest Period, (iii) in respect of Offered Rate Loans, on such dates as the Company and ABN AMRO shall agree prior to the making of such Offered Rate Loan, (iv) in respect of Local Currency Loans on such dates as the applicable Borrower and the Bank or Local Affiliate, as applicable, making such Local Currency Loans shall agree pursuant to the Local Currency Documentation, and (v) in respect of each Loan, on any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(Upon each Interest Determination Date, the Administrative Agent shall determine the interest rate for the Eurocurrency Loans for the Interest Period to be applicable to such Eurocurrency Loans and shall promptly notify the Borrowers and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

Section 1.10. Interest Periods. At the time any Borrower gives any Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, any Eurocurrency Loan (in the case of the initial Interest Period applicable thereto) or on the (i) fourth Business Day, in the case of Eurocurrency Loans denominated in a currency other than Dollars and (ii) third Business Day, in the case of Eurocurrency Loans denominated in Dollars, prior to the expiration of an Interest Period applicable to such Eurocurrency Loan (in the case of subsequent Interest Periods), the respective Borrower shall have the right to elect, by giving the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) thereof, the interest period (each an "Interest Period") applicable to such Borrowing, which Interest Period shall, at the option of such Borrower, be a one, two, three or six-month period, provided that:

(i) all Eurocurrency Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Borrowing of Eurocurrency Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of Base Rate Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(iii) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, that if any Interest Period would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) no Interest Period may be selected at any time when an Event of Default is then in existence; and

(vi) no Interest Period shall be selected which extends beyond the Final Maturity Date.

If upon the expiration of any Interest Period for Loans denominated in Dollars, the respective Borrower has failed to elect (or is not permitted to elect) a new Interest Period to be applicable to such Borrowing as provided above, such Borrower shall be deemed to have elected to convert such Borrowing into a Borrowing of Base Rate Loans effective as of the expiration date of current Interest Period.

Section 1.11. Increased Costs, Illegality, etc. (a) In the event that any Bank shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the Effective Date affecting the interbank eurocurrency market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurocurrency Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Fixed Rate Loan because of (x) any change since the Effective Date in any applicable law or governmental rule, regulation, guideline, order or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline or order such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurocurrency Rate and/or (y) any other circumstances affecting such Bank or the interbank eurocurrency market or the position of such Bank in such market; or

(iii) at any time that the making or continuance of any Fixed Rate Loan has become (x) unlawful by compliance by such Bank with any law, governmental rule, regulation, guideline or order or

(y) impossible by compliance by such Bank with any governmental request (whether or not having the force of law);

then, and in any such event, such Bank (or the Administrative Agent, in the case of clause (i) above) shall promptly give notice (by telephone confirmed in writing) to the Company, any affected Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, Eurocurrency Loans shall no longer be available until such time as the Administrative Agent notifies the Company, any affected Borrower and the Banks that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by any Borrower with respect to such affected Eurocurrency Loans which have not yet been incurred (including by way of conversion) shall be deemed to be a request for Base Rate Loans, (y) in the case of clause (ii) above, such Borrower shall pay to such Bank, within 15 days of receipt of the notice referred to below, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Bank, setting forth in reasonable detail the basis for the calculation thereof, submitted to the affected Borrower by such Bank shall, absent manifest error, be final and conclusive and binding upon all parties hereto) and (z) in the case of the clause (iii) above, such Borrower shall take one of the actions specified in Section 1.11(b) as promptly as possible and, in any event, within the time period required by law. To the extent the notice required by the preceding sentence and relating to costs arising under clause (ii) above is given by any Bank more than 90 days after the occurrence of the event giving rise to the additional costs of the type described in clause (ii) above, such Bank shall not be entitled to compensation under this Section 1.11(a) for any amounts incurred or accrued prior to the giving of such notice to the affected Borrower.

(b) At any time that any Fixed Rate Loan is affected by the circumstances described in Section 1.11(a)(ii) or (iii), the respective Borrower may (and in the case of a Fixed Rate Loan affected pursuant to Section 1.11(a)(iii) shall) either (x) if the affected Fixed Rate Loan is then being made initially or pursuant to a conversion, cancel the respective Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) thereof on the same date that such Borrower was notified by the affected Bank or the Administrative Agent pursuant to Section 1.11(a)(ii) or (iii) or require the affected Bank to make such Fixed Rate Loan as or convert such Fixed Rate Loan into, a Base Rate Loan or (y) if the affected Fixed Rate Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Bank to convert such Fixed Rate Loan into a Base Rate Loan, provided that, if more than one Bank is similarly affected at any time, then all similarly affected Banks must be treated the same pursuant to this Section 1.11(b).

(c) If any Bank determines at any time that any change after the Effective Date in any applicable law or governmental rule, regulation, guideline, order, directive or request (whether or not having the force of law) concerning capital adequacy, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank based on the existence of such Bank's Commitment hereunder or its obligations hereunder, then the Borrowers jointly and severally agree to pay to such Bank, within 15 days of the receipt of the notice referred to below, such additional amounts as shall be required to compensate such Bank or such other corporation for the increased cost to such Bank or such other corporation as a result of such increase of capital. In determining such additional amounts, each Bank will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Bank's determination of compensation owing under this Section 1.11(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Bank, upon determining that any additional amounts will be payable pursuant to this Section 1.11(c), will give prompt written notice thereof to the Borrowers, which notice shall show in reasonable detail the basis for calculation of such additional amounts, although the failure to give any such notice shall not release or diminish the Borrowers' obligations to pay additional amounts pursuant to this Section 1.11(c). To the extent the notice required by the immediately preceding sentence is given by any Bank more than 90 days after the occurrence of the event giving rise to the additional costs of the type described in this Section 1.11(c), such Bank shall not be entitled to compensation under this Section 1.11(c) for any amounts incurred or accrued prior to the giving of such notice to the Borrowers.

Section 1.12. Compensation. Each Borrower shall compensate each Bank, upon its written request (which request shall set forth in reasonable detail the basis for requesting and calculation of the amount of such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurocurrency Loans or, in the case of ABN AMRO, its Offered Rate Loans, but excluding any loss of anticipated profits) which such Bank may sustain: (i) if for any reason (other than a default by such Bank or the Administrative Agent) a Borrowing of, or conversion from or into, Eurocurrency Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to

Section 1.11); (ii) if any repayment (including any repayment made pursuant to Section 4.01 or 4.02 or as a result of an acceleration of the Loans pursuant to Section 9) or conversion of any of its Eurocurrency Loans or Offered Rate Loans (but excluding any Offered Rate Loan repaid with the proceeds of a Mandatory Borrowing at any time no Default shall have occurred and be continuing) occurs on a date which is not its maturity date or the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of its Eurocurrency Loans or Offered Rate Loans is not made on any date specified in a notice of prepayment given by any Borrower; or (iv) as a consequence of (x) any other default by any Borrower to repay its Loans when required by the terms of this Agreement or the Notes, if any, held by such Bank or (y) any election made pursuant to Section 1.11(b), provided that with respect to this clause (y) only such compensation shall not be payable to a Bank that provided notice to the Company under Section 1.11(a)(iii).

Section 1.13. Change of Lending Office. Each Bank agrees that on the occurrence of any event giving rise to the operation of Section 1.11(a)(ii) or (iii), Section 1.11(c), Section 2.06 or Section 4.04 with respect to such Bank, it will, if requested by the Company, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans or Letters of Credit affected by such event, provided that such designation is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of such Section. Nothing in this Section 1.13 shall affect or postpone any of the obligations of any Borrower or the right of any Bank provided in Sections 1.11, 2.06 and 4.04.

Section 1.14. Replacement of Banks. (a)(i) Upon the occurrence of any event giving rise to the operation of Section 1.11(a)(ii) or (iii), Section 1.11(c), Section 2.06 or Section 4.04 with respect to any Bank which results in such Bank charging to any Borrower increased costs in excess of those being generally charged to such Borrower by the other Banks or (ii) as and to the extent provided in Section 13.12(b), the Company shall have the right, in accordance with the requirements of Section 13.04(b), if no Default or Event of Default will exist after giving effect to such replacement, to replace such Bank (the "Replaced Bank") with one or more other Eligible Transferee or Transferees (collectively, the "Replacement Bank") acceptable to the Administrative Agent, provided that (i) at the time of any replacement pursuant to this Section 1.14, the Replacement Bank shall enter into one or more Assignment and Assumption Agreements pursuant to Section 13.04(b) (and with all fees payable pursuant to said Section 13.04(b) to be paid by the Replacement Bank) pursuant to which the Replacement Bank shall acquire the entire Revolving Loan Commitment and Local Currency Commitment and all outstanding Revolving Loans and/or Local Currency Loans, as the case may be, of the Replaced Bank and, in connection therewith, shall pay to (x) the Replaced Bank in respect thereof an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Revolving Loans of the Replaced Bank and an amount equal to all Unpaid Drawings that have been funded by (and not reimbursed to) such Replaced Bank, together with all then unpaid interest with respect thereto at such time, (B) an amount equal to the principal of, and all accrued interest on, all outstanding Local Currency Loans of the Replaced Bank or any of its Local Affiliates and (C) an amount equal to all accrued, but theretofore unpaid, Fees and all other amounts due hereunder owing to the Replaced Bank pursuant to Section 3.01 and (y) ABN AMRO an amount equal to such Replaced Bank's Percentage of any Mandatory Borrowings and any Unpaid Drawing (which at such time remains an Unpaid Drawing) to the extent such amount was not theretofore funded by such Replaced Bank, and (ii) all obligations of the Borrowers owing to the Replaced Bank (other than those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full by the Borrowers to such Replaced Bank concurrently with such replacement.

(b) Upon the execution of the respective Assignment and Assumption Agreements, the payment of the amounts referred to in clauses (i) and (ii) of Section 1.14(a) and, if so requested by the Replacement Bank, delivery to the Replacement Bank of the appropriate Note or Notes executed by the appropriate Borrowers, the Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 1.11, 1.12, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such Replaced Bank.

Section 1.15. Compensation. (a) Each Bank may require the applicable Borrower to pay, contemporaneously with each payment of interest on each of such Bank's Eurocurrency Loans, additional interest on such Eurocurrency Loan at a rate per annum determined by such Bank up to but not exceeding the excess of (i) (A) the applicable Eurocurrency Rate divided by (B) one minus the Eurocurrency Reserve Percentage over (ii) the applicable Eurocurrency Rate. Any Bank wishing to require payment of such additional interest shall so notify the applicable Borrower and the Administrative Agent of the amount then due it under this Section, in which case such additional interest on the Eurocurrency Loans of such Banks shall be payable through the Administrative Agent to such Bank at the place indicated in such notice with respect to each Interest Period ending at least one Business Day after the giving of such notice.

(b) If and so long as any Bank is required to make special deposits with the Bank of England or to maintain reserve asset ratios in respect of such Bank's Eurocurrency Loans in pounds sterling, such Bank may require the applicable Borrower to pay, contemporaneously with each payment of interest on each of such Bank's Eurocurrency Loans in pounds sterling to such Borrower, additional interest on such Eurocurrency Loan at a rate per annum equal to such Bank's MLA Cost calculated in accordance with the

formula and in the manner set forth in Exhibit M hereto.

Section 1.16. Substitution of Euro for National Currency. If any Eurocurrency or Local Currency is replaced by the Euro, the Euro may be tendered in payment of any outstanding amount denominated in such Eurocurrency or Local Currency at the conversion rate specified in, or otherwise calculated in accordance with, the regulations adopted by the Council of the European Union relating to the Euro. Except as provided in the foregoing provisions of this Section, no replacement of an Eurocurrency or Local Currency by the Euro shall discharge, excuse or otherwise affect the performance of any obligation of any Borrower under this Agreement or its Notes.

Section 1.17. Assumption of Obligations by SAC. If the SAC Merger is consummated, then the Company may, in its discretion, cause SAC, unconditionally and irrevocably to assume, as a joint and several obligor with each Borrower all of the obligations of each Borrower to make payment of (i) principal and interest with respect to the Loans incurred by each Borrower, (ii) the Unpaid Drawings and (iii) each Borrower's Notes, to the same extent, and with the same force and effect, as if SAC had originally executed the Notes, was the applicant for each Letter of Credit, and received the proceeds of the Loans incurred by each Borrower, by delivering an assumption agreement to the Administrative Agent. Nothing in this Section 1.17 shall (i) impair or otherwise affect the liability of any Borrower or Guarantor under any Credit Document or (ii) affect the obligation of the Company to cause all Domestic Subsidiaries which are Material Subsidiaries to become Subsidiary Guarantors pursuant to Section 7.09.

SECTION 2. LETTERS OF CREDIT.

Section 2.01. Letters of Credit. (a) Subject to and upon the terms and conditions set forth herein, the Company may request that the Issuing Agent issue, at any time and from time to time on and after the Effective Date and prior to the thirtieth (30) day prior to the Final Maturity Date, for the account of the Company, a Dollar denominated irrevocable standby letter of credit in support of obligations of the Company or any Subsidiary, in a form customarily used by the Issuing Agent or in such other form as has been approved by the Issuing Agent (each such standby letter of credit a "Letter of Credit").

(b) The Issuing Agent hereby agrees that it will (subject to the terms and conditions contained herein) at any time and from time to time on or after the Effective Date and prior to the Final Maturity Date, following its receipt of the respective Letter of Credit Request, issue for the account of the Company one or more Letters of Credit, as is permitted to remain outstanding without giving rise to a Default or an Event of Default, provided that the Issuing Agent shall be under no obligation to issue any Letter of Credit if at the time of such issuance:

(i) any order, judgment or decree of any governmental authority or arbitrator shall purport by its terms to enjoin or restrain the Issuing Agent from issuing such Letter of Credit or any requirement of law applicable to the Issuing Agent or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over the Issuing Agent shall prohibit, or request that the Issuing Agent refrain from, the issuance of letters of credit generally or such Letter of Credit in particular; or

(ii) The Issuing Agent shall have received notice from the Required Banks prior to the issuance of such Letter of Credit of the type described in the penultimate sentence of Section 2.03(b).

In addition, the Issuing Agent shall not be obligated to issue any Letter of Credit at a time when a Bank Default exists unless the Issuing Agent shall have entered into arrangements satisfactory to it and the Company to eliminate the Issuing Agent's risk with respect to the Bank which is the subject of the Bank Default, including by cash collateralizing an amount equal to the product of (x) such Bank's Percentage and (y) the Letter of Credit Outstandings.

(c) Notwithstanding the foregoing, (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid on the date of, and prior to the issuance of, the respective Letter of Credit) at such time would exceed either (x) when added to the "Letter of Credit Outstandings" under the Other Credit Agreement, $100,000,000 or (y) when added to the sum of the Original Dollar Amount of all Revolving Loans, Swingline Loans, Bid Loans and Local Currency Loans then outstanding, an amount equal to the Total Revolving Loan Commitment at such time and (ii) each Letter of Credit shall by its terms terminate on or before the fifth Business Day prior to the Final Maturity Date.

Section 2.02. Minimum Stated Amount. The initial Stated Amount of each Letter of Credit shall not be less than $250,000 or such lesser amount as is acceptable to the Issuing Agent.

Section 2.03. Letter of Credit Requests. (a) Whenever the Company desires that a Letter of Credit be issued for its account, the Company shall give the Administrative Agent and the Issuing Agent at least five Business Days' (or such shorter period as is acceptable to the Issuing Agent) written notice thereof. Each notice shall be in the form of Exhibit C (each a "Letter of Credit Request").

(b) The making of each Letter of Credit Request shall be deemed

to be a representation and warranty by the Company that such Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 2.01(c). Unless the Issuing Agent has received notice from the Required Banks before it issues a Letter of Credit that a Default or an Event of Default then exists or that the issuance of such Letter of Credit would violate Section 2.01(c), then the Issuing Agent shall issue the requested Letter of Credit for the account of the Company in accordance with the Issuing Agent's usual and customary practices.

Section 2.04. Letter of Credit Participations. (a) Immediately upon the issuance by the Issuing Agent of any Letter of Credit, the Issuing Agent shall be deemed to have sold and transferred to each other Bank (each such Bank, in its capacity under this Section 2.04, a "Participant"), and each such Participant shall be deemed irrevocably and unconditionally to have purchased and received from the Issuing Agent, without recourse or warranty, an undivided interest and participation, to the extent of such Participant's Percentage in such Letter of Credit, each drawing made thereunder and the obligations of the Company under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto. Upon any change in the Commitment of the Banks pursuant to Section 1.01(d), Section 1.14 or 13.04, it is hereby agreed that, with respect to all outstanding Letters of Credit and Unpaid Drawings, there shall be an automatic adjustment to the participations pursuant to this Section 2.04 to reflect the new Percentages of the assignor and assignee Bank or of all Banks, as the case may be.

(b) In determining whether to pay under any Letter of Credit, the Issuing Agent shall have no obligation relative to the other Banks other than to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the Issuing Agent under or in connection with any Letter of Credit if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for the Issuing Agent any resulting liability to the Company, any Subsidiary of the Company or any Bank.

(c) In the event that the Issuing Agent makes any payment under any Letter of Credit and the Company shall not have reimbursed such amount in full to the Issuing Agent pursuant to Section 2.05(a), the Issuing Agent shall promptly notify the Administrative Agent, which shall promptly notify each Participant of such failure, and each Participant shall promptly and unconditionally pay to the Issuing Agent the amount of such Participant's Percentage of such unreimbursed payment in Dollars and in same day funds. If the Administrative Agent so notifies, prior to 11:00 A.M. (New York time) on any Business Day, any Participant required to fund a payment under a Letter of Credit, such Participant shall make available to the Issuing Agent in Dollars such Participant's Percentage of the amount of such payment on such Business Day in same day funds. If and to the extent such Participant shall not have so made its Percentage of the amount of such payment available to the Issuing Agent, such Participant agrees to pay to the Issuing Agent, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Issuing Agent at the overnight Federal Funds Rate. The failure of any Participant to make available to the Issuing Agent its Percentage of any payment under any Letter of Credit shall not relieve any other Participant of its obligation hereunder to make available to the Issuing Agent its Percentage of any Letter of Credit on the date required, as specified above, but no Participant shall be responsible for the failure of any other Participant to make available to the Issuing Agent such other Participant's Percentage of any such payment.

(d) Whenever the Issuing Agent receives a payment of a reimbursement obligation as to which it has received any payments from the Participants pursuant to clause (c) above, the Issuing Agent shall pay to each Participant which has paid its Percentage thereof, in Dollars and in same day funds, an amount equal to such Participant's share (based upon the proportionate aggregate amount originally funded by such Participant to the aggregate amount funded by all Participants) of the payment of the principal amount of such reimbursement obligation and interest thereon accruing after the purchase of the respective participations.

(e) Subject to Section 2.04(b) the obligations of the Participants to make payments to the Issuing Agent with respect to Letters of Credit issued by it shall be irrevocable and not subject to any qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, setoff, defense or other right which the Company or any of its Subsidiaries may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Participant, or any other Person, whether in connection with this Agreement, any Letter of Credit, any other Credit Document, the transactions contemplated herein or therein or any unrelated transactions (including any underlying transaction between the Company or any of its Subsidiaries on the one hand and the beneficiary named in any such Letter of Credit on the other hand);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any

statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default or Event of Default.

Section 2.05. Agreement to Repay Letter of Credit Drawings. (a) The Company hereby agrees to reimburse the Issuing Agent, by making payment to the Administrative Agent in immediately available funds at the Payment Office of the Administrative Agent, for any payment or disbursement made by the Issuing Agent under any Letter of Credit (each such amount, so paid until reimbursed, an "Unpaid Drawing"), (i) on the date of such payment or disbursement, if the Issuing Agent provides notice to the Company by 12:00 Noon (New York time) that it has made a payment or disbursement of such amount with respect to a Letter of Credit or (ii) by 12:00 Noon (New York time) on the next Business Day, if the Issuing Agent provides notice to the Borrower after 12:00 Noon (New York time) that it has made a payment or disbursement of such amount with respect to a Letter of Credit, in each case together with interest on the amount so paid or disbursed by the Issuing Agent, to the extent not reimbursed prior to 12:00 Noon (New York time) on the date of such payment or disbursement, from and including the date paid or disbursed to but excluding the date the Issuing Agent was reimbursed by the Company therefor at a rate per annum which shall be the Base Rate in effect from time to time; provided, however, to the extent such amounts are not reimbursed prior to 12:00 Noon (New York time) on the third Business Day following such payment or disbursement, interest shall thereafter accrue on the amounts so paid or disbursed by the Issuing Agent (and until reimbursed by the Company) at a rate per annum which shall be the Base Rate in effect from time to time plus 2% and with such interest to be payable on demand. The Issuing Agent shall give the Company prompt notice of each Drawing under any Letter of Credit, provided that the failure to give any such notice shall in no way affect, impair or diminish the Company's obligations hereunder.

(b) The obligations of the Company under this Section 2.05 to reimburse the Issuing Agent with respect to drawings on Letters of Credit (each, a "Drawing") (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Company may have or have had against any Bank (including in its capacity as issuer of the Letter of Credit or as Participant), or any non-application or misapplication by the beneficiary of the proceeds of such Drawing, the Issuing Agent's only obligation to the Company being to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the Issuing Agent under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for the Issuing Agent any resulting liability to the Company or any of its Subsidiaries.

Section 2.06. Increased Costs. If at any time after the Effective Date, the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or request (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Issuing Agent or any Participant with any request or directive by any such authority (whether or not having the force of law), or any change in generally acceptable accounting principles, shall either (i) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against letters of credit issued by the Issuing Agent or participated in by any Participant, or (ii) impose on the Issuing Agent or any Participant any other conditions relating, directly or indirectly, to this Agreement or any Letter of Credit; and the result of any of the foregoing is to increase the cost to the Issuing Agent or any Participant of issuing, maintaining or participating in any Letter of Credit, or reduce the amount of any sum received or receivable by the Issuing Agent or any Participant hereunder or reduce the rate of return on its capital with respect to Letters of Credit (except for changes in the rate of tax on, or determined by reference to, the net income or profits of the Issuing Agent or such Participant, pursuant to the laws of the jurisdiction in which the Issuing Agent or such Participant is organized or the jurisdiction in which the Issuing Agent's or such Participant's principal office or applicable lending office is located or any subdivision thereof or therein), then, within 15 days after demand of the Company by the Issuing Agent or such Participant (a copy of which demand shall be sent by the Issuing Agent or such Participant to the Administrative Agent), the Company shall pay to the Issuing Agent or such Participant such additional amount or amounts as will compensate the Issuing Agent or such Participant for such increased cost or reduction in the amount receivable or reduction on the rate of return on its capital. The Issuing Agent or any Participant, upon determining that any additional amounts will be payable pursuant to this Section 2.06, will give prompt written notice thereof to the Company, which notice shall include a certificate submitted to the Company by the Issuing Agent or such Participant (a copy of which certificate shall be sent by the Issuing Agent or such Participant to the Administrative Agent), setting forth in reasonable detail the basis for the calculation of such additional amount or amounts necessary to compensate the Issuing Agent or such Participant. The certificate required to be delivered pursuant to this Section 2.06 shall, if delivered in good faith and absent manifest error, be final and conclusive and binding on the Company. To the extent the notice required by the second preceding sentence is given by the Issuing Agent or any Participant more than 90 days after the occurrence of the event giving rise

to the additional costs of the type described in this Section 2.06, the Issuing Agent or such Participant shall not be entitled to compensation under this Section 2.06 for any amounts incurred or accrued prior to the giving of such notice to the Company.

SECTION 3. FEES; REDUCTIONS OF COMMITMENTS.

Section 3.01. Fees. (a) The Company agrees to pay to the Administrative Agent for distribution to each Bank a Facility Fee (the "Facility Fee") for the period from the Effective Date to but not including the Final Maturity Date (or such earlier date as the Total Commitment shall have been terminated) on the daily average Commitment of such Bank, at a rate of:

(i) 0.060% per annum for each day Category A Period exists,

(ii) 0.075% per annum for each day Category B Period exists,

(iii) 0.090% per annum for each day Category C Period exists,

(iv) 0.125% per annum for each day Category D Period exists,

(v) 0.175% per annum for each day Category E Period exists, and

(vi) 0.200% per annum for each day Category F Period exists.

Accrued Facility Fee shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December of each year, and on the Final Maturity Date (or upon such earlier date as the Total Commitment is terminated).

(b) The Company agrees to pay to the Administrative Agent for pro rata distribution to each Bank (based upon such Bank's Percentage) a fee in respect of each Letter of Credit issued hereunder (the "Letter of Credit Fee") for the period from and including the date of issuance of such Letter of Credit to but not including the termination of such Letter of Credit, computed at a rate per annum equal to the Applicable Margin as in effect from time to time on the daily Stated Amount of such Letter of Credit. Accrued Letter of Credit Fees shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December and upon the first day on or after the termination of the Total Revolving Loan Commitment upon which no Letters of Credit remain outstanding.

(c) The Company agrees to pay to the Issuing Agent, for its account, a facing fee in respect of each Letter of Credit issued by the Issuing Agent in such amounts as agreed between the Company and the Issuing Agent from time to time.

(d) The Company agrees to pay to the Issuing Agent, upon each drawing under, issuance of, or amendment to, any Letter of Credit issued by the Issuing Agent, such amount as shall at the time of such event be the administrative charge which the Issuing Agent is generally imposing in connection with such occurrence with respect to letters of credit.

(e) The Company agrees to pay to the Administrative Agent, for the account of each Bank on the date hereof, such up front fees as shall have been agreed to between the Company and the Administrative Agent.

(f) The Company agrees to pay to the Administrative Agent, for its own account, such other fees as shall have been agreed to by the Company and the Administrative Agent.

Section 3.02. Voluntary Reduction of Commitments. (a) Upon at least five Business Days' prior notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), the Company shall have the right, at any time or from time to time, without premium or penalty, to terminate the Total Commitment in whole or in part, in integral multiples of $10,000,000 in the case of partial reductions to the Total Commitment, provided that each such reduction shall apply proportionately to permanently reduce the Commitments of each Bank.

(b) With respect to any Bank subject to replacement pursuant to and as and to the extent provided in Section 13.12(b), the Company may, upon five Business Days' prior notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks) terminate the entire Commitment of such Bank so long as all Loans, together with all accrued and unpaid interest, Fees and all other amounts, owing to such Bank are repaid concurrently with the effectiveness of such termination pursuant to Section 4.01(b) (at which time Schedule 1.01 shall be deemed modified to reflect such changed amounts), and at such time such Bank shall no longer constitute a "Bank" for purposes of this Agreement, except with respect to indemnifications under this Agreement (including, without limitation, Sections 1.11, 1.12, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such repaid Bank.

Section 3.03. Mandatory Reduction of Commitments. The Total Revolving Loan Commitment (and the Revolving Loan Commitment of each Bank) shall terminate in its entirety on the Final Maturity Date.

SECTION 4. PREPAYMENTS; PAYMENTS.

Section 4.01. Voluntary Prepayments. (a) Each Borrower shall have the right to prepay the Loans (other than Bid Loans and Local Currency Loans) made to it, without premium or penalty, in whole or in part at any time and from time to time on the following terms and conditions: (i) the

respective Borrower shall give the Administrative Agent prior to 12:00 Noon (New York time) at its Notice Office (x) same day written notice (or telephonic notice promptly confirmed in writing) of such Borrower's intent to prepay Base Rate Loans or Swingline Loans and (y) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of such Borrower's intent to prepay Eurocurrency Loans, the amount of such prepayment and, in the case of Eurocurrency Loans, the specific Borrowing or Borrowings pursuant to which made, which notice the Administrative Agent shall promptly transmit to each of the Banks; and (ii) each prepayment shall be of Loans having an Original Dollar Amount of at least $500,000 provided that if any partial prepayment of Eurocurrency Loans made pursuant to any Borrowing shall reduce the outstanding Eurocurrency Loans made pursuant to such Borrowing to an amount less than an Original Dollar Amount of $2,000,000, then such Borrowing may not be continued as a Borrowing of Eurocurrency Loans and any election of an Interest Period with respect thereto given by the respective Borrower shall have no force or effect. Any Bid Loan shall be prepayable only with the consent of the Bank making such Bid Loan. Any Local Currency Loan shall be prepayable to the extent and on the terms provided in the applicable Local Currency Documentation.

(b) With respect to any Bank subject to replacement pursuant to and as and to the extent provided in Section 13.12(b), the respective Borrower may, upon five Business Days' written notice by such Borrower to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), repay all Loans (other than Bid Loans), together with all accrued and unpaid interest, Fees, and all other amounts owing to the non-consenting Bank in accordance with said Section 13.12(b) so long as (A) the Commitment of such Bank is terminated concurrently with such repayment pursuant to Section 3.02(b) (at which time Schedule 1.01 shall be deemed modified to reflect the changed Commitments) and (B) the consents required by Section 13.12(b) in connection with the prepayment pursuant to this Section 4.01(b) have been obtained.

Section 4.02. Mandatory Prepayments. (a) (i) If on any date the sum of (I) the aggregate outstanding Original Dollar Amount of Revolving Loans, Swingline Loans and Bid Loans and (II) the aggregate amount of Letter of Credit Outstandings exceeds the Total Revolving Loan Commitment as then in effect, there shall be required to be repaid on such date that principal amount of Loans, in an amount equal to such excess. If, after giving effect to the prepayment of all outstanding Loans, the aggregate amount of the Letter of Credit Outstandings exceeds the Total Revolving Loan Commitment as then in effect, there shall be paid to the Administrative Agent at its Payment Office on such date an amount of cash equal to the amount of such excess (up to a maximum amount equal to the Letter of Credit Outstandings at such time), such cash to be held as security for the obligations of the Company hereunder in a cash collateral account established by the Administrative Agent.

(ii) If on any date the sum of the aggregate outstanding Original Dollar Amount of Local Currency Loans made under any Local Currency Commitment exceeds such Local Currency Commitment as then in effect, there shall be required to be repaid on such date that principal amount of such Local Currency Loans in an amount equal to such excess.

(b) With respect to each repayment of Loans required by Section 4.02, the respective Borrower may designate the Types of Loans which are to be repaid and, in the case of Eurocurrency Loans, the specific Borrowing or Borrowings pursuant to which made, provided that: (i) repayments of Eurocurrency Loans made pursuant to this Section 4.02 may only be made on the last day of an Interest Period applicable thereto unless all such Eurocurrency Loans with Interest Periods ending on such date of required repayment and all Base Rate Loans have been paid in full; (ii) if any repayment of Eurocurrency Loans denominated in Dollars made pursuant to a single Borrowing shall reduce the outstanding Eurocurrency Loans made pursuant to such Borrowing to an amount less than $2,000,000, such Borrowing shall be converted at the end of the then current Interest Period into a Borrowing of Base Rate Loans; and (iii) each repayment in respect of any Loans made pursuant to a specific Borrowing shall be applied pro rata among such Loans. In the absence of a designation by the respective Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion.

(c) Notwithstanding anything to the contrary contained elsewhere in this Agreement, all then outstanding Loans shall be repaid in full on the Final Maturity Date.

Section 4.03. Method and Place of Payment. Except as otherwise specifically provided herein, all payments under this Agreement or any Note (i) to be made in Dollars shall be made to the Administrative Agent for the account of the Bank or Banks entitled thereto no later than 12:00 Noon (New York time) on the date when due and shall be made in Dollars in immediately available funds at the Administrative Agent's Payment Office and (ii) to be made in a Eurocurrency shall be made to the Administrative Agent, no later than 12:00 noon local time at the place of payment (or such earlier time as the Administrative Agent may notify to the relevant Borrower(s) as necessary for such funds to be received for same day value on the date of such payment) in the currency in which such amount is owed to such office as the Administrative Agent has previously specified in a notice to the Borrowers for the benefit of the Person or Persons entitled thereto. All payments under this Agreement relating to Local Currency Loans shall be made in the manner provided in the applicable Local Currency Documentation. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day

and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

Section 4.04. Net Payments. (a) All payments made by the Borrowers hereunder or under any Note will be made without setoff, counterclaim or other defense. Except as provided in Section 4.04(b) and (c) with respect to payments made by a Borrower hereunder or under any Note, all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein from or through which such payments originate or are made (but excluding, (i) in the case of each Bank and the Administrative Agent, any tax imposed on or measured by net income or profits pursuant to the laws of the jurisdiction in which such Bank or the Administrative Agent (as the case may be) is organized or any subdivision thereof or therein and (ii) in the case of each Bank, any tax imposed on or measured by net income or profits pursuant to the laws of the jurisdiction in which the principal office or applicable lending office of such Bank is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). If any Taxes are so levied or imposed, the respective Borrower agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. The respective Borrower will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes is due pursuant to applicable law certified copies of tax receipts, or other documents reasonably satisfactory to the Bank or Administrative Agent, evidencing such payment by such Borrower. The respective Borrower agrees to indemnify and hold harmless each Bank, and reimburse such Bank upon its written request, for the amount of any Taxes so levied or imposed and paid by such Bank; provided, however, that the relevant Borrower shall not be obligated to make payment to the Bank or the Administrative Agent (as the case may be) pursuant to this Section in respect of penalties, interest and other liabilities attributable to Taxes, if (x) written demand therefor has not been made by such Bank or the Administrative Agent within 90 days from the date on which such Bank or the Administrative Agent knew of the imposition of Taxes by the relevant governmental authorities or (y) to the extent such penalties, interest and other liabilities are attributable to the gross negligence or willful misconduct of the Bank. If any Bank shall obtain a refund, credit or deduction as a result of the payment of or indemnification for any Taxes made by any Borrower to such Bank pursuant to this Section 4.04(a), such Bank shall pay to such Borrower an amount with respect to such refund, credit or deduction equal to any net tax benefit actually received by such Bank as a result thereof which such Bank determines, in its sole discretion, to be attributable to such payment.

(b) Each Bank that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) agrees to deliver to the Company and the Administrative Agent on or prior to the Effective Date, or in the case of a Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.14 or 13.04 (unless the respective Bank was already a Bank hereunder immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Bank, (i) two accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001 (or successor forms) certifying to such Bank's entitlement to a complete exemption from United States withholding tax with respect to payments to be made by the Company under this Agreement and under any Note, or (ii) if the Bank is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and cannot deliver either Internal Revenue Service Form 1001 or 4224 pursuant to clause (i) above, (x) a certificate substantially in the form of Exhibit D (any such certificate, a "Section 4.04(b)(ii) Certificate") and (y) two accurate and complete original signed copies of Internal Revenue Service Form W-8 (or successor form) certifying to such Bank's entitlement to a complete exemption from United States withholding tax with respect to payments of interest to be made by the Company under this Agreement and under any Note. In addition, each Bank agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Company and the Administrative Agent two new accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001, or Form W-8 and a Section 4.04(b)(ii) Certificate, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Bank to a continued exemption from or reduction in United States withholding tax with respect to payments by the Company under this Agreement and any Note, or it shall immediately notify the Company and the Administrative Agent of its inability to deliver any such Form or Certificate, in which case such Bank shall not be required to deliver any such Form or Certificate. Notwithstanding anything to the contrary contained in Section 4.04(a), but subject to Section 13.04(b) and the immediately succeeding sentence, (x) the Company shall be entitled, to the extent it is required to do so by law, to deduct or withhold Taxes, income or similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder for the account of any Bank which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes to the extent that such Bank has not timely provided to the Company U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (y) the Company shall not be obligated pursuant to Section 4.04(a) to gross-up payments to be made to a Bank in respect of Taxes, income or similar taxes imposed by the United States if (I) such Bank has not provided to the

Company the Internal Revenue Service Forms required to be provided to the Company pursuant to this Section 4.04(b), to the extent that such Forms do not establish a complete exemption from withholding of such taxes or (II) in the case of a payment, other than interest, is made to a Bank described in clause (ii) above. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 4.04 and except as set forth in Section 13.04(b), the Company agrees to pay additional amounts and to indemnify each Bank in the manner set forth in Section 4.04(a) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Effective Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of income or similar Taxes.

(c) If a Bank is managed and controlled from or incorporated under the laws of any jurisdiction other than the United Kingdom and is required to make Revolving Loans to a Subsidiary Borrower incorporated in the United Kingdom through a lending office located outside the United Kingdom (a "Non-U.K. Bank"), such Non-U.K. Bank agrees to file with the relevant taxing authority (with a copy to the Company and the Administrative Agent), to the extent that it is entitled to file, at the expense of such Subsidiary Borrower within 20 days after the Effective Date, or in the case of a Non-U.K. Bank that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.13 or 13.04 (unless the respective Non-U.K. Bank was already a Non-U.K. Bank immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Non-U.K. Bank, two accurate and complete copies of the form entitled "Claim on Behalf of a United States Domestic Corporation to Relief from United Kingdom Income Tax on Interest and Royalties Arising in the United Kingdom," or its counterpart with respect to jurisdictions other than the United States, or any successor form. Such Non-U.K. Bank shall claim in such form its entitlement to a complete exemption from or reduced rate of U.K. withholding tax on interest paid by such Subsidiary Borrower hereunder, and shall file with the relevant taxing authority, any successor forms thereto if any previously filed form is found to be incomplete or incorrect in any material respect or upon the obsolescence of any previously delivered form, provided that the failure to obtain such exemption from or reduced rate of U.K. withholding tax shall not alter the obligations of the Borrowers under Section 4.04(a).

(d) Each Bank represents and warrants to the Administrative Agent and the Borrowers that under applicable law and treaties in effect as of the date hereof no taxes imposed by the United States or any country in which any Bank is organized or controlled or in which any Bank's applicable lending office is located or any political subdivision of any of the foregoing will be required to be withheld by the Borrowers with respect to any payments to be made to such Bank, or any of its Applicable Lending Offices, in respect of any of the Loans; provided, however, that the Banks shall not make the representations and warranties under this Section 4.04(d) with respect to, and such representations and warranties shall not include, (i) Loans denominated in a currency other than the official currency of the jurisdiction under the laws of which the applicable Borrower is organized and (ii) Loans for which the outstanding principal thereof and interest thereon is being paid by the Company pursuant to Section 12.

SECTION 5. CONDITIONS PRECEDENT.

Section 5.01. Conditions to Effective Date and Credit Events on the Effective Date. The occurrence of the Effective Date pursuant to Section 13.10, and the obligation of each Bank to make Loans, and the obligation of the Issuing Agent to issue Letters of Credit, in each case on the Effective Date, are subject at the time of such Credit Event to the satisfaction of the following conditions:

(a) Execution of Agreement; Notes. (i) This Agreement shall have been executed and delivered as provided in Section 13.10 and (ii) to the extent requested by any Bank, there shall have been delivered to (x) the Administrative Agent for the account of the requesting Bank(s) the appropriate Bid Notes and/or Revolving Notes and/or Local Currency Notes executed by the respective Borrower and (y) to ABN AMRO, the Swingline Note executed by the Company, in each case in the amount, maturity and as otherwise provided herein.

(b) Opinion of Counsel. On the Effective Date, the Administrative Agent shall have received an opinion, addressed to the Administrative Agent and each of the Banks and dated the Effective Date, from (i) Wachtell, Lipton, Rosen & Katz, Special Counsel of the Borrowers, covering the matters set forth in and in the form of Exhibit E-1 and (ii) General Counsel of the Company and Cryovac, covering the matters set forth in and in the form of Exhibit E-2, and such other matters incident to the transactions contemplated herein as the Administrative Agent may reasonably request.

(c) Corporate Documents; Proceedings; Officers' Certificates. (i) On the Effective Date, the Administrative Agent shall have received from the Company and Cryovac a certificate, dated the Effective Date, signed by the Secretary or any Assistant Secretary of such Borrower, substantially in the form of Exhibit F-1, with appropriate insertions, together with copies of the certificate of incorporation and by-laws of such Borrower and the resolutions of the Borrower referred to in such certificate, and a certificate, dated the Effective Date, signed by the Chairman, President or any Vice President of such Borrower,

substantially in the form of Exhibit F-2, and each of the foregoing shall be satisfactory to the Administrative Agent.

(ii) All corporate proceedings and all instruments and agreements (other than the Merger Agreement, the Distribution Agreement, the Other Agreements (as defined in the Distribution Agreement) or any instrument or agreement incidental thereto) in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be satisfactory in form and substance to the Administrative Agent, and, with respect to the Company, the Administrative Agent shall have received all information and copies of all documents and papers, including records of corporate proceedings and governmental approvals (to the extent required under clause (d) below), which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

(d) Governmental Approvals, etc. On or prior to the Effective Date, all necessary governmental (domestic and foreign) and third party approvals in connection with the transactions contemplated by the Credit Documents and otherwise referred to herein or therein including, without limitation, the Reorganization, shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the consummation of the transactions contemplated by the Credit Documents including, without limitation, the Reorganization (except such approvals the failure to obtain which, and such waiting periods the non-expiration of which, prior to consummation of the Reorganization, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect).

(e) Existing Credit Agreements. On or prior to the Effective Date, the Company shall have provided evidence satisfactory to the Administrative Agent of amendments to the Existing Credit Agreements which provide for the release of the Company from its obligations under the Existing Credit Agreements.

(f) Fees, etc. On the Effective Date, the Company shall have paid to the Administrative Agent and the Banks all costs, fees and expenses (including, without limitation, legal fees and expenses) payable to the Administrative Agent and the Banks to the extent then due.

(g) Reorganization. On the Effective Date, the Merger Agreement shall be in full force and effect and any consents of the shareholders of the Company or SAC which may be required to authorize the SAC Merger shall have been obtained.

(h) Merger Agreement. On or before the Effective Date, the Agent shall have received true and correct copies of the Merger Agreement and Distribution Agreement.

Section 5.02. Conditions as to All Credit Events. The occurrence of the Effective Date pursuant to Section 13.10, and the obligation of each Bank to make Loans (including Loans made on the Effective Date, but excluding Mandatory Borrowings made thereafter, which shall be made as provided in Section 1.01(c)) and the obligation of the Issuing Agent to issue any Letter of Credit, is subject, at the time of each such Credit Event (except as hereinafter indicated), to the satisfaction of the following conditions:

(a) No Default; Representations and Warranties. At the time of each such Credit Event and also after giving effect thereto (i) there shall exist no Default and (ii) all representations and warranties contained herein (other than Section 6.05) and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of the making of such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

(b) Notice of Borrowing, Letter of Credit Request. (i) Prior to the making of each Loan, the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 1.03(a). Prior to the making of each Swingline Loan, ABN AMRO shall have received the notice required by Section 1.03(b).

(ii) Prior to the issuance of each Letter of Credit, the Administrative Agent and the Issuing Agent shall have received a Letter of Credit Request meeting the requirements of Section 2.03.

The occurrence of the Effective Date and the acceptance of the benefits of each Credit Event shall constitute a representation and warranty by the Borrowers that all the applicable conditions to such Credit Event specified in this Section 5 have been satisfied as of that time. All of the Notes, certificates, legal opinions and other documents and papers referred to in this Section 5, unless otherwise specified, shall be delivered to the Administrative Agent at its Notice Office for the account of each of the Banks and, except for the Notes, if any, in sufficient counterparts for each of the Banks and shall be satisfactory in form and substance to the Administrative Agent and the Banks.

Section 5.03. Subsidiary Borrowers, etc. (a) At any time that the Company desires that a Wholly-Owned Subsidiary of the Company (other than Cryovac) become a Subsidiary Borrower hereunder, such Subsidiary Borrower shall satisfy the following conditions at the time it becomes a Subsidiary Borrower:

(i) if requested by any Bank, such Subsidiary Borrower shall have executed and delivered Revolving Notes and, if appropriate, Local Currency Notes satisfying the conditions of Section 1.06;

(ii) such Subsidiary Borrower shall have executed and delivered an Election to Become a Subsidiary Borrower, which shall be in full force and effect;

(iii) to the extent any of the documents, writings, records, instruments and consents that would have been required by Section 5.01(c) if such Subsidiary Borrower had been subject thereto on the Effective Date had not been heretofore delivered, such items shall have been delivered to, and shall be satisfactory to, the Administrative Agent; and

(iv) except in the case of SAC, if the SAC Merger has occurred, such Subsidiary Borrower shall have received the consent of the Administrative Agent, such consent not to be unreasonably withheld.

(b) Each Subsidiary Borrower shall cease to be a Borrower hereunder upon the delivery to the Administrative Agent of an Election to Terminate in the form of Exhibit L hereto or such Subsidiary Borrower ceasing to be a Subsidiary. Upon ceasing to be a Borrower pursuant to the preceding sentence, a Borrower shall lose the right to request Borrowings hereunder, but such circumstance shall not affect any obligation of a Subsidiary Borrower theretofore incurred.

SECTION 6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Banks to enter into this Agreement and to make the Loans, and issue (and participate in) the Letters of Credit as provided herein, each Borrower makes the following representations, warranties and agreements, all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans and issuance of the Letters of Credit.

Section 6.01. Status. Each of the Company and its Material Subsidiaries (i) is duly organized, validly existing and, if applicable, in good standing, under the laws of the jurisdiction of its incorporation or organization, (ii) has the corporate or comparable power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified as a foreign corporation and, if applicable, in good standing in each jurisdiction where the ownership, leasing or operation of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

Section 6.02. Power and Authority. Each Borrower and each Subsidiary Guarantor has the corporate or comparable power and authority to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is a party and has taken all necessary corporate or comparable action to authorize the execution, delivery and performance by it of each of such Credit Documents. Each Borrower and each Subsidiary Guarantor has duly executed and delivered each of the Credit Documents to which it is a party, and each of such Credit Documents constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

Section 6.03. No Violation. Neither the execution, delivery or performance by any Borrower or any Guarantor of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (i) contravenes any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, except where such contravention would not reasonably be expected to have a Material Adverse Effect, (ii) conflicts or is inconsistent with or results in any breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Company or any of its Material Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which the Company or any of its Material Subsidiaries is a party or by which it or any of its property or assets are bound or to which it may be subject, except where such conflict, inconsistency, breach or default would not reasonably be expected to result in a Material Adverse Effect or (iii) violates any provision of the certificate of incorporation or by-laws (or the equivalent documents) of the Company or any of its Material Subsidiaries.

Section 6.04. Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made on or prior to the relevant Credit Event and which remain in full force and effect), or

exemption by, any governmental or public body or authority, or any subdivision thereof, is required to be obtained by the Company, any Borrower or any Guarantor to authorize, or is required for, (i) the execution, delivery and performance of any Credit Document or (ii) the legality, validity, binding effect or enforceability of any Credit Document.

Section 6.05. Financial Statements; Financial Condition. The W. R. Grace & Co./Grace Packaging Special-Purpose Combined Financial Statements appearing at pages F-1 through F-22 of the Joint Proxy Statement/Prospectus of the Company dated February 13, 1998 and the Unaudited Special-Purpose Combined Interim Financial Statements appearing at pages F-23 through F-26 of the Joint Proxy Statement/Prospectus of the Company dated February 13, 1998 present fairly, in all material respects, the combined financial position of the Company and Grace Packaging (as that term is defined in Note 1 to such Special-Purpose Combined Financial Statements) at the dates of the balance sheets, and the combined earnings and cash flows of Grace Packaging (as so defined) for the periods specified therein, in accordance with the basis of presentation described in Note 1 to such Special-Purpose Combined Financial Statements and Note 1 to such Unaudited Special-Purpose Combined Interim Financial Statements, as applicable. Such Special-Purpose Combined Financial Statements and Unaudited Special-Purpose Combined Interim Financial Statements have been prepared in accordance with generally accepted accounting principles and practices consistently applied (except as set forth in the notes to such Special-Purpose Combined Financial Statements and the notes to such Unaudited Special-Purpose Combined Interim Financial Statements). During the period from September 30, 1997 to the Effective Date, there has been no change in the business, results of operations or financial condition of Grace Packaging (as so defined), that would reasonably be expected to have a Material Adverse Effect.

Section 6.06. Litigation. Except for certain proceedings, investigations and other legal matters as to which the Company cannot currently predict the results or impact, if any, but as to which in any event, pursuant to the Distribution Agreement, the Company and Cryovac and its affiliates are indemnified by the New Grace Group (as defined in the Distribution Agreement), there are no actions, suits or proceedings pending or, to the knowledge of any Borrower, threatened against the Company or any Material Subsidiary in which there is a reasonable possibility of an adverse decision (i) which in any manner draws into question the validity or enforceability of any Credit Document or (ii) that would reasonably be expected to have a Material Adverse Effect.

Section 6.07. True and Complete Disclosure. All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of the Company or any of its Subsidiaries in writing to any Bank (including, without limitation, all information relating to the Company and its Subsidiaries contained in the Credit Documents but excluding any forecasts and projections of financial information and results submitted to any Bank) for purposes of or in connection with this Agreement, or any transaction contemplated herein, is to the knowledge of the Company true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

Section 6.08. Use of Proceeds; Margin Regulations. (a) All proceeds of Loans shall be used by the respective Borrowers (i) to make cash transfers as provided in the Distribution Agreement, (ii) to repay certain existing Indebtedness of the Company and its Subsidiaries, or (iii) for the working capital and general corporate purposes of the Company and its Subsidiaries, including acquisitions of assets and stock (including repurchases by the Company of its own stock).

(b) No part of the proceeds of any Loan will be used by any Borrower or any Subsidiary thereof to purchase or carry any Margin Stock (other than repurchases by the Company of its own stock) or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System.

Section 6.09. Tax Returns and Payments. Each of the Company and its Subsidiaries has timely filed or caused to be timely filed, on the due dates thereof or pursuant to applicable extensions thereof, with the appropriate taxing authority, all Federal and other material returns, statements, forms and reports for taxes (the "Returns") required to be filed by or with respect to the income, properties or operations of the Company and/or any of its Subsidiaries, except where the failure to so file would not reasonably be expected to result in a Material Adverse Effect. Each of the Company and its Subsidiaries has paid all material taxes payable by them other than taxes which are not delinquent, and other than those contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles and which if unpaid would reasonably be expected to result in a Material Adverse Effect.

Section 6.10. Compliance with ERISA. Each Plan is in substantial compliance with the material provisions of ERISA and the Code; no Reportable Event has occurred with respect to a Plan which would reasonably be expected to result in a Material Adverse Effect; no Plan is insolvent or in reorganization; excluding Plans which are multiemployer plans (as defined in Section 4001(a)(3) of ERISA) the aggregate Unfunded Current Liability for all Plans does not exceed $20,000,000, and no Plan has an accumulated or waived funding deficiency or has applied for an extension of any amortization period within the meaning of Section 412 of

the Code; all material contributions required to be made with respect to a Plan have been timely made; neither the Company nor any Subsidiary of the Company nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), or 4971 of the Code; no proceedings have been instituted to terminate, or to appoint a trustee to administer, any Plan other than pursuant to Section 4041(b) of ERISA; and no lien imposed under the Code or ERISA on the assets of the Company or any Subsidiary of the Company or any ERISA Affiliate exists or is likely to arise on account of any Plan. All representations made in this Section 6.10 with respect to Plans which are multiemployer plans (as defined in Section 4001(a)(3) of ERISA) shall be to the best knowledge of the Company.

Section 6.11. Subsidiaries. Schedule 6.11 correctly sets forth, as of the Effective Date, each Material Subsidiary of the Company.

Section 6.12. Compliance with Statutes, etc. Each of the Company and its Subsidiaries is, to the knowledge of the Senior Financial Officers, after due inquiry, in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of their businesses and the ownership of their property, except any such noncompliance as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 6.13. Environmental Matters. (a) Each of the Company and its Subsidiaries is, to the knowledge of the Senior Financial Officers, after due inquiry, in compliance with all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws, except for any such noncompliance or failures which would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has received notice to the effect that its operations are not in compliance with any of the requirements of any Environmental Law or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to release of any toxic or hazardous waste or substance into the environment, except for notices that relate to noncompliance or remedial action which would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 6.14. Investment Company Act. Neither the Company nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 6.15. Public Utility Holding Company Act. Neither the Company nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 6.16. Patents, Licenses, Franchises and Formulas. Each of the Company and its Subsidiaries owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, or each has obtained licenses or assignments of all other rights of whatever nature necessary for the present conduct of its businesses, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, would reasonably be expected to result in a Material Adverse Effect.

Section 6.17. Properties. Each of the Company and its Subsidiaries has good title to all properties owned by them, free and clear of all Liens, other than as permitted by Section 8.03, except where the failure to have such good title free and clear of such Liens would not reasonably be expected to result in a Material Adverse Effect.

Section 6.18. Labor Relations. Neither the Company nor any of its Subsidiaries is engaged in any unfair labor practice that would reasonably be expected to have a Material Adverse Effect.

SECTION 7. AFFIRMATIVE COVENANTS.

Each Borrower covenants and agrees that on and after the Effective Date and until the Total Commitment and all Letters of Credit have terminated, and the Loans, any Unpaid Drawings and the Notes, together with interest, Fees and all other obligations incurred hereunder and thereunder, are paid in full:

Section 7.01. Information Covenants. The Company will furnish to the Administrative Agent (in sufficient quantity for each Bank):

(a) Quarterly Financial Statements. Within 60 days after the close of each of the first three quarterly accounting periods in each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly accounting period and the related consolidated statements of income for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly accounting period and the related consolidated statement of cash flows for the elapsed portion of the fiscal year ended with the last day of such quarterly accounting period, all of which shall be certified by the chief financial officer of the Company subject to normal year-end audit adjustments and to the fact that such financial statements may be abbreviated and may

omit footnotes or contain incomplete footnotes.

(b) Annual Financial Statements. Within 120 days after the close of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and retained earnings and cash flows for such fiscal year, in each case reported on by independent certified public accountants of recognized national standing.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 7.01 (a) and (b), a certificate of the chief financial officer of the Company to the effect that to the best of such officer's knowledge, no Default has occurred and is continuing, or if the chief financial officer is unable to make such certification, such officer shall supply a statement setting forth the reasons for such inability, specifying the nature and extent of such reasons. Such certificate shall also set forth the calculations required to establish whether the Company was in compliance with the provisions of Sections 8.01 and 8.02, at the end of such fiscal quarter or year, as the case may be.

(d) Notice of Default or Litigation. Promptly, and in any event within five Business Days after a Senior Financial Officer obtains actual knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or (ii) a development or event which would reasonably be expected to have a Material Adverse Effect.

(e) Other Reports and Filings. Within ten Business Days after the same are filed, copies of all reports on Forms 10-K, 10-Q, and 8-K and any amendments thereto, or successor forms, which the Company may file with the Securities Exchange Commission or any governmental agencies substituted therefor.

(f) Other Information. From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

Section 7.02. Books, Records and Inspections. The Company will, and will cause each of its Subsidiaries to, permit officers and designated representatives of the Administrative Agent or the Required Banks, at their own expense, upon five Business Days' notice, to visit and inspect (subject to reasonable safety and confidentiality requirements) any of the properties of the Company or such Subsidiary, and to examine the books of account of the Company or such Subsidiary and discuss the affairs, finances and accounts of the Company or such Subsidiary with, and be advised as to the same by, its and their officers and independent accountants, all at such reasonable times during normal business hours and intervals and to such reasonable extent as the Administrative Agent or the Required Banks may request; provided that such Bank shall have given the Company's Chief Financial Officer or Treasurer a reasonable opportunity to participate therein in person or through a designated representative.

Section 7.03. Maintenance of Insurance. The Company will, and will cause each of its Material Subsidiaries to maintain with financially sound and reputable insurance companies (which may include captive insurers) insurance as is reasonable for the business activities of the Company and its Subsidiaries.

Section 7.04. Corporate Franchises. The Company will, and will cause each of its Material Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and corporate or comparable franchises necessary or desirable in the normal conduct of its business; provided, however, that nothing in this Section 7.04 shall prevent any transaction that is part of the Reorganization or prevent (i) any merger or consolidation between or among the Subsidiaries of the Company, in each case in accordance with Section 8.06, or (ii) the dissolution or liquidation of any Subsidiary of the Company or the withdrawal by the Company or any of its Subsidiaries of its qualification to do business as a foreign corporation in any jurisdiction, if the Company determines that there is a valid business purpose for doing so.

Section 7.05. Compliance with Statutes, etc. The Company will, and will cause each of its Subsidiaries to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including, without limitation, all Environmental Laws applicable to the ownership or use of Real Property now or hereafter owned or operated by the Company or any of its Subsidiaries), except where the necessity of compliance therewith is being contested in good faith and except such noncompliances as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 7.06. ERISA. As soon as possible and, in any event, within 10 days after a Senior Financial Officer of the Company knows of the occurrence of any of the following, the Company will deliver to each of the Banks a certificate of the Chief Financial Officer of the Company setting forth details as to such occurrence and the action, if any, that the Company or a Subsidiary is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Company, the Subsidiary, the ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: that a Reportable Event which would reasonably be expected to result in a Material Adverse Effect

has occurred; that a Plan has been or is expected to be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code; that proceedings may be or have been instituted to terminate or appoint a trustee to administer a Plan pursuant to which the Company, a Subsidiary of the Company or an ERISA Affiliate will be required to contribute amounts in excess of $20,000,000 in the aggregate in any fiscal year of the Company in order to effect such termination; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that the Company, any Subsidiary of the Company or any ERISA Affiliate will or is expected to incur any material liability (including any indirect, contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or with respect to a Plan under Section 401(a)(29) or 4971 of the Code.

Section 7.07. Performance of Obligations. The Company will, and will cause each of its Subsidiaries to, perform all of its material monetary obligations, including tax liabilities, under the terms of each mortgage, indenture, security agreement and other material agreement by which it is bound, except where the same is being contested in good faith and except such non-payments as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 7.08. Spin-off and SAC Merger. Both the Spin-off and the SAC Merger shall have been completed within five days of the first Credit Event hereunder and immediately upon consummation of the SAC Merger all representations and warranties contained herein and in the other Credit Documents shall be deemed to have been made as of the date of consummation of the SAC Merger and after giving effect to the SAC Merger.

Section 7.09. Additional Guarantors. The Company shall (i) within 30 days after the delivery of the financial statements required to be delivered pursuant to Section 7.01(a) or (b) cause each Domestic Subsidiary which, directly, or indirectly, is, at the date of such financial statements, a Material Subsidiary and not already a Subsidiary Guarantor, to become a Subsidiary Guarantor hereunder, (ii) immediately upon consummation of the SAC Merger cause SAC to become a Subsidiary Guarantor hereunder, and (iii) immediately upon consummation of an Acquisition cause any Acquired Entity which, directly or indirectly, is both a Domestic Subsidiary and a Material Subsidiary, to become a Subsidiary Guarantor hereunder, in each case by executing a Subsidiary Guarantee Agreement and delivering to the Administrative Agent the documents that would have been required by Section 5.01(c) if such Subsidiary had been subject thereto on the Effective Date.

SECTION 8. NEGATIVE COVENANTS.

Each Borrower covenants and agrees that on and after the Effective Date and until the Total Commitment and all Letters of Credit have terminated, and the Loans, any Unpaid Drawings and the Notes, together with interest, Fees and all other obligations incurred hereunder and thereunder, are paid in full:

Section 8.01. Interest Coverage Ratio. The Company will not permit the Interest Coverage Ratio (i) for the Test Periods ending on June 30, 1998, September 30, 1998 and December 31, 1998 to be less than 2.8 to 1.0 and (ii) for any Test Period ending after December 31, 1998 to be less than 3.0 to 1.0.

Section 8.02. Leverage Ratio. The Company will not permit the Leverage Ratio at any time after the SAC Merger to be more than 3.5 to 1.0.

Section 8.03. Liens. The Company will not, and will not permit any of its Material Subsidiaries to, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date hereof securing Indebtedness outstanding on the date hereof or incurred pursuant to Section 8.04(b), in any case identified on Schedule 8.04(b);

(b) Liens on any asset securing Indebtedness incurred or assumed after the date hereof for the purpose of financing all or any part of the cost of purchasing or constructing such asset (including any capitalized lease); provided that such Lien attaches to such asset concurrently with or within 180 days after the purchase or completion of construction thereof;

(c) any Lien on any asset of any Person existing at the time such Person becomes a Subsidiary of the Company and not created in contemplation of such event;

(d) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Company or any of its Subsidiaries and not created in contemplation of such event;

(e) any Lien on any asset existing prior to the acquisition thereof by the Company or any of its Subsidiaries and not created in contemplation of such acquisition;

(f) any Lien arising out of the renewal, replacement 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 other than by an amount equal to any reasonable financing fees and is not secured by any additional assets;

(g) Liens created pursuant to any industrial revenue bond or similar conduit financing to secure the related Indebtedness, so long as such Lien is limited to the assets of the related project;

(h) Liens securing any obligations of any Subsidiary of the Company to a Borrower or a Subsidiary Guarantor;

(i) Liens on Accounts Receivable that are the subject of a Permitted Receivables Financing (and any related property that would ordinarily be subjected to a lien in connection therewith, such as proceeds and records);

(j) Liens for taxes, governmental assessments, charges or levies in the nature of taxes not yet due and payable, or Liens for taxes, governmental assessments, charges or levies in the nature of taxes being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Company) have been established;

(k) Liens imposed by law, which were incurred in the ordinary course of business and do not secure indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's, repairmen's and mechanic's liens and other similar Liens arising in the ordinary course of business, including, without limitation, Liens in respect of litigation claims made or filed against the Company or any of its Subsidiaries in the ordinary course of business, and (x) which do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Company and its Subsidiaries or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(l) Permitted Encumbrances;

(m) utility deposits and pledges or deposits in connection with worker's compensation, unemployment insurance and other social security legislation, or to secure the performance of tenders, statutory obligations, surety, customs and appeal bonds, bids, leases, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(n) landlord's liens under leases to which the Company or any of its Subsidiaries is a party;

(o) Liens arising from precautionary UCC financing statement filings regarding operating leases;

(p) Liens not otherwise permitted by the foregoing clauses of this Section securing Indebtedness in an aggregate principal amount outstanding at any time not exceeding the greater of $150,000,000 and 10% of Consolidated Stockholders' Equity as at the last day of the most recently ended fiscal quarter of the Company; and

(q) Prior to the Spin-off, Liens that are permitted by the Existing Credit Agreements.

Section 8.04. Subsidiary Indebtedness. The Company will not permit any of its Material Subsidiaries to create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness incurred pursuant to this Agreement and the Other Credit Agreement;

(b) Indebtedness existing as of February 28, 1998 or incurred pursuant to commitments or lines of credit in effect as of February 28, 1998, in any case identified on Schedule 8.04(b), or any renewal, replacement or refunding thereof so long as such renewals, replacements or refundings do not increase the amount of such Indebtedness or such commitments or lines of credit in the aggregate;

(c) Indebtedness of any Person existing at the time such Person becomes a Subsidiary of the Company or is merged or consolidated into the Company or any of its Subsidiaries and not created in contemplation of such event, provided that on a pro forma basis (assuming that such event had been consummated on the first day of the most recently ended period of four fiscal quarters for which financial statements have been or are required to have been delivered pursuant to Section 7.01), the Company would have been in compliance with Sections 8.01 and 8.02 as of the last day of such period, and any renewal, replacement or refunding thereof so long as such renewal, replacement or refunding does not increase the amount of such Indebtedness;

(d) Indebtedness of a Subsidiary Guarantor;

(e) Indebtedness owed to the Company or a Subsidiary of the Company;

(f) Indebtedness secured by Liens permitted pursuant to Section 8.03(b);

(g) Indebtedness arising under a Permitted Receivables Financing; and

(h) Indebtedness not otherwise permitted by the foregoing clauses of this Section 8.04 in an aggregate principal amount at any time outstanding not exceeding the greater of $150,000,000 and 10% of Consolidated Stockholders' Equity as at the last day of the most recently ended fiscal quarter of the Company.

Section 8.05. Limitations on Acquisitions. The Company will not, and will not permit any of its Subsidiaries, to make any Material Acquisition unless (i) no Event of Default exists or would exist after giving effect to such Material Acquisition and (ii) except in the case of any transaction that is part of the Reorganization, concurrently with or before consummation of such Material Acquisition, the Company delivers to the Administrative Agent a certificate of the Chief Financial Officer of the Company, certifying that (A) immediately upon and following the consummation of such Material Acquisition, the Company will be in compliance with Sections 8.03 and 8.04 and (B) on a pro forma basis (assuming such Material Acquisition had been consummated on the first day of the most recently ended period of four fiscal quarters for which financial statements have been or are required to have been delivered pursuant to Section 7.01 and determined, if the SAC Merger occurs, as to any period of four fiscal quarters during which or before the SAC Merger took place on a pro forma basis assuming the SAC Merger had been consummated on the first day of such period), the Company would have been in compliance with Sections 8.01 and 8.02 as of the last day of such period.

Section 8.06. Mergers and Consolidations. Other than any transaction that is part of the Reorganization, the Company will not, and will not permit any Material Subsidiary to, be a party to any merger or consolidation, provided that:

(a) any Subsidiary may consolidate with or merge into the Company or another Subsidiary if in any such merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation; and

(b) any Person may consolidate with or merge into the Company or any Subsidiary if (A) in any such merger or consolidation involving the Company, the Company is the surviving or continuing corporation, (B) in any such merger or consolidation involving a Subsidiary the corporation resulting from such merger or consolidation shall be a Subsidiary; and (C) at the time of such merger or consolidation and after giving effect thereto, (i) if such transaction constitutes a Material Acquisition, the Company or such Subsidiary has complied with Section 8.05 and (ii) in any event, no Event of Default shall have occurred and be continuing or would result after giving effect to such transaction.

Section 8.07. Asset Sales. (a) Other than in connection with any transaction that is part of the Reorganization or as may be permitted by Section 8.07(b), the Company will not, and will not permit any Material Subsidiary to, sell, lease, transfer or otherwise dispose of (by merger or otherwise to a Person who is not a Wholly-Owned Subsidiary) all or any part of its property if such transaction involves a substantial portion of the business of the Company and its Subsidiaries, taken as a whole. As used in this paragraph, a sale, lease, transfer or other disposition of any property of the Company or a Subsidiary shall be deemed to be a substantial portion of the business of the Company and its Subsidiaries, taken as a whole, if the property proposed to be disposed of, together with all other property previously sold, leased, transferred or disposed of (other than in the ordinary course of business and other than as part of a Permitted Receivables Financing) during the current fiscal year of the Company would exceed 10% of the Consolidated Assets as of the end of the immediately preceding fiscal year (determined, if the SAC Merger occurs, on a pro forma basis assuming the SAC Merger had been consummated on December 31, 1997).

(b) The Company will not, and will not permit any Material Subsidiary to, sell, pledge or otherwise transfer any Accounts Receivable as a method of financing (other than in connection with any transaction that is part of the Reorganization) unless, after giving effect thereto the sum of (i) the aggregate uncollected balances of Accounts Receivable so transferred ("Transferred Receivables") plus (ii) the aggregate amount of collections on Transferred Receivables theretofore received by the seller but not yet remitted to the purchaser, in each case at the date of determination, would not exceed $300,000,000 (a "Permitted Receivables Financing").

Section 8.08. Business. The Company will not, and will not permit any of its Subsidiaries to, engage in any business other than the businesses in which the Company and its subsidiaries, taken as a whole, or, if the SAC Merger occurs, SAC and its Subsidiaries, taken as a whole, are engaged on the Effective Date, plus extensions and expansions thereof, and businesses and activities incidental or related thereto.

Section 8.09. Limitation on Asset Transfers to Foreign Subsidiaries. Neither the Company nor any Domestic Subsidiary, will convey, sell, lease, assign, transfer or otherwise dispose of (collectively, a "transfer") any of its property, business or assets (including, without limitation leasehold interests), whether now owned or hereafter acquired, to any Foreign Subsidiary, except in connection with the Reorganization or such transfers which, individually or in the

aggregate, would not reasonably be expected to materially and adversely affect the business, results of operations or financial condition of the Company or of the Company and its Subsidiaries taken as a whole.

SECTION 9. EVENTS OF DEFAULT.

The occurrence of any of the following specified events shall constitute an "Event of Default":

Section 9.01. Payments. Any Borrower shall (i) default in the payment when due of any payment of principal of its Loans or Notes or (ii) default, and such default shall continue unremedied for at least two Business Days, of any payment of interest on its Loans or Notes, of any Unpaid Drawing or any Fees owing by it hereunder or thereunder; or

Section 9.02. Representations, etc. Any representation, warranty or statement made by any Borrower herein or in any other Credit Document or in any certificate delivered pursuant hereto or thereto shall prove to have been, when made, untrue in any material respect; or

Section 9.03. Covenants. Any Borrower shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 7.08, 7.09 and/or 8 (other than Section 8.08 or 8.09) or (ii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Sections 9.01 and 9.02 and clause (i) of this Section 9.03 but including Sections 8.08 and 8.09) contained in this Agreement and such default described in this clause (ii) shall continue unremedied for a period of 30 days after written notice to the Company by the Administrative Agent or the Required Banks; or

Section 9.04. Default Under Other Agreements. (i) The Company or any of its Subsidiaries shall (x) default in any payment of any Indebtedness (other than the Notes) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (y) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Notes) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity or (ii) any Indebtedness of the Company or any of its Subsidiaries shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled or other mandatory required prepayment or by reason of optional prepayment or tender by the issuer at its discretion, prior to the stated maturity thereof; provided that it shall not constitute an Event of Default pursuant to this Section 9.04 unless the aggregate amount of all Indebtedness referred to in clauses (i) and (ii) above exceeds $20,000,000 at any one time; or

Section 9.05. Bankruptcy, etc. The Company or any of its Material Subsidiaries shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against the Company or any of its Material Subsidiaries, and the petition is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Company or any of its Material Subsidiaries, or the Company or any of its Material Subsidiaries commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any of its Material Subsidiaries, or there is commenced against the Company or any of its Material Subsidiaries any such proceeding which remains undismissed for a period of 60 days, or the Company or any of its Material Subsidiaries is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Company or any of its Material Subsidiaries suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Company or any of its Material Subsidiaries makes a general assignment for the benefit of creditors; or any corporate action is taken by the Company or any of its Material Subsidiaries for the purpose of effecting any of the foregoing; or

Section 9.06. ERISA. (a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan shall have had or is likely to have a trustee appointed to administer such Plan, any Plan is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA (other than 4041(b)), any Plan shall have an Unfunded Current Liability, a material contribution required to be made to a Plan has not been timely made, the Company or any Subsidiary of the Company or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), or 4971 of the Code; (b) there shall result from any such event or events the imposition of a lien, the granting of a security interest, or a liability, involving in any case in excess of $20,000,000; and (c) which lien, security interest or liability, would reasonably be expected to have a Material Adverse Effect; or

Section 9.07. Judgments. One or more judgments or decrees shall be entered against the Company or any of its Material Subsidiaries involving in the aggregate for the Company and its Material Subsidiaries a

liability (not paid or fully covered by insurance) of $20,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 30 days from the entry thereof; or

Section 9.08. Guaranty. The Guaranty or any provision thereof shall cease to be in full force or effect, or any Guarantor or any Person acting by or on behalf of any Guarantor shall deny or disaffirm such Guarantor's obligations under the Guaranty; or

Section 9.09. Change of Control. A Change of Control shall occur.

If an Event of Default has occurred and is continuing, the Administrative Agent shall upon the written request of the Required Banks, by written notice to the Company, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Bank or the holder of any Note to enforce its claims against any Borrower (provided, that, if an Event of Default specified in Section 9.05 shall occur with respect to any Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Company as specified in clauses (i), (ii) and (v) below shall occur automatically without the giving of any such notice): (i) declare the Total Commitment terminated, whereupon the Commitment of each Bank shall forthwith terminate immediately and any Facility Fee and other Fees shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Loans and the Notes and all obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; (iii) terminate any Letter of Credit which may be terminated in accordance with its terms; (iv) direct the Company to pay (and the Company agrees that upon receipt of such notice, or upon the occurrence of an Event of Default specified in Section 9.05 in respect of the Company, it will pay) to the Administrative Agent at its Payment Office such additional amounts of cash, to be held as security for the Company's reimbursement obligations for Drawings that may subsequently occur under outstanding Letters of Credit thereunder, equal to the aggregate Stated Amount of all Letters of Credit issued and then outstanding; and (v) apply any cash collateral as provided in Section 4.02(a).

SECTION 10. DEFINITIONS AND ACCOUNTING TERMS.

Section 10.01. Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ABN AMRO" shall mean ABN AMRO Bank N.V. in its individual capacity.

"Accounts Receivable" shall mean, with respect to any Person, all rights of such Person to the payment of money arising out of any sale, lease or other disposition of goods or provision of services by such Person.

"Acquired Entities" shall mean any Person that becomes a Subsidiary as a result of an Acquisition.

"Acquisition" means (i) an investment by the Company or any of its Subsidiaries in any Person (other than the Company or any of its Subsidiaries) pursuant to which such Person shall become a Subsidiary or shall be merged into or consolidated with the Company or any of its Subsidiaries or (ii) an acquisition by the Company or any of its Subsidiaries of the property and assets of any Person (other than the Company or any of its Subsidiaries) that constitutes substantially all of the assets of such Person or any division or line or business of such Person.

"Administrative Agent" shall mean ABN AMRO Bank N.V., in its capacity as Administrative Agent for the Banks hereunder, and shall include any successor to the Administrative Agent appointed pursuant to Section 11.09.

"Affiliate" shall mean, with respect to any Person, any other Person (i) directly or indirectly controlling (including, but not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with, such Person or (ii) that directly or indirectly owns more than 5% of the voting securities of such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of, such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Global Revolving Credit Agreement, as modified, supplemented, amended, restated, extended, renewed or replaced from time to time.

"Applicable Credit Rating" at any time shall mean (i) the Moody's Credit Rating at such time and the S&P Credit Rating at such time, if such Credit Ratings are the same, or (ii) if the Moody's Credit Rating and the S&P Credit Rating differ by one level (it being understood that a rating level shall include numerical modifiers and (+) and (-) modifiers), the Applicable Credit Rating shall be the higher of the two Credit Ratings or (iii) if the Moody's Credit Rating and the S&P Credit Rating differ by more than one level, the Applicable Credit Rating shall be the Credit Rating that is one level lower than the higher of the two Credit Ratings. If any

Credit Rating shall be changed by Moody's or S&P, such change shall be effective for purposes of this definition as of the Business Day following such change. Any change in the Applicable Credit Rating shall apply during the period beginning on the effective date of such change and ending on the date immediately preceding the effective date of the next such change.

"Applicable Margin" shall mean, for any day, the rate per annum set forth below opposite the Applicable Rating Period then in effect, it being understood that the Applicable Margin shall be based on the Applicable Rating Period designated as a "Category D Period" until such time as the Leverage Ratio for the first Test Period ended after the Effective Date shall be determined as provided in the definition of "Applicable Rating Period" or until the Company shall have obtained both a Moody's Credit Rating and S&P Credit Rating, at which time the Applicable Margin shall be determined as provided below:

APPLICABLE RATING PERIOD RATE

Category A Period .190% Category B Period .225%
Category C Period .285% Category D Period .325%
Category E Period .450% Category F Period .550%

provided, that for each day the sum of the outstanding principal amount of the Loans, Unpaid Drawings, and the Stated Amount of all Letters of Credit outstanding plus the outstanding principal amount of the "Loans", "Unpaid Drawings", and the Stated Amount of all "Letters of Credit" outstanding under the Other Credit Agreement exceeds $800,000,000, the Applicable Margin shall be increased by 0.05% per annum.

"Applicable Rating Period" shall mean, subject to the terms and conditions set forth below, the period set forth below then in effect:

APPLICABLE RATING PERIOD	CRITERIA
Category A Period	Either (i) the Applicable Credit Rating is A-or higher (to the extent based on a S&P Credit Rating) or A3 or higher (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is less than 1.00:1.00.
Category B Period	Either (i) the Applicable Credit Rating is BBB+ (to the extent based on a S&P Credit Rating) or Baa1 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 1.00:1.00, but less than 1.50:1.00, and in either case a Category A Period is not then in effect.
Category C Period	Either (i) the Applicable Credit Rating is BBB (to the extent based on a S&P Credit Rating) or Baa2 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 1.50:1.00, but less than 2.00:1.00, and in either case neither a Category A Period nor a Category B Period is then in effect.
Category D Period	Either (i) the Applicable Credit Rating is BBB- (to the extent based on a S&P Credit Rating) or Baa3 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 2.00:1.00, but less than 2.50:1.00, and in either case neither a Category A Period, Category B Period nor a Category C Period is in effect.
Category E Period	Either (i) the Applicable Credit Rating is BB+ (to the extent based on a S&P Credit Rating) or Ba1 (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 2.50:1.00, but less than 3.00:1.00, and in either case neither a Category A Period, Category B Period, Category C Period nor Category D Period is then in effect.
Category F Period	Either (i) the Applicable Credit Rating is

BB or lower (to the extent based on a S&P Credit Rating) or Ba2 or lower (to the extent based on a Moody's Credit Rating) or (ii) the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b) is greater than or equal to 3.00:1.00, and in either case neither a Category A Period, Category B Period, Category C Period, Category D Period nor Category E Period is then in effect.

A Leverage Ratio shall remain in effect until the date the Administrative Agent receives the Company's most recent financial statements pursuant to Section 7.01(a) or (b), at which time the Applicable Rating Period shall be adjusted based upon the Leverage Ratio for the Test Period ending on the last day of the immediately preceding fiscal quarter. If the Company fails to deliver its financial statements within the times specified in Section 7.01(a) or (b), as applicable, then the Company shall be deemed to have a Category F Period Leverage Ratio for such Test Period until it delivers such financial statements, at which time the Applicable Rating Period will be adjusted effective as of the date of the receipt of such financial statements based upon the Leverage Ratio as of the last day of the Test Period covered by such financial statements. Notwithstanding anything to the contrary contained herein, in the event that only one Credit Rating exists at any time or if no Credit Rating exists, then the Applicable Rating Period shall be based on the Leverage Ratio as of the last day of the Test Period then last ended as determined from the most recent financial statements delivered pursuant to Section 7.01(a) or (b).

"Assignment and Assumption Agreement" shall mean the Assignment and Assumption Agreement substantially in the form of Exhibit G (appropriately completed).

"Bank" shall mean each financial institution listed in Schedule 1.01, as well as any Person which becomes a "Bank" hereunder pursuant to Section 13.04.

"Bank Default" shall mean (i) the refusal (which has not been retracted) of a Bank to make available its portion of any Borrowing (including any Mandatory Borrowing) or to fund its portion of any unreimbursed payment under Section 2.04(c) or (ii) a Bank having notified in writing the Company and/or the Administrative Agent that it does not intend to comply with its obligations under Section 1.01(a), (b) or (c) or Section 2, in the case of either clause (i) or (ii) as a result of any takeover of such Bank by any regulatory authority or agency.

"Bankruptcy Code" shall have the meaning provided in Section 9.05.

"Base Rate" at any time shall mean the higher of (x) the rate which is 1/2 of 1% in excess of the Federal Funds Rate and (y) the Prime Lending Rate as in effect from time to time.

"Base Rate Loans" shall mean any Loan designated as such by the respective Borrower at the time of the incurrence thereof or conversion thereto.

"Bid Borrowing" shall mean a Borrowing consisting of simultaneous Bid Loans from each of the Banks whose offer to make one or more Bid Loans as part of such Borrowing has been accepted by the Company under the procedure described in Section 1.04.

"Bid Loan" shall mean a Loan by a Bank to the Company as part of a Bid Borrowing.

"Bid Note" shall have the meaning provided in Section 1.06(b).

"Borrower" shall have the meaning provided in the first paragraph of this Agreement.

"Borrowing" shall mean (i) the borrowing by a Borrower of one Type of Loan on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurocurrency Loans the same Interest Period, provided that Base Rate Loans incurred pursuant to Section 1.11(b) shall be considered part of the related Borrowing of Eurocurrency Loans and (ii) the borrowing by the Company of Swingline Loans from ABN AMRO on a given date.

"Business Day" shall mean (i) for all purposes other than as covered by clauses (ii) or (iii) below, any day except Saturday, Sunday and any day which shall be in New York City a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close, (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurocurrency Loans denominated in Dollars, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in the London interbank Eurocurrency market and (iii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Local Currency Loans or Eurocurrency Loans denominated in a Local Currency, any day which is a Business Day described in clause (i) above and on which banks and foreign exchange markets are open for business in the city where disbursements of or payments on such Loan are to be made.

"Capital Leases" shall mean at any date any lease of Property which, in accordance with generally accepted accounting principles, would be required to be capitalized on the balance sheet of the lessee.

"Change of Control" shall mean (i) any "Person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), excluding an employee benefit or stock ownership plan of the Company, is or shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 50% or more on a fully diluted basis of the voting stock of the Company or shall have the right to elect a majority of the directors of the Company or (ii) the Board of Directors of the Company shall cease to consist of a majority of Continuing Directors; provided that any change in the ownership of the stock of the Company or change in the Board of Directors of the Company occurring in connection with the consummation of the Reorganization shall not result in the occurrence of a Change of Control.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement, and to any subsequent provisions of the Code amendatory thereof, supplemental thereto or substituted therefor.

"Commitment" of any Bank shall mean its Revolving Loan Commitment and its Local Currency Commitments.

"Company" shall have the meaning provided in the first paragraph of this Agreement.

"Consolidated Assets" shall mean, at any date, the total assets of the Company and its Subsidiaries as at such date in accordance with GAAP.

"Consolidated Debt" shall mean, at any time, all Indebtedness (other than Contingent Obligations) of the Company and its Subsidiaries determined on a consolidated basis.

"Consolidated Interest Expense" for any period shall mean total interest expense (including amounts properly attributable to interest with respect to capital leases in accordance with generally accepted accounting principles and amortization of debt discount and debt issuance costs) of the Company and its Subsidiaries on a consolidated basis for such period.

"Consolidated Liabilities" shall mean, at any date, the sum of all liabilities of the Company and its Subsidiaries as at such date in accordance with GAAP, provided that the Convertible Preferred Stock shall not be a liability.

"Consolidated Stockholders' Equity" shall mean, at any date, the remainder of (a) Consolidated Assets as at such date, minus (b) Consolidated Liabilities as at such date.

"Contingent Obligation" shall mean, as to any Person, any obligation of such Person guaranteeing any Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the amount such Person guarantees but in any event not more than the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Continuing Directors" shall mean the directors of the Company on the Effective Date and each other director, if such director becomes a director in connection with the Reorganization or such director's nomination for election to the Board of Directors of the Company is recommended by a majority of the then Continuing Directors.

"Convertible Preferred Stock" shall mean the voting convertible preferred stock, which will become (with the consummation of the SAC Merger) series A preferred stock of the Company.

"Credit Documents" shall mean this Agreement, and once executed and delivered pursuant to the terms of this Agreement, each Note, each Letter of Credit Request, each Notice of Borrowing, each Notice of Conversion, each Letter of Credit, all Local Currency Documentation, each Notice of Bid Borrowing and each Subsidiary Guarantee Agreement.

"Credit Event" shall mean (i) the occurrence of the Effective Date and (ii) the making of any Loan or the issuance of any Letter of Credit.

"Credit Rating" shall mean the Moody's Credit Rating or the S&P Credit Rating.

"Creditors" shall mean and include the Administrative Agent, each Bank and the Issuing Agent.

"Cryovac" shall have the meaning provided in the first paragraph

of this Agreement.

"Default" shall mean any Event of Default or event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Distribution Agreement" shall have the same meaning herein as in the Merger Agreement.

"Dollars" and the sign "$" shall each mean freely transferable lawful money of the United States (expressed in dollars).

"Domestic Subsidiary" shall mean any Subsidiary of the Company other than a Foreign Subsidiary.

"Drawing" shall have the meaning provided in Section 2.05(b).

"EBITDA" for any period shall mean the consolidated net income (or loss) of the Company and its Subsidiaries for such period, adjusted by adding thereto (or subtracting in the case of a gain) the following amounts to the extent deducted or included, as applicable, when calculating consolidated net income (a) Consolidated Interest Expense, (b) income taxes, (c) any extraordinary gains or losses, (d) gains or losses from sales of assets (other than from sales of inventory in the ordinary course of business), (e) all amortization of goodwill and other intangibles, (f) depreciation, (g) all non-cash contributions or accruals to or with respect to deferred profit sharing or compensation plans, (h) any non-cash gains or losses resulting from the cumulative effect of changes in accounting principles, and (i) non-recurring reasonable charges incurred by the Company or any of its Subsidiaries on or prior to December 31, 1998 in connection with the Reorganization and any restructuring charges or any asset revaluation provisions, to the extent such amounts do not exceed $80,000,000; provided that there shall be included in such determination for such period all such amounts attributable to any Acquired Entity acquired during such period pursuant to an Acquisition to the extent not subsequently sold or otherwise disposed of during such period for the portion of such period prior to such Acquisition; provided further that any amounts added to consolidated net income pursuant to clause (g) above for any period shall be deducted from consolidated net income for the period, if ever, in which such amounts are paid in cash by the Company or any of its Subsidiaries.

"Effective Date" shall have the meaning provided in Section 13.10.

"Election to Become a Subsidiary Borrower" shall mean an Election to Become a Subsidiary Borrower in the form of Exhibit H, which shall be executed by each Subsidiary Borrower in accordance with Section 5.03.

"Eligible Transferee" shall mean and include a commercial bank or financial institution.

"Environmental Claims" shall mean any and all administrative, regulatory or judicial actions, suits, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any violation (or alleged violation) by the Company or any of its Subsidiaries under any Environmental Law (hereafter "Claims") or any permit issued under any such law, including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to the environment.

"Environmental Law" shall mean any federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to the environment or Hazardous Materials.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with the Company or any of its Subsidiaries would be deemed to be a "single employer" (i) within the meaning of Section 414(b), (c), (m) and (o) of the Code or (ii) as a result of the Company or any of its Subsidiaries being or having been a general partner of such person.

"Euro" shall mean the currency of participating member states of the European Union that adopt a single currency in accordance with the Treaty on European Union signed February 7, 1992.

"Eurocurrency" means any of Australian Dollars, Belgian Francs, Canadian Dollars, Deutsche Marks, Dollars, Dutch Guilders, French Francs, Italian Lire, Japanese Yen, Norwegian Krone, British Pounds Sterling, Spanish Pesetas, Swedish Krona, and any other currency approved by the Administrative Agent and the Banks, in each case for so long as such currency is freely transferable and convertible to Dollars and is available to the Required Banks.

"Eurocurrency Loan" shall mean any Loan designated as such by the requesting Borrower at the time of the incurrence thereof or conversion thereto.

"Eurocurrency Reserve Percentage" shall mean the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D).

"Eurocurrency Rate" shall mean the offered quotation to first-class banks in the London interbank eurocurrency market by ABN AMRO for deposits of amounts in Dollars or the relevant Eurocurrency, as appropriate, in immediately available funds comparable to the outstanding principal amount of the Eurocurrency Loan of ABN AMRO with maturities comparable to the Interest Period applicable to such Eurocurrency Loan commencing two Business Days thereafter as of 11:00 A.M. (London time) on the date which is two Business Days prior to the commencement of such Interest Period.

"Event of Default" shall have the meaning provided in Section 9.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Existing Credit Agreements" shall mean (i) the Credit Agreement dated as of May 16, 1997 among W. R. Grace & Co.-Conn., W. R. Grace & Co., the Banks party thereto and The Chase Manhattan Bank, as Administrative Agent, and (ii) the 364-Day Credit Agreement dated as of May 16, 1997 among W. R. Grace & Co.-Conn., W. R. Grace & Co., the Banks party thereto, NationsBank, N.A. (South), as Documentation Agent, and The Chase Manhattan Bank as Administrative Agent.

"Facility Fee" shall have the meaning provided in Section 3.01(a).

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

"Fees" shall mean all amounts payable pursuant to or referred to in Section 3.01.

"Final Maturity Date" shall mean March 29, 1999.

"Fixed Rate Loans" shall mean Bid Loans, Eurocurrency Loans and Offered Rate Loans.

"Foreign Subsidiary" shall mean (i) each Subsidiary of the Company not incorporated under the laws of the United States or of any State thereof and (ii) any other Subsidiary of the Company substantially all of the operations of which remain outside the United States.

"Guaranteed Obligations" shall mean the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on each Note and Loan made under this Agreement, together with all the other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Company and each Subsidiary Borrower to the Administrative Agent and the Banks now existing or hereafter incurred under, arising out of or in connection with this Agreement or any other Credit Document to which the Company or any Subsidiary Borrower is a party and the due performance and compliance with all the terms, conditions and agreements contained in such Credit Documents by the Company and each Subsidiary Borrower.

"Guarantor" shall mean the Company or a Subsidiary Guarantor.

"Guarantors" shall mean the Company and each Subsidiary Guarantor.

"Guaranty" shall mean the Guaranty of the Company and the Subsidiary Guarantors set forth in Section 12.

"Hazardous Materials" shall mean (a) any petrochemical or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, and radon gas; and (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous wastes," "restrictive hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar meaning and regulatory effect under any applicable Environmental Law.

"Indebtedness" of any Person means, at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services (except trade accounts payable and accrued expenses arising in the ordinary course of business) to

the extent such amounts would in accordance with GAAP be recorded as debt on a balance sheet of such Person, (iv) all obligations of such Person as lessee which are capitalized in accordance with GAAP, (v) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit (other than letters of credit which secure obligations in respect of trade payables or other letters of credit not securing Indebtedness, unless such reimbursement obligation remains unsatisfied for more than 3 Business Days), (vi) all Indebtedness secured by a Lien on any asset of such Person, whether or not such Indebtedness is otherwise an obligation of such Person, and (vii) all Contingent Obligations of such Person minus the portion of such Contingent Obligation which is secured by a letter of credit naming such Person as beneficiary issued by a bank which, at the time of the issuance (or any renewal or extension) of such Letter of Credit has a long term senior unsecured indebtedness rating of at least A by S&P or A2 by Moody's.

"Interest Coverage Ratio" for any period shall mean the ratio of EBITDA to the sum of (i) Consolidated Interest Expense for such period and (ii) the aggregate principal amount of dividends paid or accrued on the Company's preferred stock during such period; provided that when calculating the Interest Coverage Ratio (i) for the period ending June 30, 1998 Consolidated Interest Expense and dividends shall be the amount equal to the Interest Expense and dividends paid for the fiscal quarter ending June 30, 1998 times four (4); (ii) for the period ending September 30, 1998 Consolidated Interest Expense and dividends shall be the amount calculated for the two fiscal quarters ending September 30, 1998 times two (2); and (iii) for the period ending December 31, 1998 Consolidated Interest Expense and dividends shall be the amount calculated for the three fiscal quarters ending December 31, 1998 times one and one-third (1-1/3).

"Interest Determination Date" shall mean, with respect to any Eurocurrency Loan, the Business Day established in accordance with market custom and practice in the Eurocurrency market, as determined by the Administrative Agent (it being agreed that such date is the second Business Day) prior to the commencement of any Interest Period relating to such Eurocurrency Loan for Dollars and all Local Currencies (other than Pound Sterling) and the first day of such Interest Period for Pounds Sterling).

"Interest Period" shall have the meaning provided in Section 1.10.

"Issuing Agent" shall mean ABN AMRO Bank N.V. in its capacity as issuer of the Letters of Credit and, if ABN AMRO shall cease to be a Bank hereunder, such Bank which has agreed with the Company to act as issuer of the Letters of Credit.

"Judgment Currency" shall have the meaning provided in Section 13.17.

"Judgment Currency Conversion Date" shall have the meaning provided in Section 13.17.

"Letter of Credit" shall have the meaning provided in Section 2.01(a).

"Letter of Credit Fee" shall have the meaning provided in Section 3.01(b).

"Letter of Credit Outstandings" shall mean, at any time, the sum of (i) the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the aggregate amount of all Unpaid Drawings.

"Letter of Credit Request" shall have the meaning provided in Section 2.03(a).

"Leverage Ratio" shall mean, at any time, the ratio of Consolidated Debt at such time to EBITDA for the Test Period last ended.

"Lien" shall mean any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other) or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease.

"Loan" shall mean any Revolving Loan, Bid Loan, Swingline Loan or Local Currency Loan.

"Local Affiliate" means any Affiliate of a Bank who has executed a Local Currency Designation and Assignment Agreement and as to which such Bank has not delivered a notice terminating such designation.

"Local Currency" shall mean any currency in which a Bank has agreed to extend a Local Currency Commitment.

"Local Currency Addendum" means a Local Currency Addendum in the form of Exhibit I hereto and shall be executed by a Subsidiary Borrower (if applicable), the Company, a Bank and the Administrative Agent which, among other things, specifies the Local Currency Commitment designated in Dollars which such Bank is willing to provide, the applicable country and currency in which Local Currency Loans made pursuant to such Local Currency Commitment will be made available, the interest rate and margin applicable to such Local Currency Loans, the fees which will accrue on such Local Currency Commitment and such other borrowing mechanics as may be applicable.

"Local Currency Commitment" means, for any Bank or any Local Affiliate, the amount specified in the applicable Local Currency Documentation, as the same may be adjusted from time to time pursuant to Section 1.01(d) and the applicable Local Currency Documentation.

"Local Currency Designation and Assignment Agreement" means a Local Currency Designation and Assignment Agreement in the form of Exhibit J hereto and shall be executed by the Company, a Subsidiary Borrower (if applicable), a Bank, such Bank's Local Affiliate and the Administrative Agent which, among other things, specifies such Local Affiliate's Local Currency Commitment designated in Dollars, the applicable country and currency in which Local Currency Loans made pursuant to such Local Currency Commitment will be made available, the interest rate and margin applicable to such Local Currency Loans, the fees which will accrue on such Local Currency Commitment and such other borrowing mechanics as may be applicable.

"Local Currency Documentation" means, in the case of a Bank providing a Local Currency Commitment, a Local Currency Addendum and in the case of a Local Affiliate providing a Local Currency Commitment, a Local Currency Designation and Assignment Agreement, and any documents executed in connection therewith.

"Local Currency Loan" shall have the meaning provided in Section 1.01(d)(ii).

"Local Currency Note" shall have the meaning provided in Section 1.06(b).

"Mandatory Borrowings" shall have the meaning provided in Section 1.01(c).

"Margin Stock" shall have the meaning provided in Regulation U of the Board of Governors of the Federal Reserve System.

"Material Adverse Effect" means a material adverse effect on the business, results of operations, or financial condition of the Company and its Subsidiaries, taken as a whole.

"Material Acquisition" means an Acquisition in which the aggregate purchase price paid in cash or property (other than property consisting of equity shares or interests or other equivalents of corporate stock of, or partnership or other ownership interests in, the Company), equals or exceeds 10% of the sum (calculated without giving effect to such Acquisition) of (i) Consolidated Debt (determined as at the end of the most recently ended fiscal quarter of the Company), plus (ii) Consolidated Stockholders' Equity (determined as at the end of the then most recently ended fiscal quarter of the Company), plus (iii) any increase thereof attributable to any equity offerings or issuances of capital stock occurring subsequent to the end of such fiscal quarter and before any such purchase or acquisition.

"Material Subsidiary" means any Borrower and any other Subsidiary that, directly or indirectly through a Subsidiary, either (A) owns assets with a book value in excess of 2% of the book value of the Consolidated Assets measured as of the last day of the most recently completed fiscal quarter for which financial statements have been delivered pursuant to Section 7.01(a) or (b) or (B) generated annual revenues in excess of 2% of the revenues of the Company and its Subsidiaries, taken as a whole, for the most recently completed four fiscal quarter period for which financial statements have been delivered pursuant to Section 7.01(a) or (b) (determined in each case, if a Material Acquisition occurs, on a pro forma basis assuming such Material Acquisition had been consummated on the first day of the most recently ended four fiscal quarter period).

"Maximum Swingline Amount" shall mean $20,000,000.

"Merger Agreement" shall mean the Agreement and Plan of Merger dated as of August 14, 1997 among the Company, Packco Acquisition Corp. and SAC, as amended.

"Moody's" shall mean Moody's Investors Service, Inc.

"Moody's Credit Rating" shall mean the rating level (it being understood that a rating level shall include numerical modifiers and (+) and (-) modifiers) assigned, whether express or indicative, by Moody's to the Company's senior unsecured long-term debt, provided that in the event that no senior unsecured long-term debt of the Company is rated by Moody's, there shall be no Moody's Credit Rating.

"Non-U.K. Bank" shall have the meaning provided in Section 4.04(c).

"Note" shall mean and include each Revolving Note, Bid Note, Swingline Note and each Local Currency Note.

"Notice of Bid Borrowing" shall have the meaning provided in Section 1.04(a)(i).

"Notice of Borrowing" shall have the meaning provided in Section 1.03(a).

"Notice of Conversion" shall have the meaning provided in Section 1.07.

"Notice Office" shall mean the office of the Administrative Agent located at 1325 Avenue of the Americas, New York, New York 10019, Attention: Agency Services, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"NYSE" shall mean The New York Stock Exchange.

"Obligations" shall mean all amounts owing to the Administrative Agent or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Obligation Currency" shall have the meaning provided in Section 13.17.

"Offered Rate Loan" shall have the meaning provided in Section 1.01(b)

"Original Dollar Amount" means the amount of any Obligation denominated in Dollars and, in relation to any Loan denominated in a currency other than Dollars, the U.S. Dollar Equivalent of such Loan on the day it is advanced or continued for an additional Interest Period.

"Other Credit Agreement" shall mean the Global Revolving Credit Agreement (5-Year) dated as of the date hereof among the Company, Cryovac, each Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as guarantors, the banks party thereto from time to time, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, as amended from time to time.

"Participant" shall have the meaning provided in Section 2.04(a).

"Payment Office" shall mean the office of the Administrative Agent located at 1325 Avenue of the Americas, New York, New York 10019, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA or any successor thereto.

"Percentage" of any Bank at any time shall mean a fraction (expressed as a percentage) the numerator of which is the Revolving Loan Commitment of such Bank at such time and the denominator of which is the Total Revolving Loan Commitment at such time; provided, that if the Percentage of any Bank is to be determined after the Total Revolving Loan Commitment has been terminated, then the Percentages of the Banks shall be determined immediately prior (and without giving effect) to such termination.

"Permitted Encumbrances" shall mean as of any particular time, (i) such easements, leases, subleases, encroachments, rights of way, minor defects, irregularities or encumbrances on title which are not unusual with respect to property similar in character to any such Real Property and which do not secure Indebtedness and do not materially impair such Real Property for the purpose for which it is held or materially interfere with the conduct of the business of the Company or any of its Subsidiaries and (ii) municipal and zoning ordinances, which are not violated by the existing improvements and the present use made by the Company or any of its Subsidiaries of such Real Property.

"Permitted Receivables Financing" shall have the meaning provided in Section 8.07(b).

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer or single-employer plan subject to Title IV of ERISA which is maintained or contributed to by (or to which there is an obligation to contribute to) the Company or a Subsidiary of the Company or an ERISA Affiliate, and each such plan for the five-year period immediately following the latest date on which the Company or a Subsidiary of the Company or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"Prime Lending Rate" shall mean the rate which ABN AMRO announces from time to time as its prime lending rate for U.S. Dollar loans to borrowers located in the United States. The Prime Lending Rate shall change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. ABN AMRO may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Real Property" of any Person shall mean all of the right, title and interest of such Person in and to land, improvements and fixtures, including leaseholds.

"Register" shall have the meaning provided in Section 13.16.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing or migration into the environment.

"Replaced Bank" shall have the meaning provided in Section 1.14.

"Replacement Bank" shall have the meaning provided in Section

1.14.

"Reportable Event" shall mean an event described in Section 4043(b) and (c) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Reorganization" means the transactions contemplated by the Distribution Agreement and the Merger Agreement.

"Required Banks" shall mean Banks, the sum of whose outstanding Revolving Loan Commitments (or after the termination thereof, outstanding Revolving Loans, Bid Loans and Percentage of outstanding Swingline Loans and Letter of Credit Outstandings) and, subject to Section 1.01(d)(iv), Local Currency Commitments (or after the termination thereof, outstanding Local Currency Loans) represent an amount greater than 50% of the sum of the Total Revolving Loan Commitment (or after the termination thereof, the sum of the then total outstanding Revolving Loans and the aggregate Percentages of the total outstanding Swingline Loans and Letter of Credit Outstandings at such time) and the Total Local Currency Commitment (or after the termination thereof, the total outstanding Local Currency Loans).

"Returns" shall have the meaning provided in Section 6.09.

"Revolving Loan" shall have the meaning provided in Section 1.01(a).

"Revolving Loan Commitment" shall mean, for each Bank, the amount set forth opposite such Bank's name in Schedule 1.01 directly below the column entitled "Revolving Loan Commitment," as same may be (x) adjusted from time to time pursuant to Sections 1.01(d), 3.02, 3.03 and/or 9 or (y) adjusted from time to time as a result of assignments to or from such Bank pursuant to Section 1.14 or 13.04(b).

"Revolving Note" shall have the meaning provided in Section 1.06(b).

"SAC" means Sealed Air Corporation, a Delaware corporation (to be renamed "Sealed Air Corporation (US)").

"SAC Merger" shall mean the merger of Packco Acquisition Corp. with and into SAC as contemplated by the Merger Agreement.

"Section 4.04(b)(ii) Certificate" shall have the meaning provided in Section 4.04(b).

"Securities Act" shall mean the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

"Senior Financial Officer" shall mean the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Treasurer and each Assistant Treasurer of the Company.

"S&P" shall mean Standard & Poor's Ratings Services, a division of McGraw Hill, Inc.

"S&P Credit Rating" shall mean the rating level (it being understood that a rating level shall include numerical modifiers and (+) and (-) modifiers) assigned, whether express or implied, by S&P to the Company's senior unsecured long-term debt, provided that in the event that no senior unsecured outstanding long-term debt of the Company is rated by S&P there shall be no S&P Credit Rating.

"Spin-off" shall mean the transfer by the Company of all the equity interests in Grace Specialty Chemicals, Inc. to the stockholders of the Company substantially on the terms specified in the Merger Agreement and the Distribution Agreement.

"Stated Amount" of each Letter of Credit shall mean at any time the maximum amount available to be drawn thereunder at such time, determined without regard to whether any conditions to drawing could then be met.

"Subsidiary" shall mean, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time; provided that prior to the Spin-off each reference in this Agreement and any other Credit Document to any Subsidiary of the Company or to the Company and its Subsidiaries, taken as a whole, shall be deemed to refer, respectively, only to Cryovac and Cryovac's Subsidiaries and to the Company and Cryovac and Cryovac's Subsidiaries, taken as a whole.

"Subsidiary Borrower" shall mean and include Cryovac and any other Wholly-Owned Subsidiary of the Company that has become and remains a Subsidiary Borrower pursuant to Section 5.03.

"Subsidiary Guarantee Agreement" means a letter to the Administrative Agent in the form of Exhibit K hereto executed by a Subsidiary whereby it acknowledges it is party hereto as a Guarantor under Section 12 hereof.

"Subsidiary Guarantor" shall mean Cryovac and all other Domestic Subsidiaries of the Company which pursuant to Section 7.09 have become and remain Guarantors hereunder.

"Swingline Expiry Date" shall mean the date which is two Business Days prior to the Final Maturity Date.

"Swingline Loan" shall have the meaning provided in Section 1.01(b).

"Swingline Note" shall have the meaning provided in Section 1.06(b).

"Taxes" shall have the meaning provided in Section 4.04(a).

"Test Period" shall mean the four consecutive fiscal quarters of the Company then last ended, in each case taken as one accounting period.

"Total Local Currency Commitment" shall mean, at any time, the sum of the Local Currency Commitments of each of the Banks and their Local Affiliates.

"Total Commitment" shall mean, at any time, the sum of the Commitments of each of the Banks.

"Total Revolving Loan Commitment" shall mean, at any time, the sum of the Revolving Loan Commitments of each of the Banks.

"Total Unutilized Revolving Loan Commitment" shall mean, at any time, an amount equal to the remainder of (x) the then Total Revolving Loan Commitment less (y) the sum of the aggregate principal amount of Revolving Loans, Bid Loans and Swingline Loans outstanding plus the then aggregate amount of Letter of Credit Outstandings.

"Tranche" shall mean the respective facility and commitments utilized in making Loans, with there being four separate Tranches, i.e., Bid Loans, Revolving Loans, Swingline Loans and Local Currency Loans.

"Type" shall mean any type of Loan determined with respect to the interest option and currency applicable thereto, i.e., a Base Rate Loan, Bid Loan, Offered Rate Loan or a Eurocurrency Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"Unfunded Current Liability" of any Plan means the amount, if any, by which the actuarial present value of the accumulated plan benefits under the Plan as of the close of its most recent plan year exceeds the fair market value of the assets allocable thereto, each determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of such Plan.

"United States" and "U.S." shall each mean the United States of America.

"Unpaid Drawings" shall have the meaning provided in Section 2.05(a).

"Unutilized Revolving Loan Commitment" of any Bank at any time shall mean the Revolving Loan Commitment of such Bank at such time less the sum of (i) the aggregate principal amount of Revolving Loans made by such Bank and then outstanding and (ii) such Bank's Percentage of Swingline Loans and the Letter of Credit Outstandings at such time.

"U.S. Dollar Equivalent" means the amount of Dollars which would be realized by converting another currency into Dollars in the spot market at the exchange rate quoted by the Administrative Agent, at approximately 11:00 a.m. (London time) two Business Days prior to the date on which a computation thereof is required to be made, to major banks in the interbank foreign exchange market for the purchase of Dollars for such other currency.

"Wholly-Owned Subsidiary" shall mean, as to any Person, (i) any corporation 100% of whose capital stock (other than director's qualifying shares) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Wholly-Owned Subsidiaries of such Person has a 100% equity interest at such time.

Section 10.02. Principles of Construction. (a) All references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Agreement unless otherwise specified.

(b) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in the United Sates as in effect from time to time.

SECTION 11. THE ADMINISTRATIVE AGENT.

Section 11.01. Appointment. The Banks hereby designate ABN AMRO Bank N.V. as Administrative Agent to act as specified herein and in the other Credit Documents. Each Bank hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, the Administrative Agent to take such action on its behalf under the provisions of this Agreement, the other Credit Documents and any other instruments and agreements referred to herein or

therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder by or through its respective officers, directors, agents, employees or affiliates.

Section 11.02. Nature of Duties. The Administrative Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement and the other Credit Documents. Neither the Administrative Agent nor any of its respective officers, directors, agents, employees or affiliates shall be liable for any action taken or omitted by it or them hereunder or under any other Credit Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have by reason of this Agreement or any other Credit Documents a fiduciary relationship in respect of any Bank or the holder of any Note; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

Section 11.03. Lack of Reliance on the Administrative Agent. Independently and without reliance upon the Administrative Agent, each Bank and the holder of each Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Company and its Subsidiaries in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of the Company and its Subsidiaries and, except as expressly provided in this Agreement, the Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Bank or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. The Administrative Agent shall not be responsible to any Bank or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of the Company and its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit Document, or the financial condition of the Company and its Subsidiaries or the existence or possible existence of any Default or Event of Default.

Section 11.04. Certain Rights of the Administrative Agent. If the Administrative Agent shall request instructions from the Required Banks with respect to any act or action (including failure to act) in connection with the Agreement or any Credit Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Banks; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Bank or the holder of any Note shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Banks.

Section 11.05. Reliance. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that the Administrative Agent believed to be the proper Person, and, without respect to all legal maters pertaining to this Agreement and any other Credit Document and its duties hereunder and thereunder, upon advice of counsel selected by the Administrative Agent.

Section 11.06. Indemnification. To the extent the Administrative Agent is not reimbursed and indemnified by the Borrowers, the Banks will reimburse and indemnify the Administrative Agent, in proportion to their respective Percentages as used in determining the Required Banks, for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its respective duties as Administrative Agent hereunder or under any other Credit Document, in any way relating to or arising out of this Agreement or any other Credit Document; provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

Section 11.07. The Administrative Agent in Its Individual Capacity. With respect to its obligation to make Loans and issue Letters of Credit under this Agreement, the Administrative Agent shall have the rights and powers specified herein for a "Bank" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Banks," "Required Banks," "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Company or any Subsidiary or Affiliate of the Company as if they were not performing

the duties specified herein, and may accept fees and other consideration from the Borrowers for services in connection with this Agreement and otherwise without having to account for the same to the Banks.

Section 11.08. Holders. The Administrative Agent shall deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee, assignee or endorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefor.

Section 11.09. Resignation by the Administrative Agent. (a) The Administrative Agent may resign from the performance of all its functions and duties hereunder and/or under the other Credit Documents at any time by giving 30 days' prior written notice to the Company and the Banks. Such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below.

(b) Upon any such notice of resignation, the Required Banks shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial bank or trust company reasonably acceptable to the Company.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent, with the consent of the Company, shall then appoint a commercial bank or trust company with capital and surplus of not less than $500,000,000 as successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Required Banks appoint a successor Administrative Agent as provided above.

Section 11.10. Documentation Agent and Syndication Agents. Nothing in this Agreement shall impose upon the Documentation Agent or either Syndication Agent, in their respective capacities as such, any duty or responsibility whatsoever.

SECTION 12. GUARANTY.

Section 12.01. The Guaranty. In order to induce the Banks to enter into this Agreement and to extend credit hereunder to the Borrowers and in recognition of the direct benefits to be received by the Company and each Subsidiary Guarantor from the proceeds of the Loans to the Borrowers, each Guarantor hereby agrees with the Banks as follows: each Guarantor hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all of the Guaranteed Obligations to the Creditors. If any or all of the Guaranteed Obligations to the Creditors becomes due and payable hereunder, each Guarantor unconditionally promises to pay such indebtedness to the Creditors, or order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Creditors in collecting any of the Guaranteed Obligations.

Section 12.02. Bankruptcy. Additionally, each Guarantor unconditionally and irrevocably guarantees the payment of any and all of the Guaranteed Obligations to the Creditors whether or not then due or payable by any Borrower upon the occurrence in respect of such Borrower of any of the events specified in Section 9.05, and unconditionally and irrevocably promises to pay such Guaranteed Obligations to the Creditors, or order, on demand, in lawful money of the United States.

Section 12.03. Nature of Liability. The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Guaranteed Obligations whether executed by such Guarantor, any other guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by any Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations of any Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by any Borrower, or (e) any payment made to the Administrative Agent or the Creditors on the indebtedness which the Administrative Agent or such Creditors repay any Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

Section 12.04. Independent Obligation. The obligations of each Guarantor hereunder are independent of the obligations of any other guarantor or any Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other guarantor or any Borrower and whether or not any other Guarantor or any Borrower be joined in any such action or actions. Each Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by any Borrower or other circumstance which operates to toll any statute of limitations as to such Borrower shall operate to toll the statute of limitations as to each Guarantor.

Section 12.05. Authorization. Each Guarantor authorizes the Creditors without notice or demand (except as shall be required by applicable law and cannot be waived), and without affecting or impairing

its liability hereunder, from time to time to:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;

(c) exercise or refrain from exercising any rights against any Borrower or others or otherwise act or refrain from acting;

(d) release or substitute any one or more endorsers, guarantors, any Borrower or other obligors;

(e) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of any Borrower to its creditors other than the Creditors;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of any Borrower to the Creditors regardless of what liability or liabilities of the Company or any Borrower remain unpaid;

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement this Agreement or any of such other instruments or agreements; and/or

(h) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Section 12.

Section 12.06. Reliance. It is not necessary for the Creditors to inquire into the capacity or powers of any Borrower or the officers, directors, partners or agents acting or purporting to act on its behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 12.07. Subordination. Any of the indebtedness of any Borrower relating to the Guaranteed Obligations now or hereafter owing to a Guarantor is hereby subordinated to the Guaranteed Obligations of such Borrower owing to the Creditors; and if the Administrative Agent so requests at a time when an Event of Default exists, all such indebtedness relating to the Guaranteed Obligations of such Borrower to a Guarantor shall be collected, enforced and received by the Company for the benefit of the Creditors and be paid over to the Administrative Agent on behalf of the Creditors on account of the Guaranteed Obligations of such Borrower to the Creditors, but without affecting or impairing in any manner the liability of such Guarantor under the other provisions of this Guaranty. Prior to the transfer by any Guarantor of any note or negotiable instrument evidencing any of the indebtedness relating to the Guaranteed Obligations of any Borrower to such Guarantor, such Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, each Guarantor hereby agrees with the Creditors that it will not exercise any right of subrogation or contribution which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 5.09 of the Bankruptcy Code or otherwise) against any Borrower or any other Guarantor until all Guaranteed Obligations have been irrevocably paid in full in cash.

Section 12.08. Waiver. (a) Each Guarantor waives any right (except as shall be required by applicable law and cannot be waived) to require the Creditors to (i) proceed against any Borrower or any other party, (ii) proceed against or exhaust any security held from any Borrower or any other party or (iii) pursue any other remedy in the Administrative Agent's or any other Creditors' power whatsoever. Each Guarantor waives any defense based on or arising out of any defense of any Borrower or any other party, other than payment in full of the Guaranteed Obligations, based on or arising out of the disability of any Borrower, any other guarantor or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Borrower other than payment in full of the Guaranteed Obligations. To the greatest extent permitted by law the Creditors may, at their election, foreclose on any security held by the Administrative Agent or any other Creditors by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent and

any other Creditors may have against any Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid. Each Guarantor waives any defense arising out of any such election by the Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against any Borrower or any other Guarantor or any other party or any security.

(b) Each Guarantor waives all presentments, demands for performance, protests and notices (except as otherwise expressly provided for herein), including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Each Guarantor assumes all responsibility for being and keeping itself informed of each Borrower's financial condition and assets, and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which each Guarantor assumes and incurs hereunder, and agrees that the Creditors shall have no duty to advise any Guarantor of information known to them regarding such circumstances or risks.

Section 12.09. Nature of Liability. It is the desire and intent of the Guarantors and the Creditors that this Guaranty shall be enforced against each Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of any Guarantor under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of the Guaranteed Obligations of such Guarantor shall be deemed to be reduced and such Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable law.

Section 12.10. Judgments Binding. If claim is ever made upon any Creditor or any subsequent holder of a Note of any Borrower for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant, then and in such event each Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon each Guarantor, notwithstanding any revocation hereof or the cancellation of any Note or other instrument evidencing any liability of any Borrower, and each Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

SECTION 13. MISCELLANEOUS.

Section 13.01. Payment of Expenses, Etc. The Borrowers jointly and severally shall: (i) whether or not the transactions contemplated herein are consummated, pay all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and disbursements of Chapman and Cutler subject to any ceiling separately agreed) in connection with the preparation, execution and delivery of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein and any amendment, waiver or consent relating hereto or thereto, of the Administrative Agent in connection with its syndication efforts with respect to this Agreement and of the Administrative Agent and, following an Event of Default, each of the Banks in connection with the enforcement of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel for the Administrative Agent and, following an Event of Default, for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify the Administrative Agent and each Bank, and each of their respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations (including removal or remedial actions), losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not the Administrative Agent or any Bank is a party thereto) related to the entering into and/or performance of this Agreement or any other Credit Document or the use of any Letter of Credit or the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein or in any other Credit Document or the exercise of any of their rights or remedies provided herein or in the other Credit Documents, or (b) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property owned or at any time operated by the Company or any of its Subsidiaries, the generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by the Company or any of its Subsidiaries, the non-compliance of any Real Property with foreign, federal, state and local laws, regulations, and ordinances (including applicable permits thereunder) applicable to any Real Property,

or any Environmental Claim asserted against the Company, any of its Subsidiaries or any Real Property owned or at any time operated by the Company or any of its Subsidiaries, including, in each case, without limitation, the reasonable fees and disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify, pay or hold harmless the Administrative Agent or any Bank set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrowers shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

Section 13.02. Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Company or any Subsidiary Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) (in whatever currency denominated) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Company or any Subsidiary Borrower against and on account of the Obligations and liabilities of the Company or any Subsidiary Borrower to such Bank under this Agreement or under any of the other Credit Documents, (in whatever currency denominated) including, without limitation, all interests in Obligations purchased by such Bank pursuant to Section 13.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

Section 13.03. Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier) and mailed, telecopied, cabled or delivered: if to the Company or Cryovac at: One Town Center Road, Boca Raton, Florida 33486-1010, Attention: Susan G. Eccher, Assistant Treasurer, (Tel.) 561-362-1949, (Fax) 561-362-1944; if to any Subsidiary Borrower, at such Subsidiary Borrower's address provided in the respective Election to Become a Subsidiary Borrower; if to any Subsidiary Guarantor, at such Subsidiary Guarantor's address specified opposite its signature below as provided in the respective Subsidiary Guarantee Agreement; if to any Bank, at its address specified opposite its name on the applicable signature page hereof or in the applicable Assignment and Assumption Agreement; and if to the Administrative Agent, at its Notice Office; or, as to any Borrower, any Subsidiary Guarantor or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Bank, at such other address as shall be designated by such Bank in a written notice to the Company and the Administrative Agent. All such notices and communications shall, when mailed, telecopied, or cabled or sent by overnight courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telecopier, except that notices and communications to the Administrative Agent shall not be effective until received by the Administrative Agent.

Section 13.04. Benefit of Agreement, Etc. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, no Borrower may assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of the Banks and, provided, further, that, although any Bank may transfer, assign or grant participations in its rights hereunder, such Bank shall remain a "Bank" for all purposes hereunder (and may not transfer or assign all or any portion of its Commitments hereunder except as provided in Section 13.04(b)) and the transferee, assignee or participant, as the case may be, shall not constitute a "Bank" hereunder and, provided, further, that no Bank shall transfer or grant any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend the final scheduled maturity of any Loan, Note or Letter of Credit (unless such Letter of Credit is not extended beyond the Final Maturity Date) in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof) or (ii) consent to the assignment or transfer by any Borrower of any of its rights and obligations under this Agreement. In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto) and all amounts payable by the Borrowers hereunder shall be determined as if such Bank had not sold such participation.

(b) Notwithstanding the foregoing, any Bank (or any Bank together with one or more other Banks) may (x) assign all or a portion of its Revolving Loan Commitment (and related outstanding Obligations

hereunder) to its parent company and/or any affiliate of such Bank which is at least 80% owned by such Bank or its parent company or to one or more Banks or (y) assign all, or if less than all, a portion, when added to the "Revolving Loan Commitment" under the Other Credit Agreement assigned concurrently therewith, equal to at least $10,000,000 in the aggregate for the assigning Bank or assigning Banks, of such Revolving Loan Commitments (and related outstanding Obligations) hereunder to one or more Eligible Transferees, each of which assignees shall become a party to this Agreement as a Bank by execution of an Assignment and Assumption Agreement, provided that (i) at such time Schedule 1.01 shall be deemed modified to reflect the Commitments of such new Bank and of the existing Banks, (ii) upon surrender of any old Notes, upon request new Notes will be issued to such new Bank and to the assigning Bank, such new Notes to be in conformity with the requirements of Section 1.06 (with appropriate modifications) to the extent needed to reflect the revised Commitments, (iii) the consent of the Administrative Agent and the Company shall be required in connection with any such assignment pursuant to clause (y) above (which consent shall not be unreasonably withheld), (iv) the assigning Bank shall assign the same percentage of its "Revolving Credit Commitment" under the Other Credit Agreement concurrently with such assignment, and (v) the Administrative Agent shall receive at the time of each such assignment, from the assigning or assignee Bank, the payment of a non-refundable assignment fee of $3,500 (which assignment fee need not be paid hereunder if the assignment fee is paid under the Other Credit Agreement) and, provided, further, that such transfer or assignment will not be effective until recorded by the Administrative Agent on the Register pursuant to Section 13.16. To the extent of any assignment pursuant to this Section 13.04(b), the assigning Bank shall be relieved of its obligations hereunder with respect to its assigned Commitments. At the time of each assignment pursuant to this Section 13.04(b) to a Person which is not already a Bank hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Bank shall provide to the Company and the Administrative Agent the appropriate Internal Revenue Service Forms (and, if applicable a Section 4.04(b)(ii) Certificate) described in Section 4.04(b). To the extent that an assignment of all or any portion of a Bank's Commitments and related outstanding Obligations pursuant to Section 1.14 or this Section 13.04(b) would, at the time of such assignment, result in increased costs under Section 1.11, 1.12 or 2.06 from those being charged by the respective assigning Bank prior to such assignment, then the Company shall not be obligated to pay such increased costs (although the Company shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(c) Nothing in this Agreement shall prevent or prohibit any Bank from pledging its Loans and Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank.

Section 13.05. No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent or any Bank or any holder of any Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any Borrower and the Administrative Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on any Borrower in any case shall entitle any Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

Section 13.06. Payments Pro Rata. (a) Except as otherwise provided in this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the respective Borrower in respect of any Obligations hereunder, it shall distribute such payment to the Banks (other than any Bank that has consented in writing to waive its pro rata share of any such payment) pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans, Unpaid Drawings, Facility Fee or Letter of Credit Fees, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such Obligations then owed and due to such Bank bears to the total of such Obligations then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the respective Borrower to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided that if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 13.07. Calculations; Computations. (a) All computations of interest, Facility Fees and other Fees hereunder shall be made on the basis of a year of (i) 365/366 days, as applicable, with respect to Facility Fees, Letter of Credit Fees and interest on Base Rate Loans and Eurocurrency Loans

denominated in Pounds Sterling and other Local Currencies customarily computed on such basis in accordance with customary Eurocurrency market practice, as determined by the Administrative Agent and (ii) 360 days, with respect to all other amounts, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or Fees are payable. The applicable Local Currency Documentation may specify that a different day count method is applicable to amounts owing pursuant to such Local Currency Documentation.

(b) For purposes of determining compliance with the dollar amounts set forth in Section 8 and determining the Applicable Margin, the dollar equivalent of any Indebtedness or other obligation incurred in a currency other than Dollars shall be the dollar equivalent thereof as in effect on the last Business Day of the then most recently ended fiscal quarter of the Company and such dollar equivalent shall remain in effect until same is recalculated as of the last Business Day of the immediately succeeding fiscal quarter, and with such dollar equivalent to mean, at any time of determination thereof, the amount of Dollars which could be purchased with the amount of currency involved in such computation at the spot exchange rate therefor as published in the New York edition of The Wall Street Journal on the date one Business Day subsequent to the date of any determination of such dollar equivalent, provided that if the New York edition of The Wall Street Journal is not published on such date, reference shall be made to such rate as set forth in the most recently published New York edition of The Wall Street Journal, and provided further, that if any time the New York edition of The Wall Street Journal ceases to publish such exchange rates, the dollar equivalent shall be the amount of Dollars which could be purchased with the amount of currency involved in such computation at the spot rate therefor as quoted by the Administrative Agent at approximately 11:00 a.m. (London time) on the date two Business Days prior to the date of any determination thereof for purchase on such date.

Section 13.08. Governing Law; Submission to Jurisdiction: Venue; Waiver of Jury Trial. (a) This Agreement and the other Credit Documents and the rights and obligations of the parties hereunder and thereunder shall be construed in accordance with and be governed by the law of the State of New York. Any legal action or proceeding with respect to this Agreement or any other Credit Document may be brought in the courts of the State of New York or the United States for the Southern District of New York located in the Borough of Manhattan, and, by execution and delivery of this Agreement, each Borrower and Subsidiary Guarantor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Borrower and Subsidiary Guarantor hereby further irrevocably waives any claim that any such courts lack jurisdiction over such Borrower or Subsidiary Guarantor, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or any other Credit Document brought in any of the aforesaid courts, that any such court lacks jurisdiction over such Borrower or Subsidiary Guarantor. Each Subsidiary Borrower and Subsidiary Guarantor hereby irrevocably designates, appoints and empowers the Company as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding. If for any reason the Company shall cease to be available to act as such, each Subsidiary Borrower and Subsidiary Guarantor agrees to designate a new designee, appointee and agent in New York City on the terms and for the purposes of this provision satisfactory to the Administrative Agent under this Agreement. Each Borrower and Subsidiary Guarantor further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address specified pursuant to Section 13.03, such service to become effective 30 days after such mailing. Each Borrower and Subsidiary Guarantor hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other Credit Document that service of process was in any way invalid or ineffective. Nothing herein shall affect the right of the Administrative Agent under this Agreement, any Bank or the holder of any Note to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any Borrower or Subsidiary Guarantor in any other jurisdiction.

(b) Each Borrower and Subsidiary Guarantor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Credit Document brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) The Company hereby agrees with each Subsidiary Borrower, each Subsidiary Guarantor, the Administrative Agent and each Bank that the Company irrevocably accepts such appointment as agent as set forth in clause (a) of this Section 13.08 and agrees that the Company (i) shall inform the Administrative Agent promptly in writing of any change of its address, (ii) shall notify the Administrative Agent of any termination of any of the agency relationships created by clause (a) of this Section 13.08, (iii) shall perform its obligations as such agent in accordance with the provisions of clause (a) of this Section 13.08 and (iv) shall forward promptly to each Subsidiary Borrower and Subsidiary Guarantor any legal process received by the Company in its capacity as process agent. As process agent, the Company agrees to discharge the above-mentioned obligations and will not refuse fulfillment of such obligations under clause (a) of this Section 13.08. In addition, the Company agrees that it shall maintain its qualification to do business in the State of New York and shall at all times have a registered agent in New York to receive service of process.

(d) Each of the parties to this Agreement hereby irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement, the other Credit Documents or the transactions contemplated hereby or thereby.

Section 13.09. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Company and the Administrative Agent.

Section 13.10. Effectiveness. This Agreement shall become effective on the date (the "Effective Date") on which (i) the Company, Cryovac and each of the Banks shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at its Notice Office or, in the case of the Banks, shall have given to the Administrative Agent telephonic (confirmed in writing), written or facsimile notice (actually received) at such office that the same has been signed and mailed to it and (ii) all conditions contained in Section 5.01 are met to the satisfaction of the Administrative Agent and the Required Banks (determined after giving effect to the Effective Date). Upon the satisfaction of the conditions described in clause (i) of the immediately preceding sentence and upon the Administrative Agent's good faith determination that the conditions described in clause (ii) of the immediately preceding sentence have been met, then the Effective Date shall be deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been met (although the occurrence of the Effective Date shall not release any Borrower from any liability or prevent the existence of an Event of Default based upon failure to satisfy one or more of the applicable conditions contained in Section 5.01). The Administrative Agent will give each Borrower and each Bank prompt written notice of the occurrence of the Effective Date.

Section 13.11. Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 13.12. Amendment or Waiver; etc. (a) Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Borrowers and the Required Banks, provided that no such change, waiver, discharge or termination shall, without the consent of each Bank (with Obligations being directly affected in the case of following clause (i)), (i) extend the final scheduled maturity of any Loan or Note or extend the stated maturity of any Letter of Credit beyond the Final Maturity Date, or reduce the rate or extend the time of payment of interest thereon or any Fees, or reduce the principal amount thereof, (ii) amend, modify or waive any provision of the definition of "Eurocurrency" or of Section 13.06(b) or this Section 13.12, (iii) reduce the percentage specified in the definition of Required Banks, (iv) except as provided in Section 13.18 hereof, release any Guarantor from its obligations under the Guaranty or (v) consent to the assignment or transfer by any Borrower of any of its rights and obligations under this Agreement; provided further, that no such change, waiver, discharge or termination shall (w) increase the Commitments of any Bank over the amount thereof then in effect without the consent of such Bank (it being understood that waivers or modifications of conditions precedent, covenants or Defaults shall not constitute an increase of the Commitment of a Bank), (x) without the consent of ABN AMRO, amend, modify or waive any provision of Section 2 or alter its rights or obligations with respect to Letters of Credit or Swingline Loans, (y) without the consent of each Bank with a Local Currency Commitment or that has arranged for one of its Local Affiliates to provide a Local Currency Commitment, amend, modify or waive any provision of Section 1 as same applies to Local Currency Commitments, or (z) without the consent of the Administrative Agent, amend, modify or waive any provision of Section 11 as same applies to the Administrative Agent or any other provision as same relates to the rights or obligations of the Administrative Agent.

(b) If, in connection with any proposed change, waiver, discharge or termination with respect to any of the provisions of this Agreement as contemplated by clauses (i) through (v), inclusive, of the first proviso to Section 13.12(a), the consent of the Required Banks is obtained but the consent of one or more of such other Banks whose consent is required is not obtained, then the Company shall have the right, so long as all non-consenting Banks whose individual consent is required are treated as described in either clause (A) or (B) below, to either (A) replace each such non-consenting Bank or Banks with one or more Replacement Banks pursuant to Section 1.14 so long as at the time of such replacement, each such Replacement Bank consents to the proposed change, waiver, discharge or termination or (B) terminate such non-consenting Bank's Revolving Loan Commitment and repay in full such non-consenting Bank's outstanding Loans in accordance with Sections 3.02(b) and 4.01(b), provided that, unless the Commitments that are terminated, and Loans that are repaid, pursuant to preceding clause (B) are immediately replaced in full at such time through the addition of new Banks or the increase of the Commitments and/or outstanding Loans of existing Banks (who in each case must specifically consent thereto), then in the case of any action pursuant to preceding clause (B) the Required Banks (determined before giving effect to the proposed action) must specifically consent thereto, provided further, that in any event the Company shall not have the right to replace a Bank, terminate its Commitments or repay its Loans solely as a result of the exercise of such Bank's rights (and the withholding of any required consent by such Bank) pursuant to the second proviso to Section 13.12(a).

Section 13.13. Survival. All indemnities set forth herein including, without limitation, in Sections 1.11, 1.12, 2.06, 4.04, 13.01 and 13.06 shall survive the execution, delivery and termination of this Agreement and the Notes and the making and repayment of the Loans.

Section 13.14. Domicile of Loans. Each Bank may transfer and carry its Loans at, to or for the account of any office, Subsidiary or Affiliate of such Bank. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Loans pursuant to this Section 13.14 would, at the time of such transfer, result in increased costs under Section 1.11, 1.12, 2.06 or 4.04 from those being charged by the respective Bank prior to such transfer, then the Borrowers shall not be obligated to pay such increased costs (although the Borrowers shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective transfer).

Section 13.15. Confidentiality. (a) Subject to the provisions of clause (b) of this Section 13.15, each Bank agrees that it will use its best efforts not to disclose without the prior consent of the Company (other than to its employees, auditors, advisors or counsel or to another Bank if the Bank or such Bank's holding or parent company in its sole discretion determines that any such party should have access to such information, provided such Persons shall be subject to the provisions of this Section 13.15 to the same extent as such Bank) any information with respect to the Company or any of its Subsidiaries which is now or in the future furnished pursuant to this Agreement or any other Credit Document and which is designated by the Company to the Banks in writing as confidential, provided that any Bank may disclose any such information (i) as has become generally available to the public, (ii) as may be required or appropriate in any report, examination, statement or testimony submitted to any municipal, state or federal regulatory body having or claiming to have jurisdiction over such Bank or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (iii) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (iv) in order to comply with any law, order, regulation or ruling applicable to such Bank, (v) to the Administrative Agent and (vi) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Notes or Revolving Loan Commitments or any interest therein by such Bank, provided, that such prospective transferee agrees to abide by the provisions contained in this Section.

(b) Each Borrower hereby acknowledges and agrees that each Bank may share with any of its affiliates any information related to the Company or any of its Subsidiaries (including, without limitation, any nonpublic customer information regarding the creditworthiness of the Company and its Subsidiaries, provided such Persons shall be subject to the provisions of this Section 13.15 to the same extent as such Bank).

Section 13.16. Register. Each Borrower hereby designates the Administrative Agent to serve as such Borrower's agent, solely for purposes of this Section 13.16, to maintain a register (the "Register") on which it will record the Commitments from time to time of each of the Banks, the Loans made by each of the Banks and each repayment in respect of the principal amount of the Loans of each Bank. Failure to make any such recordation, or any error in such recordation shall not affect such Borrower's obligations in respect of such Loans. With respect to any Bank, the transfer of the Commitment of such Bank and the rights to the principal of, and interest on, any Loan made pursuant to such Commitment shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Commitment and Loans and prior to such recordation all amounts owing to the transferor with respect to such Commitment and Loans shall remain owing to the transferor. The registration of assignment or transfer of all or part of any Commitments and Loans shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement pursuant to Section 13.04(b). Coincident with the delivery of such an Assignment and Assumption Agreement to the Administrative Agent for acceptance and registration of assignment or transfer of all or part of a Loan, or as soon thereafter as practicable, the assigning or transferor Bank shall surrender the Note, if any, evidencing such Loan, and thereupon one or more new Notes, if requested by the transferor Bank and/or the new Bank, shall be issued to the assigning or transferor Bank and/or the new Bank. The Borrowers jointly and severally agree to indemnify the Administrative Agent from and against any and all losses, claims, damages and liabilities of whatsoever nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties under this Section 13.16.

Section 13.17. Judgment Currency. (a) The Borrowers' obligation hereunder and under the other Credit Documents to make payments in Dollars or any other currency (the "Obligation Currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or the respective Bank of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Bank under this Agreement or the other Credit Documents. If for the purpose of obtaining or enforcing judgment against any Borrower in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent)

determined, in each case, as of the day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrowers covenant and agree to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate or exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange for this Section 13.17, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

Section 13.18. Release of Subsidiary Guaranty. The Guaranty provided by a Subsidiary Guarantor will automatically be terminated upon the receipt by the Administrative Agent of a certificate from a Senior Financial Officer, certifying as of the date of the certificate that, after the consummation of the transaction or series of transactions described in such certificate (which certification shall also state that such transactions, individually or in the aggregate, will be in compliance with the terms and conditions of this Agreement, including to the extent applicable, the covenants contained in Section 8, and that no Event of Default existed, exists or will exist, as the case may be, immediately before, as a result of, or immediately after giving effect to the transaction or transactions and the terminations), the Subsidiary identified in such certification will no longer be a Subsidiary of the Company. The Administrative Agent and each Bank shall, at the Company's expense, execute and deliver such instruments as the Company may reasonably request to evidence such termination.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

W. R. GRACE & CO., as Borrower and Guarantor

By /s/ J. Gary Kaenzig, Jr.

Its Senior Vice President

CRYOVAC, INC, as Borrower and Guarantor

By /s/ J. Gary Kaenzig, Jr.

Its Vice President

Address:

500 Park Avenue
New York, New York 10022
Attention: Jack Deegan
Telephone: (212) 446-4263
Telecopy: (212) 446-4237

ABN AMRO BANK N.V., individually and as Administrative Agent

By /s/ John W. Degan

Its Group Vice President

By /s/ Ryan D. Robinson

Its Group Vice President

Address:

335 Madison Avenue, 6th Fl.
New York, NY 10017
Attention: Annette Hanami
Telephone: (212) 503-7483
Telecopy: (212) 503-7355

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By /s/ Ambrish Thanawala

Its Vice President

Address:

130 Liberty Street, 34th Floor
New York, New York 10006
Attention: Gregory Shefrin

BANKERS TRUST COMPANY

Telephone: (212) 250-1724
Telecopy: (212) 250-7218

By /s/ Gregory P. Shefrin

Its Vice President

Address:

NATIONSBANK, N.A.

767 Fifth Avenue, 5th Floor
New York, NY 10153-0083
Attention: Thomas Kane
Telephone: (212) 407-5341
Telecopy: (212) 593-1083

By /s/ Thomas J. Kane

Its Vice President

Address:

CITIBANK, N.A.

399 Park Avenue
New York, New York 10043
Attention: Bill Martens
Telephone: (212) 559-3895
Telecopy: (212) 793-5017

By /s/ William G. Martens III

Its Attorney-in-Fact

Address:

COMMERZBANK AG, NEW YORK BRANCH

Two World Financial Center
34th Floor
New York, NY 10281-1050
Attention: Bob Donohue
Telephone: (212) 266-7336
Telecopy: (212) 266-7594

By /s/ Robert J. Donohue

Its Vice President

By /s/ Peter T. Doyle

Its Assistant Treasurer

Address:

CREDIT LYONNAIS, NEW YORK BRANCH

1301 Ave of the Americas,
18th Flr
New York, New York 10019
Attention: Thomas Randolph
Telephone: (212) 261-7431
Telecopy: (212) 459-3179

By /s/ Vladimir Labun

Its First Vice President - Manager

Address:

FLEET NATIONAL BANK

Mail Stop: CT FD 0752
One Landmark Square
Stamford, CT 06904
Attention: Dorothy Bambach
Telephone: (203) 358-6289
Telecopy: (203) 358-6111

By /s/ Dorothy Bambach

Its Senior Vice President

Address:

SUMMIT BANK

750 Walnut Avenue, 3rd Floor
Cranford, NJ 07016
Attention: L. David Lyons
Telephone: (908) 709-5361
Telecopy: (908) 709-6433

By /s/ L. David Lyons

Its Vice President

Address:

TORONTO DOMINION (TEXAS), INC.

909 Fanin Street
Suite 1700
Houston, Texas 77010

By /s/ Jimmy Simien

Attention: Jimmy Simien
Telephone: (713) 653-8239
Telecopy: (713) 951-9921

Its Vice President

Address:

BANCA DI ROMA

34 East 51st Street
New York, NY 10022
Attention: Luca Balestra
Telephone: (212) 407-1764
Telecopy: (212) 407-1740

By /s/ Luca Balestra

Its Assistant Vice President

By /s/ Amedeo Lanniccari

Its Assistant Vice Presdident

Address:

THE BANK OF NEW YORK

One Wall Street, 21st Street
New York, NY 10286
Attention: Ernest Fung
Telephone: (212) 635-6805
Telecopy: (212) 635-7978

By /s/ Ernest Fung

Its Vice President

Address:

THE BANK OF NOVA SCOTIA

One Liberty Plaza
New York, New York 10006
Attention: Michael Kus
Telephone: (212) 225-5027
Telecopy: (212) 225-5090

By /s/ [illegible]

Its Vice President

Address:

BANCA NAZIONALE DEL LAVORO S.P.A. --
NEW YORK BRANCH

25 West 51st Street, 3rd Floor
New York, NY 10019
Attention: Giulio Giovine
Telephone: (212) 314-0239
Telecopy: (212) 765-2978

By /s/ Giulio Giovine

Its Vice President

By /s/ Leonardo Valentini

Its First Vice President

Address:

COMPAGNIE FINANCIERE DE CIC ET
DE L'UNION EUROPEENNE

520 Madison Avenue, 37th Floor
New York, New York 10022
Attention: Sean Mounier
Telephone: (212) 715-4413
Telecopy: (212) 715-4535

By /s/ Sean Mounier

Its First Vice President

By Brian O'Leary

Its Vice President

Address:

THE FIRST NATIONAL BANK OF CHICAGO

153 West 51st Street
New York, NY 10019
Attention: Juan Duarte
Telephone: (212) 373-1253
Telecopy: (212) 373-1180

By /s/ Stephen E. McDonald

Its First Vice President

Address:

190 River Road MC: NJ3130
2nd Fl.
Summit, NJ 07901
Attention: Mark Smith
Telephone: (908) 598-3079
Telecopy: (908) 598-3085

FIRST UNION NATIONAL BANK

By /s/ Mark R. Smith

Its Senior Vice President

Address:

140 Broadway, 4th Floor
New York, New York 10005-1196
Attention: Diane Zieske
Telephone: (212) 658-2851
Telecopy: (212) 658-5109

MARINE MIDLAND BANK

By /s/ Rochelle Forster

Its Vice President

Address:

191 Peachtree Street N.E. GA-370
Atlanta, GA 30303
Attention: Jim Barwis, RM
Gene Wood, Credit
Telephone: (404) 332-1326
Telecopy: (404) 332-6898

WACHOVIA BANK N.A.

By /s/ Jim Barwis

Its Vice President

Address:

50 South LaSalle Street, B-9
Chicago, Illinois 60675
Attention: Kelly Schneck
Telephone: (312) 630-6203
Telecopy: (312) 444-5055

THE NORTHERN TRUST COMPANY

By /s/ Jaron Grimm

Its Vice President

Address:

565 Fifth Avenue
New York, NY 10017
Attention: Scott Harwood
Telephone: (212) 880-1073
Telecopy: (212) 880-1080

BANK AUSTRIA AKTIENGESELLSCHAFT

By /s/ J. Anthony Seay

Its First Vice President

By W. Scott Harwood

Its Assistant Vice President

Address:

1251 Avenue of the Americas
New York, NY 10020-1104
Attention: William DiNicola
Telephone: (212) 782-4307
Telecopy: (212) 782-6445

THE BANK OF TOKYO-MITSUBISHI, LTD.

By /s/ William DiNicola

Its Attorney-In-Fact

Address:

499 Park Avenue, 9th Floor
New York, NY 10022-1278
Attention: Rick Pace
Telephone: (212) 415-9720
Telecopy: (212) 415-9606

BANQUE NATIONALE DE PARIS

By /s/ Richard Pace

Its Corporate Banking Divisior

By /s/ Robert S. Taylor, Jr.

Its Senior Vice President

Address:

CARIPLO-CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE SPA

10 East 53rd Street, 36th Floor
New York, NY 10022
Attention: Anthony Giobbi
Telephone: (212) 527-8737
Telecopy: (212) 527-8777

By Anthony Giobbi

Its First Vice President

By /s/ Charles W. Kennedy

Its First Vice President

Address:

CREDITO ITALIANO S.P.A.

375 Park Avenue, 2nd Floor
New York, NY 10152
Attention: Harmon Butler
Telephone: (212) 546-9611
Telecopy: (212) 546-9675

By /s/ Harmon Butler

Its First Vice President

By /s/ Umberto Seretti

Its Vice President

Address:

KREDIETBANK N.V.

125 West 55th Street
New York, NY 10019
Attention: Rob Surdam
Telephone: (212) 541-0704
Telecopy: (212) 541-0793

By /s/ Robert Snauffer

Its Vice President

By /s/ Raymond F. Murray

Its Vice President

Address:

MELLON BANK, N.A.

1735 Market Street, 7th Floor
Philadelphia, PA 19103
Attention: Gil Mateer
Telephone: (215) 553-2199
Telecopy: (215) 553-4899

By Gil Mateer

Its Vice President

Address:

BANCA MONTE DEI PASCHI DI SIENA, S.P.A.

55 East 59th Street, 9th Floor
New York, NY 10022
Attention: Robert Woods
Telephone: (212) 891-3655
Telecopy: (212) 891-3661

By /s/ G. Natalicchi

Its S.V.P. & General Manager

By /s/ Brian R. Landy

Its Vice President

Address:

NORDDEUTSCHE LANDESBANK GIROZENTRALE

1270 Avenue of the Americas
14th Floor
New York, NY 10019
Attention: Josef Haas
Telephone: (212) 332-8605
Telecopy: (212) 332-8660

By /s/ Stephen K. Hunter

Its Senior Vice President

By /s/ Josef Haas

Its Vice President

Address:

711 Fifth Avenue, 16th Floor
New York, NY 10022
Attention: Armen Karozichian
Telephone: (212) 583-2604
Telecopy: (212) 371-9386 FAX

SUNTRUST BANK, ATLANTA

By /s/ W. David Winston

Its Group Vice President

By /s/ Laura G. Hanson

Its Assistant Vice President

Address:

245 Park Avenue, 35th Floor
New York, NY 10167
Attention: Gerard McKenna
Telephone: (212) 692-3152
Telecopy: (212) 599-5303

ISTITUTO BANCARIO SAN PAOLO DI TORINO SPA

By /s/ Gerard McKenna

Its Vice President

By /s/ [illegible]

Its First Vice President

Address:

520 Madison Avenue, 8th Floor
New York, NY 10022
Attention: Michael Fought
Telephone: (212) 418-2254
Telecopy: (212) 418-2228

CREDIT AGRICOLE INDOSUEZ

By /s/ Craig Welch

Its First Vice President

By /s/ Sarah McClintock

Its Vice President

Address:

375 Park Avenue, 9th Floor
New York, NY 10152
Attention: Esperanza Quintero
Telephone: (212) 758-5040
Telecopy: (212) 838-1077

BANCA POPOLARE DI MILANO

By /s/ Anthony Franco

Its Executive Vice President & General Manager

By /s/ Esperanza Quintero

Its Vice President

Address

One William Street
New York, NY 10004
Attention: Tom McCullough
Telephone: (212) 607-3886
Telecopy: (212) 809-2124

BANCA COMMERCIALE ITALIANA

By /s/ Charles Dougherty

Its Vice President

By /s/ Karen Purelis

Its Vice President

SCHEDULE 1.01

COMMITMENTS

BANK NAME	COMMITMENT
ABN AMRO Bank N.V.	$31,875,000

Bank of America National Trust and Savings Association	$31,875,000
Bankers Trust Company	$31,875,000
NationsBank, N.A.	$31,875,000
Citibank, N.A.	$25,000,000
Commerzbank AG, New York Branch	$25,000,000
Credit Lyonnais, New York Branch	$25,000,000
Fleet National Bank	$25,000,000
Summit Bank	$25,000,000
Toronto Dominion (Texas), Inc.	$25,000,000
Banca di Roma	$18,750,000
The Bank of New York	$18,750,000
The Bank of Nova Scotia	$18,750,000
Banca Nazionale del Lavoro S.p.A. -- New York Branch	$18,750,000
Compagne Financiere de CIC et de L'Union Europeene	$18,750,000
The First National Bank of Chicago	$18,750,000
First Union National Bank	$18,750,000
Marine Midland Bank	$18,750,000
Wachovia Bank N.A.	$18,750,000
The Northern Trust Company	$10,875,000
Bank Austria Aktiengesellschaft	$10,875,000
The Bank of Tokyo-Mitsubishi, Ltd.	$10,875,000
Banque Nationale de Paris	$10,875,000
Cariplo-Cassa di Risparmio delle Provincie Lombarde SpA	$10,875,000
Credito Italiano S.p.A.	$10,875,000
Kredietbank N.V.	$10,875,000
Mellon Bank, N.A.	$10,875,000
Banca Monte dei Paschi di Siena, S.p.A.	$10,875,000
Norddeutsche Landesbank Girozentrale	$10,875,000
SunTrust Bank, Atlanta	$10,875,000
Istituto Bancario San Paolo di Torino SpA	$10,875,000
Credit Agricole Indosuez	$7,750,000
Banca Popolare di Milano	$7,750,000
Banca Commerciale Italiana	$7,750,000

SCHEDULE 6.11

MATERIAL SUBSIDIARIES

Cryovac, Inc.

SCHEDULE 8.04(b)

EXISTING INDEBTEDNESS

None

EXHIBIT A-1

NOTICE OF REVOLVING CREDIT BORROWING

[Date]

ABN AMRO Bank N.V., as Administrative Agent
for the Banks party to
the Credit Agreement
referred to below

1325 Avenue of the Americas
New York, New York 10019
Attention: Agency Services

Gentlemen:

The undersigned refers to the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998 (as amended, modified or supplemented from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), you, as Administrative Agent for such Banks, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, and hereby gives you notice, irrevocably, pursuant to Section 1.03(a) of the Credit Agreement, that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 1.03(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, ____.1

(ii) The aggregate principal amount of the Proposed Borrowing is $_____.

(iii) The Proposed Borrowing will be a Revolving Loan.

(iv) The Proposed Borrowing is to be initially maintained as a [Base Rate Loan] [Eurocurrency Loan with an initial Interest Period of _____ months].

(v) The applicable Borrower shall be _____.

(vi) The Proposed Borrowing will be denominated in _____.2

- ------------

1 Same Business Day notice is permitted for a Proposed Borrowing of Base Rate Loans, at least three Business Days' prior notice is required for a Proposed Borrowing of Eurocurrency Loans denominated in U.S. Dollars and at least four Business Days' prior notice is required for a Proposed Borrowing of non-U.S. Dollar denominated Eurocurrency Loans.

2 Must be denominated in U.S. Dollars or in any Eurocurrency.

The undersigned hereby certifies that the following statements will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in the Credit Agreement (other than Section 6.05) and in the other Credit Documents will be true and correct in all material respects, both before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, with the same effect as though such representations and warranties had been made on and as of the date of such Proposed Borrowing (it being understood that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only of such specified date); and

(B) no Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

W. R. GRACE & CO.

By

Name:
Title:

EXHIBIT A-2

NOTICE OF BID BORROWING

[Date]

ABN AMRO Bank N.V., as Administrative Agent
for the Banks party to
the Credit Agreement
referred to below

1325 Avenue of the Americas
New York, New York 10019
Attention: Agency Services

Gentlemen:

The undersigned refers to the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998 (as amended, modified or supplemented from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), you, as Administrative Agent for such Banks, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, and hereby gives you notice, irrevocably, pursuant to Section 1.04(a) of the Credit Agreement, that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 1.04(a) of the Credit Agreement:

(i) The date of the Proposed Bid Borrowing1 _____

(ii) Aggregate Principal Amount of each Proposed Bid Borrowing2 _____

(iii) Maturity Date for each Proposed Bid Borrowing3 _____

(iv) Interest Payment Dates for each Proposed Bid Borrowing _____

- ------------

1 At least one Business Day's prior notice is required for a Proposed Bid Borrowing.

2 Not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof.

3 Must be 1 to 180 days after the date of such Proposed Bid Borrowing and in any case of no later than the Final Maturity Date.

The undersigned hereby certifies that the following statements will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in the Credit Agreement (other than Section 6.05) and in the other Credit Documents will be true and correct in all material respects, both before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, with the same effect as though such representations and warranties had been made on and as of the date of such Proposed Borrowing (it being understood that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only of such specified date); and

(B) no Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

W. R. GRACE & CO.

By

Name:
Title:

EXHIBIT B-1

REVOLVING NOTE

New York, New York

---------- --, ----

FOR VALUE RECEIVED, [NAME OF BORROWER], a corporation organized and existing under the laws of _____ (the "Company"), hereby promises to pay to _____ or its registered assigns (the "Bank"), at the office of ABN AMRO Bank N.V. (the

"Administrative Agent") located at 1325 Avenue of the Americas, New York, New York 10019 (or, in the case of Eurocurrency Loans denominated in a currency other than Dollars, at such office as the Administrative Agent has previously notified the Borrower) on the Final Maturity Date (as defined in the Agreement referred to below) the unpaid principal amount of all Revolving Loans (as defined in the Agreement) made by the Bank to the Company pursuant to the Agreement, in each case in the applicable currency of such Revolving Loan in accordance with Section 4.03 of the Agreement.

The Company promises also to pay interest on the unpaid principal amount of each Revolving Loan in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.09 of the Agreement.

This Note is one of the Revolving Notes referred to in the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party thereto (including the Bank), the Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof and the other Credit Documents (as defined in the Agreement). This Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment, in whole or in part, prior to the Final Maturity Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By

Name:
Title:

EXHIBIT B-2

BID NOTE

New York, New York

---------- --, ----

FOR VALUE RECEIVED, W. R. GRACE & CO., a corporation organized and existing under the laws of the State of Delaware (the "Company"), hereby promises to pay to _____ or its registered assigns (the "Bank"), at the office of ABN AMRO Bank N.V. (the "Administrative Agent") located at 1325 Avenue of the Americas, New York, New York 10019, the unpaid principal amount of each Bid Loan (as defined in the Agreement referred to below) made by the Bank to the Company pursuant to the Agreement on the applicable maturity date agreed to by the Company and the Bank for such Bid Loan pursuant to Section 1.04 of the Agreement.

The Company promises also to pay interest on the unpaid principal amount hereof at said office from the date hereof until paid at the rates and at the times provided in Section 1.04(d) of the Agreement.

This Note is one of the Bid Notes referred to in the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party thereto (including the Bank), the Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof and the other Credit Documents (as defined in the Agreement). This Bid Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Bid Note is subject to mandatory repayment, in whole or in part, prior to the Final Maturity Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Bid Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Bid Note.

THIS BID NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY

THE LAWS OF THE STATE OF NEW YORK.

W. R. GRACE & CO.

By

Name:
Title:

EXHIBIT B-3

LOCAL CURRENCY NOTE

---------- --, ----

FOR VALUE RECEIVED, [NAME OF BORROWER], a corporation organized and existing under the laws of _____ (the "Company"), hereby promises to pay to _____ or its registered assigns (the "Bank"), in lawful money of _____ in immediately available funds, at the office of the Bank located at _____ in accordance with the Local Currency Documentation (as defined in the Agreement referred to below) the unpaid principal amount of all Local Currency Loans (as defined in the Agreement) made by the Bank to the Company pursuant to the Agreement and the Local Currency Documentation.

The Company promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in the Local Currency Documentation.

This Note is one of the Local Currency Notes referred to in the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party thereto (including the Bank), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof, the Local Currency Documentation and the other Credit Documents (as defined in the Agreement). This Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment, in whole or in part, prior to the Final Maturity Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

[NAME OF BORROWER]

By

Name:
Title:

EXHIBIT B-4

SWINGLINE NOTE

$_____ New York, New York

---------- --, ----

FOR VALUE RECEIVED, W. R. GRACE & CO., a corporation organized and existing under the laws of Delaware (the "Company"), hereby promises to pay to ABN AMRO Bank N.V. or its registered assigns (the "Bank"), in lawful money of the United States of America in immediately available funds, at the office of ABN AMRO Bank N.V. (the "Administrative Agent") located at 1325 Avenue of the Americas, New York, New York 10019, on the Final Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS ($_____) or, if less, the unpaid principal amount of all Swingline Loans (as defined in the Agreement) made by the Bank to the Company pursuant to the Agreement.

The Company promises also to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.09 of the Agreement.

This Note is the Swingline Note referred to in the Global Revolving

Credit Agreement (364-Day), dated as of March 30, 1998, among the Company, Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower (as defined in the Agreement), the Company and certain Domestic Subsidiaries, as Guarantors, the lenders party thereto (including the Bank), the Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (as from time to time in effect, the "Agreement") and is entitled to the benefits thereof and the other Credit Documents (as defined in the Agreement). This Note is entitled to the benefits of the Guaranty (as defined in the Agreement). As provided in the Agreement, this Note is subject to voluntary prepayment and mandatory repayment, in whole or in part, prior to the Swingline Expiry Date.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

W. R. GRACE & CO.

By

Name:
Title:

EXHIBIT C

LETTER OF CREDIT REQUEST

No. (1) Dated (2)

ABN AMRO Bank N.V., Individually
and as Administrative Agent under
the Global Revolving Credit
Agreement (364-Day) (the "Credit
Agreement"), dated as of March 30,
1998, among W. R. Grace & Co.,
Cryovac, Inc., as the initial
Subsidiary Borrower, and each
additional Subsidiary Borrower, the
Company and certain Domestic
Subsidiaries, as Guarantors, the
lenders from time to time party
thereto (the "Banks"), ABN AMRO
Bank N.V., as Administrative Agent,
Bankers Trust Company, as
Documentation Agent, and Bank of
America National Trust and Savings
Association and NationsBank, N.A.,
as Co-Syndication Agents
1325 Avenue of the Americas
New York, New York 10019

Dear Sirs:

We hereby request that ABN AMRO Bank N.V., in its individual capacity, issue a standby Letter of Credit for the account of the undersigned on (3) (the "Date of Issuance") in the aggregate stated amount of (4)

For purposes of this Letter of Credit Request, unless otherwise defined herein, all capitalized terms used herein which are defined in the Credit Agreement shall have the respective meaning provided therein.

The beneficiary of the requested Letter of Credit will be (5) , and such Letter of Credit will be in support of (6) and will have a stated expiration date of (7).

We hereby certify that:

(1) The representations and warranties contained in the Credit Agreement (other than Section 6.05) and the other Credit Documents will be true and correct in all material respects, both before and after giving effect to the issuance of the Letter of Credit requested hereby, as though made on the Date of Issuance (it being understood that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects as of such specified date).

(2) No Default has occurred and is continuing nor, after giving effect to the issuance of the Letter of Credit requested hereby, would such a Default occur.

Copies of all documentation with respect to the supported transaction

are attached hereto.

W. R. GRACE & CO.

By

Title:

- ------------
(1) Letter of Credit Request Number.

(2) Date of Letter of Credit Request.

(3) Date of Issuance which shall be at least five Business Days from the date hereof and prior to the date 30 days prior to the Final Maturity Date.

(4) Aggregate initial stated amount of Letter of Credit, which amount shall not be less than $250,000.

(5) Insert name and address of beneficiary.

(6) Insert description of obligation to be supported by the requested Letter of Credit.

(7) Insert last date upon which drafts may be presented which may not be later than the fifth Business Day prior to the Final Maturity Date.

EXHIBIT D

SECTION 4.04(b)(ii) CERTIFICATE

Reference is hereby made to the Global Revolving Credit Agreement (364-Day) dated as of March 30, 1998 (the "Credit Agreement"), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A,. as Co-Syndication Agents. Pursuant to the provisions of Section 4.04(b)(ii) of the Credit Agreement, the undersigned hereby certifies that it is not a "bank" as such term is used in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended.

[NAME OF BANK]

By:

Name:
Title:

Date:

EXHIBIT E-1

March 30, 1998

To the Administrative Agent and each of the Banks
party to the Credit Agreement referred to below

Re: Global Revolving Credit Agreement (364-Day), dated as of the date hereof (the "Credit Agreement"), among W. R. Grace & Co., a Delaware corporation ("Grace"), certain of its subsidiaries, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents and the Banks Party thereto (the "Banks")

- ---

Ladies and Gentlemen:

We have acted as special counsel to Grace and Cryovac, Inc., a Delaware corporation ("Cryovac"), in connection with (a) the Credit Agreement and (b) any Notes executed and delivered on the date hereof by Grace and Cryovac (the Credit Agreement and such Notes being herein collectively referred to as the "Credit Documents"). This opinion is being delivered to you pursuant to Section 5.01(b) of the Credit Agreement. Unless otherwise defined herein, capitalized terms used herein have the meanings set forth in the Credit Agreement.

On behalf of Grace and Cryovac, we have participated in the preparation of the Credit Agreement and the other Credit Documents, and have examined copies of each of the foregoing documents executed by Grace and Cryovac. We have also examined such certificates, documents and records, and have made such examination of law, as we have deemed necessary to enable us to render the opinions expressed below. In addition, we have examined and relied as to matters of fact upon representations and warranties contained in the Credit Documents and in certificates, copies of which have been furnished to you, delivered in connection with the Credit

Documents. The opinions expressed below are based and rely exclusively on our review of such documents and laws.

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that:

1. (a) Grace is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has the corporate power and authority under such laws to execute and deliver each of the Credit Documents to which it is a party and perform its obligations as a Borrower and a Guarantor and related obligations under the Credit Documents. The execution and delivery by Grace of the Credit Documents and its performance of its obligations thereunder have been duly and validly authorized by all necessary corporate action of Grace.

(b) Cryovac is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has the corporate power and authority under such laws to execute and deliver each of the Credit Documents to which it is a party and perform its obligations as a Borrower and a Guarantor and related obligations under the Credit Documents. The execution and delivery by Cryovac of the Credit Documents and its performance of its obligations thereunder have been duly and validly authorized by all necessary corporate action of Cryovac.

2. (a) Each of the Credit Documents to which Grace is a party has been duly executed and delivered by a duly authorized officer of Grace.

(b) Each of the Credit Documents to which Cryovac is a party has been duly executed and delivered by a duly authorized officer of Cryovac.

3. (a) Neither the execution nor delivery by Grace of the Credit Documents to which it is a party, nor performance by Grace of its obligations thereunder, (i) contravenes the certificate of incorporation or by-laws, each as amended, of Grace or (ii) contravenes any provisions of any New York or United States federal law, statute, rule or regulation (including Regulations G, T, U, and X of the Board of Governors of the Federal Reserve System) or any provision of the General Corporation Law of the State of Delaware.

(b) Neither the execution nor delivery by Cryovac of the Credit Documents to which it is a party, nor performance by Cryovac of its obligations thereunder, (i) contravenes the certificate of incorporation or by-laws, each as amended, of Cryovac or (ii) contravenes any provisions of any New York or United States federal law, statute, rule or regulation (including Regulations G, T, U, and X of the Board of Governors of the Federal Reserve System) or any provision of the General Corporation Law of the State of Delaware.

4. (a) The Credit Agreement and each of the other Credit Documents to which Grace is a party constitute the legal, valid and binding obligations of Grace, enforceable against Grace in accordance with their respective terms.

(b) The Credit Agreement and each of the other Credit Documents to which Cryovac is a party constitute the legal, valid and binding obligations of Cryovac, enforceable against Cryovac in accordance with their respective terms.

5. No consent or authorization of, filing with, notice to or other similar act by or in respect of any New York, Delaware or United States federal governmental or regulatory authority or agency is required to be obtained or made by or on behalf of Grace as a condition to (i) the execution, delivery or performance of the Credit Documents to which Grace is a party or (ii) the legality, validity, binding effect or enforceability of any such Credit Document with respect to Grace, except for such consents, approvals, authorizations or other actions as have been obtained or performed.

(b) No consent or authorization of, filing with, notice to or other similar act by or in respect of any New York, Delaware or United States federal governmental or regulatory authority or agency is required to be obtained or made by or on behalf of Cryovac as a condition to (i) the execution, delivery or performance of the Credit Documents to which Cryovac is a party or (ii) the legality, validity, binding effect or enforceability of any such Credit Document with respect to Cryovac, except for such consents, approvals, authorizations or other actions as have been obtained or performed.

6. The federal courts located in and state courts of the State of New York will give effect to and recognize the choice of law provisions in those Credit Documents which purport to be governed by the laws of the State of New York.

7. Neither Grace nor Cryovac is an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

8. Neither Grace nor Cryovac is a "holding company," or a "subsidiary company" of a "holding company," within the meaning of the

Public Utility Holding Company Act of 1935, as amended.

The opinions expressed herein are subject to the following qualifications, assumptions and comments:

A. This firm has assumed that: (i) all factual information contained in all documents reviewed by this firm is true and correct; (ii) all signatures on all documents reviewed by this firm are genuine; (iii) all documents submitted to this firm as originals are true and complete; (iv) all documents submitted as copies are true and complete copies of the originals thereof; (v) each of the parties to the Credit Documents other than Grace and Cryovac (the "Other Parties") has all power and authority to execute, deliver and perform its obligations under the Credit Documents to which it is a party; (vi) the Credit Documents have been duly and validly authorized, executed, and delivered by each of the Other Parties which is a party thereto; (vii) each of the Credit Documents is the valid and binding obligation of each of the Other Parties which is a party thereto, enforceable against such Other Party in accordance with its terms; (viii) each natural person signing any document reviewed by this firm had the legal capacity to do so; (ix) each person signing in a representative capacity on behalf of any Other Party any document reviewed by this firm had authority to sign in such capacity; and (x) the laws of any jurisdiction other than the State of New York or the Delaware General Corporation Law that govern any of the documents reviewed by this firm do not modify the terms that appear in any such document.

B. Each of the Credit Documents is subject to the effect of (i) bankruptcy, insolvency, reorganization, liquidation, dissolution, moratorium or other similar laws relating to or affecting the rights of creditors generally and (ii) the application of general principles of equity (regardless of whether the issue is considered in proceedings at law or in equity).

C. We express no opinion as to the effect of the laws of any jurisdiction (other than federal laws and the laws of the State of New York) wherein any Bank may be located which limit rates of interest that may be charged or collected by such Bank.

D. We express no opinion with respect to: (i) the enforceability of provisions in the Credit Documents relating to delay or omission of enforcement of rights or remedies, waivers of defenses, waivers of notices, or waivers of benefits of usury, appraisement, valuation, stay, extension, moratorium, redemption, statutes of limitation or other non-waivable benefits bestowed by operation of law; (ii) the lawfulness or enforceability of exculpation clauses, clauses relating to releases of unmatured claims, clauses purporting to waive unmatured rights, severability clauses, and clauses similar in substance or nature to those expressed in the foregoing clause (i) and this clause (ii), insofar as any of the foregoing are contained in the Credit Documents; or (iii) the enforceability of the indemnification or contribution provisions set forth in the Credit Documents to the extent they purport to relate to liabilities resulting from or based upon a party's own negligence, recklessness or intentional misfeasance or any violation of federal or state securities or blue sky laws.

E. We express no opinion as to: (i) whether a federal or state court outside of the State of New York would give effect to the choice of New York law provided for in the Credit Documents; (ii) provisions of the Credit Documents that relate to the subject matter jurisdiction of the federal courts to adjudicate any controversy related to the Credit Documents or the transactions contemplated thereby; or (iii) any waiver of the defense of inconvenient forum (other than with respect to venue in a New York State court) or of the right to a jury trial in any of the Credit Documents.

F. We express no opinion with respect to Section 13.02 of the Credit Agreement insofar as it purports to create rights of set-off: (i) against special deposits and indebtedness held or owing by persons other than Banks; (ii) in respect of contingent and unmatured indebtedness; (iii) against assets of a Borrower with respect to Indebtedness owing by another Borrower; or (iv) in favor of participants.

G. We express no opinion with respect to the applicability of Section 548 of the federal Bankruptcy Code or any comparable provision of state law, including the provisions relating to fraudulent conveyances and fraudulent transfers. In particular, we express no opinion as to whether Cryovac or any other Subsidiary may guarantee, become a joint and several obligor or otherwise become liable for, or pledge its assets to secure, indebtedness incurred by its parent or another subsidiary of its parent except to the extent such Subsidiary may be determined to have benefitted from the incurrence of such indebtedness by its parent or such other Subsidiary, or as to whether such benefit may be measured other than by the extent to which the proceeds of the indebtedness incurred by its parent or such other Subsidiary are made available to such Subsidiary for its corporate purposes.

H. We note with respect to obligations denominated in a currency other than United States Dollars that (i) a New York statute provides that a judgment by a court of the State of New

York in respect of an obligation denominated in any such other currency would be rendered in such currency and would be converted into United States Dollars at the rate of exchange prevailing on the date of entry of such judgment, (ii) a judgment by a federal court located in the State of New York in respect of such an obligation may be rendered in United States Dollars and we express no opinion as to the rate of exchange such federal court would apply and (iii) Section 13.17 of the Credit Agreement may be unenforceable to the extent it is inconsistent with the foregoing clauses (i) and (ii).

We are members of the bar of the State of New York and we express no opinion as to the laws of any jurisdiction other than the federal laws of the United States of America, the laws of the State of New York and the General Corporation Law of the State of Delaware.

This opinion is rendered solely for your benefit, and the benefit of your successors and assigns, in connection with the transactions described above. This opinion may not be used or relied upon by any other person without our prior written consent.

Very truly yours,

EXHIBIT E-2

March 30, 1998

To the Administrative Agent and each of the Banks
party to the Credit Agreement referred to below

Re: Global Revolving Credit Agreement (364-Day), dated as of the date hereof (the "Credit Agreement"), among W. R. Grace & Co., a Delaware corporation ("Grace"), Cryovac, Inc., a Delaware corporation and wholly owned subsidiary of Grace ("Cryovac") and any additional Subsidiaries of Grace becoming party thereto, ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, and the Banks party thereto (the "Banks")

Ladies and Gentlemen:

As General Counsel of Grace and its subsidiaries, including Cryovac, I have been requested to render my opinion in connection with the Credit Agreement and any Notes executed and delivered on the date hereof (collectively, the "Credit Documents"). I am rendering this opinion pursuant to Section 5.01(b) of the Credit Agreement. Capitalized terms used but not defined in this opinion shall have the meanings ascribed thereto in the Credit Agreement. As you are aware, as a result of the Reorganization, I am resigning as Executive Vice President and General Counsel of Grace, the name of which is being changed to "Sealed Air Corporation," and all but four of Grace's current directors and all but one of Grace's current officers are likewise resigning.

I have examined or caused to be examined the Certificate of Incorporation and the By-laws of Grace, each as amended to date, the Certificate of Incorporation and the By-laws of Cryovac, each as amended to date, the records of the meetings and other corporate proceedings of the Company and of Cryovac, the Credit Documents to which Grace or Cryovac are parties, and such other corporate records, agreements, certificates and documents, and have made or caused to be made such examination of law, as I deem necessary for the purposes of the opinion hereinafter expressed.

Based upon the foregoing, and subject to the qualifications stated below, I am of the following opinion:

1. (a) Neither the execution nor the delivery by Grace of the Credit Documents, nor the performance by Grace of its obligations thereunder, to the best of my knowledge, (i) results in the breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the properties or assets of Grace pursuant to the terms of any material indenture, loan agreement or other agreement or instrument (other than the Credit Agreement) under which Grace or any of its properties or assets are bound; or (ii) violates any order, award, judgment, determination, writ, injunction or decree applicable to Grace.

(b) Neither the execution nor the delivery by Cryovac of the Credit Documents, nor the performance by Cryovac of its obligations thereunder, to the best of my knowledge, (i) results in the breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the properties or assets of Cryovac pursuant to the terms of any material indenture, loan agreement or other agreement or instrument (other than the Credit Agreement) under which Cryovac or any of its properties or assets are bound; or (ii) violates any order, award, judgment, determination, writ, injunction or decree applicable to Cryovac.

2. Except as set forth in the Joint Proxy Statement/Prospectus, dated February 13, 1998, included in the Registration Statement on Form S-4 filed by Grace on February 13, 1998, or in the Information Statement, dated February 13, 1998, included in the Registration Statement on Form 10 filed by Grace Specialty Chemicals, Inc. on March 13, 1998, or in the Annual Report on Form 10-K for the year ended December 31, 1997, to the best of my knowledge, there are no pending or threatened actions, suits or proceedings (i) with respect to any Credit Document, (ii) with respect to any material Indebtedness of Grace or Cryovac, or (iii) that, in my opinion, have a reasonable likelihood of materially and adversely affecting the business, financial condition or operations of Grace and its Subsidiaries taken as a whole or of Cryovac and its Subsidiaries taken as a whole.

This opinion is limited to the specific issues addressed herein and is limited in all respects to laws and interpretations thereof and other matters existing on the date hereof. I do not undertake to update this opinion for changes in such laws, interpretations or matters. This opinion is furnished solely for your benefit, and the benefit of your successors and permitted assignees with respect to your rights under the Credit Agreement, in connection with the transactions contemplated by the Credit Agreement, is

not to be relied upon for any other purpose and may not be made available to any other person, firm or entity (other than such a permitted assignee or prospective permitted assignee) without my express prior written consent, except as may be required by law or in response to any judicial or regulatory requirement, order or decree; provided that Wachtell, Lipton, Rosen & Katz may rely upon this opinion to the extent they deem appropriate in rendering their opinion to you dated the date hereof in connection with the Credit Agreement.

Very truly yours,

EXHIBIT F-1

SECRETARY'S CERTIFICATE

I, the undersigned _____ Secretary of [Name of Borrower], a corporation organized and existing under the laws of (the "Company"), do hereby certify in my capacity as _____ Secretary of the Company and on behalf of the Company that:

1. This Certificate is furnished pursuant to Section 5.01(c) of the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998 among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. The persons named below have been duly elected, have duly qualified as and at all times since _____1 (to and including the date hereof) have been officers of the Company, holding the respective offices of the Company set forth opposite their names and the signatures below set opposite their names are their genuine signatures or a facsimile thereof.

NAME2	OFFICE	SIGNATURE
----------	----------	----------
----------	----------	----------
----------	----------	----------

3. Attached hereto as Exhibit A is a copy of the [describe appropriate charter documents] of the Company as filed in the [describe appropriate filing office], together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of the By-Laws of the Company which were duly adopted, and are in full force and effect on the date hereof, and have been in effect since _____, 19__, together with all amendments thereto adopted though the date hereof.3

- ---

1 Insert a date occurring before any action taken with regard to the Credit Documents.

2 Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this Certificate.

3 Insert same date as in paragraph 2.

5. Attached hereto as Exhibit C is a true and correct copy of resolutions which were duly adopted on _____, 199__ [by unanimous written consent of the Board of Directors of the Company] [at a meeting of the Board of Directors of the Company duly called and held, at which meeting a quorum of such Board was at all times present in person and acting throughout], and such resolutions have not been revoked, rescinded, amended or modified. Except as attached hereto as Exhibit C, no resolutions have been adopted by the Board of Directors of the Company which deal with the execution, delivery or performance of the Credit Documents.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 1998.

By

Name:
Title:

EXHIBIT F-2

OFFICER'S CERTIFICATE

I, the undersigned [title] of [Name of Borrower], a corporation organized and existing under the laws of _____ (the "Company"), do hereby certify in my capacity as [title] of the Company and on behalf of the Company that:

1. This Certificate is furnished pursuant to Section 5.01(c) of the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998 among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. On the date hereof, all of the conditions in Sections 5.01(a), (d), (f), (g) and (h) of the Credit Agreement and Section 5.02(a) of the Credit Agreement have been satisfied.

3. The financial projections (the "Projections") contained in that certain Confidential Information Memorandum dated February 1998 distributed to the Banks in connection with the Credit Agreement were based on good faith estimates and assumptions made by the management of the Company and its Subsidiaries as of the date such Confidential Information Memorandum was distributed to the Banks. On and as of the Effective Date, nothing has come to the attention of such management since the date of such Confidential Information Memorandum which would lead such management to believe that the Projections were not, on the date such Confidential Memorandum was distributed to the Banks, reasonable and attainable in all material respects, it being understood, however, that no attempt has been made to update the projections and projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by the Projections probably will differ from the projected results and that the differences may be material.1

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 1998.

By

Name:

- ---
1 Insert item 3 only in the Certificate of W. R. Grace & Co.

EXHIBIT G

ASSIGNMENT AND ASSUMPTION AGREEMENT

Date:_____, _____

Reference is made to the Global Revolving Credit Agreement (364-Day) described in Item 2 of Annex I hereto (as such Credit Agreement may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless defined in Annex I hereto, terms defined in the Credit Agreement are used herein as therein defined. _____ (the "Assignor") and _____ (the "Assignee") hereby agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified in Item 4 of Annex I hereto (the "Assigned Share") of all of the outstanding rights and obligations under the Credit Agreement relating to the facilities listed in Item 4 of Annex I hereto, including, without limitation, all rights and obligations with respect to the Assigned Share of the Revolving Loans, Swingline Loans and Letters of Credit.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the other Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or the other Credit Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial

condition of the Company and its Subsidiaries or the performance or observance by the Company and its Subsidiaries of any of their obligations under the Credit Agreement or the other Credit Documents to which they are a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement and the other Credit Documents, together with copies of the financial statements referred to therein 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 Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Bank 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 Credit Agreement; (iii) confirms that it is an Eligible Transferee under Section 13.04(b) of the Credit Agreement; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Administrative Agent, by the terms thereof, together with such powers as are reasonably incidental thereto; [and] (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank[; and (vi) attaches the forms described in Section 13.04(b) of the Credit Agreement]1

- ------------

1 Include if the Assignee is organized under the laws of a jurisdiction outside of the United States.

4. Following the execution of this Assignment and Assumption Agreement by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Administrative Agent. The effective date of this Assignment and Assumption Agreement shall be the date of execution hereof by the Assignor and the Assignee, the receipt of the consent of the Administrative Agent and the Company to the extent required by Section 13.04(b) of the Credit Agreement, the receipt by the Administrative Agent of the administrative fee referred to in such Section 13.04(b) and the recordation of the assignment effected hereby on the Register by the Administrative Agent as provided in Section 13.16 of the Credit Agreement, or such later date, if any, which may be specified in Item 5 of Annex I hereto (the "Settlement Date").

5. Upon the delivery of a fully executed original hereof to the Administrative Agent, as of the Settlement Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a Bank thereunder and under the other Credit Documents and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Credit Documents.

6. It is agreed that the Assignee shall be entitled to (w) all interest on the Assigned Share of the Loans at the rates specified in Item 6 of Annex I; (x) all Facility Fee on the Assigned Share of the Total Revolving Loan Commitment at the rate specified in Item 7 of Annex I hereto; [and] (y) all Letter of Credit Fees on the Assignee's participation in all Letters of Credit at the rate specified in Item 8 of Annex I hereto, which, in each case, accrue on and after the Settlement Date, such interest and Facility Fee and Letter of Credit Fees, to be paid by the Administrative Agent directly to the Assignee. It is further agreed that all payments of principal made on the Assigned Share of the Loans which occur on and after the Settlement Date will be paid directly by the Administrative Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the respective Loans made by the Assignor pursuant to the Credit Agreement which are outstanding on the Settlement Date and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves.

7. THIS ASSIGNMENT AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Assignment and Assumption Agreement, as of the date first above written, such execution also being made on Annex I hereto.

[NAME OF ASSIGNOR]
as Assignor

By

Title:

Accepted this _____ day of _____, ____

[NAME OF ASSIGNEE]
as Assignee

By

Title:

[Consented to as of _____, ____:

ABN AMRO BANK N.V., as Administrative Agent

By

Title:

Consented to as of _____, ____:

W. R. GRACE & CO.

By

Title]2

- ---
2 The consents of the Administrative Agent and the Company are required for assignments except those solely pursuant to Section 13.04(b)(x) of the Credit Agreement.

ANNEX I
ANNEX FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

1. Borrower(s): W. R. Grace & Co.
Cryovac, Inc.
[Names of each Subsidiary Borrower designated and accepted after the Effective Date]

2. Name and Date of Credit Agreement:

Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998, among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent for such Banks, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents, as amended to the date hereof.

3. Date of Assignment Agreement:

4. Amounts (as of date of item #3 above):

	Revolving Loan Commitment
a. Aggregate Amount for all Banks	$_____
b. Assigned Share3	_____%
c. Amount of Assigned Share	

5. Settlement Date:

6. Rate of Interest to the Assignee: As set forth in Section 1.09 of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)4

7. Facility Fee to the Assignee: As set forth in Section 3.01(a) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)5

8. Letter of Credit Fees to the Assignee: As set forth in Section 3.01(b) of the Credit Agreement (unless otherwise agreed to by the Assignor and the Assignee)6

[9.] [10.] Notice:

ASSIGNOR:

Attention:
Telephone:
Telecopier:
Reference:

ASSIGNEE:

Attention:
Telephone:
Telecopier:
Reference:

Payment Instructions:

ASSIGNOR:

Attention:
Reference:

ASSIGNOR:

Attention:
Reference:

Accepted and Agreed:

[NAME OF ASSIGNEE] [NAME OF ASSIGNOR]

By ---------- By ----------

(Print Name and Title) (Print Name and Title)

- ------------

3 Percentage taken to 12 decimal places.

4 W. R. Grace & Co. and the Administrative Agent shall direct the entire amount of the interest to the Assignee at the rate set forth in Section 1.09 of the Credit Agreement, with the Assignor and Assignee effecting the agreed upon sharing of the interest through payments by the Assignee to the Assignor.

5 W. R. Grace & Co. and the Administrative Agent shall direct the entire amount of the Facility Fee to the Assignee at the rate set forth in Section 3.01(a) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Facility Fee through payment by the Assignee to the Assignor.

6 W. R. Grace & Co. and the Administrative Agent shall direct the entire amount of the Letter of Credit Fees to the Assignee at the rate set forth in Section 3.01(b) of the Credit Agreement, with the Assignor and the Assignee effecting the agreed upon sharing of Letter of Credit Fees through payment by the Assignee to the Assignor.

EXHIBIT H

ELECTION TO BECOME A SUBSIDIARY BORROWER

ABN AMRO Bank N.V., as Administrative Agent
1325 Avenue of the Americas
New York, New York 10019

Gentlemen:

The undersigned, [name of Subsidiary Borrower], a _____ corporation, refers to the Global Revolving Credit Agreement (364-Day), dated as of March 30, 1998 (the "Credit Agreement"), among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), you, as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents. All capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Credit Agreement.

The undersigned, desiring to incur Revolving Loans or Local Currency Loans under the Credit Agreement, hereby elects, as required by Section 5.03 of the Credit Agreement, to become a Subsidiary Borrower for purposes of the Credit Agreement, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 6 (other than Section 6.05) of the Credit Agreement are true and correct as to the undersigned and its Subsidiaries as of the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date), and the undersigned hereby agrees to comply with all the obligations of a Borrower under, and to be bound in all respects by the terms of, the Credit Agreement as if the undersigned were an original signatory thereto. The undersigned, simultaneously with its execution hereof, is delivering the appropriate Revolving Note and, if applicable, the Local Currency Note to the Administrative Agent for the account of each of the Banks in accordance with the terms of the Credit Agreement (but only in any case where a Bank has requested that such Notes be delivered to it). All notices and other communications to the undersigned provided for under the Credit Agreement may be sent to it in care of the Company at the address for notices from time to time in effect pursuant to Section 13.03 of the Credit Agreement.

Very truly yours,

[NAME OF SUBSIDIARY BORROWER]

By

Title:

Address for Notices:

Acknowledged and Agreed:

W. R. GRACE & CO.

By

Title:

ABN AMRO BANK N.V.,
as Administrative Agent

By

Title:

EXHIBIT I

FORM OF LOCAL CURRENCY ADDENDUM

Dated _____, _____

Reference is made to the Global Revolving Credit Agreement (364-Day) dated as of March 30, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents. Terms defined in the Credit Agreement, unless otherwise defined herein, are used herein with the same meaning.

WITNESSETH:

WHEREAS, the Company wishes to have, subject to the terms and conditions contained herein and in the Credit Documents, _____ (the "Lender") make available a Local Currency Commitment to the [Company] [following Subsidiary Borrower: _____] and the Lender is willing to so make available such a Local Currency Commitment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Credit Documents and other good and valuable consideration, it is hereby agreed between the parties as follows:

1. The Lender consents to the conversion of a portion of Lender's Revolving Loan Commitment equal to the amount specified in Item 1 of Schedule I hereto. The Commitment being created hereunder shall, upon the effectiveness of this Agreement, be recharacterized as a Local Currency Commitment.

2. The conditions to the effectiveness of this Agreement, the amount of the Local Currency Commitment being made available hereunder, the interest rate (including the Applicable Margin) which

will accrue on Local Currency Loans made available pursuant hereto, the maturity of such Loans, the borrowing mechanics relating to such Loans, the country in which such Loans may be borrowed and the currency in which such Loans shall be denominated shall be as set forth in Schedule I hereto. Except to the extent expressly inconsistent with the terms set forth herein or in Schedule I hereto, the Local Currency Commitment and Local Currency Loans being made available hereunder shall be governed by the terms of the Credit Documents.

3. Following the execution of this Agreement by the Lender, the Company and, if the applicable Borrower is not the Company, such applicable Borrower, it will be delivered to the Administrative Agent for recording by the Administrative Agent. The effective date for this Agreement (the "Effective Date") shall be the date specified in Item 14 of Schedule I hereto unless the Lender provides written notice which is received by the Administrative Agent prior to such date that the conditions set forth in Item 15 of Schedule I hereto have not been met.

4. Upon such recording by the Administrative Agent, as of the Effective Date, the Lender shall have a Local Currency Commitment as provided in Section 1.01(d)(i) of the Credit Agreement and the rights and obligations of a Bank related thereto (except as otherwise expressly specified in this Agreement or the Credit Agreement). Accordingly as set forth in Section 1.01(d)(i) of the Credit Agreement, the Lender's Revolving Loan Commitment shall be automatically reduced by the amount of the Local Currency Commitment being made available hereunder and such Revolving Loan Commitment shall be automatically reinstated to the extent provided in Section 1.01(d)(i) of the Credit Agreement when such Local Currency Commitment expires or is terminated, unless at the time of such expiration or termination the Revolving Loan Commitments of all Banks shall have terminated.

5. Lender hereby agrees with the Administrative Agent that to the extent the Administrative Agent benefits from any indemnities or other obligations of the Banks in its favor, Lender's obligation shall be calculated as if the Local Currency Commitment and Local Currency Loans being provided by it hereunder were a Revolving Loan Commitment and Revolving Loans, respectively.

6. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

8. The Company hereby confirms and agrees that the Local Currency Commitment and Local Currency Loans being provided pursuant to the terms hereof shall be treated as Commitments and Eurocurrency Loans, respectively, entitled to the benefits of Section 1.11, Section 1.12 and Section 4.04 except that all determinations and calculations made by the Administrative Agent under such Sections shall be made by the Lender and references to the Eurocurrency Rate in such Sections shall be deemed to be references to the rate specifies in Item 8 of Schedule I.

9. The Company hereby confirms and agrees that its guaranty contained in the Credit Agreement remains in full force and effect and that any and all Local Currency Loans provided by the Lender pursuant hereto are entitled to the benefit of such guaranty.*

- ------------

* Omit if the Company is the Borrower entitled to borrow under the Local Currency Commitment being provided hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

[NAME OF LENDER]

By

Name:
Title:

[NAME OF BORROWER RECEIVING LOCAL CURRENCY COMMITMENT]

By

Name:
Title:

W. R. GRACE & CO.

By

Name:
Title:

Received for recordation this
____ day of _____, _____

ABN AMRO BANK N.V., as Administrative Agent

By

Name:
Title:

By

Name:
Title:

SCHEDULE I

1. Amount of Local Currency Commitment: $_____ (must be designated in U.S. Dollars).

2. Termination of Local Currency Commitment (check one):

/ / Same termination provisions as are applicable to the Revolving Loan Commitments in the Credit Agreement.

/ / The Local Currency Commitment being provided pursuant to the terms hereof shall terminate on _____, ____ unless earlier terminated as a result of an Event of Default.

3. Country in which Local Currency Loans will be made available: _____.

4. Specify where and when proceeds of each Local Currency Loan will be made available: _____.

5. Currency in which Local Currency Loans will be denominated: _____.

6. Amount of Lender's Revolving Loan Commitment after giving effect hereto: $_____ (must be designated in U.S. Dollars).

7. Applicable interest rate index (check one):

/ / Eurocurrency Rate calculated as if the Local Currency Loan were a Eurocurrency Loan in a Eurocurrency except that rate will be determined based upon rates offered by the Lender in the currency of the applicable Eurocurrency Loan instead of ABN AMRO.

/ / Other (please specify, including whether interest is computed based upon a 360 day or 365/366 day year). _____.

8. Applicable Margin for Local Currency Loans (check one)* :

/ / Same as the Applicable Margin from time to time in effect for Eurocurrency Loans in the Credit Agreement.

/ / Other (please specify). _____.

9. Default interest rate applicable to Local Currency Loans (check one):

/ / Same as the default rate applicable to Loans denominated in a Eurocurrency in the Credit Agreement except that the Lender shall make all such determinations and calculations.

/ / Other (please specify). _____.

10. Interest Periods applicable to Local Currency Loans (check one):

/ / Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/ / Other (please specify). _____.

11. Interest accrued on Local Currency Loans shall be payable (check one):

/ / Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/ / Other (please specify). _____.

12. Maturity of Local Currency Loans, which maturity may not be later than the Final Maturity Date (check one):

/ / Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/ / Other (please specify).

_____.

13. Borrowing notices and mechanics (check one):

/ / Same as set forth in Section 1.03 of the Credit Agreement relating to Eurocurrency Loans denominated in a Eurocurrency except (i) such notice shall be delivered to the Lender, (ii) references in such Section to the Administrative Agent shall be deemed references to the Lender and (iii) references to time in such Section shall be deemed references to local time.

/ / Other (please specify).
_____.

14. Effective Date:** _____, _____

15. Conditions to effectiveness:

(i) Election to Become a Subsidiary Borrower, if applicable.

(ii) Local Currency Note.

/ / Yes.

/ / Not required.

(iii) To the extent that any documents, writings, records instruments or consents would have been required by Section 5.01(c) of the Credit Agreement if such Borrower had been subject thereto on the Effective Date and such items have not heretofore been delivered, such items shall be delivered to, and shall be satisfactory to, the Administrative Agent.

(iv) No Default shall have occurred and be continuing.

(iv) Legal opinion, if requested, in form and substance as reasonably requested by the party requesting opinion.

[(v) Lender to specify such other documents as it may require.]

EXHIBIT J

FORM OF LOCAL CURRENCY DESIGNATION AND ASSIGNMENT AGREEMENT

Dated _____, _____

Reference is made to the Global Revolving Credit Agreement (364-Day) dated as of March 30, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A. as Co-Syndication Agents. Terms defined in the Credit Agreement, unless otherwise defined herein, are used herein with the same meaning.

WITNESSETH:

WHEREAS, the Company wishes to have, subject to the terms and conditions contained herein and in the Credit Documents, _____ (the "Designor") make available a Local Currency Commitment through its Affiliate _____ (the "Local Affiliate") to the [Company] [following Subsidiary Borrower: _____] and the Designor and the Local Affiliate are willing to so make available such a Local Currency Commitment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Credit Documents and other good and valuable consideration, it is hereby agreed between the parties as follows:

1. The Designor hereby assigns to the Local Affiliate, and the Local Affiliate hereby accepts such assignment of, a portion of Designor's Revolving Loan Commitment equal to the amount specified in Item 1 of Schedule I hereto. The Revolving Loan Commitment being assigned hereunder shall, upon the effectiveness of this Agreement, be recharacterized as a Local Currency Commitment.

2. The conditions to the effectiveness of this Agreement, the amount of the Local Currency Commitment being made available hereunder, the interest rate (including the Applicable Margin) which will accrue on Local Currency Loans made available pursuant hereto, the maturity of such Loans, the borrowing mechanics relating to such Loans, the country in which such Loans may be borrowed and the currency in which such Loans shall be denominated shall be as set forth in Schedule I hereto. Except to the extent expressly inconsistent with the terms set forth herein or in Schedule I hereto, the Local Currency Commitment and Local Currency Loans being made available hereunder shall be governed by the terms of the Credit Documents.

3. The Designor and the Administrative Agent make no representations or warranties and assume no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the

Credit Agreement or any other instrument or document furnished pursuant thereto and (ii) the financial condition of the Borrowers or the performance or observance by the Borrowers of any of their obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

4. The Local Affiliate (i) confirms that it has received a copy of the Credit Documents and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Designor or any other Bank 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 Credit Agreement; (iii) confirms and agrees that pursuant to Section 1.01(d)(iv) of the Credit Agreement, with regard to any matters relating to calculating the Banks' Percentages or the Required Banks or the unanimous vote of the Banks, any Local Currency Commitment provided by the Local Affiliate and any Local Currency Loans provided by the Local Affiliate shall be deemed to be Local Currency Commitments and Local Currency Loans, as applicable, of Designor and therefore the Local Affiliate is not entitled to vote on any matters as a Bank under the Credit Documents; (iv) 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 as are delegated to the Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it will promptly provide the Administrative Agent with a copy of any borrowing notice it receives.

5. Following the execution of this Agreement by the Designor and the Local Affiliate, the Company and, if the applicable Borrower is not the Company, such applicable Borrower, it will be delivered to the Administrative Agent for recording by the Administrative Agent. The effective date for this Agreement (the "Effective Date") shall be the date specified in Item 14 of Schedule I hereto unless the Designor provides written notice which is received by the Administrative Agent prior to such date that the conditions set forth in Item 15 of Schedule I hereto have not been met.

6. Upon such recording by the Administrative Agent, as of the Effective Date, the Local Affiliate shall be a party to the Credit Agreement as a Bank with an obligation to make Local Currency Loans as a Bank pursuant to Section 1.01(d)(i) of the Credit Agreement and the rights and obligations of a Bank related thereto (except as otherwise expressly specified in this Agreement or the Credit Agreement). Accordingly as set forth in Section 1.01(d)(i) of the Credit Agreement, the Designor's Revolving Credit Commitment shall be automatically reduced by the amount of the Local Currency Commitment being made available hereunder and such Revolving Credit Commitment shall be automatically reinstated to the extent provided in Section 1.01(d)(i) of the Credit Agreement when such Local Currency Commitment expires or is terminated, unless at the time of such expiration or termination the Revolving Loan Commitments of all Banks shall have terminated.

7. Designor hereby agrees with the Administrative Agent that to the extent the Administrative Agent benefits from any indemnities or other obligations of the Banks in its favor, Designor's obligation shall be calculated as if the Local Currency Commitment and Local Currency Loans being provided by the Local Affiliate hereunder were being provided directly by Designor.

8. The Local Affiliate hereby appoints Designor as its agent in administering the credit with full power and authority to act on behalf of the Local Affiliate with respect to the transactions relating hereto. Accordingly, the Local Affiliate confirms and agrees that the Administrative Agent, the other Banks and each Borrower may conclusively rely on any actions which Designor takes as also being taken on behalf of the Local Affiliate and any notices given to (other than borrowing notices given pursuant to Schedule I hereto), or received by, Designor shall be deemed to have been given to, or received by, the Local Affiliate.

9. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

10. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

11. The Company hereby confirms and agrees that the Local Currency Commitment and Local Currency Loans being provided pursuant to the terms hereof shall be treated as Commitments and Eurocurrency Loans, respectively, entitled to the benefits of Section 1.11, Section 1.12 and Section 4.04 except that all determinations and calculations made by the Administrative Agent under such Sections shall be made by the Local Affiliate and references to the Eurocurrency Rate in such Sections shall be deemed to be references to the rate specifies in Item 7 of Schedule I.

12. The Company hereby confirms and agrees that its guaranty contained in the Credit Agreement remains in full force and effect and that any and all Local Currency Loans provided by the Local Affiliate

pursuant hereto are entitled to the benefit of such guaranty.*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

[NAME OF DESIGNOR]

By

Name:
Title:

[NAME OF LOCAL AFFILIATE]

By

Name:
Title:

[NAME OF BORROWER RECEIVING LOCAL CURRENCY COMMITMENT]

By

Name:
Title:

W. R. GRACE & CO.

By

Name:
Title:

Received for recordation this
____ day of _____, _____

ABN AMRO BANK N.V., as Administrative Agent

By

Name:
Title:

By

Name:
Title:

SCHEDULE I

1. Amount of Local Currency Commitment: $_____ (must be designated in Dollars).

2. Termination of Local Currency Commitment (check one):

/ / Same termination provisions as are applicable to the Revolving Loan Commitments in the Credit Agreement.

/ / The Local Currency Commitment being provided pursuant to the terms hereof shall terminate on _____, ____ unless earlier terminated as a result of an Event of Default.

3. Country in which Local Currency Loans will be made available: _____.

4. Specify where and when proceeds of each Local Currency Loan will be made available: _____.

5. Currency in which Local Currency Loans will be denominated: _____.

6. Amount of Designor's Revolving Loan Commitment after giving effect hereto: $_____ (must be designated in Dollars).

7. Applicable interest rate index (check one):

/ / Eurocurrency Rate calculated as if the Local Currency Loan were a Eurocurrency Loan in a Eurocurrency except that rate will be determined based upon rates offered by the Local Affiliate in the currency of the applicable Eurocurrency Loan instead of ABN AMRO.

/ / Other (please specify, including whether interest is computed based upon a 360 day or 365/366 day year). _____.

8. Applicable Margin for Local Currency Loans (check one)* :

/ / Same as the Applicable Margin from time to time in effect for Eurocurrency Loans in the Credit Agreement.

/ / Other (please specify).

_____.

9. Default interest rate applicable to Local Currency Loans (check one):

/ / Same as the default rate applicable to Loans denominated in a Eurocurrency in the Credit Agreement except that the Local Affiliate shall make all such determinations and calculations.

/ / Other (please specify).
_____.

10. Interest Periods applicable to Local Currency Loans (check one):

/ / Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/ / Other (please specify).
_____.

11. Interest accrued on Local Currency Loans shall be payable (check one):

/ / Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/ / Other (please specify).
_____.

12. Maturity of Local Currency Loans, which maturity may not be later than the Final Maturity Date (check one):

/ / Same as applicable to Loans denominated in a Eurocurrency in the Credit Agreement.

/ / Other (please specify).
_____.

13. Borrowing notices and mechanics (check one):

/ / Same as set forth in Section 1.03 of the Credit Agreement relating to Eurocurrency Loans denominated in a Eurocurrency except (i) such notice shall be delivered to the Local Affiliate, (ii) references in such Section to the Administrative Agent shall be deemed references to the Local Affiliate and (iii) references to time in such Section shall be deemed references to local time.

/ / Other (please specify).
_____.

14. Effective Date:** _____, _____

- ------------

* The Local Affiliate and the Borrower should include the effect of reserves or similar costs which are applicable to the Local Currency Loans.

** This date should be no earlier than five Business Days after the delivery of this Agreement to the Administrative Agent.

15. Conditions to effectiveness:

(i) Election to Become a Subsidiary Borrower, if applicable.

(ii) Local Currency Note.

/ / Yes.

/ / Not required.

(iii) To the extent that any documents, writings, records instruments or consents would have been required by Section 5.01(c) of the Credit Agreement if such Borrower had been subject thereto on the Effective Date and such items have not heretofore been delivered, such items shall be delivered to, and shall be satisfactory to, the Administrative Agent.

(iv) No Default shall have occurred and be continuing.

(iv) Legal opinion, if requested, in form and substance as reasonably requested by the party requesting opinion.

[(v) Local Affiliate to specify such other documents as it may require.]

EXHIBIT K

SUBSIDIARY GUARANTEE AGREEMENT

---------- --, ----

ABN AMRO Bank N.V., as Administrative Agent for the Banks party to the Global Revolving Credit Agreement (364-Day) dated as of March 30, 1998 among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (the "Credit Agreement")

Ladies and Gentlemen:

Reference is made to the Credit Agreement described above. Terms not defined herein which are defined in the Credit Agreement shall have for the purposes hereof the meaning provided therein.

The undersigned, [name of Subsidiary Guarantor], a [jurisdiction of incorporation] corporation, hereby acknowledges that it is a "Guarantor" for all purposes of the Credit Agreement, effective from the date hereof. The undersigned confirms that the representations and warranties set forth in Section 6 (other than Section 6.05) of the Credit Agreement are true and correct as to the undersigned as of the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

Without limiting the generality of the foregoing, the undersigned hereby agrees to perform all the obligations of a Guarantor under, and to be bound in all respects by the terms of, the Credit Agreement, including without limitation Section 12 thereof, to the same extent and with the same force and effect as if the undersigned were a direct signatory thereto.

This Agreement shall be construed in accordance with and governed by the internal laws of the State of New York.

Very truly yours,

[NAME OF SUBSIDIARY GUARANTOR]

By

Name
Title

EXHIBIT L

FORM OF ELECTION TO TERMINATE

----------, ----

ABN AMRO BANK N.V., as Administrative Agent, for the Banks party to the Global Revolving Credit Agreement (364-Day) dated as of March 30, 1998 among W. R. Grace & Co., Cryovac, Inc., as the initial Subsidiary Borrower, and each additional Subsidiary Borrower, the Company and certain Domestic Subsidiaries, as Guarantors, the lenders from time to time party thereto (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, Bankers Trust Company, as Documentation Agent, and Bank of America National Trust and Savings Association and NationsBank, N.A., as Co-Syndication Agents (the "Credit Agreement")

Dear Sirs:

Reference is made to the Credit Agreement described above. Terms not defined herein which are defined in the Credit Agreement shall have for the purposes hereof the meaning provided therein.

The undersigned, [name of Subsidiary Borrower], a [jurisdiction of incorporation] corporation, hereby elects to terminate its status as a Subsidiary Borrower for purposes of the Credit Agreement, effective as of the date hereof. The undersigned hereby represents and warrants that all principal and interest on all Notes of the undersigned and all other amounts payable by the undersigned pursuant to the Credit Agreement have been paid in full on or prior to the date hereof. Notwithstanding the foregoing, this Election to Terminate shall not affect any obligation of the undersigned under the Credit Agreement or under any Note heretofore incurred.

This instrument shall be construed in accordance with and governed by the internal laws of the State of New York.

Very truly yours,

[NAME OF BORROWING SUBSIDIARY]

By

Name

Title

The undersigned hereby confirms that the status of [name of Subsidiary Borrower] as a Subsidiary Borrower for purposes of the Credit Agreement described above is terminated as of the date hereof.

W. R. GRACE & CO.

By

Name

Title

Receipt of the above Election to Terminate is hereby acknowledged on and as of _____.

ABN AMRO BANK N.V.,
as Administrative Agent

By

Name

Title

EXHIBIT M

CALCULATION OF MLA COST FOR EUROCURRENCY LOANS DENOMINATED IN POUNDS STERLING

Any additional interest to be paid to a Bank pursuant to Section 1.15(b) shall accrue at a rate per annum equal to such Bank's MLA Cost calculated on the basis of the following formula:

$$\text{MLA Cost} = \frac{BY+L(Y-X) + S(Y-Z)}{100 - (B+S)}$$

1. Where on day of application of the formula:

B is the percentage of the Bank's eligible liabilities which the Bank of England requires the Bank to hold in a non-interest bearing deposit account with the Bank of England in accordance with its cash ratio requirements;

Y is the rate at which Sterling deposits in an amount approximately equal to the principal amount of the relevant Loan are offered by the Bank to leading banks in the London interbank market at or about 11:00 A.M. (London time) on that day for the Relevant Period (as defined below);

L is the percentage of eligible liabilities which the Bank of England requires such Bank to maintain as secured money with members of the London Discount Market Association and/or as secured call money with those money brokers and gilt-edged market makers recognized by the Bank of England;

X is the rate at which secured Sterling deposits in the relevant amount may be placed by the Bank with members of the London Discount Market Association and/or as secured call money with money brokers and gilt-edged market makers at or about 11:00 A.M. (London time) on that day for the Relevant Period;

S is the percentage of the Bank's eligible liabilities which the Bank of England requires the Bank to place as a special deposit with the Bank of England; and

Z is the interest rate per annum allowed by the Bank of England on special deposits.

2. For the purposes of this Exhibit M:

(a) "eligible liabilities" and "special deposits" have the meanings given

to them at the time of application of the formula by the Bank of England;

(b) "Relevant Period" means:

(i) if the relevant Interest Period is 3 months or less, such Interest Period; or

(ii) if the relevant Interest Period is more than 3 months, each consecutive period of 3 months within such Interest Period and any balance of such Interest Period.

3. In the application of the formula B, Y, L, X, S and Z are included in the formula as figures and not as percentages, e.g. if B=0.5% and Y=15%, BY is calculated as 0.5x15.

4. The formula is applied on the first day of each Relevant Period.

5. The rate calculated in accordance with the formula is, if necessary, rounded upward to four decimal places.

6. Calculations will be made on the basis of a year of 365 days and the actual number of days elapsed.

7. If a change in circumstances (including the imposition of alternative or additional official requirements, other than capital adequacy requirements) renders the formula inappropriate in the reasonable opinion of the Bank, the Bank shall notify the Borrowers of the manner in which its MLA Cost will subsequently be calculated (which manner shall be determined reasonably and in good faith). The manner of calculation so notified by the Bank shall, in the absence of manifest error, be binding on all the parties.

SEALED AIR CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders of Sealed Air Corporation:

We have audited the accompanying consolidated balance sheets of Sealed Air Corporation and subsidiaries as of December 31, 1997 and 1996 and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sealed Air Corporation and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997 in conformity with generally accepted accounting principles.

s/KPMG Peat Marwick LLP

Short Hills, New Jersey
January 20, 1998, except
for note 2, which is as
of March 23, 1998

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings
Years Ended December 31, 1997, 1996 and 1995
(In thousands of dollars except per share data)

	1997	1996	1995
Net sales	$842,833	$789,612	$723,120
Cost of sales	523,517	495,185	466,952
Gross profit	319,316	294,427	256,168
Marketing, administrative and development expenses	172,795	164,355	147,288
Transaction expenses	8,405	-	-
Operating profit	138,116	130,072	108,880
Other income (expense):			
Interest income	1,696	1,482	1,187
Interest expense	(6,950)	(13,350)	(19,106)
Other, net	626	(3,609)	(3,807)
Other income (expense), net	(4,628)	(15,477)	(21,726)
Earnings before income taxes	133,488	114,595	87,154
Income taxes	53,567	45,266	34,426
Net earnings	$79,921	$69,329	$52,728

Basic earnings per common share	$ 1.88	$ 1.63	$ 1.25

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 1997 and 1996
(In thousands of dollars except share data)

	1997	1996
Assets		
Current assets:		
Cash and cash equivalents	$ 35,481	$ 2,985
Accounts receivable, less allowance for doubtful accounts of $5,799 in 1997 and $5,623 in 1996	132,325	124,204
Other receivables	8,037	8,258
Inventories	58,895	57,231
Prepaid expenses	2,742	1,095
Deferred income taxes	13,285	13,193
Total current assets	250,765	206,966
Property and equipment:		
Land and buildings	84,780	81,629
Machinery and equipment	204,241	199,275
Leasehold improvements	8,274	8,409
Furniture and fixtures	10,639	12,029
Construction in progress	7,307	6,139
	315,241	307,481
Less accumulated depreciation and amortization	144,114	132,919
Property and equipment, net	171,127	174,562
Patents and patent rights, less accumulated amortization of $16,636 in 1997 and $15,139 in 1996	10,430	11,998
Excess of cost over fair value of net assets acquired, less accumulated amortization of $20,249 in 1997 and $12,966 in 1996	42,149	47,840
Other assets	23,889	25,753
	$498,360	$467,119

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 1997 and 1996
(In thousands of dollars except share data)

	1997	1996
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	$23,929	$12,674
Current installments of long-term debt	2,641	2,891
Accounts payable	48,843	46,934
Accrued wages, salaries and related costs	36,235	33,448
Other accrued liabilities	39,220	36,401
Income taxes payable	12,742	15,708
Total current liabilities	163,610	148,056
Long-term debt, less current installments	48,506	99,900
Deferred income taxes	16,571	19,863
Other liabilities	12,390	12,651
Total liabilities	241,077	280,470
Commitments and contingent liabilities (notes 6, 7 and 10)		
Shareholders' equity:		
Preferred stock, no par value. Authorized: 1,000,000 shares; none issued in 1997 and 1996	-	-
Common stock, $.01 par value. Authorized: 125,000,000 shares in 1997 and 60,000,000 shares in 1996; Issued: 42,856,704 shares in 1997 and 42,747,704 shares in 1996	429	427
Additional paid-in capital	180,512	167,801
Retained earnings	95,942	16,021
Accumulated translation adjustment	(933)	8,615
	275,950	192,864
Less:		
Deferred compensation	9,821	5,988
Treasury stock at cost: 232,458 shares held in 1997 and 226,758 shares held in 1996	8,846	227
Total shareholders' equity	257,283	186,649
	$498,360	$467,119

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity
Years Ended December 31, 1997, 1996 and 1995
(In thousands of dollars)

	1997	1996	1995
COMMON STOCK			
Balance, beginning of year	$427	$425	$201
Shares issued for awards of contingent stock	1	1	2
Shares issued for non-cash compensation	1	1	1
Shares issued in acquisitions	-	-	9
Two-for-one stock split	-	-	212
Balance, end of year	429	427	425
ADDITIONAL PAID-IN CAPITAL			
Balance, beginning of year	167,801	158,400	114,686
Shares issued for awards of contingent stock	8,336	3,396	6,091
Tax benefit in excess of amortization on stock awards	1,065	1,700	527
Contingent stock forfeited	(7)	(51)	(48)
Shares issued for non-cash compensation	3,317	3,743	3,239
Shares issued in acquisitions	-	-	34,117
Shares issued related to prior year acquisition	-	613	-
Two-for-one stock split	-	-	(212)
Balance, end of year	180,512	167,801	158,400
RETAINED EARNINGS (DEFICIT)			
Balance, beginning of year	16,021	(53,308)	(106,036)
Net earnings	79,921	69,329	52,728
Balance, end of year	95,942	16,021	(53,308)
ACCUMULATED TRANSLATION ADJUSTMENT			
Balance, beginning of year	8,615	7,279	6,126
Foreign currency translation	(9,548)	1,336	1,153
Balance, end of year	(933)	8,615	7,279
DEFERRED COMPENSATION			
Balance, beginning of year	(5,988)	(6,232)	(3,717)
Excess of fair value over proceeds from awards of contingent stock	(8,308)	(3,305)	(5,933)
Amortization	4,467	3,498	3,370
Contingent stock forfeited	8	51	48
Balance, end of year	(9,821)	(5,988)	(6,232)
TREASURY STOCK			
Balance, beginning of year	(227)	(226)	(248)
Shares reissued for awards of contingent stock	154	-	-
Contingent stock forfeited	(1)	(1)	(2)
Shares issued in acquisitions	-	-	24
Purchase of treasury shares	(8,772)	-	-
Balance, end of year	(8,846)	(227)	(226)
TOTAL SHAREHOLDERS' EQUITY	$257,283	$186,649	$106,338

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 1997, 1996 and 1995
(In thousands of dollars)

	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 79,921	$ 69,329	$ 52,728
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	23,196	22,862	20,473
Other depreciation and amortization	22,582	17,035	14,807
Deferred tax provision	(2,940)	(5,297)	(1,375)
Net losses on disposals of property and equipment	105	149	273
Non-cash compensation	322	3,242	3,556
Other, net	(2,860)	2,217	811
Change in operating assets and liabilities, net of acquisitions:			
Receivables	(15,284)	(7,798)	(13,016)
Inventories	(5,031)	1,164	(5,953)
Prepaid expenses	(1,884)	1,644	(1,441)
Accounts payable	2,558	1,113	(9,262)
Other accrued liabilities	10,854	12,119	11,050
Income taxes payable	(3,218)	(1,714)	2,567
Net cash provided by operating activities	108,321	116,065	75,218
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures for property and equipment	(24,349)	(17,015)	(21,056)
Proceeds from sales of property and equipment	463	1,497	776
Net cash utilized in purchase of subsidiaries	(10,097)	(30,026)	(27,713)
Net cash used in investing activities	(33,983)	(45,544)	(47,993)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	13,162	108,131	75,271
Principal payments on long-term debt	(56,342)	(177,039)	(114,281)
Net proceeds from (payments on) notes payable	10,724	(6,213)	8,098
Purchase of treasury shares	(8,772)	-	-
Net cash used in financing activities	(41,228)	(75,121)	(30,912)
Effect of exchange rate changes on cash and cash equivalents	(614)	(76)	195
CASH AND CASH EQUIVALENTS:			
Increase (decrease) during the period	32,496	(4,676)	(3,492)
Balance, beginning of period	2,985	7,661	11,153
Balance, end of period	$ 35,481	$ 2,985	$ 7,661
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 7,093	$ 14,173	$ 18,582
Income taxes	$ 53,704	$ 39,991	$ 33,898

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of Sealed Air Corporation and its subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation. Substantially all of the Company's non-U.S. subsidiaries are included in the consolidated financial statements on a calendar year basis while certain non-U.S. subsidiaries are included on the basis of a fiscal year ended November 30.

Certain prior years' financial statement amounts have been reclassified to conform with their 1997 presentation.

Foreign Currency

All balance sheet accounts are translated at year-end exchange rates, and statement of earnings items are translated at weighted average month-end exchange rates. Resulting translation adjustments are made directly to a separate component of shareholders' equity.

Earnings before income taxes includes an aggregate exchange loss of $1,951,000 for the year ended December 31, 1997 (an aggregate exchange gain of $271,000 and an aggregate loss of $828,000 for the years ended December 31, 1996 and 1995, respectively).

Cash and Cash Equivalents

Investments with original maturities of three months or less are considered to be cash equivalents. The Company's policy is to invest cash in excess of short-term operating and debt service requirements in such cash equivalents, which amounted to $41,667,000 and $3,489,000 at December 31, 1997 and 1996, respectively. These instruments consisted of money market and commercial paper amounts stated at cost, which approximates market because of the short maturity of these instruments.

Derivative Financial Instruments

The Company has limited involvement with derivative financial instruments that have off-balance-sheet risk. These financial instruments generally include cross currency swaps, interest rate swaps, caps and collars and foreign exchange forwards and options relating to the Company's borrowing and trade activities. Such financial instruments are used to manage the Company's exposure to fluctuations in interest rates and foreign exchange rates. The Company does not purchase, hold or sell derivative financial instruments for trading or speculative purposes. The Company is exposed to credit risk in the event of the inability of the counterparties to perform under their obligations. However, the Company seeks to minimize such risk by entering into transactions with counterparties that are major financial institutions with high credit ratings.

The Company records realized and unrealized gains and losses from foreign exchange hedging instruments (including cross currency swaps, forwards and options) differently depending on whether the instrument qualifies for hedge accounting. Gains and losses on those foreign exchange instruments that qualify as hedges are deferred as part of the cost basis of the asset or liability being hedged and are recognized in the statement of earnings in the same period as the underlying transaction. Realized and unrealized gains and losses on instruments that do not qualify for hedge accounting are recognized currently in the statement of earnings.

The Company records the net payments or receipts from interest rate swaps, caps, collars and the interest rate component of cross currency swaps as adjustments to interest expense on a current basis. If an interest rate hedging instrument were terminated prior to the maturity

date, any gain or loss would be amortized into earnings over the shorter of the original term of the derivative instrument and the underlying transaction.

Inventories

Inventories are stated at the lower of cost or market. The majority of U.S. inventories are valued using the last-in, first-out ("LIFO") method; other U.S. inventories, principally parts used in packaging systems, are valued using the first-in, first-out ("FIFO") method. Inventories of foreign operations are valued using primarily the FIFO method. Had the FIFO method (which approximates current cost) been used for all inventory at December 31, 1997, inventories would have been higher by $4,032,000 ($4,729,000 and $4,557,000 in 1996 and 1995, respectively). The cost elements of work in process and finished goods inventories are raw materials, direct labor and manufacturing overhead.

Property and Equipment

Property and equipment are stated at acquisition cost. Property and equipment no longer in use or surplus to the Company's needs are carried at the lower of cost or fair value. Depreciation of buildings and equipment is provided over the estimated useful lives (generally periods ranging up to 40 years and 10 years, respectively) of the related assets. Amortization of leasehold improvements is provided over the lesser of the term of the lease or the asset's useful life. The Company generally uses the straight-line method of depreciation for financial reporting purposes and accelerated methods of depreciation for income tax purposes.

Intangibles and Other Assets

Patents and patent rights are stated at acquisition cost. Amortization of patents and patent rights is recorded using the straight-line method over the remaining legal lives of the patents, generally for periods ranging up to 20 years.

The excess of cost over fair value of net assets acquired is amortized over periods ranging up to 40 years. The carrying value of the excess of cost over fair value of net assets acquired is periodically reviewed by the Company. Impairments are recognized when the expected future undiscounted operating cash flows derived from such intangible assets are less than their carrying value.

Other intangible assets, including non-competition agreements, included in other assets are amortized over the life of such agreements using the straight-line method, usually ranging from 1 to 5 years.

Impairment of Long-Lived Assets

Long-lived assets, including property and equipment, certain intangibles, and the excess of cost over fair value of net assets acquired related to those assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying amount.

Employee Benefit Plans

The Company has a non-contributory profit-sharing plan covering most U.S. employees, except those employees covered by collective bargaining agreements that do not provide for their participation. Contributions to this plan, which are made at the discretion of the Board of Directors, may be made in cash, shares of the Company's common stock, or in a combination of cash and shares of the Company's common stock. The Company also has a thrift and Section 401(k) plan in which most U.S. employees of the Company are eligible to participate, except those employees who are covered by certain collective bargaining agreements that do not provide for participation in the plan. Under this plan, the

Company matches 50% of each employee's contributions to a maximum company contribution of 3% of the employee's compensation. Forfeitures of non-vested interests in each of these plans remain in the respective plans for the benefit of the remaining participants. The Company also has pension or other retirement plans for employees of certain foreign subsidiaries and certain U.S. employees who are covered by collective bargaining agreements. Company contributions to or provisions for its profit-sharing, thrift and other retirement plans, net of forfeitures, are charged to operations and amounted to $12,009,000 in 1997 ($10,903,000 and $10,069,000 in 1996 and 1995, respectively).

The Company provides various other benefit programs to active employees including group medical, insurance and other welfare benefits. The costs of these benefit programs are charged to operations as incurred. Eligibility to participate in these programs generally ceases upon retirement or other separation from service except as required by applicable law.

Research and Development Costs

Research and development costs are charged to operations as incurred and amounted to $15,781,000 in 1997 ($15,449,000 and $14,597,000 in 1996 and 1995, respectively).

Environmental Expenditures

Environmental expenditures that relate to ongoing business activities are expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenues, are expensed. Liabilities are recorded when the Company determines that environmental assessments or remediations are probable and that the costs or a range of costs to the Company associated therewith can be reasonably estimated.

Income Taxes

The Company and its domestic subsidiaries file a consolidated U.S. federal income tax return. The Company's non-U.S. subsidiaries file income tax returns in their respective local jurisdictions. The Company provides for taxes on the assumed repatriation of accumulated earnings of its foreign subsidiaries.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. A valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income in the years in which those temporary differences are expected to be recovered or settled.

Earnings Per Common Share

At December 31, 1997, the Company retroactively adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share," for all periods for which earnings per share information is presented. Under the provisions of this statement, basic earnings per common share are computed on the basis of the weighted average number of shares of common stock outstanding during the year, including stock awards and shares issued as non-cash compensation. The weighted average number of common shares outstanding in 1997 was 42,613,000 (42,459,000 and 42,057,000 in 1996 and 1995, respectively). The Company has no potentially dilutive securities and therefore is not subject to diluted earnings per share presentation or disclosure requirements.

Other Matters

The Company is primarily engaged in a single line of business: the manufacture and sale of protective and specialty packaging materials and systems to a diverse group of customers throughout the world. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. No single customer or affiliated group of customers accounts for more than 10% of the Company's net sales.

In conformity with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare the Company's consolidated financial statements. Actual results could differ from these estimates.

Note 2 Pending Merger with Packaging Business of W. R. Grace & Co.

On August 14, 1997, the Company and W. R. Grace & Co. ("Grace") entered into a definitive merger agreement to combine Grace's packaging business ("Grace Packaging") with the Company. This transaction is described in the Company's Joint Proxy Statement/Prospectus dated February 13, 1998 (the "Joint Proxy Statement/Prospectus"), which was filed with the Securities and Exchange Commission and distributed to the stockholders of the Company in connection with a special meeting of the stockholders held on March 23, 1998 at which the stockholders approved such merger agreement. The transactions contemplated by the merger agreement are currently expected to be completed on or about March 31, 1998. For accounting purposes, such merger will be treated as a purchase of the Company by Grace (after the spin-off of Grace's specialty chemicals business). During 1997, the Company incurred transaction expenses of $8,405,000 related to certain professional fees primarily in connection with this merger.

Note 3 Acquisitions

During 1997, the Company made small acquisitions in Australia and Italy. These acquisitions, which were made for cash in the aggregate amount of approximately $10 million and were accounted for as purchases, were not material to the Company's consolidated financial statements.

In June 1996, the Company acquired the Australian and New Zealand protective packaging business of Southcorp Holdings Limited. During 1996, the Company also made several other small acquisitions, including acquisitions in Canada, Finland, Germany and the United States. These transactions, which were made for cash in the aggregate amount of approximately $30 million and accounted for as purchases, were not material to the Company's consolidated financial statements.

On January 10, 1995, the Company acquired Trigon Industries Limited ("Trigon"), a privately owned, New Zealand-based manufacturer of food packaging films and systems, durable mailers and bags and specialty adhesive products, for 882,930 newly issued shares of common stock valued at $35.70 per share and $25,592,000 in cash primarily provided by proceeds from borrowings under the BT Credit Agreement (note 6), representing a purchase price of approximately $57 million. The acquired net assets of Trigon included property and equipment of approximately $28,400,000, intangible assets of approximately $43,000,000 including trademarks, non-competition agreements, and the excess of cost over the fair value of net assets acquired, $25,000,000 of net indebtedness, and working capital of approximately $12,000,000. Such acquisition was accounted for as a purchase.

During 1995, the Company made certain other small acquisitions in the United States. These transactions, which were effected in exchange for shares of the Company's common stock, cash or a combination of the Company's common stock and cash, were accounted for as purchases and were not material to the Company's consolidated financial statements.

Note 4 Geographic Areas

The Company's operations are conducted primarily in the United States, Europe, the Asia/Pacific region, Canada and Latin America, and its products are distributed in these areas as well as other parts of the world. Net sales for each major geographic area include transfers to other geographic areas. Such transfers are made at prices intended to provide reasonable and appropriate returns to the selling unit, and applicable eliminations have been applied to the intergeographic transactions.

Operating profit consists of net sales less operating expenses. Other income (expense), net and income taxes have not been added or deducted in the computation of operating profit for each geographic area. Corporate expenses have been allocated to the geographic areas for whose benefit the expenses were incurred.

Identifiable assets are those assets that are used in the Company's operations in each geographic area.

Information by Major Geographic Area:
(In thousands of dollars)

	Net Sales	Operating Profit	Identifiable Assets
1997			
United States	$ 540,213	$ 104,496	$ 223,650
Europe	214,311	25,840	171,347
Asia/Pacific & Other	127,027	7,780	103,363
Eliminations	(38,718)	-	-
Consolidated	$ 842,833	$ 138,116	$ 498,360
1996			
United States	$ 504,449	$ 95,375	$ 213,223
Europe	204,474	25,696	156,242
Asia/Pacific & Other	113,687	9,001	97,654
Eliminations	(32,998)	-	-
Consolidated	$ 789,612	$ 130,072	$ 467,119
1995			
United States	$ 464,820	$ 75,828	$ 213,099
Europe	188,558	24,617	153,563
Asia/Pacific & Other	94,864	8,435	76,883
Eliminations	(25,122)	-	-
Consolidated	$ 723,120	$ 108,880	$ 443,545

NOTE: Net sales shown for the United States, Europe and Asia/Pacific and Other include transfers to other geographic areas as follows: United States, 1997--$27,134,000; 1996 --$22,888,000; 1995 --$18,412,000; Europe, 1997 --$7,042,000; 1996 --$4,781,000; 1995 --$2,398,000; Asia/Pacific and Other, 1997--$4,542,000; 1996 --$5,329,000; 1995 --$4,312,000.

Note 5 Inventories

At December 31, 1997, the components of inventories, by major classification (raw materials, work in process and finished goods) are as follows:

(In thousands of dollars)

	1997	1996
Raw materials	$ 22,279	$ 23,497
Work in process	2,204	2,622
Finished goods	38,444	35,841
Subtotal	62,927	61,960
Less LIFO reserve	4,032	4,729
Total inventory	$ 58,895	$ 57,231

Note 6 Debt

A summary of long-term debt at December 31, 1997 and 1996 follows:

(In thousands of dollars)

	1997	1996
BT Credit Agreement	$ -	$ 38,228
Foreign loans	47,257	59,719
Other	3,890	4,844
Total	51,147	102,791
Less current installments	2,641	2,891
Long-term debt, less current installments	$ 48,506	$ 99,900

The BT Credit Agreement is an unsecured $200 million revolving credit facility that expires on June 30, 2001. The BT Credit Agreement has no minimum annual paydown provision. As of December 31, 1997, there were no outstanding borrowings under the BT Credit Agreement. At December 31, 1996, the Company's outstanding borrowings under the BT Credit Agreement were $38,228,000. The weighted average interest rate under the BT Credit Agreement was approximately 6.8% at December 31, 1996. Had the Company not been a party to derivative financial instruments, discussed below, the weighted average interest rates related to the BT Credit Agreement would have been approximately 6.7% at December 31, 1996.

Foreign loans have been incurred for acquisitions, working capital and other corporate purposes. Certain of such loans are secured by foreign assets of approximately $7 million and are due in varying annual installments through 2010 with fixed and variable interest rates. The weighted average interest rates on such loans were 6.8% and 7.4% at December 31, 1997 and 1996, respectively.

The Company's obligations under the BT Credit Agreement and certain foreign and other loans and lines of credit bear interest at floating rates. The Company utilizes certain derivative financial instruments to manage its exposure to fluctuations in interest rates, including interest rate swaps and collars and cross currency swaps.

The BT Credit Agreement provides for changes in borrowing margins based on certain financial criteria and imposes certain limitations on the operations of the Company and its subsidiaries that include restrictions on the incurrence of additional indebtedness, the creation of liens, the making of investments, dispositions of property or assets, certain transactions with affiliates, and the payment by the Company of cash dividends to its stockholders, as well as certain financial covenants relating to interest coverage and debt leverage. The Company was in compliance with these requirements as of December 31, 1997.

The Company had available lines of credit at December 31, 1997, under the BT Credit Agreement and other credit facilities of approximately $264 million, of which approximately $230 million was unused. The Company is not subject to any material compensating balance requirements in connection with its lines of credit.

Scheduled annual maturities of long-term debt for the five years subsequent to December 31, 1997 are as follows: 1998 - $2,641,000; 1999 - - $29,439,000; 2000 -$1,504,000; 2001 -$13,974,000; and 2002 - $1,120,000.

Note 7 Financial Instruments

The Company is required by generally accepted accounting principles to disclose its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its consolidated financial statements and derivative financial instruments. The fair value estimates of the Company's various debt instruments were derived by evaluating the nature and terms of each instrument, considering prevailing economic and market conditions, and examining the cost of similar debt offered at the balance sheet date.
Such estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the Company's estimates.

The carrying amounts of current assets and liabilities approximate fair value due to their short-term maturity. The carrying amounts and estimated fair values of the Company's material, non-current financial instruments at December 31, 1997 and 1996 are as follows:

(In thousands of dollars)

	1997		1996	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
On-Balance-Sheet Liabilities:				
BT Credit Agreement	$ -	$ -	$38,228	$38,228
Foreign loans	47,257	47,489	59,719	60,163
Other loans	3,890	3,681	4,844	4,565
Other liabilities	12,390	12,390	12,651	12,651
Off-Balance-Sheet Instruments (Derivatives)				
Interest Rate Swaps	-	167	-	324
Interest Rate Collars	-	681	-	505
Cross Currency Swaps	-	(173)	-	1,760
Foreign Exchange Forward Contracts	-	23	-	-

The Company utilizes derivative financial instruments to manage its exposure to flucuations in interest rates and foreign exchange rates. The Company does not purchase, hold or sell derivative financial instruments for trading or speculative purposes.

Interest rate swaps are used to reduce the Company's exposure to fluctuations in interest rates by fixing the rate of interest the Company pays on the notional amount of debt. At December 31, 1997 and 1996, the Company was party to interest rate swaps with an aggregate notional amount of approximately $14 million. These swaps fix the rate of interest paid on the notional amount of certain non-U.S. dollar denominated long-term debt at rates which ranged from 8.55% to 8.60% in 1997 and 1996. Such swaps expire through September 1999.

Interest rate collars are used to reduce the Company's exposure to fluctuations in interest rates by limiting fluctuations in the rate of interest the Company pays on a notional amount of debt. At December 31, 1997 and 1996, the Company was party to interest rate collars with an aggregate notional amount of approximately $8 million. These collars limit the rate of interest paid on the notional amount of certain non-U.S. dollar denominated long-term debt to between 7.28% and 11.0%

through June 1999 and between 8.27% and 11.0% from June 1999 through June 2001.

Cross currency swaps allow the Company to gain access to additional sources of international financing while limiting foreign exchange exposure and adjusting or limiting interest rate exposure by swapping borrowings in U.S. dollars for borrowings denominated in the functional currencies of the borrowers. At December 31, 1997, the Company was party to cross currency swaps with an aggregate notional amount of approximately $25 million with various expiration dates through May 2002. At December 31, 1996, the Company was party to cross currency swaps with an aggregate notional amount of $30 million with various expiration dates through May 2002.

Foreign exchange forwards and options are generally used to reduce the Company's exposure to the risk that the eventual cash outflows resulting from firm commitments or anticipated transactions will be adversely affected by changes in exchange rates. At December 31, 1997, the Company was not party to any foreign currency options but was party to two foreign currency forward contracts with an aggregate notional amount of $4 million. Such forward contracts expire through December 1998. At December 31, 1996, the Company was not party to any material foreign currency options or forwards.

The fair values of the Company's various derivative instruments, as advised by the Company's bankers, generally reflect the estimated amounts that the Company would receive or pay to terminate the contracts at the reporting date. The notional amounts referred to above represent agreed-upon amounts on which calculations of cash to be exchanged are based. The notional amounts are not a measure of the Company's exposure to credit or market risk.

Realized and unrealized gains and losses on the Company's financial instruments and derivatives were not material to the consolidated financial statements in 1997, 1996, and 1995.

The Company is exposed to credit losses in the event of the inability of the counterparties to perform under their obligations, but it does not expect any counterparties to fail to do so given their high credit ratings and financial strength. The Company believes that off-balance-sheet risk in conjunction with its derivative contracts would not be material in the case of non-performance on the part of the counterparties to such agreements.

Note 8 Shareholders' Equity

The Company's shareholders' equity increased to $257,283,000 at December 31, 1997 from $186,649,000 at December 31, 1996 primarily as a result of the Company's net earnings in 1997 partially offset by a net reduction in the Company's accumulated translation adjustment due to the effect of foreign currency fluctuations. During 1997, the Company purchased 159,200 of its common shares in the approximate aggregate amount of $8,772,000 for use in the Company's employee benefit plans.

On September 29, 1995, the Company distributed a two-for-one stock split in the nature of a 100% stock dividend to the holders of record of the Company's common stock at the close of business on September 15, 1995 (the "1995 stock split"). All per share data and share information in the consolidated financial statements and notes thereto have been adjusted to give retroactive effect to the 1995 stock split where appropriate.

A summary of changes in issued and outstanding shares of common stock and shares of treasury stock of the Company follows:

	1997	1996	1995
Changes in common stock:			
Number of shares issued, beginning of year	42,747,704	42,506,573	20,111,618
Non-cash compensation	80,100	127,590	80,400
Awards of contingent stock	28,900	92,850	157,550
Shares issued related to acquisitions	-	20,691	957,335
1995 stock split	-	-	21,199,670
Number of shares issued, end of year	42,856,704	42,747,704	42,506,573
Changes in treasury stock:			
Number of shares held, beginning of year	226,758	224,758	122,306
Shares issued in acquisition	-	-	(11,927)
Awards of contingent stock	(153,800)	-	-
Purchase of treasury shares	159,200	-	-
Contingent stock forfeited	300	2,000	2,000
1995 stock split	-	-	112,379
Number of shares held, end of year	232,458	226,758	224,758

Non-cash compensation in each year includes the shares, if any, issued as all or a portion of the Company's contribution to its profit-sharing plan as determined by the Board of Directors of the Company, for the respective preceding year and shares issued each year to non-employee directors under the restricted stock plan for non-employee directors (the "Directors Stock Plan"), discussed below. The amount charged to operations related to these shares issued was $322,000 in 1997 ($3,242,000 in 1996 and $3,556,000 in 1995). Non-cash compensation in 1997 included only the amount charged to operations for shares issued under the Directors Stock Plan, as the Company's 1997 profit-sharing plan contribution was made entirely in cash.

The Directors Stock Plan, as mentioned above, provides annual grants of shares to non-employee directors, and interim grants of shares to eligible directors elected at other than an annual meeting, for less than 100% of fair value at date of grant in lieu of cash payments for certain directors' fees. Shares issued under this plan are restricted as to disposition by the holders as long as such holders remain directors of the Company. The excess of fair value over the granting price of shares issued under this plan is charged to operations at the date of such grant.

The Company's contingent stock plan provides for the granting to employees of awards to purchase common stock (during the succeeding 60-day period) for less than 100% of fair market value at the date of award. Shares issued under the contingent stock plan ("Contingent Stock") are restricted as to disposition by the holders for a period of at least three years after issue. In the event of termination of employment prior to lapse of the restriction, the shares are subject to an option to repurchase by the Company at the price at which the shares were issued. Such restriction will lapse prior to the expiration of the vesting period if certain events occur which affect the existence or control of the Company. On August 14, 1997, the Board of Directors amended the contingent stock plan to provide that the Grace Packaging merger would not constitute such an event.

The excess of fair value over the award price of Contingent Stock is charged to operations as compensation over a three-year period. In 1997, such charges amounted to $4,467,000 ($3,498,000 and $3,370,000 in 1996 and 1995, respectively). The aggregate fair value of Contingent Stock issued is credited to common stock and additional paid-in capital accounts, and the unamortized portion of the compensation is deducted from shareholders' equity.

A summary of the changes in shares available for the Directors Stock Plan and the Contingent Stock Plan follows:

Changes in the Directors Stock Plan shares:	1997	1996	1995
Number of shares available, beginning of year	29,200	161,400	82,200
Shares issued for new awards (1)	(7,200)	(7,200)	(1,500)
1995 stock split	-	-	80,700
Reduction in shares authorized during year	-	(125,000)	-
Number of shares available, end of year	22,000	29,200	161,400
Weighted average per share market value of stock on grant date (2)	$45.75	$35.13	$21.50

Changes in the Contingent Stock Plan shares:	1997	1996	1995
Number of shares available, beginning of year	646,150	737,000	505,900
Shares issued for new awards (1)	(182,700)	(92,850)	(157,550)
Contingent stock forfeited	300	2,000	2,000
1995 stock split	-	-	386,650
Number of shares available, end of year	463,750	646,150	737,000
Weighted average per share market value of stock on grant date (2)	$46.47	$36.59	$21.97

(1) For the Directors Stock Plan during 1995, all 1,500 shares were issued before the 1995 stock split. For the Contingent Stock Plan during 1995, 119,050 shares were issued before such stock split and the remaining 38,500 shares were issued after such stock split.

(2) Per share data adjusted to reflect the effect of the 1995 stock split.

The Company has adopted only the disclosure provisions of FASB Statement No. 123, "Accounting for Stock-Based Compensation," but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its stock-based compensation plans. The compensation cost that has been charged against income for the Company's stock-based compensation was noted above. Since such compensation cost is consistent with the compensation cost that would have been recognized for the Company's stock plans under the provisions of FASB Statement No. 123, the pro forma disclosure requirements under such statement are not applicable.

The Company currently has the authority to issue 1,000,000 shares of preferred stock, without par value, none of which were issued at December 31, 1997.

Note 9 Income Taxes

The Company's method of accounting for income taxes is the asset and liability method, under which deferred tax assets and liabilities are recognized for temporary differences and are measured using enacted tax rates and laws applicable to the periods in which the taxes become payable.

The components of earnings before income taxes follow:
(In thousands of dollars)

	1997	1996	1995
Domestic	$107,261	$ 91,055	$ 61,007
Foreign	26,227	23,540	26,147
	$133,488	$114,595	$ 87,154

The components of the provision for income taxes on earnings follow:

(In thousands of dollars)

	1997	1996	1995
Current tax provision:			
U.S. federal	$36,409	$31,888	$20,624
U.S. state and local	9,345	8,085	5,830
Foreign	10,753	10,590	9,347
	56,507	50,563	35,801
Deferred tax provision (benefit):			
Domestic	(2,396)	(4,067)	(2,589)
Foreign	(544)	(1,230)	1,214
	(2,940)	(5,297)	(1,375)
Provision for income taxes	$53,567	$45,266	$34,426

The Company's deferred tax liability, net of deferred tax assets, at December 31, 1997 and 1996 amounted to $2,973,000 and $6,014,000, respectively. The principal components of the Company's deferred tax assets and liabilities at December 31, 1997 and 1996 are as follows:

(In thousands of dollars)

	1997	1996
Deferred tax assets:		
Accrued liabilities	$ 5,924	$ 7,970
Patents and other intangibles	5,396	2,830
Facilities consolidation and integration	3,364	3,801
Inventory	2,736	824
Deferred compensation	1,561	1,121
Bad debts	1,423	732
Property and equipment	1,217	1,169
Deferred revenue	729	1,128
Other	6,735	5,159
	29,085	24,734
Valuation allowance	(810)	(277)
Deferred tax asset	$28,275	$24,457
Deferred tax liabilities:		
Property and equipment	$24,706	$24,944
Deferred revenue	1,011	855
Patents and other intangibles	434	598
Other	5,097	4,074
Deferred tax liability	$31,248	$30,471

The Company expects that it is more likely than not that the net deferred tax assets of $28,275,000 at December 31, 1997 will be realized based on the future reversals of existing deferred tax liabilities and the continuation of earnings, which may be affected by factors outside the Company's control. The valuation allowance of $810,000 is maintained for certain foreign deferred tax assets primarily relating to insignificant net operating losses. The net change in the valuation allowance for deferred tax assets was an increase of $533,000 in 1997 related to additional foreign net operating losses in 1997.

An explanation of the difference between the effective income tax rate and the statutory U.S. federal income income tax rate expressed as a percentage of earnings before income taxes for the years ended December 31, 1997, 1996 and 1995 follows:

	1997	1996	1995
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
Provision for foreign withholding taxes and additional U.S. taxes on repatriated and accumulated earnings of foreign subsidiaries	0.6	0.1	0.1
Tax effect of expenses not subject to tax benefit	2.4	1.4	1.7
State income taxes, net of U.S. federal income tax benefit	4.4	4.5	4.0
Taxes on foreign earnings at other than the statutory U.S. federal income tax rate	(0.6)	(0.6)	(0.4)
Other miscellaneous items	(1.7)	(0.9)	(0.9)
Effective income tax rate	40.1%	39.5%	39.5%

The Company's tax provisions for 1997, 1996 and 1995 give effect to foreign withholding taxes on the repatriation of accumulated earnings from the Company's foreign subsidiaries and additional U.S. taxes, if any, on such accumulated earnings. The Company has provided U.S. and foreign income taxes on the accumulated earnings of the Company's foreign subsidiaries through December 31, 1997.

The Company's Dutch subsidiary is entitled to certain tax incentives to manufacture certain product lines under agreements with local tax authorities. The total amount of such incentives is dependent on the profitability of such product lines over a period extending through 1999.

Note 10 Commitments and Contingent Liabilities

The Company is obligated under the terms of various leases covering many of the facilities occupied by the Company. The Company accounts for substantially all of its leases as operating leases. Net rental expense for 1997 was $11,209,000 ($10,939,000 and $10,228,000 in 1996 and 1995, respectively). Estimated future minimum annual rental commitments under noncancelable real property leases expiring through 2023 are as follows: 1998 - $9,374,000; 1999 - $6,424,000; 2000 - $5,204,000; 2001 - $3,925,000; 2002 - $3,050,000; and subsequent years - $7,560,000.

The Company's worldwide operations are subject to environmental laws and regulations which, among other things, impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous wastes. The Company reviews the effects of environmental laws and regulations on its operations and believes that it is in substantial compliance with all material applicable environmental laws and regulations.

At December 31, 1997, the Company was a party to, or otherwise involved in, several federal and state government environmental proceedings and private environmental claims for the cleanup of Superfund or other sites. The Company may have potential liability for investigation and cleanup of certain of such sites. At most of such sites, numerous companies, including either the Company or one of its predecessor companies, have been identified as potentially responsible parties ("PRPs") under Superfund or related laws. It is the Company's policy to provide for environmental cleanup costs if it is probable that a liability has been incurred and if an amount which is within the estimated range of the costs associated with various alternative remediation strategies is reasonably estimable, without giving effect to any possible future insurance proceeds. As assessments and cleanups proceed, these liabilities are reviewed periodically and adjusted as additional information becomes available. At December 31, 1997 and 1996, such environmental related provisions are not material. While it is often difficult to estimate potential liabilities and the future impact of environmental matters, based upon the information currently available to the Company and its experience in dealing with such matters, the Company believes that its potential liability with respect to such sites is not material to the Company's consolidated financial position. Environmental liabilities may be paid over an extended period, and the timing of such payments cannot be predicted with certainty.

The Company is also involved in various legal actions incidental to its business. Company management believes, after consulting with counsel, that the disposition of its litigation and other legal proceedings and matters, including environmental matters, will not have a material effect on the Company's consolidated financial position.

W. R. Grace & Co.
Grace Packaging
Special-Purpose Combined
Financial Statements
December 31, 1997 and 1996
and for each of the three years in the
period ended December 31, 1997

Special-Purpose Report of Independent Certified Public Accountants

February 23, 1998, except for Note 17,
as to which the date is March 30, 1998

To the Board of Directors and Shareholders of
W. R. Grace & Co.

We have audited the accompanying special-purpose combined balance sheet of W. R. Grace & Co. and its packaging business, excluding the Darex Container Products business (the "Company") as of December 31, 1997 and 1996, and the related special-purpose combined statements of earnings and cash flows for each of the three years in the period ended December 31, 1997. These special-purpose combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the special-purpose combined financial statements based on our audits.

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

The accompanying special-purpose combined financial statements were prepared on the basis of presentation described in Note 1, and are not intended to be a complete presentation of the consolidated assets, liabilities, revenues and expenses of W. R. Grace & Co.

As disclosed in Note 14 to the accompanying special-purpose combined financial statements, the packaging business has engaged in various transactions and relationships with affiliated entities. The terms of these transactions may differ from those that would result from transactions among unrelated parties.

In our opinion, the accompanying special-purpose combined financial statements audited by us present fairly, in all material respects, the financial position of the Company as of December 31, 1997 and 1996, and its earnings and cash flows for each of the three years in the period ended December 31, 1997 pursuant to the basis of presentation described in Note 1, in conformity with generally accepted accounting principles.

Price Waterhouse LLP
Ft. Lauderdale, Florida

W. R. Grace & Co.
Grace Packaging
Special-Purpose Combined Statement of Earnings
(Dollars in thousands, except for per share data)

	1997	1996	1995
Net sales	$1,833,111	$1,741,602	$1,705,642
Cost of sale	1,187,109	1,151,006	1,078,100
Gross profit	646,002	590,596	627,542
Marketing, administrative and development expenses	363,814	342,149	361,735
Restructuring costs and asset impairments	14,444	74,947	17,745
Operating profit	267,744	173,500	248,062
Other expenses, net	4,072	3,678	12,589
Earnings before income taxes	263,672	169,822	235,473
Income taxes	89,940	69,992	94,581
Net earnings	$173,732	$99,830	$140,892

See accompanying Notes to Special-Purpose Combined Financial Statements.

Special-Purpose Combined Balance Sheet
(Dollars in thousands, except for per share data)

	December 31, 1997	December 31, 1996
Assets		
Current Assets		
Cash and cash equivalents	$ -	$ -
Notes and accounts receivable, net of allowances for doubtful accounts of $7,256 in 1997 and $5,734 in 1996	272,194	262,392
Inventories	225,976	219,311
Deferred income taxes	22,323	22,409
Other current assets	6,865	10,981
Total Current Assets	527,358	515,093
Properties and equipment, net	1,040,152	1,121,762
Goodwill, less accumulated amortization of $392 in 1997 and $88 in 1996	13,433	8,650
Deferred income taxes	-	956
Other assets	65,888	56,427
Total Assets	$1,646,831	$1,702,888
Liabilities and Equity		
Current Liabilities		
Accounts payable	$ 114,907	$ 130,855
Other current liabilities	68,710	106,655
Total Current Liabilities	183,617	237,510
Deferred income tax liability	13,939	-
Other liabilities	96,647	83,588
Total Liabilities	294,203	321,098
Commitments and contingencies (Notes 7 and 15)		
Equity		
Equity	1,482,682	1,428,925
Cumulative translation adjustments	(130,054)	(47,135)
Total Equity	1,352,628	1,381,790
Total Liabilities and Equity	$1,646,831	$1,702,888

See accompanying Notes to Special-Purpose Combined Financial Statements.

Special-Purpose Combined Statement Of Cash Flows
(Dollars in thousands, except for per share data)

	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:	$173,732	$99,830	$140,892
Net earnings			
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization of property and equipment	106,563	90,914	75,578
Other depreciation and amortization	4,517	3,466	4,779
Restructuring	3,616	47,947	11,145
Asset impairment	10,828	27,000	6,600
Deferred tax provisions	14,981	(9,754)	(8,838)
Net loss/(gain) on disposals of property and equipment	2,474	(929)	2,071
Changes in operating assets and liabilities, net of assets and liabilities acquired			
Notes and accounts receivable	(5,236)	(36,758)	(25,506)
Inventories	116	38,784	(43,516)
Other current assets	5,028	507	3,784
Other assets	(18,128)	(22,754)	(14,765)
Accounts payable	(23,183)	(18,761)	(7,892)
Other accrued liabilities	(47,936)	(16,550)	1,301
Other liabilities	7,942	4,659	11,046
Net cash provided by operating activities	235,314	207,601	156,679
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures for property and equipment	(101,997)	(294,503)	(293,272)
Proceeds from sales of property and equipment	1,882	1,457	246
Businesses acquired in purchase transactions, net of cash acquired and debt assumed	(15,224)	(16,037)	-
Net cash used in investing activities	(115,339)	(309,083)	(293,026)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term debt	-	-	-
Net advances (to)/from W. R. Grace & Co. - Conn.	(119,975)	101,482	136,347
Net cash (used) provided by financing activities	(119,975)	101,482	136,347
Effect of exchange rate changes on cash and cash equivalents	-	-	-
CASH AND CASH EQUIVALENTS:			
Net change during period	-	-	-
Balance, beginning of period	-	-	-

Balance, end of period	$ -	$ -	$ -
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for income taxes	$ 74,959	$ 79,746	$ 103,419

See accompanying Notes to Special-Purpose Combined Financial Statements.

NOTES TO SPECIAL-PURPOSE COMBINED FINANCIAL STATEMENTS
(Dollars in thousands, except for per share data)

Note 1. Basis of Presentation
General

W. R. Grace & Co. ("WRG"), through its subsidiaries, is a leading manufacturer of packaging and specialty chemicals. The assets and liabilities of WRG's packaging and specialty chemicals businesses are currently owned by W. R. Grace & Co.-Conn. ("Grace Specialty Chemicals"), a direct wholly owned subsidiary of WRG, and its subsidiaries.

In August 1997, WRG and Sealed Air Corporation ("Sealed Air") entered into a definitive agreement ("Merger Agreement," and, together with related agreements, "Transaction Agreements") to combine WRG's packaging business, excluding the Darex Container Products business, with the business of Sealed Air. Under the Transaction Agreements, WRG will separate its packaging business and its specialty chemicals businesses into two separate groups of subsidiaries (the "Separation"); WRG will contribute the stock of Grace Specialty Chemicals to another wholly owned subsidiary, which will be renamed "W. R. Grace & Co." ("New Grace"), and will spin off New Grace to WRG's shareholders (the "Spin-off"); WRG (which, after the Spin-off, will own only WRG's packaging business) will be recapitalized (the "Recapitalization"); and a subsidiary of WRG will merge with Sealed Air (the "Merger"). The Separation, Spin-off and Recapitalization are collectively referred to as the "Reorganization". Upon consummation of the Reorganization and Merger, WRG will be renamed "Sealed Air Corporation" ("New Sealed Air").

Prior to the spin-off, WRG and a packaging subsidiary will borrow approximately $1,200,000 and transfer these funds to New Grace (the "Cash Transfer"), and New Sealed Air will remain responsible for repaying the $1,200,000.

The special-purpose combined financial statements of WRG and its packaging business, excluding the Darex Container Products business ("Grace Packaging," and, together with WRG, the "Company"), have been prepared pursuant to Section 6.7(a) of the Merger Agreement, and exclude all the assets, liabilities (including contingent liabilities), revenues and expenses of WRG other than the assets, liabilities, revenues and expenses of Grace Packaging. As used herein, "Grace" refers to the consolidated businesses of W. R. Grace & Co. prior to the consummation of the Reorganization.

Grace Packaging is Grace's largest product line and includes the following trademarked products: Cryovac([Registered]) flexible packaging systems, Formpac([Trademark]) rigid foam trays, and Omicron([Trademark]) rigid plastic cups and tubs. Grace Packaging is primarily engaged in producing flexible packaging materials used in food processing and industrial and consumer products, as well as packaging equipment.

Basis of Combination

The special-purpose combined financial statements have been prepared using Grace's historical basis of accounting and include the assets, liabilities, revenues, expenses and related taxes on income of Grace Packaging previously included in the consolidated financial statements of Grace, and, as such, include certain assets and liabilities of Grace Packaging that will be retained by New Grace following the Reorganization, as contemplated by the Transaction Agreements. Additionally, in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 55 ("SAB 55"), the special-purpose combined financial statements have been adjusted to include certain expenses incurred by Grace on Grace Packaging's behalf. See Note 14 for a discussion of these corporate allocations.

The special-purpose combined financial statements do not include an allocation of Grace's debt and related interest expense (except for interest capitalized as a component of properties and equipment). Therefore, the special-purpose combined financial statements may not necessarily reflect the financial position and results of operations that would have occurred had Grace Packaging been a stand-alone entity on the dates, and for the periods, indicated. All transactions between and among Grace Packaging entities have been eliminated.

The special-purpose combined financial statements also exclude dividends paid by Grace to its shareholders, as the obligation to pay such dividends was incurred by Grace and not by Grace Packaging on a stand-alone basis. See Note 12 for a discussion of equity.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities (including contingent assets and liabilities) at the dates of the special-purpose combined financial statements and the reported revenues and expenses during the periods presented. Actual amounts could differ from those estimates.

Financial Instruments

Gains and losses on contracts that hedge firmly committed foreign currency transactions are deferred and recorded in income or as adjustments of carrying amounts in the period in which the related transactions are consummated.

Inventories

Inventories are stated at the lower of cost or market. The costs of most U.S. inventories are determined on a last-in, first-out ("LIFO") basis, while the costs of other inventories are determined on a first-in, first-out ("FIFO") basis.

Properties and Equipment

Properties and equipment are stated at cost, except for properties and equipment that have been impaired, for which the carrying amount is reduced to estimated fair value. Significant improvements are capitalized; repairs and maintenance costs that do not extend the lives of the assets are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts, and any resulting gain or loss is included in income when the assets are disposed of.

The cost of properties and equipment is depreciated over estimated useful lives on a straight-line basis as follows: buildings - 20 to 40 years, and machinery and other property and equipment - three to 20 years.

Goodwill and Other Intangible Assets

Goodwill arises from certain purchase transactions and is amortized on a straight-line basis, generally over 40 years; other intangible assets are amortized over their estimated lives on a straight-line basis.

Impairment of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," the Company reviews the carrying value of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be fully recoverable. The Company considers various valuation factors, including discounted cash flows, fair values and replacement costs, to assess any impairment of goodwill and other long-lived assets.

Stock-Based Compensation

The Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), in 1996. As permitted by SFAS No. 123, the Company continues to follow the measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting For Stock Issued to Employees," and does not recognize stock compensation expense with respect to its stock-based incentive plans, because it is the Company's practice to grant options at an exercise price that is equal to the market value of the Company's stock on the grant date.

Foreign Currency Translation

The Company follows the provisions of Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" ("SFAS No. 52"). In locations that are not considered highly inflationary under SFAS No. 52, the local currency is considered to be the functional currency. As a result, the balance sheets of the Company's foreign operations are translated at the current exchange rate and statements of earnings are translated at the average exchange rate during the applicable period (except where a country has a highly inflationary economy). Assets and liabilities of the Company's operations in countries with highly inflationary economies are translated at the current exchange rate, except that properties and equipment and inventories are translated at historical exchange rates. Items included in statements of earnings of the Company's operations in countries with highly inflationary economies are translated at average rates of exchange prevailing during the period, except that depreciation and costs of sales are translated at historical rates.

Income Taxes

The Company's U.S. operations are included in Grace's U.S. federal and state income tax returns. Grace's consolidated income tax provision has generally been allocated to the Company as if the Company filed separate income tax returns. The allocated current provision is settled with Grace on a current basis. No liability for potential future income tax assessments relating to prior years is included in the special-purpose combined financial statements.

Deferred tax assets and liabilities are recognized with respect to the future tax consequences attributable to differences between the financial statement amounts for existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. A valuation allowance is provided when it is more likely than not that all or some portion of a deferred tax asset will not be realized. Deferred tax liabilities or assets at the end of each period are determined using the tax rates then in effect.

Research and Development

Research and development costs are expensed as incurred and amounted to $40,675, $42,255 and $36,926 in 1997, 1996 and 1995, respectively, including corporate allocations. See Note 14 for further information.

Other Expenses, Net

Other expenses, net consists primarily of losses on the sale of receivables (see Note 5), realized foreign exchange gains and losses, gains and losses on the disposal of fixed assets and equity interest in the gains and losses of affiliated companies.

Earnings per Share

For the periods presented, the Company was a business unit of Grace and did not have a separate identifiable capital structure upon which a calculation of earnings per share could be based. Historical earnings per share of Grace Packaging calculated on an equivalent share basis (i.e., using the weighted average number of shares of WRG common stock outstanding) were $2.35, $1.09 and $1.47 for the years ended December 31, 1997, 1996 and 1995, respectively. The equivalent earnings per share of Grace Packaging are not necessarily indicative of the results that would have occurred had Grace Packaging been a stand-alone entity for the periods presented.

The weighted average number of common shares used to compute equivalent earnings per share amounts were 74.0 million for 1997, 92.0 million for 1996 and 95.8 million for 1995.

Recently Issued Accounting Pronouncements

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130") effective for fiscal years beginning after December 15, 1997. The Company will adopt SFAS 130 in 1998.

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131") effective for fiscal years beginning after December 15, 1997. The Company will adopt SFAS 131 in 1998.

In February 1998, the FASB issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits" ("SFAS 132") effective for fiscal years beginning after December 15, 1997. The Company will adopt SFAS 132 in 1998.

Reclassifications

Certain prior period amounts have been reclassified to conform to current year presentation.

Note 3. Acquisitions

In 1997 the Company purchased all the shares of Shurpack, Inc., a US manufacturer of flexible food packaging for net cash consideration of $12,137. This transaction was accounted for as a purchase and resulted in goodwill of $5,087.

During 1997 the Company invested approximately $3,000 in Grace Packaging Gaoming Co. Ltd. ("Gaoming"), a Chinese manufacturer of shrink films for sausage casings. Gaoming was a joint venture previously accounted for as an investment under the equity method prior to this additional investment. As a result of the consolidation of Gaoming, the Company recorded minority interest of $2,680 at December 31, 1997.

In 1996, the Company acquired Cypress Packaging, Inc., a U.S. manufacturer of flexible packaging primarily for the retail pre-cut produce market segment, for net cash consideration of $16,838. This transaction was accounted for as a purchase and resulted in goodwill of $8,738.

Note 4. Other Balance Sheet Items

The Company's other balance sheet items consist of the following:

	December 31,	
	1997	1996
Inventories (at FIFO, which approximates current cost):		
Raw materials	$44,043	$40,853
Work in process	54,532	54,781
Finished goods	142,282	140,908
	240,857	236,542
Reduction of certain inventories to LIFO basis	(14,881)	(17,231)
Total	$225,976	$219,311

Inventories accounted for on a LIFO basis represented approximately 27% of total inventories at December 31, 1997 and 1996. The liquidation of prior years' LIFO inventory layers in 1996 did not materially affect the Company's results of operations.

	December 31,	
	1997	1996

Other Assets:		
Leased equipment, net	$40,250	$30,905
Long-term lease receivables	7,800	11,086
Pension intangible	6,900	--
Other intangible assets, net	8,515	5,343
Investment in joint ventures and affiliates	--	4,784
Other	2,423	4,309
Total	$65,888	$56,427

Leased equipment consists of equipment held for lease or equipment at customer locations under no-charge operating lease arrangements. Leased equipment is recorded at cost less accumulated amortization. Amortization is calculated over a term relevant to the agreement, generally from three to 10 years.

The Company recorded $4,151 and $4,832 of current lease receivables, and $7,800 and $11,086 in long-term lease receivables, related to sales-type lease arrangements at December 31, 1997 and 1996, respectively.

See Note 10 for information concerning pension intangible.

Other intangibles consist mainly of patents, licenses and non-compete agreements. Intangibles are amortized over the useful life or the shorter of the term of the related agreement or four years.

Total amortization expense related to leased equipment and intangible assets was $4,517, $3,466 and $4,779 during the years ended December 31, 1997, 1996 and 1995, respectively.

	December 31,	
	1997	1996
Other Current Liabilities:		
Accrued incentive compensation and other employee benefits	$23,025	$25,993
Accrued salaries, wages and related taxes	17,650	16,094
Accrued restructuring costs	12,943	38,921
Accrued operating expenses	9,100	11,937
Other	5,992	13,710
Total	$68,710	$106,655

	December 31,	
	1997	1996
Other Liabilities:		
Other postretirement benefits	$59,900	$59,600
Pensions	14,000	4,200
Long-term incentive program	8,900	7,100
Statutory social security	3,058	3,577
Deferred income	1,656	1,636
Other	9,133	7,475
Total	$96,647	$83,588

Unfunded statutory social security obligations represent the present value of the Company's future social security obligations for certain eligible, active employees in France based on actuarial calculations.

See Notes 8, 10 and 11 for information concerning restructuring, pension and other postretirement benefit obligations, respectively.

Note 5. Sale of Accounts Receivable

During 1995, Grace entered into agreements to sell up to $120,000 of interests in designated pools of accounts receivable. At December 31, 1995, $116,000 had been received pursuant to such sales, including $47,068 relating to accounts receivable of Grace Packaging. The amounts sold have been reflected as reductions to accounts receivable. Under the terms of the agreements, new interests in accounts receivable were sold as collections reduced previously sold accounts. The losses related to such sales were expensed as incurred. These agreements were terminated as to Grace Packaging during September 1996 with no gain or loss incurred on termination.

Note 6. Income Taxes

The components of earnings before income taxes were as follows:

	1997	1996	1995
Domestic	$105,694	$101,012	$117,100
Foreign	157,978	68,810	118,373
Total	$263,672	$169,822	$235,473

	=======	=======	=======

The components of the provision for income taxes were as follows:

	1997	1996	1995
Current tax expense			
Federal	$26,905	$41,986	$46,550
State and local	5,233	7,245	9,872
Foreign	42,821	30,515	46,997
Total current	74,959	79,746	103,419
Deferred tax expense/(benefit)			
Federal	6,465	(8,891)	(8,011)
State and local	1,055	(328)	(826)
Foreign	7,461	(535)	(1)
Total deferred	14,981	(9,754)	(8,838)
Total provision	$89,940	$69,992	$94,581

Deferred tax assets/(liabilities) consist of the following:

	December 31,	
	1997	1996
Reserves not yet deductible for tax purposes	$10,931	$15,231
Research and development expenses	25,337	24,306
Postretirement benefits other than pensions	21,643	20,860
Employee benefit items	6,429	6,004
Capitalized inventory costs and inventory reserves	8,877	4,367
Foreign net operating loss carryforwards, investment tax allowances and foreign tax credits	25,118	33,422
Other	7,642	5,136
Gross deferred tax assets	105,977	109,326
Valuation allowance	(10,445)	(18,599)
Total deferred tax assets	95,532	90,727
Depreciation and amortization	(71,814)	(52,175)
Capitalized interest	(15,126)	(14,384)
Other	(208)	(803)
Total deferred tax liabilities	(87,148)	(67,362)
Net deferred tax assets	$8,384	$23,365

The U.S. federal statutory corporate tax rate reconciles to the Company's effective tax rate as follows:

	1997	1996	1995
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	1.5	2.4	2.3
U.S. and foreign taxes on foreign operations	(2.6)	3.4	2.6
Other	0.2	0.4	0.3
Effective tax rate	34.1%	41.2%	40.2%

The Company has concluded that it is more likely than not that the remaining balance of deferred tax assets of $95,532 after consideration of the valuation allowance at December 31, 1997, will be realized based upon anticipated future results. The valuation allowance of $10,445 at December 31, 1997 has been recorded due to the uncertainty of the realization of certain foreign deferred tax assets, primarily relating to foreign investment tax allowances that arose during 1996.

Provision has not been made for additional federal, state or foreign taxes on undistributed earnings of foreign subsidiaries. It is management's current intent that these earnings will continue to be reinvested indefinitely. The distribution of these earnings would result in additional foreign withholding taxes and additional U.S. federal income taxes to the extent they are not offset by foreign tax credits. It is not practicable to estimate the total tax liability that would be incurred upon such distribution.

At December 31, 1997, there were $36,823 of foreign net operating loss carryforwards ($14,867 tax effected), $26,040 of investment tax allowances ($7,812 tax effected) and $2,439 of foreign tax credits, the majority of which have no expiration period. In accordance with the Transaction Agreements, New Grace will receive cash from New Sealed Air equivalent to the tax benefit of such tax attributes as realized.

Note 7. Properties and Equipment

	December 31,

	1997	1996
Land and improvements	$13,219	$14,940
Buildings	306,880	280,982
Machinery and equipment	1,125,567	1,026,876
Other property and equipment	119,533	127,512
Construction in progress	187,797	327,925
	1,752,996	1,778,235
Accumulated depreciation and amortization	(712,844)	(656,473)
Properties and equipment, net	$1,040,152	$1,121,762

Depreciation and amortization expense relating to properties and equipment amounted to $106,563, $90,914 and $75,578 in 1997, 1996 and 1995, respectively.

Interest cost capitalized during 1997, 1996 and 1995 was $12,775, $17,650 and $15,071, respectively.

Leases

Future minimum payments for operating leases as of December 31, 1997 are as follows:

1998	$10,444
1999	8,648
2000	7,234
2001	5,756
2002	3,349
2003 and beyond	680
Total minimum payments	$36,111

Rental expense for operating leases was $9,588, $12,036 and $11,560 in 1997, 1996 and 1995, respectively.

Note 8. Restructuring Costs and Asset Impairments

Restructuring Costs

The Company began implementing a worldwide program in 1995 focused on streamlining processes and reducing general and administrative expenses and factory administration costs. Under this program, the Company has continued to implement additional cost reductions and efficiency improvements, as it has further evaluated and reengineered its operations. In connection with these programs, the Company recorded restructuring charges of $3,616 in 1997, $47,947 in 1996 and $11,145 in 1995. These charges primarily related to headcount reductions and the restructuring of the Company's European operations (in areas such as working capital management, manufacturing and sales).

The components of the 1997, 1996 and 1995 restructuring charges, spending and other activity during 1997, 1996 and 1995, and the remaining reserve balances at December 31, 1997 were as follows:

	Employee Termination Benefits	Plant/Office Closures	Other Costs	Total
Restructuring reserve at December 31, 1994	$2,837	$506	$ --	$3,343
Restructuring provisions recorded in 1995	9,845	500	800	11,145
Cash payments during 1995	(1,008)	--	(500)	(1,508)
Restructuring reserve at December 31, 1995	11,674	1,006	300	12,980
Restructuring provisions recorded in 1996	41,328	4,400	2,219	47,947
Cash payments during 1996	(19,971)	(200)	(1,835)	(22,006)
Restructuring reserve at December 31, 1996	33,031	5,206	684	38,921
Restructuring provisions recorded in 1997	3,200	--	416	3,616
Cash payments during 1997	(26,074)	(2,420)	(1,100)	(29,594)
Restructuring reserve at December 31, 1997	$10,157	$2,786	$ --	$12,943

Employee termination benefits primarily represent severance pay and other benefits (including benefits under long-term incentive programs paid over time) associated with the elimination of approximately 400 positions worldwide. Through December 31, 1997, approximately 360 positions had been eliminated.

Subsequent to the Reorganization, certain restructuring obligations (for which approximately $1,100 was accrued as of December 31, 1997) will be retained by New Grace. As of the date of the Reorganization, the Company's liability with respect to such restructuring obligations retained by New Grace, including related deferred income taxes, will be reversed and accounted for as an equity

contribution from Grace.

Asset Impairments

During 1997, 1996 and 1995, the Company determined that, due to certain market demand shifts and manufacturing capacity strategies, certain long-lived assets and related goodwill were impaired. As a result, in 1997, 1996 and 1995 the Company recorded noncash pretax charges of approximately $10,828, $27,000 and $6,600, respectively. The components of the 1997, 1996 and 1995 charges were as follows:

	1997	1996	1995
Properties and equipment	$ 10,828	$ 9,000	$ 1,900
Goodwill and other intangible assets	-	11,100	300
Long-term investments	-	4,200	4,400
Other assets	-	2,700	-
	$ 10,828	$ 27,000	$ 6,600

Note 9. Long-Term Incentive Program

Certain Grace Packaging employees participate in Grace's Long-Term Incentive Program ("LTIP"), which provides that employees can earn performance units based upon the achievement of targeted earnings and shareholder value creation goals over a three-year period. These performance units are equivalent in value to a share of Grace common stock at the end of the three-year period. Awards are paid to participants following the end of each three-year period.

Provisions for the LTIP awards are made quarterly based upon progress toward meeting the targets described above. LTIP expense included in the special-purpose combined financial statements related to Grace Packaging employees was $5,900, $1,900 and $7,000 for 1997, 1996 and 1995, respectively.

In accordance with SAB 55, the special-purpose combined financial statements also reflect an allocation of LTIP expense related to Grace corporate employees that performed services on behalf of Grace Packaging. See Note 14 for a discussion of corporate allocations. The provision included in the special-purpose combined financial statements for allocated LTIP expenses was $23,710, $9,293 and $10,811 for 1997, 1996 and 1995, respectively.

In conjunction with the Reorganization, LTIP liabilities related to Grace Packaging employees (for which approximately $8,900 was accrued as of December 31, 1997) will be retained by New Grace and the participation of Grace Packaging employees in Grace's LTIP will cease. As of the date of the Reorganization, the Company's liability with respect to LTIP obligations retained by New Grace, including related deferred income taxes, will be reversed and accounted for as an equity contribution from Grace.

Note 10. Pension Plans

Substantially all of the Company's U.S. employees are covered by non-contributory defined benefit plans sponsored by Grace. Benefits are generally based on final average salary and years of service. Grace funds its U.S. pension plans in accordance with U.S. federal laws and regulations. Plan assets consist primarily of publicly traded common stocks, fixed income securities and cash equivalents.

Separate calculations of Grace Packaging's net pension cost and funded status within Grace's U.S. pension plans have been performed. Grace Packaging's total pension expense consists of the following components:

	1997	1996	1995
Service cost on benefits earned during the year	$ 5,800	$ 6,400	$ 5,200
Interest cost on benefits earned in prior years	12,700	12,100	10,800
Actual return on plan assets	(13,900)	(18,800)	(22,200)
Deferred gain on plan assets	-	5,800	10,600
Amortization of net gains and prior service costs	(900)	(200)	(1,300)
Net pension cost	$ 3,700	$ 5,300	$ 3,100

Grace Packaging's funded status within Grace's U.S. plans was as follows:

	December 31, 1997	December 31, 1996
Actuarial present value of benefit obligation:		
Vested	186,500	150,000
Accumulated benefit obligation	189,300	152,400
Total projected benefit obligation	202,000	163,000
Plan assets at fair value	175,300	158,700
Plan assets less than projected benefit obligation	(26,700)	(4,300)

Unamortized net gain at initial adoption	(6,000)	(7,500)
Unamortized prior service cost	14,900	6,100
Unrecognized net loss	10,700	1,500
Accrued pension cost	(7,100)	(4,200)
Adjustment required to recognize minimum liability	(6,900)	-
Accrued pension cost liability recognized in the balance sheet	(14,000)	(4,200)

The following significant assumptions were used in calculating the Company's U.S. pension cost and funded status:

	1997	1996	1995
Discount rate at December 31,	7.3%	8.0%	7.3%
Expected long-term rate of return	9.0%	9.0%	9.0%
Rate of compensation increase	4.5%	4.5%	4.5%

The Company's non-U.S. employees participate in various Grace-sponsored retirement plans. Net pension cost for these plans has been allocated annually to the Company by Grace. Total pension costs allocated to the Company in connection with these plans were $800, $3,000 and $500 in 1997, 1996 and 1995, respectively. No portion of the non-U.S. pension assets or liabilities has been allocated to the Company, on the basis that non-U.S. employees are considered to have participated in a multiemployer pension plan as defined in Statement of Financial Accounting Standards No. 87, "Employer's Accounting for Pensions."

Separate calculations for the components of net pension cost for the Company and the Company's funded status within the Grace-sponsored non-U.S. plans are not available. The following tables reflect the components of net pension cost and the funded status of the non-U.S., Grace-sponsored pension plans for all Grace businesses:

	1997	1996	1995
Service cost on benefits earned during the year	$ 10,000	$ 10,700	$ 10,500
Interest cost on benefits earned in prior years	19,400	23,100	21,400
Actual return on plan assets	(51,100)	(39,100)	(52,000)
Deferred gain on plan assets	20,400	8,200	26,200
Amortization of net gains and prior service costs	(500)	(300)	(800)
Net curtailment and settlement loss (gain)	3,700	(2,400)	-
Net pension cost	$ 1,900	$ 200	$ 5,300

	Assets Exceed Accumulated Benefits December 31,		Accumulated Benefits Exceed Assets December 31,	
	1997	1996	1997	1996
Actuarial present value of benefit obligation:				
Vested	$ 194,300	$ 161,800	$ 76,200	$ 75,200
Accumulated benefit obligation	$ 194,900	$ 162,500	$ 83,600	$ 82,800
Total projected benefit obligation	205,000	$ 183,200	$ 100,100	$ 103,300
Plan assets at fair value	339,100	313,400	2,600	6,100
Plan assets in excess of/(less than) projected benefit obligation	134,100	130,200	(97,500)	(97,200)
Unamortized net (gain)/loss at initial adoption	(3,400)	(4,700)	2,900	3,800
Unamortized prior service cost	3,600	4,100	-	-
Unrecognized net (gain)/loss	(14,900)	(17,300)	20,300	15,000
Prepaid/(accrued) pension cost	$ 119,400	$112,300	$(74,300)	$(78,400)

The following significant assumptions were used in calculating the pension cost and funded status for the non-U.S. Grace-sponsored pension plans for all Grace businesses:

	1997	1996	1995
Discount Rate at December 31,	2.3-7.5%	3.4-8.7%	5.1-11.6%
Expected long-term rate of return	6.0-10.5%	6.0-10.5%	6.0-10.5%
Rate of compensation increase	2.0-5.0%	2.5-7.5%	4.0-7.5%

The Company's participants historically comprised approximately 66% of the total participants in the non-U.S. Grace-sponsored pension plans.

Subsequent to the Reorganization, the pension obligations relating to substantially all of the Company's U.S. employees will be retained by New Grace. As of the date of the Reorganization, the Company's liability with respect to such employees to be retained by New Grace, including related deferred income taxes, will be reversed and accounted for as an equity contribution from Grace.

Subsequent to the Reorganization, it is expected that New Sealed Air will assume substantially all of the pension obligations related to the Company's non-U.S. employees and will also receive a corresponding amount of assets from the non-U.S. Grace plans. However, differences, if any, between the non-U.S. projected benefit obligations assumed by New Sealed Air and the value of the assets transferred related to such obligations will be accounted for as a contribution to, or distribution from, Grace Packaging.

Note 11. Other Postretirement Benefit Plans

The Company's U.S. retired employees receive certain postretirement health care and life insurance benefits under plans established by Grace. Those retiree medical and life insurance plans provide for various levels of benefits to employees (depending on their dates of hire) who retire from the Company after age 55 with at least 10 years of service. The plans are unfunded.

The Company applies Statement of Financial Accounting Standards No. 106, "Employer's Accounting for Postretirement Benefits Other than Pensions," which requires the accrual method of accounting for the future costs of postretirement health care and life insurance benefits over the employees' years of service. Grace pays the costs of postretirement benefits as they are incurred.

Actuarial calculations of net postretirement benefit costs and accrued obligations for Grace Packaging participants within the Grace retiree medical and life insurance plans were performed as if Grace Packaging were a stand-alone entity. Included in other liabilities are the following:

Accumulated postretirement benefit obligation:

	December 31, 1997	1996
Retirees	$ 23,900	$ 23,500
Fully eligible participants	3,300	2,500
Active ineligible participants	24,000	19,300
	51,200	45,300
Unrecognized net loss	(4,100)	-
Unrecognized prior service benefit	12,800	14,300
Accrued postretirement benefit obligation	$ 59,900	$ 59,600

Net periodic postretirement benefit cost for 1997, 1996 and 1995 consists of the following components:

	1997	1996	1995
Service cost	$ 800	$ 800	$ 600
Interest cost on accumulated postretirement benefit obligation	3,600	3,400	3,900
Amortization of net loss	-	-	-
Amortization of prior service benefit	(1,500)	(1,600)	(1,800)
Net periodic postretirement benefit cost	$ 2,900	$ 2,600	$ 2,700

Medical care cost trend rates were projected at 8.7% in 1997, declining to 5.0% through 2001 and remaining level thereafter. An increase of one percentage point in each year's assumed medical care cost trend rate, holding all other assumptions constant, would increase the annual net periodic postretirement benefit cost by $185 and the accumulated postretirement benefit obligation by $2,500. The discount rates at December 31, 1997, 1996 and 1995 were 7.3%, 8.0% and 7.3%, respectively.

Subsequent to the Reorganization, the postretirement obligation related to all retired Grace Packaging employees and those active Grace Packaging employees who would be eligible to receive postretirement benefits if they should retire at any time on or before the first anniversary of the Reorganization, will be retained by New Grace. As of the date of the Reorganization, the Company's liability to be retained by New Grace, including related deferred income taxes, will be reversed and accounted for as an equity contribution from Grace.

Note 12. Equity

Because Grace Packaging operations have been conducted by divisions or

subsidiaries of Grace Specialty Chemicals, rather than by a distinct consolidated legal entity, there are no customary equity and capital accounts. Grace Packaging's operations are funded by means of intercompany accounts with Grace Specialty Chemicals. Therefore, equity also includes intercompany balances due to Grace Specialty Chemicals arising from the funding of Grace Packaging, as well as balances related to transactions and other charges and credits between Grace Packaging and Grace, as more fully described in Note 14. The special-purpose combined financial statements include equity balances related only to Grace Packaging. Therefore, changes within the equity accounts of Grace related to the declaration and payment of dividends to its shareholders, the addition of capital contributions, the granting and exercising of stock options and the purchase of treasury stock have been excluded, since such movements related to Grace and not to Grace Packaging on a stand-alone basis. Similarly, due to the above factors, it has not been possible to present separately within equity the retained earnings of Grace related to Grace Packaging. A summary of changes in equity follows:

	1997	1996	1995
Balance, beginning of year	$ 1,428,925	$ 1,227,613	$ 950,374
Net earnings	173,732	99,830	140,892
Advances (to) from Grace Specialty Chemicals, net	(119,975)	101,482	136,347
Balance, end of year	$ 1,482,682	$ 1,428,925	$ 1,227,613

Cumulative translation adjustments for the three years ended December 31, 1997 were as follows:

	1997	1996	1995
Balance, beginning of year	$ (47,135)	$ (47,265)	$ (52,613)
Translation adjustment	(82,919)	130	5,348
Balance, end of year	$ (130,054)	$ (47,135)	$ (47,265)

Stock Options

Certain of the Company's employees participate in WRG's stock incentive plans. Options granted under these plans have an exercise price equal to the market value of WRG's common stock on the date of grant, become exercisable at the time or times determined by a committee of WRG's Board of Directors and have terms of up to ten years and one month. Options to purchase approximately 4.5 million shares of WRG common stock were outstanding at December 31, 1997, at an average exercise price of approximately $36.00. Options held by current and former employees of Grace Packaging represent approximately 14.5% of the 4.5 million options outstanding as of December 31, 1997.

Concurrent with the Reorganization, the outstanding options to purchase WRG common stock that are held by Grace Packaging employees will be converted to options to purchase common stock of New Sealed Air. All other options will be converted to options to purchase common stock of New Grace. The number of shares that can be purchased when the stock options are exercised, and the exercise price, will be adjusted using formulas designed to maintain the approximate economic value of the options at the time of the Reorganization.

The pro forma effects on earnings of applying SFAS No. 123 for those options granted during 1997, 1996 and 1995 to employees of Grace Packaging were $1,400, $600 and $500, respectively. The fair value of option grants were estimated using the Black-Scholes option pricing model with the following historical weighted-average assumptions:

	1997	1996	1995
Dividend yields	1%	1%	3%
Expected volatility	29%	26%	25%
Risk-free interest rates	6%	6%	7%
Expected life (in years)	4	4	4

Based on the above assumptions, the weighted-average fair value of each option granted was $16.00 for 1997, $14.00 for 1996 and $7.00 for 1995.

Note 13. Financial Instruments

Fair Value of Financial Instruments

At December 31, 1997 and 1996, the carrying value of financial instruments such as accounts receivable, other assets, accounts payable, and accrued liabilities approximated their fair values, based on the short-term maturities of these instruments.

Foreign Currency Contracts

Grace Packaging enters into forward foreign exchange sales and purchase

contracts with Grace in order to hedge foreign currency exposures related to firm commitments to purchase inventory and fixed assets, as well as firm commitments to sell products. Gains and losses associated with these forward currency exchange contracts are deferred and included in the measurement of the related foreign currency transaction. However, losses are not deferred if it is estimated that deferral would result in the recognition of losses in later periods.

The notional principal amounts of forward foreign currency exchange contracts at December 31, 1997 and 1996 were $33,317 and $37,600, respectively. Fair market values were not significant. The Company may be exposed to foreign exchange loss in the event of nonperformance by Grace, but considers the likelihood of nonperformance remote.

Concentrations of Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of trade accounts receivable. A significant portion of the Company's sales are to customers in the food processing or distribution industry and, as such, the Company is directly affected by economic factors impacting that industry. The Company does not require collateral; however, the credit risk associated with trade receivables is minimal due to the Company's large customer base. Historically, the Company has not experienced significant losses on trade receivables.

The Company relies on certain vendors to supply its primary raw material needs; however, the Company believes that other suppliers could provide for the Company's needs on comparable terms. Adverse changes in the supply flow could, however, cause delays in manufacturing.

Note 14. Related Party Transactions and Allocations

Cash

Grace Packaging has used Grace's centralized cash management services. Under such service arrangements, excess domestic cash was invested, and disbursements were funded, centrally by Grace on behalf of Grace Packaging.

Shared Services

Grace has allocated a portion of its domestic and overseas regional corporate expenses to its business units, including Grace Packaging. These expenses have reflected corporate overhead; benefit administration; risk management/insurance administration; tax and treasury/cash management services; environmental services; litigation administration services; general legal services, including intellectual property; and other support and executive functions. Allocations and charges are based on either a direct cost pass-through or a percentage allocation for services provided, based on factors such as net sales, management effort, or headcount.

Domestic corporate expenses of Grace allocated to Grace Packaging in accordance with SAB 55 totaled $28,213, $15,175 and $22,542 for 1997, 1996 and 1995, respectively, and are included in marketing, administrative and development expenses.

Domestic research and development expenses of Grace and allocated to Grace Packaging in accordance with SAB 55 totaled $5,074 and $6,851 for 1996 and 1995, respectively, and are included in marketing, administrative and development expenses.

Management believes that the basis used for allocating corporate services is reasonable and that the terms of these transactions would not materially differ from those among unrelated parties.

Additionally, the accompanying statement of earnings includes allocations of costs for general and administrative services and maintenance services for shared facilities as well as data processing services provided by Grace's European central data processing facility. The allocated costs and expenses related to general and administrative functions, maintenance, data processing and other facility support functions were $55,802, $84,005 and $99,437 for 1997, 1996 and 1995, respectively. Of these amounts $6,181 has been included in cost of sales and $49,621 has been included in marketing, administrative and development expenses in 1997 ($15,226 and $68,779 in 1996, and $15,236 and $84,201 in 1995). The cost allocations for these services were determined based on methods that management considers to be reasonable.

Prior to the Reorganization, New Grace and the Company expect to enter into short-term administrative and support service agreements, as necessary.

Grace has also charged Grace Packaging for its share of domestic workers' compensation, automobile and other general business liability insurance premiums and claims, which have all been handled by Grace on a corporate basis. These charges have been based on Grace Packaging's actual and expected future experience, including actual payroll expense, and have not been significant to the Company's results of operations.

Shared Facilities

The Company shares certain sales, manufacturing and administration facilities with Grace. Subsequent to the Reorganization, ownership of these shared facilities will either be retained by the Company, retained by New Grace or physically divided between the Company and New Grace. In certain locations where the ownership of facilities cannot be legally divided in accordance with the business needs of Grace Packaging and New Grace, the two parties will enter into lease or similar agreements under which one of the parties will retain ownership of land and buildings and lease space to the other.

The property and equipment included in the accompanying balance sheets have been allocated in accordance with the expected ownership of such assets subsequent to the Reorganization.

Note 15. Commitments and Contingencies

Contingent Non-Grace Packaging Liabilities

New Grace has agreed to indemnify the Company against all liabilities of Grace, whether relating to events occurring before or after the Reorganization, other than liabilities arising from or relating to Grace Packaging operations (unless otherwise retained by New Grace under the terms of the Transaction Agreements). After the Reorganization, the Company may remain contingently liable with respect to pre-Reorganization liabilities that are not related to Grace Packaging operations. Management believes that in view of the nature of the non-Grace Packaging liabilities, New Grace's agreement to indemnify the Company and the expected impact of the Reorganization on New Grace's financial position, the risk of loss to the Company from non-Grace Packaging liabilities is remote.

Environmental

The Company is subject to loss contingencies resulting from environmental laws and regulations. The Company accrues for anticipated costs associated with investigatory and remediation efforts when an assessment has indicated that a loss is probable and can be reasonably estimated. These accruals do not take into account any discounting for the time value of money and are not reduced by potential insurance recoveries, if any. The Company's liabilities for environmental investigatory and remediation costs totaled approximately $4,700 and $4,800 at December 31, 1997 and 1996, respectively, and are included in other current liabilities in the accompanying special-purpose combined balance sheet.

The Company's environmental liabilities are reassessed whenever circumstances become better defined and/or remediation efforts and their costs can be better estimated. These liabilities are currently evaluated periodically, based on available information, including the progress of remedial investigation at each site, the current status of discussions with regulatory authorities regarding the methods and extent of remediation and the apportionment of costs among potentially responsible parties. As some of these issues are decided (the outcomes of which are subject to uncertainties) and/or new sites are assessed and costs can be reasonably estimated, the Company will continue to review and analyze the need for adjustments to the recorded accruals. However, the Company believes that it is adequately reserved for all probable and estimable environmental exposures.

Subsequent to the Reorganization, certain Grace Packaging environmental liabilities (for which approximately $4,000 was accrued as of December 31, 1997) will be retained by New Grace. As of the date of the Reorganization, the Company's liability with respect to such environmental obligations retained by New Grace, including related deferred income taxes, will be reversed and accounted for as an equity contribution from Grace.

Guarantee of New Grace Outstanding Public Debt

WRG currently is the guarantor of the outstanding public debt (approximately $652,200 at December 31, 1997) of Grace Specialty Chemicals, which will be owned by New Grace upon completion of the Reorganization. WRG will continue as the guarantor of any of such debt remaining outstanding following the Reorganization (see Note 17). New Grace will indemnify New Sealed Air against any liability arising from the guarantee. To the extent that more than $50,000 of such debt remains outstanding after the Reorganization, New Sealed Air will receive a letter of credit to be obtained by New Grace to cover any payments it must make under its guarantee.

Note 16. Information About Foreign Operations

The table below provides information pertaining to Grace Packaging's operations by geographic area. Interregion sales, eliminated in combination, were not significant.

		United States and Canada	Europe	Asia Pacific	Latin America	Total
Net Sales	1997	$953,281	$526,829	$200,954	$152,047	$1,833,111
	1996	864,254	530,328	202,560	144,460	1,741,602
	1995	859,223	520,571	194,836	131,012	1,705,642
Earnings before income taxes(1)	1997	137,694	79,894	19,431	26,653	263,672
	1996	95,543	16,987	26,557	30,735	169,822
	1995	108,283	63,222	38,057	25,911	235,473
Identifiable assets	1997	903,361	407,878	201,308	134,284	1,646,831
	1996	873,754	452,272	258,563	118,299	1,702,888
	1995	726,243	454,607	193,544	102,966	1,477,360

(1) Includes 1997, 1996 and 1995 pretax charges of $14,444, $74,947 and $17,745, respectively, relating to restructuring costs and asset impairments (see Note 8).

Note 17. Subsequent Events

On March 20, 1998, WRG's shareholders approved the Reorganization and Merger. The Merger was also approved by Sealed Air's shareholders on March 23, 1998. The accompanying special-purpose combined financial statements do not reflect the effects of the Reorganization, Cash Transfer and Merger (all of which are expected to be completed by March 31, 1998).

As discussed in Note 1, Grace Specialty Chemicals is to receive a Cash Transfer of approximately $1,200,000. Grace Specialty Chemicals intends to use the cash to repay substantially all of its debt, including approximately $644,000 of publicly held debt guaranteed by WRG. On March 10, 1998, Grace Specialty Chemicals offered to purchase such debt. The offers expired on March 27, 1998, by which time approximately $611,000 of the debt had been tendered. It is anticipated that the tendered debt will be accepted for payment by Grace Specialty Chemicals on March 31, 1998, subject to the consummation of the Merger, with payment to be made promptly thereafter. The publicly held debt of $8,500 that was not subject to the offer was repaid in full during March 1998.

Note 18. Quarterly Summary (Unaudited)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
1997				
Net sales	$422,693	$463,211	$461,835	$485,372
Cost of sales	274,629	299,528	299,699	313,253
Net earnings	37,260	38,259	36,026	62,187(1)
1996				
Net sales	$409,141	$426,340	$436,131	$469,990
Cost of sales	265,534	286,270	288,530	310,672
Net earnings	29,780	7,975	41,058	21,017

(1) Net earnings for the first three quarters of 1997 reflect income taxes using an estimated effective tax rate of 41.2%. Net earnings for the fourth quarter of 1997 include an income tax benefit to adjust the Company's full year effective tax rate to 34.1%.

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following management's discussion and analysis relates to the financial information contained in the Grace Packaging Special-Purpose Combined Financial Statements (the "Special Purpose Combined Financial Statements") appearing elsewhere in this Form 8-K. Except as otherwise expressly noted herein, it does not give effect to the merger involving the Registrant and Sealed Air Corporation discussed elsewhere in this Form 8-K (the "Merger") or to the other transactions related to the Merger. As used herein, the term "Cryovac" refers to the packaging business of W. R. Grace & Co. ("Grace") prior to the Merger, which is the business covered by the Special Purpose Combined Financial Statements.

Results of Operations

Net Sales

Cryovac's net sales increased 5% in 1997 compared with 1996 and 2% in 1996 compared with 1995. The increase in net sales in 1997 was primarily due to increased unit volume partially offset by the negative effect of foreign currency translation as the U.S. dollar strengthened against most foreign currencies and, to a lesser extent, a change in product mix. Excluding the negative effect of foreign currency translation, net sales would have increased 9% compared with 1996. The increase in 1997 also benefited from added net sales of recently acquired businesses discussed below. The increase in net sales in 1996 was due primarily to increased unit volume in certain products, partially offset by the effect of the negative publicity surrounding bovine spongiform encephalopathy, commonly referred to as "mad cow disease," which led to reduced consumption of beef products and accordingly lower sales of certain of Cryovac's products, particularly in Europe, and by changes in product mix.

In April 1997, the Registrant acquired Schurpack, Inc., a U.S. manufacturer of plastic laminate packaging materials for use with institutional and retail cook-in products. In August 1996, the Registrant acquired Cypress Packaging, Inc., a leading supplier of plastic packaging materials for retail pre-cut produce. These acquisitions, which were effected for cash and accounted for as purchases, were not material to the Registrant's consolidated financial statements.

Cost of sales increased 3% in 1997 compared with 1996 and 7% in 1996 compared with 1995. The increase in 1997 primarily reflects the increase in net sales and higher levels of manufacturing-related depreciation partially offset by cost savings realized as a result of the worldwide restructuring program discussed below. The 1996 increase resulted primarily from higher levels of manufacturing-related depreciation that arose from the completion of certain major expansion projects begun in 1995, which were not offset by increased net sales. The 1996 increase was also due to changes in product mix partially offset by certain lower raw material costs. Cost of sales as a percentage of net sales was 64.8%, 66.1% and 63.2% in 1997, 1996 and 1995, respectively.

Marketing, administrative and development expenses increased 6% in 1997 compared with 1996 but decreased 5% in 1996 compared with 1995. The increase in 1997 was primarily due to increased corporate allocations from Grace as well as the increase in net sales, partially offset by cost savings realized as part of the worldwide restructuring program discussed below. The decrease in 1996 was primarily due to cost savings realized from the restructuring program and a decrease in corporate allocations, partially offset by increased research and development costs. Marketing, administrative and development expenses as a percentage of net sales were 19.8%, 19.6% and 21.2% in 1997, 1996 and 1995, respectively.

Restructuring costs and asset impairments were $14.4 million, $74.9 million and $17.7 million in 1997, 1996 and 1995, respectively. In 1995, Cryovac began to implement a worldwide restructuring program focused on streamlining processes and reducing operating costs, and it continued to implement additional cost reductions and efficiency improvements in 1996 and 1997. In connection with these programs, Cryovac recorded restructuring charges of $3.6 million, $47.9 million and $11.1 million in 1997, 1996 and 1995, respectively. These charges primarily related to the restructuring of European operations and consisted of costs related mainly to employee termination benefits and lease termination costs. Also during these years, certain long-lived assets and related goodwill were determined to be impaired, which resulted in non-cash pre-tax charges of $10.8 million, $27.0 million and $6.6 million in 1997, 1996 and 1995, respectively.

Operating profit increased 54% in 1997 compared with 1996 but decreased 30% in 1996 compared with 1995 primarily due to changes in the amount of restructuring costs and asset impairments in each year and the other changes in costs and expenses discussed above.

Cryovac's effective income tax rates were 34.1%, 41.2% and 40.2% in 1997, 1996 and 1995, respectively. The lower effective tax rate in 1997 and the higher effective tax rates in 1996 and 1995 resulted primarily from changes in U.S. and foreign taxes on foreign operations in each period.

Net earnings increased 74% in 1997 compared with 1996 but decreased 29% in 1996 compared with 1995 primarily due to the changes in operating profit and, in 1997, to a lesser extent, a decrease in the effective income tax rate compared to 1996 discussed above.

Liquidity and Capital Resources

Cryovac's principal sources of liquidity are cash flows from operations and, prior to the Merger, funding through the centralized cash management services of Grace , whereby cash received from operations was transferred to, and disbursements were funded from, Grace's centralized accounts. As a result, any cash needs of Cryovac in excess of cash flows from operations were funded by Grace, and any cash flows from operations in excess of cash needs were transferred to Grace and used for other corporate purposes. As shown in the Special-Purpose Combined Statement of Cash Flows included in the Special Purpose Combined Financial Statements, $120 million of net cash was transferred to Grace in 1997 while, in 1996 and 1995 respectively, Cryovac received $101.5 million and $136.3 million of net advances from Grace.

Cryovac's participation in Grace's centralized cash management services terminated effective upon the Merger. Following the Merger, the Registrant's principal sources of liquidity are cash flows from the operations of Sealed Air and Cryovac and borrowings under available lines of credit, including the New Credit Agreements discussed below.

Net cash provided by Cryovac's operating activities amounted to $235.3 million, $207.6 million and $156.7 million in 1997, 1996 and 1995, respectively. The increase in operating cash flows in 1997 was primarily due to increased net earnings (excluding the non-cash portion of restructuring and asset impairments) and higher levels of depreciation and amortization partially offset by changes in working capital items discussed below. The increase in operating cash flows in 1996 was primarily due to increased net earnings (excluding the non-cash portion of restructuring costs and asset impairments), higher levels of depreciation and amortization, and improved inventory management, partially offset by higher investments in leased equipment.

Net cash used by Cryovac for investing activities amounted to approximately $115.3 million, $309.1 million and $293 million in 1997, 1996 and 1995, respectively. Capital expenditures in 1997, 1996 and 1995 were $102 million, $294.5 million, and $293.3 million, respectively, reflecting a decrease in 1997 as Cryovac neared completion of several major manufacturing expansion programs. The increase in 1996 compared with 1995 primarily reflected a global expansion program that began in 1995 and the cash used in connection with the Cypress Packaging acquisition.

At December 31, 1997, the Registrant had working capital of $343.7 million, or 21% of total assets, compared to working capital of $277.6 million, or 16% of total assets, at December 31, 1996. The increase in working capital was due primarily to the decreases in accounts payable due to timing of cash payments and other current liabilities due to the decrease in accrued restructuring costs.

The Registrant's ratio of current assets to current liabilities (current ratio) was 2.9 at December 31, 1997 and 2.2 at December 31, 1996. The Registrant's ratio of current assets less inventory to current liabilities (quick ratio) was 1.6 at December 31, 1997 and 1.2 at December 31, 1996. The increases in these ratios in 1997 resulted primarily from the increases in working capital discussed above.

Prior to the Merger, Cryovac had no capital structure since it was operated as a division of Grace, and there was no allocation of Grace's borrowings and related interest expense, except for interest capitalized as a component of Cryovac's properties and equipment. Therefore, the financial position of Cryovac is not indicative of the financial position that would exist if it had been an independent stand-alone entity during the years covered by the Special Purpose Combined Financial Statements.

Prior to the Merger, the Registrant entered into two Credit Agreements (the "New Credit Agreements"), the first of which is a $1.0 billion 5-year revolving credit facility that expires on March 30, 2003 and the second of which is a $600 million 364-day revolving credit facility that expires on March 30, 1999. The New Credit Agreements provide that the Registrant and certain of its subsidiaries, including Cryovac and Sealed Air, may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and for other general corporate needs. An initial borrowing of $1.259 billion was made on March 30, 1998 in connection with the transactions associated with the Merger.

The Registrant's obligations under the New Credit Agreements bear interest at floating rates. The New Credit Agreements provide for changes in borrowing margins based on financial criteria and impose certain limitations on the operations of the Registrant and certain of its subsidiaries. These limitations include financial covenants relating to interest coverage and debt leverage as well as certain restrictions on the incurrence of additional indebtedness, the creation of liens, the making of acquisitions, and the carrying out of certain dispositions of property or assets.

Other Matters

Environmental Matters

Cryovac is subject to loss contingencies resulting from environmental laws and regulations, and it accrues for anticipated costs associated with investigatory and remediation efforts when an assessment has indicated that a loss is probable and can be reasonably estimated. These accruals do not take into account any discounting for the time value of money and are not reduced by potential insurance recoveries, if any. Environmental liabilities are reassessed whenever circumstances become better defined and/or remediation efforts and their costs can be better estimated. These liabilities are evaluated periodically based on available information, including the progress of remedial investigation at each site, the current status of discussions with regulatory authorities regarding the methods and

extent of remediation and the apportionment of costs among potentially responsible parties. As some of these issues are decided (the outcomes of which are subject to uncertainties) and/or new sites are assessed and costs can be reasonably estimated, Cryovac adjusts the recorded accruals, as necessary. However, Cryovac believes that it has adequately reserved for all probable and estimable environmental exposures.

Year 2000 Computer System Compliance

Cryovac has conducted a comprehensive review of its computer systems to identify systems that could be affected by the "Year 2000" issue and is implementing a plan to resolve the issue. Cryovac currently believes that, with modifications to existing software and by converting to new software, the Year 2000 issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not completed timely, the Year 2000 issue may have a material impact on the operations of Cryovac. It is anticipated that costs associated with modifying the existing systems will not be material to the Registrant's consolidated financial position. The modification costs incurred in connection with Year 2000 compliance are expensed as incurred.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited pro forma condensed consolidated financial information set forth below was prepared by giving effect to the separation (the "Reorganization") of the specialty chemical businesses and the packaging business of W. R. Grace & Co. ("Grace"), the spin off to Grace's stockholders of all of the capital stock of the corporation to which Grace's specialty chemical businesses were transferred ("New Grace"), the recapitalization of Grace's then outstanding common stock into shares of new common stock and convertible preferred stock (the "Recapitalization"), and the subsequent merger of Sealed Air Corporation ("Sealed Air") with Grace's packaging business (the "Merger"). The company resulting from the Merger is referred to below as the "Registrant" or "New Sealed Air," and the references to "Cryovac" below refer to Grace's packaging business.

The unaudited pro forma financial information is presented to show how New Sealed Air might have looked if Cryovac had been an independent company and if Sealed Air and Cryovac had been combined for the year ended December 31, 1997. This pro forma information is based on, and should be read together with, the historical financial statements for Sealed Air and Cryovac that are included in this Form 8-K. The historical financial statements of Cryovac referred to above are the Grace Packaging Special-Purpose Combined Financial Statements (the "Special Purpose Combined Financial Statements") set forth elsewhere in this Form 8-K. The pro forma financial information was prepared using the assumptions described below and in the related notes thereto.

The pro forma condensed consolidated statement of earnings was prepared as if the transactions referred to above had taken place on January 1, 1997, and the pro forma balance sheet information was prepared as if the transactions had taken place on December 31, 1997. The pro forma financial statements give effect to (i) borrowings of approximately $1.259 billion to fund the transfer of cash (the "Cash Transfer") by the Registrant and Cryovac to New Grace and to pay certain fees and expenses as contemplated by the terms of the Reorganization, (ii) the issuance of 40.648 million shares of New Sealed Air common stock and 36 million shares of New Sealed Air convertible preferred stock in the Recapitalization, and the issuance of 42.624 million shares of New Sealed Air common stock in the Merger in exchange for the shares of Sealed Air's previously outstanding common stock, (iii) certain quantifiable adjustments to reflect New Sealed Air's results of operations on a stand-alone basis, and (iv) adjustments for certain of Grace's assets and liabilities that were retained by New Grace in connection with the foregoing transactions. The pro forma financial statements have not been adjusted for certain operating efficiencies that may be realized as a result of the Merger.

For accounting purposes, the Merger will be treated as a purchase of Sealed Air by the Registrant. Accordingly, goodwill arising from the Merger will be calculated by adjusting the net assets of Sealed Air to their fair values, and the excess of the purchase price for Sealed Air (the total market value of Sealed Air's common stock around August 14, 1997, the date the Merger was announced, plus certain acquisition costs) over the fair value of its net assets will be recorded as goodwill. The preliminary adjustments to net assets and goodwill which are shown in this pro forma financial information may be further adjusted based on a valuation study being conducted. The Registrant does not expect these adjustments to be material.

Because Cryovac was formerly a part of Grace rather than a stand-alone company, a portion of Grace's corporate marketing, administrative and development expenses was allocated to Cryovac in the years covered by the Special Purpose Combined Financial Statements. However, these expenses may not be indicative of, and it is not feasible to estimate, the nature and level of expenses which might have been incurred had Cryovac operated as an independent company for the periods presented. The Special Purpose Combined Financial Statements also do not include any of Grace's debt and related interest expense for any of the years presented (except for interest capitalized as a component of property and equipment used in Cryovac's business).

New Sealed Air expects to incur certain charges and expenses related to restructuring and integrating the operations of Sealed Air and Cryovac. New Sealed Air will assess the combined operating structure, business processes and circumstances that bear upon the operations, facilities and other assets of the business as part of developing a combined strategic and operating plan. The objective of such plan will be to enhance productivity and efficiency of combined operations by reducing duplicate functions, facilities and overhead costs. The nature of any such charges and expenses may include provisions for severance and related costs, facilities closures or other charges identified in connection with the assessment and plan development. The unaudited pro forma condensed consolidated financial information does not reflect such provisions nor does it include certain cost savings or operating synergies that may result from the Merger, as such amounts are not currently determinable.

The unaudited pro forma condensed consolidated financial information is provided for illustrative purposes only. It does not purport to represent what New Sealed Air's results of operations and financial position would have been had the transactions actually occurred as of the dates indicated, and it does not purport to project New Sealed Air's future results of operations or financial position.

SEALED AIR CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(In thousands, except per share data)

	Year Ended December 31, 1997			
	Historical Cryovac	Historical Sealed Air	Adjustments for Reorganization and Merger	Pro Forma
Net sales	$1,833,111	$842,833	$(1,280) (A)	$2,674,664
Cost of sales	1,187,109	523,517	(1,280) (A) 900 (B) 9,000 (D)	1,719,246
Gross profit	646,002	319,316	(9,900)	955,418
Marketing, administrative and development expenses	363,814	181,200	42,125 (B) (63,123) (C) 19,674 (D)	543,690
Restructuring costs and asset impairments	14,444	--	--	14,444
Operating profit	267,744	138,116	(8,576)	397,284
Other:				
Interest expense	--	(6,950)	(80,690) (E)	(87,640)
Other, net	(4,072)	2,322	--	(1,750)
	(4,072)	(4,628)	(80,690)	(89,390)
Earnings before income taxes	263,672	133,488	(89,266)	307,894
Income taxes	89,940	53,567	(20,148) (F)	123,359
Net earnings	$173,732	$79,921	$(69,118)	$ 184,535
Preferred stock dividend				$72,000 (G)
Earnings available to common stockholders: - Basic				$112,535 (G)
- Diluted				$112,535 (G)
Weighted average shares outstanding: - Basic				83,272 (G)
- Diluted				83,483 (G)
Basic earnings per common share				$1.35 (G)
Diluted earnings per common share				$1.35 (G)

See Accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information.

SEALED AIR CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands)

	December 31, 1997				
			Adjustments		
	Historical Cryovac	Historical Sealed Air	Reorganization	Merger	Pro Forma
Assets					
Current assets:					
Accounts receivable, net	$ 272,194	$ 132,325			$ 404,519
Inventories	225,976	58,895		19,169 (O)	304,040
Other current assets	29,188	59,545	(1,938) (J)		86,795
Total current assets	527,358	250,765	(1,938)	19,169	795,354
Properties and equipment, net	1,040,152	171,127		9,000 (O)	1,220,279
Excess of cost over fair value of net assets					

acquired, net	13,433	42,149		(42,149)(O) 1,920,212 (O)	1,933,645
Other assets	65,888	34,319		20,000 (O)	120,207
Total assets	$1,646,831	$ 498,360	(1,938)	1,926,232	$4,069,485
Liabilities, Convertible Preferred Stock and Stockholders' Equity					
Current liabilities:					
Notes payable and current installments of long-term debt	$ --	$26,570	258,807 (I)		$285,377
Accounts payable	114,907	48,843			163,750
Other current liabilities	68,710	88,197	(5,100) (J)	7,859 (O) 24,700 (O)	184,366
Total current liabilities	183,617	163,610	253,707	32,559	633,493
Long-term debt, less current installments	--	48,506	1,000,000 (I)		1,048,506
Deferred income taxes	13,939	16,571	15,466 (J) 20,000 (H) 14,673 (K)	16,528 (O)	97,177
Deferred credits and other liabilities	96,647	12,390	(40,700) (J)		68,337
Total liabilities	294,203	241,077	1,263,146	49,087	1,847,513
Convertible preferred stock			1,800,000 (L)		1,800,000
Stockholders' Equity:					
Common stock	--	429	4,065 (L)	4,262 (M) (429) (N)	8,327
Additional paid-in capital	--	180,512	(1,566,467) (L)	2,106,478 (M) (180,512) (N) 35,000 (O)	575,011
Retained earnings (deficit)	--	95,942	(20,000) (H)	(95,942) (N)	(20,000)
Cumulative translation adjustment	(130,054)	(933)		933 (N)	(130,054)
Net assets	1,482,682	--	(1,258,807) (I) (14,673) (K) 28,396 (J) (237,598) (L)		--
Less:					
Deferred compensation	--	9,821		(9,821) (N) 11,312 (O)	11,312
Treasury stock at cost	--	8,846		(8,846) (N)	--
Stockholders' equity	1,352,628	257,283	(3,065,084)	1,877,145	421,972
Total liabilities, convertible preferred stock and stockholders' equity	$1,646,831	$ 498,360	(1,938)	1,926,232	$4,069,485

See Accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information.

Sealed Air Corporation
Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information
(amounts in thousands, except share data)

(A) Represents the elimination of sales between Sealed Air and Cryovac, assuming that all such sales were subsequently made to third parties.

(B) Represents (i) the amount by which the amortization of the goodwill resulting from the Merger on a straight-line basis over 40 years ($48,005 per year) exceeds the amortization of Sealed Air's historical goodwill of $7,880 for the year ended December 31, 1997, and (ii) increased depreciation and amortization resulting from the allocation of the purchase price to certain tangible and intangible assets over an average remaining useful life of approximately 10 years ($900 in depreciation and $2,000 in amortization per year). See Note (O).

(C) Reflects the elimination of certain historical cost allocations of Grace and certain compensation and benefit programs in which the employees of Cryovac participated but which were not assumed by New Sealed Air, as shown below:

	Year ended December 31, 1997
Allocated corporate overhead: (1)	

Personnel and related costs	$ 16,913
Corporate facility costs	4,800
Network/information systems costs	6,500
	28,213
Long-term incentive compensation plan (2)	29,610
Certain U.S. pension plans (2)	3,700
Other post-retirement benefits (3)	1,600
	$ 63,123

(1) Represents the historical corporate overhead expenses of Grace allocated to Cryovac pursuant to Staff Accounting Bulletin # 55. Allocated corporate overhead was not assumed by New Sealed Air in the Merger.

(2) Represents the costs related to the participation of Cryovac's employees in Grace's long-term incentive compensation plan and certain U.S. defined benefit pension plans. These plans have not been continued by New Sealed Air. New Sealed Air intends to replace such pension plans with defined contribution retirement plans provided by Sealed Air to its employees.

(3) Represents the approximate cost of post-retirement health and life insurance benefits for current retirees of Cryovac and current employees of Cryovac who are eligible to retire within one year following the Merger. New Grace retained responsibility for providing these benefits.

(D) Represents the following incremental costs of New Sealed Air after the Merger:

	Year ended December 31, 1997
Corporate overhead: (1)	
Personnel and related costs	$ 4,000
Network/information systems costs	1,000
Subtotal	5,000
Deferred compensation	1,174
Profit sharing and other retirement plans (2)	22,500
	$ 28,674

(1) Represents the incremental costs to New Sealed Air of providing corporate accounting, finance, human resources and other corporate services. New Sealed Air intends to remain in the current Sealed Air corporate headquarters.

(2) Represents the incremental cost to New Sealed Air of the participation by Cryovac's eligible employees in Sealed Air's defined contribution retirement plans, principally the Profit-Sharing Plan, and other incremental costs of maintaining existing foreign pension plans for certain employees of Cryovac.

The unaudited pro forma condensed consolidated statement of earnings does not include certain other cost savings or operating synergies that may result from the Merger, as such amounts are not currently determinable.

(E) Reflects the additional interest expense resulting from borrowings of $1,258,807 under the New Credit Agreements. Such borrowings initially bear interest at LIBOR plus 0.50%. For purposes of the unaudited pro forma condensed consolidated statement of earnings, an assumed interest rate of 6.41% has been used to calculate interest expense for the year ended December 31, 1997. Such interest rate is representative of the interest rate that would have been in effect under the New Credit Agreements, including the effect of assumed interest rate swap agreements on a portion of the amount borrowed, had such amount been borrowed on January 1, 1997 and remained outstanding throughout the period presented. A 0.125% increase or decrease in LIBOR (related to the portion of the borrowings not affected by the interest rate swap) would have resulted in a $944 adjustment to interest expense for the year ended December 31, 1997.

(F) Represents the income tax effect of increased interest expense, additional depreciation and amortization (excluding goodwill amortization), and other adjustments. The effective income tax rate of New Sealed Air is expected to be higher than that of Sealed Air or Cryovac because the amortization of goodwill will not be deductible for tax purposes.

(G) For purposes of calculating unaudited pro forma basic and diluted earnings per common share, net earnings have been reduced by the 4% dividend payable on New Sealed Air's convertible preferred stock

($72,000 for the year ended December 31, 1997) to arrive at earnings available to common stockholders. The weighted average number of outstanding common shares used for calculating pro forma basic earnings per common share (83.272 million) is assumed to be the shares of New Sealed Air common stock issued in the Recapitalization and Merger (40.648 million and 42.624 million shares, respectively). The weighted average number of outstanding common shares used for calculating diluted earnings per common share (83.483 million) also includes the assumed exercise of the common stock options of Grace held by Cryovac employees that became options to purchase New Sealed Air common stock. The convertible preferred stock is not considered in the calculation of pro forma diluted earnings per common share because the treatment of the convertible preferred stock as the common stock into which it is convertible would be antidilutive (i.e., would increase earnings per common share). If the shares of New Sealed Air convertible preferred stock issued in the Merger had been converted into common stock at their conversion price of $56.525 per share (which would result in (i) the issuance of approximately 31.8 million shares of common stock and (ii) the elimination of the preferred dividend), the pro forma diluted earnings per common share would have been higher by $0.25 for the year ended December 31, 1997. For purposes of the calculation, all shares are assumed to be outstanding throughout each period presented.

(H) New Sealed Air intends to provide for income taxes on the assumed repatriation of earnings of Cryovac's foreign subsidiaries. This is expected to result in a nonrecurring charge to income tax expense of approximately $20,000 to reflect the cumulative effect of this provision for income taxes. Such charge has been reflected in the unaudited pro forma condensed consolidated balance sheet. The unaudited pro forma condensed consolidated statement of earnings excludes this non-recurring charge. It also excludes the annual effect of providing additional income taxes on the assumed repatriation of Cryovac's foreign earnings, as the impact is expected to be immaterial.

(I) Reflects the borrowing of $1,258,807 under the New Credit Agreements to finance the Cash Transfer and certain fees and expenses of the transactions. Deferred financing costs relating to such borrowings are not material.

(J) Reflects the adjustments to the historical Cryovac liabilities and related deferred tax assets that have been retained by New Grace. Such adjustments include the reduction of the following: (i) pension liability for certain U.S. retirement plans of $7,900, (ii) post-retirement medical and life insurance liability of $23,900 related to current retirees and Cryovac employees who are eligible to retire within one year following the Merger, (iii) environmental liabilities of $4,000 related to certain of Cryovac's current and former operating sites, (iv) certain restructuring reserves of $1,100 related to a lease obligation, (v) long-term and annual incentive compensation plans of $8,900, and (vi) related deferred tax assets of $17,404.

(K) Reflects the elimination of a Cryovac deferred tax asset of $14,673 related to certain foreign net operating loss carryforwards and other credits which, pursuant to the Distribution Agreement and Tax Sharing Agreement entered into in connection with the transactions related to the Merger, New Sealed Air will not realize following the Merger.

(L) These amounts reflect the issuance of 40.648 million shares of New Sealed Air common stock and 36 million shares of New Sealed Air convertible preferred stock in the Recapitalization. The net assets of Cryovac are reclassified as additional paid-in capital. Each share of convertible preferred stock is convertible into .8845644 shares of New Sealed Air common stock at any time. The convertible preferred stock, which has a liquidation value of $50.00 per share, votes with the common stock on an as-converted basis, will be redeemable at the option of New Sealed Air beginning on March 31, 2001, subject to certain conditions, and will be subject to mandatory redemption on March 31, 2018 at $50.00 per share. Because it is subject to mandatory redemption, the convertible preferred stock is classified outside of the stockholders' equity section of the unaudited pro forma condensed consolidated balance sheet. The pro forma condensed consolidated financial statements assume that the convertible preferred stock was issued on December 31, 1997. Since at such date and at March 31, 1998, the fair value of the convertible preferred stock exceeded its mandatory redemption amount primarily due to the common stock conversion feature of such preferred stock, the carrying amount of the convertible preferred stock is reflected in the unaudited pro forma condensed consolidated balance sheet at its mandatory redemption value.

(M) Reflects the issuance in the Merger of 42.624 million shares of New Sealed Air common stock in exchange for the same number of shares of Sealed Air common stock.

(N) Reflects the elimination of the historical Sealed Air equity balances.

(O) Reflects the allocation of the purchase price to the net assets of Sealed Air. Under purchase accounting, the assets and liabilities of Sealed Air are required to be adjusted to their fair values. The purchase price of $2,145,740 is the sum of (i) the product of multiplying 42.624 million shares of Sealed Air common stock exchanged in the Merger by $49.52 per share, the average market price of Sealed Air common stock for a period around August 14, 1997, the date the Merger was announced and (ii) an estimated $35,000 of certain New Sealed Air costs of the Merger.

The following are the pro forma adjustments made to reflect the preliminary allocation of the purchase price to the estimated fair value of the net assets acquired based upon available information. These adjustments may change based on the results of appraisals and other analyses. New Sealed Air does not expect such changes to be material.

Purchase price	$2,145,740
Net assets of Sealed Air (1)	(218,107)
Subtotal	1,927,633
Fair value adjustments:	
Inventory	19,169
Properties and equipment	9,000
Other assets (patents and other intangibles)	20,000
Deferred compensation	11,312
Deferred tax liabilities, net	(27,360)
Transaction-related expenses (2)	(24,700)
Subtotal	7,421
Excess of cost over fair value of net assets acquired (goodwill)	$1,920,212

(1) Reflects the historical Sealed Air net assets as of December 31, 1997 adjusted to eliminate historical goodwill of $42,149 and net deferred tax liabilities of $2,973.

(2) Reflects the estimated additional transaction-related expenses incurred by Sealed Air between December 31, 1997 and the date of the Merger. Such expenses have not been reflected in the unaudited pro forma condensed consolidated statement of earnings because they are nonrecurring in nature.