

PRODUCT LIABILITY SERVICES
AND DEFENSE COORDINATION AGREEMENT

PRODUCT LIABILITY SERVICES AND DEFENSE
COORDINATION AGREEMENT, dated as of December 1, 1993, among
Raci Acquisition Corporation, a Delaware corporation to be
renamed Remington Arms Company, Inc. (the "Buyer"), E.I. du
Pont de Nemours and Company, a Delaware corporation
("DuPont"), and Remington Arms Company, Inc., a Delaware
corporation to be renamed Sporting Goods Properties, Inc.
("RAC").

W I T N E S S E T H :

WHEREAS, the Buyer, DuPont and RAC have entered
into an Asset Purchase Agreement, dated as of November 24,
1993 (the "Asset Purchase Agreement"), providing for the
purchase by the Buyer of the RAC Business from RAC and the
Fishline Assets and the Related RAC Assets from DuPont;

WHEREAS, pursuant to Sections 8.2(a)(vii),
8.2(b)(iii) and 8.2(b)(iv) of the Asset Purchase Agreement,
DuPont and RAC have indemnified the Buyer against any and
all losses resulting from or arising out of, among other
things, certain Product Liabilities, and the Buyer has
indemnified DuPont and RAC against any and all losses
resulting from or arising out of, among other things,
certain other Product Liabilities; and

WHEREAS, the Buyer, DuPont and RAC desire to set
forth certain of the rights, duties and obligations of the
parties hereto with respect to the handling of the Claims
underlying such indemnification obligations;

NOW, THEREFORE, in consideration of the premises
and the mutual covenants and agreements herein contained,
the Buyer, DuPont and RAC agree as follows:

SECTION I

Definitions

1.1. Definitions. All capitalized terms used but
not defined herein shall have the meanings assigned thereto
in the Asset Purchase Agreement. In addition, the following

Remington
EXHIBIT 78
DATE 2-28-94
REPORTER DAN ROUSOG
PAPPAS REPORTING SERVICE, INC.
14121 566-2206/FAX 14121 566-1079

terms, as used herein, shall have the following respective meanings:

"Agreement": this Product Liability Services and Defense Coordination Agreement, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Assumed Claims": Product Liabilities included in the Assumed Liabilities described in Section 2.5(a)(iv) of the Asset Purchase Agreement.

"Claims": any and all claims, demands, proceedings, actions and causes of action, cross-actions, third-party actions, suits, judgments, debts, dues, liens, actual or punitive damages, additional or multiple damages, whether in contract, tort or otherwise, including, but not limited to, claims of negligence, gross negligence, breach of warranty, strict or absolute liability, violations of law or misfeasance or nonfeasance of any sort.

"Covered Claims": a collective reference to all Assumed Claims, Discontinued Product Claims, Excess Claims, Post-Closing Claims and Undisclosed Claims.

"Disclosure Schedule": Schedule 2.5(a)(iv) to the Asset Purchase Agreement.

"Discontinued Product Claims": Product Liabilities relating to products formerly manufactured or offered for sale by RAC or any of its subsidiaries, affiliates or licensees, or any predecessors thereof, or with respect to which RAC is alleged to bear legal responsibility, but which are not being manufactured or offered for sale by RAC or any of its subsidiaries, affiliates or licensees on the Closing Date (without regard to whether the Occurrence giving rise to any such Product Liability happened prior to, on or after the Closing Date).

"Excess Claims": Product Liabilities set forth on the Disclosure Schedule and in an amount greater than the Product Liability Threshold (as such threshold may be modified pursuant to Section 2.5(a)(iv) of the Asset Purchase Agreement).

"Post-Closing Claims": Product Liabilities related to Occurrences happening after the Closing Date.

"Product Liabilities": all liabilities, obligations and commitments of any nature, whether known or unknown, absolute, accrued, contingent or otherwise, arising from or relating to Claims involving the products of the Business, including Claims for personal injury, wrongful death or economic or property loss, but not including the liabilities for warranties of the type assumed by the Buyer under clause (vi) of Section 2.5(a) of the Asset Purchase Agreement.

"SGP": Sporting Goods Properties, Inc.

"Undisclosed Claims": Product Liabilities, other than Discontinued Product Claims, related to Occurrences happening prior to the Closing and not set forth on the Disclosure Schedule.

For purposes of the definitions of "Post-Closing Claims" and "Undisclosed Claims," DuPont, RAC and the Buyer agree that "Product Liabilities" will include claims related to firearms that are manufactured by third parties as "replicas" or otherwise and sold or advertised using the Remington name.

SECTION II

General Provisions

2.1. Conduct of the Defense by the Buyer. Except as otherwise provided herein, the defense of all Covered Claims shall be managed at the direction of the Buyer, and, accordingly, all decisions with respect to any action to be taken, or not to be taken, in connection with any Covered Claim, including but not limited to the selection of outside counsel and the retention of consultants and expert witnesses, shall be in the discretion of the Buyer.

2.2. Expenses. The Buyer shall provide DuPont with monthly statements setting forth the costs and expenses, including but not limited to costs and expenses with respect to attorneys, accountants, consultants and expert witnesses (including consultants and expert witnesses who are employees of the Buyer) and expenses attributable to travel, accommodations and the time spent by employees of the Buyer on Discontinued Product Claims, Excess Claims and Undisclosed Claims (all such time to be billed in accordance with a schedule of hourly rates to be mutually agreed upon).

incurred by the Buyer in defending Discontinued Product Claims, Excess Claims and Undisclosed Claims, and DuPont and RAC shall reimburse the Buyer for such amounts within 30 days of the receipt of each such monthly statement. The Buyer shall use its reasonable efforts to ensure that the costs and expenses incurred in defending Discontinued Product Claims, Excess Claims and Undisclosed Claims shall be reasonable.

SECTION III

Provisions With Respect to Discontinued Product Claims

3.1. Conduct of the Defense. All Discontinued Product Claims shall be handled in accordance with a general litigation strategy mutually acceptable to the Buyer and DuPont, which shall include, among other things, a budget for defense costs. The Buyer shall conduct the defense, on behalf of DuPont and RAC and at their expense, of all Discontinued Product Claims; provided, that DuPont may elect to assume the defense of any such Claim by delivering to the Buyer, no later than a period of time (as mutually agreed between the parties) after the initiation of any lawsuit or administrative proceeding in respect of such Claim, notice of such election. Such election shall become effective fifteen days after the delivery to the Buyer of notice thereof. In the event of such election, except as otherwise provided in Section 3.3 below, the defense of all such Discontinued Product Claims shall be managed at the direction of DuPont, and, accordingly, all decisions with respect to any action to be taken, or not to be taken, in connection with any such Discontinued Product Claim shall be in the discretion of DuPont.

3.2. General Conditions--Discontinued Product Claims Defended by the Buyer. The Buyer shall consult with DuPont from time to time concerning the progress of the Buyer's defense of Discontinued Product Claims and the status of the budget for defense costs, shall notify DuPont of all major developments in such Discontinued Product Claims and, to the extent reasonably possible, shall consult with DuPont with respect to any action that the Buyer proposes to take or not to take that will depart in any material respect from the general litigation strategy agreed upon by the parties hereto. All outside counsel and expert witnesses shall be retained by the Buyer on behalf of DuPont.

and RAC, subject to DuPont's approval (not to be unreasonably withheld), and the Buyer shall not resolve or make any decision whether to pursue an appeal of any judgment in respect of any such Discontinued Product Claim without the consent of DuPont (such consent not to be unreasonably withheld), provided that the Buyer may take any steps necessary to preserve any rights of appeal.

3.3. General Conditions--Discontinued Product Claims Defended by DuPont. DuPont shall consult with the Buyer from time to time concerning the progress of all Discontinued Product Claims being defended by DuPont, shall notify the Buyer of all major developments in any such Discontinued Product Claim and, to the extent reasonably possible, shall consult with the Buyer with respect to any action or inaction that DuPont proposes to take or refrain from taking that will depart in any material respect from the general litigation strategy agreed upon by the parties hereto. Prior to the resolution of any Discontinued Product Claim being defended by DuPont, DuPont shall consult with the Buyer with respect to such resolution.

SECTION IV

Provisions With Respect to Excess Claims and Undisclosed Claims

4.1. Notice. If any party hereto shall become aware of the existence of any Undisclosed Claim, such party shall give prompt notice to the other parties hereto of such Claim.

4.2. Consultation with DuPont. All Excess Claims and Undisclosed Claims shall be handled in accordance with a general litigation strategy mutually acceptable to the Buyer and DuPont, which shall include, among other things, a budget for defense costs. The Buyer shall consult with DuPont from time to time concerning the progress of the Buyer's defense of Excess Claims and Undisclosed Claims and the status of the budget for defense costs.

4.3. Resolution of Claims. The Buyer may resolve any Excess Claim or Undisclosed Claim, without the consent of DuPont and RAC, for an amount that does not exceed an amount as mutually agreed between the parties. The Buyer may resolve any Excess Claim or Undisclosed Claim for an amount in excess of such mutually agreed amount with the

consent of DuPont (such consent not to be unreasonably withheld). The Buyer shall not make any decision whether to pursue an appeal of any judgment in respect of any Excess Claim or Undisclosed Claim without the consent of DuPont (such consent not to be unreasonably withheld), provided that the Buyer may take any steps necessary to preserve any rights of appeal.

SECTION V

Provisions With Respect to Assumed Claims

5.1. Consultation with DuPont. The Buyer shall review with DuPont no less frequently than once each quarter the progress of the Assumed Claims, and shall consult with DuPont with respect to the general litigation strategy to be followed by the Buyer in defending such Claims.

5.2. Resolution of Claims. The Buyer may resolve any Assumed Claim for an amount not to exceed an amount as mutually agreed between the parties without the consent of DuPont or RAC. The Buyer may resolve any Assumed Claim for an amount in excess of such mutually agreed amount with the consent of DuPont (such consent not to be unreasonably withheld).

5.3. Expense Statements. Promptly following the end of each fiscal quarter of the Buyer, the Buyer shall provide DuPont with statements setting forth the costs and expenses incurred by the Buyer during such quarter in respect of the Assumed Claims. The Buyer shall provide DuPont with reasonable documentation of such costs and expenses at DuPont's request.

SECTION VI

Provisions With Respect to Post-Closing Claims

6.1. Notice. If DuPont or RAC shall become aware of the existence of any Post-Closing Claim, DuPont or RAC, as the case may be, shall promptly notify the Buyer of such Claim. If the Buyer shall become aware of the existence of any lawsuit or administrative proceeding in respect of a Post-Closing Claim to which DuPont or, following RAC's

change of name to SGP, SGP is a named party, the Buyer shall promptly notify DuPont or RAC, as applicable, of such Claim. Each party to the Agreement shall provide or shall cause to be provided to the other parties hereto from time to time copies of all complaints and responses thereto, and any other filings reasonably requested by any party to the Agreement, received by it concerning any Post-Closing Claim with respect to which such other parties are named parties.

6.2. Resolution of Claims. If DuPont or SGP is a named party in any Post-Closing Claim, the Buyer shall not consent to the entry of any judgment or enter into any settlement that provides for injunctive or other non-monetary relief affecting DuPont or RAC or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to DuPont or RAC, as applicable, of a release from liability with respect to such Post-Closing Claim at least as extensive as the release from liability to be given to the Buyer in respect thereof unless, in each case, the consent of DuPont or RAC, as applicable, shall have been obtained. The Buyer shall promptly notify DuPont and RAC of the disposition of any Post-Closing Claim with respect to which DuPont or SGP was a named party.

SECTION VII

Services to be Provided by the Buyer

7.1. Description of Services. In connection with the Discontinued Product Claims for which DuPont has assumed the defense in accordance with Section 3.1 hereof, at DuPont's request, the Buyer, on behalf of DuPont, shall provide the following services (provided, that such services shall only be required to be provided in such manner and at such times as may be mutually acceptable to the Buyer and DuPont, taking into consideration the Buyer's requirements with respect to the conduct of other litigation):

- (a) review claims, obtain information with respect to factual issues, prepare exhibits, perform tests, conduct research, and provide advice regarding the recommended disposition of such Discontinued Product Claims;
- (b) arrange for expert testimony and advice concerning such Discontinued Product Claims, and do preparatory work in respect of the same;

- (c) assist in matters of discovery, including interrogatories and requests for the production of documents;
- (d) provide documentary evidence, to the extent available, to support the positions of DuPont with respect to such Discontinued Product Claims;
- (e) attend and participate in trials, depositions and other proceedings on behalf of DuPont;
- (f) assist DuPont in engaging outside counsel to represent DuPont in connection with such Discontinued Product Claims; and
- (g) make recommendations to DuPont regarding the handling of such Discontinued Product Claims.

7.2. Payment for Services. DuPont shall reimburse the Buyer for all costs and expenses incurred by it in connection with the provision of the services described in Section 7.1 above, including expenses attributable to travel, accommodations and the time spent by employees of the Buyer on such matters (all such time to be billed in accordance with a schedule of hourly rates to be mutually agreed upon). The Buyer shall use its reasonable efforts to ensure that the costs and expenses incurred in connection with the provision of the services described in Section 7.1 shall be reasonable.

SECTION VIII

Miscellaneous

8.1. Term of the Agreement. This Agreement shall remain in full force and effect so long as any party hereto shall have any indemnification obligations pursuant to Sections 8.2(a)(vii), 8.2(b)(iii) (with respect to the Assumed Liabilities described in Section 2.5(a)(iv) of the Asset Purchase Agreement) or 8.2(b)(iv) of the Asset Purchase Agreement.

8.2. Standard of Care. In conducting the defense of Covered Claims, the Buyer shall not differentiate among such Claims on the basis of the identity of the party having the indemnification obligation with respect to any Claim. The Buyer shall use reasonable, good faith efforts,

diligence and care in the management of the defense of the Covered Claims and in the provision of the services described in Section 7.1 above. In the absence of gross negligence, recklessness or willful misconduct by it, the Buyer shall have no liability to DuPont or RAC for any injury, loss or damage of any nature whatsoever arising out of or relating to such management or provision of services.

8.3. Reservation of Rights. Any party's waiver of any of its rights or remedies afforded hereunder or by law is without prejudice and shall not operate to waive any other rights or remedies which that party shall have available to it, nor shall such waiver operate to waive such party's rights to any remedies due to a future breach, whether of a like or different character.

8.4. Designation of Contact Person. The Buyer and DuPont shall each designate an individual to act as the primary contact person with respect to the consultations and other communications to be engaged in hereunder (each, a "Contact Person"). The Contact Person designated by DuPont shall act on behalf of DuPont and RAC. All communications between the parties hereto relating to the matters described herein shall be addressed to the applicable Contact Person.

8.5. Notices. All notices, approvals and elections provided for herein to be effective shall be in writing (other than approvals in respect of the resolution of any Covered Claim, which approvals may be given orally) and shall be deemed to have been duly given or made when delivered personally, or, in the case of telecopy notice or delivery by a nationally recognized overnight courier, when received, or three days after being sent by registered or certified mail (return receipt requested), postage prepaid, as follows:

(i) if to the Buyer,

RACI Acquisition Corporation
c/o The Clayton & Dubilier Private
Equity Fund IV Limited Partnership
270 Greenwich Avenue
Greenwich, Connecticut 06830
Telecopy: (203) 661-0544
Telephone: (203) 661-0544
Attention: Clayton & Dubilier Associates IV
Limited Partnership,
attention: Joseph L. Rice III,

a general partner

with a copy to:

Clayton, Dubilier & Rice, Inc.
126 East 56th Street
New York, New York 10022
Telecopy: (212) 355-7629
Telephone: (212) 355-0740
Attention: Richard C. Dresdale

and to:

Debevoise & Plimpton
875 Third Avenue
New York, New York 10022
Telecopy: (212) 909-6836
Telephone: (212) 909-6000
Attention: Francis J. Slassberg, Esq.

(ii) if to DuPont,

Vice President and Treasurer
E.I. du Pont de Nemours and Company
1007 Market Street
Wilmington, Delaware 19898
Telephone: (302) 773-3995
Telecopy: (302) 773-1536

(iii) if to RAC,

Remington Arms Company, Inc.
c/o Administrator,
DuPont Chemical & Energy Operations
Room 8045
DuPont Building
1007 Market Street
Wilmington, Delaware 19898
Telephone: (302) 773-3407
Telecopy: (302) 773-1536

with a copy to:

General Counsel
E.I. du Pont de Nemours and Company
Legal Department
1007 Market Street
Wilmington, Delaware 19898

Telephone: (302) 774-7202

Telecopy: (302) 773-4679

or to such other address as any party shall have specified by notice in writing to the other parties hereto.

8.6. Binding Effect/Assignment. This Agreement shall be binding upon and shall inure to the benefit of each of the Buyer, DuPont, RAC and their respective successors and permitted assigns. Nothing in this Agreement shall modify in any way the parties' indemnification obligations under the Asset Purchase Agreement. The Agreement may not be amended, supplemented or otherwise modified except by written agreement of the parties hereto. Neither this Agreement nor any of the rights or obligations hereunder of any party hereto may be assigned without the prior written consent of the other parties hereto, provided that the Buyer may assign this Agreement to any subsidiary of the Buyer or to any lender to the Buyer or any subsidiary or affiliate thereof as security for obligations to such lender in respect of the financing arrangements entered into in connection with the transactions contemplated by the Asset Purchase Agreement and any refinancings, extensions, re-fundings or renewals thereof.

8.7. Reports, Books, Records and Other Documents; Cooperation. With respect to Covered Claims, each of the parties hereto shall maintain and retain, for a reasonable period, appropriate reports, books, records and other documents pertaining to complaints concerning products that are or may reasonably be expected to be the subject of Covered Claims and the processing and disposition thereof and litigation files pertaining to Covered Claims, including but not limited to records of summonses, complaints, subpoenas and responses thereof, interrogatories and answers to interrogatories, requests for the production of documents and documents produced in response thereto, depositions and other forms of testimony, transcripts of trials and hearings and summaries thereof, briefs, motions, judgments, orders and opinions of court.

DuPont and RAC shall cooperate with the Buyer in the defense of all Covered Claims, and (i) the reports, books, records and other documents of DuPont and RAC, if any, with respect to such Covered Claims, including any reports, books, records and other documents pertaining to the design, test, manufacture, production, packaging, advertising, sale and recall of products that are or may

reasonably be expected to be the subject of Covered Claims, and (ii) the personnel of DuPont and RAC (whether in respect of technical, legal or other matters) shall be made available to the Buyer upon request in connection with such defense.

8.8. Confidentiality. Each of the parties hereto shall not disclose, and shall keep confidential, all information provided to it under this Agreement except for such information as may already be publicly available (other than as a result of any breach by it of this provision) or as may be required by law. In addition, if it is determined by the parties hereto that it may be necessary or desirable to enter into a formal joint defense agreement memorializing their understandings and agreements with respect to the matters covered herein, the Buyer, DuPont and RAC shall enter into such an agreement.

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

8.10. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS THEREOF.

8.11. Severability. In the event that any provision of this Agreement shall be found to be void or unenforceable, such finding shall not be construed to render any other provision of this Agreement either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are invalid or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either party.

IN WITNESS WHEREOF, the undersigned have duly
executed this Agreement as of the day and year first above
written.

RACI ACQUISITION CORPORATION

By: _____
Name:
Title:

E.I. DU PONT DE NEMOURS AND COMPANY

By: _____
Name:
Title:

REMINGTON ARMS COMPANY, INC.

By: _____
Name:
Title:

ASSET PURCHASE AGREEMENT

Among

RACI ACQUISITION CORPORATION

E.I. DU PONT DE NEMOURS AND COMPANY

and

REMINGTON ARMS COMPANY, INC.

Dated as of November 24, 1993

Brewer
EXHIBIT 2.2
DATE 2-28-94
REPORTER DMN BODUM
PAPPAS REPORTING SERVICE, INC.
(412) 566-2200/FAX (412) 566-1070

TABLE OF CONTENTS

Page

ARTICLE I SALE AND PURCHASE OF THE ASSETS

1.1.	Assets Transferred by RAC	1
1.2.	Excluded Assets	4
1.3.	Assets Transferred by DuPont	6

ARTICLE II THE CLOSING

2.1.	Place and Date	7
2.2.	Purchase Price	7
2.3.	Adjustment of Purchase Price	8
2.4.	Allocation of Consideration	9
2.5.	Assumption of Liabilities	9
2.6.	Excluded Liabilities	12
2.7.	Consent of Third Parties	12

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1.	Representations and Warranties of DuPont and RAC	13
3.1.1.	Authorization, etc.	13
3.1.2.	Corporate Status	13
3.1.3.	RAC Subsidiaries	14
3.1.4.	No Conflicts, etc.	15
3.1.5.	Financial Statements	15
3.1.6.	Absence of Undisclosed Liabilities	16
3.1.7.	Taxes	17
3.1.8.	Absence of Changes	18
3.1.9.	Litigation	20
3.1.10.	Compliance with Laws; Governmental Approvals and Consents; Governmental Contracts	20
3.1.11.	Operation of the Business	21
3.1.12.	Assets	21
3.1.13.	Contracts	22
3.1.14.	Territorial Restrictions	24
3.1.15.	Inventories	24
3.1.16.	Customers	25
3.1.17.	Suppliers; Raw Materials	25

	<u>Page</u>
3.1.18. Product Warranties	25
3.1.19. Absence of Certain Business Practices	25
3.1.20. Intellectual Property	26
3.1.21. Insurance.	28
3.1.22. Real Property	29
3.1.23. Environmental Matters	30
3.1.24. Employees, Labor Matters, etc.	31
3.1.25. Employee Benefit Plans and Related Matters	32
3.1.26. Confidentiality	36
3.1.27. No Guaranties.	36
3.1.28. Records	36
3.1.29. Brokers, Finders, etc	36
3.1.30. Disclosure	37
3.2. Representations and Warranties of the Buyer	37
3.2.1. Corporate Status; Authorization, etc.	37
3.2.2. No Conflicts, etc.	37
3.2.3. Litigation	38
3.2.4. Buyer Financing	38
3.2.5. Brokers, Finders, etc.	38
ARTICLE IV COVENANTS	
4.1. Covenants of DuPont and RAC	39
4.1.1. Conduct of Business	39
4.1.2. No Solicitation	40
4.1.3. Access and Information	40
4.1.4. Financial Information; Comfort Letter	41
4.1.5. Public Announcements	41
4.1.6. Further Actions	41
4.1.7. Further Assurances and Access to Records.	42
4.1.8. Liability for Transfer Taxes	43
4.1.9. Certificates of Tax Authorities	44
4.1.10. Use of Business Name	44
4.2. Covenants of the Buyer	45
4.2.1. Public Announcements	45
4.2.2. Further Actions	45

	<u>Page</u>
4.2.3. Further Assurances	46
4.2.4. Use of Business Names by Buyer	46
4.2.5. Buyer Financing	46
4.2.6. Transfer Tax Exemption Certificates	47
4.3. Aramid Fibers Supply Agreement	47

ARTICLE V CONDITIONS PRECEDENT

5.1. Conditions to Obligations of Each Party	48
5.1.1. HSR Act Notification	48
5.1.2. No Injunction, etc.	48
5.2. Conditions to Obligations of the Buyer	48
5.2.1. Representations, Performance, etc.	48
5.2.2. Financing	49
5.2.3. Consents	49
5.2.4. No Material Adverse Effect	49
5.2.5. Collateral Agreements	49
5.2.6. September 1993 Financial Information; Comfort Letter	51
5.2.7. Opinion of Counsel	51
5.2.8. Corporate Proceedings	51
5.2.9. Documentation	51
5.2.10. Environmental Audit	52
5.2.11. Title Policies	52
5.2.12. Surveys	53
5.2.13. Consents and Estoppels	53
5.2.14. FIRPTA Affidavit	54
5.2.15. Approvals and Licenses, etc.	54
5.3. Conditions to Obligations of DuPont and RAC	54
5.3.1. Representations, Performance, etc.	54
5.3.2. Assumption Agreement	55
5.3.3. Opinion of Counsel	55
5.3.4. Corporate Proceedings	55
5.3.5. Consents and Approvals, etc.	55
5.3.6. Buyer Financing	55
5.3.7. Collateral Agreements	55

ARTICLE VI EMPLOYEES AND EMPLOYEE BENEFIT PLANS

6.1.	Employment of RAC Employees	55
6.2.	Pension Benefit Plans	58
6.3.	Welfare and Fringe Benefit Plans	62
6.4.	Workers Compensation	64
6.5.	Consol Employees	65

ARTICLE VII TERMINATION

7.1.	Termination	66
7.2.	Effect of Termination	66

ARTICLE VIII DEFINITIONS, MISCELLANEOUS

8.1.	Definition of Certain Terms	67
8.2.	Indemnification	79
8.3.	Survival of Representations and Warranties, etc.	85
8.4.	Expenses	85
8.5.	Severability	86
8.6.	Notices	86
8.7.	Miscellaneous	87
8.7.1.	Headings	87
8.7.2.	Entire Agreement	87
8.7.3.	Counterparts	88
8.7.4.	Governing Law, etc.	88
8.7.5.	Binding Effect	88
8.7.6.	Assignment	89
8.7.7.	No Third Party Beneficiaries	89
8.7.8.	Amendment; Waivers, etc.	89

SCHEDULES

SCHEDULE 1.1(b)	Brandywine Building Assets
SCHEDULE 1.1(n)	Artwork and Other Items
SCHEDULE 1.2(c)	Discontinued Properties
SCHEDULE 1.2(h)	Certain Excluded Contracts
SCHEDULE 1.2(l)	Certain Excluded Real Property
SCHEDULE 1.3	Fishline Assets
SCHEDULE 2.5(a)(iv) ✓	Product Liability Claims
SCHEDULE 3.1.2(b)	Qualifications to do Business
SCHEDULE 3.1.3	RAC Subsidiaries
SCHEDULE 3.1.4	Conflicts
SCHEDULE 3.1.5	Disclosure Regarding Financial Statements
SCHEDULE 3.1.6	Undisclosed Liabilities
SCHEDULE 3.1.7(a)	Contested Covered Taxes
SCHEDULE 3.1.7(b)	Tax Extensions
SCHEDULE 3.1.7(c) ✓	Current Audits and Deficiencies
SCHEDULE 3.1.8 ✓	Absence of Changes
SCHEDULE 3.1.9 ✓	Litigation
SCHEDULE 3.1.10(a)	Compliance with Laws
SCHEDULE 3.1.10(b)	Governmental Approvals and other Consents
SCHEDULE 3.1.10(c)	Governmental Contracts
SCHEDULE 3.1.11	Operation of the Business
SCHEDULE 3.1.12 ✓	Asset Exceptions
SCHEDULE 3.1.13(a)	Contracts
SCHEDULE 3.1.13(c)	Defaults and Consents under Contracts
SCHEDULE 3.1.13(d)	Powers of Attorney
SCHEDULE 3.1.15	Inventory Exceptions
SCHEDULE 3.1.16	Customers
SCHEDULE 3.1.17	Suppliers
SCHEDULE 3.1.18 ✓	Product Warranties
SCHEDULE 3.1.19	Absence of Certain Business Practices
SCHEDULE 3.1.20(a)	Owned Intellectual Property
SCHEDULE 3.1.20(d)	Intellectual Property Licensing Arrangements
SCHEDULE 3.1.20(e)	Intellectual Property Litigation
SCHEDULE 3.1.20(f)	Due Registration
SCHEDULE 3.1.20(g)	Restrictions on Use of Name
SCHEDULE 3.1.20(h)	Tooling
SCHEDULE 3.1.21	Insurance
SCHEDULE 3.1.22(a)	Owned Real Property
SCHEDULE 3.1.22(b)	Leases and Other Leases
SCHEDULE 3.1.22(g)	Real Property Not Separately Assessed for Tax Purposes

SCHEDULE 3.1.23(a)	Environmental Permits
SCHEDULE 3.1.23(b)	Environmental Violations
SCHEDULE 3.1.23(c)	Environmental Actions
SCHEDULE 3.1.23(d)	Environmental Disclosure
SCHEDULE 3.1.24	Labor Matters
SCHEDULE 3.1.25(a)	Employee Benefit Plans
SCHEDULE 3.1.25(b) (vii)	Retirement Eligible Employees
SCHEDULE 3.1.27	Guaranties
SCHEDULE 3.1.30	Disclosure
SCHEDULE 3.2.2	Governmental Approvals and other Consents
SCHEDULE 4.1.4	Description of September 1993 Financial Information
SCHEDULE 4.2.4	Use of Business Names by Buyer
SCHEDULE 5.2.5(g)	Owned Real Property Subject to Agreement on Use
SCHEDULE 5.2.5(h)	Owned Real Property Subject to Access Agreement in Lonoke, Arkansas
SCHEDULE 5.25(i)	Findlay, Ohio Leased Property
SCHEDULE 5.25(j)	Real Property at Lonoke, Arkansas Subject to Easement and License Agreement
SCHEDULE 5.2.13	Certain Leases
SCHEDULE 6.2(a) ✓	Actuarial Assumptions
SCHEDULE 8.1(a)	Designated Properties
SCHEDULE 8.1(b) ✓	Special Dupont Agreements

EXHIBITS

EXHIBIT A	Financial Statements
EXHIBIT B	Form of Polymers Fishline Products Supply, Research and Technical Support Agreement
EXHIBIT C	Form of Transitional Services Agreement
EXHIBIT D	Form of Non-Competition Agreement
EXHIBIT E	Form of Product Liability Services and Defense Coordination Agreement
EXHIBIT F	Form of Environmental Liability Services Agreement
EXHIBIT G	Form of Brandywine Lease
EXHIBIT H	Form of Agreement on Use
EXHIBIT I	Form of Access Agreement
EXHIBIT J	Form of Lease (Findlay)
EXHIBIT K	Form of Easement and License Agreement
EXHIBIT L ✓	Form of Opinion of Counsel to Dupont and RAC
EXHIBIT M	Form of Special Warranty Deed
EXHIBIT N-1	Form of Assignment of Lease
EXHIBIT N-2	Form of Assignment of Lease (Other Leases)
EXHIBIT O ✓	Form of Opinion of Counsel to Buyer

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of November 24, 1993, among RACI Acquisition Corporation, a Delaware corporation (the "Buyer"), Remington Arms Company, Inc., a Delaware corporation ("RAC"), and E.I. du Pont de Nemours and Company, a Delaware corporation ("DuPont").

W I T N E S S E T H :

WHEREAS, (a) the Buyer wishes to purchase or acquire from RAC, and RAC wishes to sell, assign and transfer to the Buyer, the RAC Business (as such term and each other capitalized term used herein without definition is defined in Section 8.1), (b) the Buyer wishes to purchase or acquire from DuPont, and DuPont wishes to sell, assign and transfer to the Buyer, the Fishline Assets and the Related RAC Assets, and (c) the Buyer has agreed to assume the Assumed Liabilities, all for the purchase price and upon the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants, representations and warranties made herein, and of the mutual benefits to be derived hereby, the parties hereto agree as follows:

ARTICLE I SALE AND PURCHASE OF THE ASSETS

1.1. Assets Transferred by RAC. Subject to and upon the terms and conditions set forth in this Agreement, at the Closing RAC will sell, transfer, convey, assign and deliver to the Buyer, and the Buyer will purchase or acquire from RAC, all right, title and interest of RAC in and to the properties, assets and rights of every nature, kind and description, tangible and intangible (including goodwill), whether real, personal or mixed, whether accrued, contingent or otherwise and whether now existing or hereinafter acquired (other than the Excluded Assets) primarily relating to, used or held for use in connection with the RAC Business as such properties, assets and rights may exist on the Closing Date (collectively, the "RAC Assets"), including without limitation all those items in the following categories that conform to the definition of the term "RAC Assets":

(a) all machinery, equipment, furniture, furnishings, automobiles, trucks, boats, vehicles, tools, dies, molds and parts and similar property (including any of the foregoing (i) purchased subject to any conditional sales or title retention agreement in favor of any other Person or (ii) located at any location controlled by any of RAC's or DuPont's contract manufacturers, vendors or suppliers of goods or services, but excluding any of the foregoing located in the Brandywine Building which is covered under clause (b)(i) and (ii) below);

(b) all furniture, office equipment, personal computers, fixtures, cabinets, files and similar property (i) located in the offices of RAC in the Brandywine Building, (ii) dedicated for use in connection with the RAC Business and located in the Brandywine Building or (iii) located at any location controlled by any of RAC's or DuPont's contract manufacturers, vendors or suppliers of goods or services, including without limitation, the property listed on Schedule 1.1(b);

(c) all inventories of raw materials, work in process, finished products, goods, spare parts, replacement and component parts, and office and other supplies (collectively, the "Inventories"), including Inventories held at the Brandywine Building and any location controlled by RAC or by any of RAC's or DuPont's contract manufacturers, vendors or suppliers of goods or services and Inventories previously purchased and in transit to RAC or to such manufacturers, vendors or suppliers at such locations;

(d) all rights (including but not limited to any and all Intellectual Property rights) in and to the products sold or leased and in and to any products under research or development prior to or on the Closing Date;

(e) all of the rights of RAC under all contracts, arrangements, license agreements, leases and other agreements, including, without limitation, any right to receive payment for products sold or services rendered, and to receive goods and services, pursuant to such agreements and to assert claims and take other rightful actions in respect of breaches, defaults and other violations of such agreements and otherwise;

(f) all credits, prepaid expenses, deferred charges, advance payments, security deposits and prepaid items;

(g) all notes and accounts receivable held by RAC and all notes, bonds and other evidences of indebtedness of and rights to receive payments from any Person held by RAC (including without limitation all written instruments evidencing home purchasing assistance loans made to employees of the RAC Business);

(h) all Intellectual Property primarily relating to or used or held for use in connection with the RAC Business and rights thereunder (including but not limited to rights to sue for and remedies against past, present and future infringements thereof, and rights of priority and protection of interests therein under the laws of any jurisdiction worldwide) (together with all Intellectual Property rights included in the other clauses of this Section 1.1 and all Intellectual Property to be transferred by DuPont pursuant to Section 1.3, the "Intellectual Property Assets");

(i) all books, records, manuals and other materials in any form or medium (except RAC's corporate records) wherever located, including, without limitation, all records and materials maintained at the headquarters of RAC, DuPont and Consol, advertising matter, catalogues, price lists, correspondence, mailing lists, lists of customers, distribution lists, photographs, production data, sales and promotional materials and records, purchasing materials and records, personnel records for Transferred Employees, manufacturing and quality control records and procedures, blueprints, research and development files, records, data and laboratory books, Intellectual Property disclosures, media materials and plates, accounting records, sales order files and litigation files;

(j) to the extent their transfer is permitted by law, all governmental licenses, permits, approvals, license applications, license amendment applications and product registrations;

(k) all Real Property and, to the extent their transfer is permitted by law, all licenses, permits, approvals and qualifications relating to any Real Property issued to RAC by any Governmental Authority;

(l) all rights to causes of action, lawsuits, judgments, claims and demands of any nature available to or being pursued by RAC with respect to the Business or the ownership, use, function or value of any RAC Asset;

(m) all warranties in favor of RAC with respect to any RAC Asset;

(n) all artwork associated with the Business, including all artwork, firearms, knives, weapons, accessories and other objects of a similar historical interest or value located in or at the Ilion Museum, the William F. Cody Museum, Remington Farms, the offices of RAC in the Brandywine Building and the headquarters of DuPont and Consol (including without limitation any of the foregoing listed on Schedule 1.1(n)), and all Intellectual Property rights, if any, therein and thereto; and

(o) all the capital stock or other equity interests held by RAC in Industrias Tecnos, S.A. de C.V. and Remington Licensing Corporation.

The RAC Assets shall be transferred or otherwise conveyed to the Buyer free and clear of all liabilities, obligations and Liens excepting only Assumed Liabilities, Liens listed on Schedule 3.1.12, and Permitted Liens.

1.2. Excluded Assets. RAC will retain, and neither RAC nor DuPont will transfer, and the Buyer will not purchase or acquire, the following assets (collectively, the "Excluded Assets"):

(a) all cash and cash equivalents (including commercial paper and marketable securities), other than petty cash up to an aggregate sum of \$5,000 on hand at all locations owned or controlled by RAC on the Closing Date;

(b) the Real Property known as Remington Farms and located at Chestertown, Maryland, and the assets and liabilities associated therewith (other than the artwork and other assets described under Section 1.1(n));

(c) any and all discontinued properties, including without limitation those properties described on

Schedule 1.2(c), and the assets and liabilities associated therewith;

(d) the powder metals production facilities located in Hazen, Arkansas, and the business conducted thereat, and the assets and liabilities dedicated (other than in the case of trade secrets and know-how) solely for use in connection therewith;

(e) the assets and liabilities associated with the Lake City Arsenal in Missouri, including the reimbursement trust established by the U.S. government relating to retiree medical benefits of former employees of the Lake City Arsenal;

(f) all pre-Closing assets denominated as "deferred income taxes" related to the Business and all refunds of Taxes relating to or arising out of the Business that (i) were paid prior to the Closing or (ii) are Excluded Liabilities, provided that credits for prepaid ~~ad valorem~~ real or personal property Taxes and prepaid payroll Taxes against post-Closing liabilities of the Buyer for such Taxes shall not be treated as refunds of such Taxes;

(g) the capital stock of The Peters Cartridge Company and The Union Metallic Cartridge Company; and

(h) all rights of RAC under the agreements and arrangements between DuPont or any Affiliate of DuPont and RAC or among RAC, DuPont or any Affiliate of DuPont and any other Person, in each case as listed and described in Schedule 1.2(h);

(i) except as otherwise expressly provided in this Agreement or any of the Collateral Agreements, (i) all rights under the DuPont trademark and trade-name, (ii) the assets and liabilities associated with the business of manufacturing and selling aramid or monofilament fiber for fishline and the business of manufacturing and selling Lumaflex fiber for fishing skirts, (iii) all rights under the "Kevlar" and "Lumaflex" trademarks and (iv) all rights under all software and software licenses and any associated software maintenance or support agreements not primarily related to, used in or held for use in connection with the RAC Business;

(j) except as otherwise expressly provided in this Agreement, the assets and liabilities associated with any businesses or assets previously disposed of by RAC or DuPont;

(k) the proceeds of any insurance policies previously or currently held by RAC or Dupont, including without limitation any amounts in respect of settlements, judgments or agreements relating thereto; and

(l) the real property located in Lonoke, Arkansas and Findlay, Ohio that is described in Schedule 1.2(1) and which RAC is retaining for the purpose of meeting its obligations in respect of the environmental liabilities associated therewith.

1.3. Assets Transferred by DuPont. Subject to and upon the terms and conditions set forth in this Agreement, at the Closing DuPont will sell, transfer, convey, assign and deliver to the Buyer, and the Buyer will purchase or acquire from DuPont,

(a) all right, title and interest of DuPont in and to the following properties, assets and rights (other than the Excluded Assets) as the same may exist on the Closing Date (collectively, the "Fishline Assets");

(i) the automobiles, boats, vehicles and similar property (including any of the foregoing purchased subject to any conditional sales or title retention agreement in favor of any other Person) listed on Schedule 1.3;

(ii) all of the rights of DuPont under the contracts, arrangements, licenses, leases and other agreements listed on Schedule 1.3, including, without limitation, any right to receive payment for products sold or services rendered, and to receive goods and services, pursuant to such agreements and to assert claims and take other rightful actions in respect of breaches, defaults and other violations of such agreements and otherwise;

(iii) all Intellectual Property listed or described on Schedule 1.3 (including but not limited to rights to sue for and remedies against

Past, present and future infringements thereof, and rights of priority and protection of interests therein under the laws of any jurisdiction worldwide); and

(b) all right, title and interest of DuPont in and to the properties, assets and rights (other than the Excluded Assets) of every nature, kind and description, tangible and intangible (including goodwill), whether real, personal or mixed, whether accrued, contingent or otherwise and whether now existing or hereinafter acquired (other than the Excluded Assets) primarily relating to, used or held for use in connection with the RAC Business as such properties, assets and rights may exist on the Closing Date (collectively, the "Related RAC Assets"), including without limitation all those items owned by DuPont described in clauses (a) through (j), (l) and (m) of Section 1.1 that conform to the definition of the term "Related RAC Assets".

The Fishline Assets and the Related RAC Assets shall be transferred or otherwise conveyed to the Buyer free and clear of all liabilities, obligations and Liens excepting only Assumed Liabilities, Liens listed on Schedule 3.1.12, and Permitted Liens.

ARTICLE II THE CLOSING

2.1. Place and Date. The closing of the sale and purchase of the Assets (the "Closing") shall take place at 10:00 A.M. New York time on the 1st day of December, 1993 at the offices of Dabevoise & Plimpton, 875 Third Avenue, New York, New York, or such other time and place upon which the parties may agree (the "Closing Date").

2.2. Purchase Price. On the terms and subject to the conditions set forth in this Agreement, the Buyer agrees to pay or cause to be paid to DuPont and RAC an aggregate sum of U.S. \$300,000,000 (the "Purchase Price") and to assume the Assumed Liabilities as provided in Section 2.5. The Purchase Price shall be payable at the Closing, by the wire transfer of the Purchase Price in immediately available funds to such bank account as DuPont shall notify the Buyer in writing at least five days prior to the Closing.

2.3. Adjustment of Purchase Price. (a) As soon as practicable after the Closing, DuPont shall (i) prepare a balance sheet of the Business as at November 30, 1993 (the "November 1993 Balance Sheet"), in accordance with GAAP applied on a basis consistent with the Financial Statements and the June 1993 Financial Statements and (ii) calculate the Net Working Capital. The November 1993 Balance Sheet and calculation of Net Working Capital shall be audited by Price Waterhouse and reviewed by Coopers & Lybrand or another nationally-recognized accounting firm selected by the Buyer. The November 1993 Balance Sheet and the calculation of Net Working Capital, and the report of Price Waterhouse thereon, shall be delivered to each of the parties. Should there be any dispute between Price Waterhouse and the Buyer's accountants as to the November 1993 Balance Sheet or the Net Working Capital in respect of methods of calculation or any calculation, such dispute shall be referred for resolution to a third firm of independent public accountants of national standing chosen by agreement of Price Waterhouse and the Buyer's accountants, the fees and expenses of such firm to be divided evenly between DuPont and the Buyer. The decision of such third accounting firm with respect to such dispute shall be final and binding. The Buyer shall cooperate with DuPont in connection with the preparation of the November 1993 Balance Sheet and the calculation of Net Working Capital, and each party shall bear its own costs in connection therewith.

(b) If the Net Working Capital as set forth in the November 1993 Balance Sheet prepared by DuPont or, in the event of a dispute, as finally determined in accordance with the provisions of Section 2.3(a) is greater than \$109,400,000, the Purchase Price shall be increased by the difference between the Net Working Capital and \$109,400,000. If the Net Working Capital is less than \$109,400,000, the Purchase Price shall be reduced by the difference between the Net Working Capital and \$109,400,000. Any such increase shall be paid by the Buyer to DuPont or RAC, and any such reduction shall be paid by DuPont or RAC to the Buyer, in immediately available funds, within five Business Days after the later of (i) the receipt by the parties of the calculation of Net Working Capital and (ii) the resolution of any dispute relating thereto pursuant to Section 2.3(a).

2.4. Allocation of Consideration. Within 45 days after the later of (a) the Closing Date and (b) the date on which Price Waterhouse provides its audit report on the November 1993 Balance Sheet to the Buyer, the Buyer shall provide to DuPont and RAC proposed allocations of (i) the aggregate of the Purchase Price (as adjusted pursuant to Section 2.3) and the Assumed Liabilities (collectively, the "Sellers' Consideration") and (ii) the aggregate of the Sellers' Consideration and all other capitalizable costs (collectively, the "Buyer's Consideration") among the Assets in accordance with section 1060 of the Code and the Treasury Regulations thereunder, which allocations shall be mutually consistent, together with a report or reports in support of such allocation prepared by Manufacturers Appraisal Company, Coopers & Lybrand or other independent appraiser or appraisers chosen by the Buyer. The parties shall cooperate in determining final allocations of the Sellers' Consideration and the Buyer's Consideration among the Assets (the "Final Allocations"). Any dispute with respect thereto shall be referred for resolution to a firm of independent public accountants of national standing chosen by agreement of the parties, the fees and expenses of such firm to be divided evenly between DuPont and the Buyer. The decision of such accounting firm with respect to such dispute shall be final and binding. In connection with the preparation of the foregoing proposed allocations, report or reports and the Final Allocations, the parties shall cooperate with each other and provide such information as any of them shall reasonably request. The parties shall furnish such statement or other information to the IRS or other taxing authority with respect to the Final Allocations as is required by section 1060 of the Code and the Treasury Regulations thereunder or other applicable Tax law. Each of the parties shall (and shall cause its Affiliates to) report the federal, state and local and other Tax consequences of the purchase and sale contemplated hereby (including the filing of IRS Form 8594) in a manner consistent with the Final Allocations.

2.5. Assumption of Liabilities. (a) Subject to the terms and conditions set forth herein, at the Closing the Buyer shall assume and agree to pay, honor and discharge when due all of the following liabilities relating to the Assets and existing at or arising on or after the Closing (collectively, the "Assumed Liabilities"):

(i) any and all liabilities, obligations and commitments relating exclusively to the Business or the Assets that are (x) reflected on the June 1993 Balance Sheet (excluding the notes thereto) or (y) incurred after the date of the June 1993 Balance Sheet in the ordinary course of business consistent with prior practice and in accordance with the terms of this Agreement (applied as if the provisions of Section 4.1 had been in effect from the close of business on June 30, 1993 through the Closing Date) and that are not, individually or in the aggregate, material to the Business, except, in each case, for (A) Product Liabilities related to Occurrences at or prior to the Closing (except as expressly provided in clause (iv) below), (B) Environmental Liabilities (except as expressly provided in clause (iii) below), (C) all pre-Closing liabilities denominated as "deferred income taxes" related to the Business and all liabilities for Taxes relating to or arising out of the Business accruing, or with respect to any event or time period occurring, at or prior to the Closing, (D) liabilities in respect of Employees (including, without limitation, for vacation pay) except to the extent specifically assumed by the Buyer pursuant to Article VI, (E) intercompany accounts payable which do not represent trade accounts payable and (F) liabilities in respect of product warranty claims relating to products made or sold at or prior to the Closing (except as expressly provided in clause (vi) below);

(ii) any and all liabilities, obligations and commitments (x) arising out of the agreements, contracts and commitments set forth on Schedule 3.1.13(a) (or not required to be set forth therein because of the amount involved) or (y) arising out of leases of personal property, contracts, agreements, licenses or permits (A) not required to be specifically disclosed pursuant to any provision of this Agreement and (B) to be assigned or transferred pursuant to Article I of this Agreement, but not, in each case with respect to clauses (x) and (y), including any obligation or liability for any breach thereof occurring prior to or as a result of the Closing;

(iii) any and all Environmental Liabilities relating exclusively to the active operation and ownership of the Real Property (other than Environmental Liabilities related to claims regarding past off-site handling

of waste, pursuant to CERCLA and analogous state statutes, as to which DuPont or RAC has been notified and has responded to information requests prior to the Closing) prior to the Closing up to a maximum aggregate amount of Losses of \$5,000,000 (the "Environmental Liability Threshold") as further set forth and on the terms and conditions set forth in the Environmental Liabilities Services Agreement, provided that DuPont may, by written notice to the Buyer, increase the Environmental Liability Threshold by an amount not more than the amount by which it concurrently reduces the Product Liability Threshold and assumes all liabilities related to or resulting from such reduction (which amount may not exceed \$20,000,000);

(iv) any and all Product Liabilities related to the claims set forth on Schedule 2.5(a)(iv) (which Schedule shall not include any claims relating to products that have been discontinued on or prior to the Closing Date), up to a maximum aggregate amount of Losses of \$20,000,000 (the "Product Liability Threshold"), provided that DuPont may, by written notice to the Buyer, increase the Product Liability Threshold by an amount not more than the amount by which it concurrently reduces the Environmental Liability Threshold and assumes all liabilities related to or resulting from such reduction (which amount may not exceed \$5,000,000);

(v) liabilities in respect of Transferred Employees to the extent specifically assumed by the Buyer pursuant to Article VI; and

(vi) in addition to the obligations, liabilities and costs assumed pursuant to clause (iv) of this Section 2.5(a), obligations, liabilities and costs based upon claims for the repair, servicing or replacement (other than in connection with any recalls of products of the Business resulting from any actual litigation or settlements of any actual litigation arising out of or related to any pre-Closing occurrences) of products (other than discontinued products) of the Business arising in the ordinary course and consistent with prior practices of RAC pursuant to express or implied warranties made with respect to such products, regardless of when such products were made or sold, or such claims are asserted, but only to the extent such warranty claims arise in the ordinary course of business.

(b) At the Closing, the Buyer shall assume the Assumed Liabilities by executing and delivering to DuPont and RAC an assumption agreement in a form reasonably satisfactory to DuPont and RAC (the "Assumption Agreement"). In the event that DuPont reduces the Environmental Liability Threshold or the Product Liability Threshold in accordance with clause (iii) or (iv) of Section 2.5(a), DuPont and RAC shall take such action as the Buyer may reasonably request to reflect such reduction in the liabilities assumed by the Buyer, including but not limited to amending the Assumption Agreement.

2.6. Excluded Liabilities. Notwithstanding any other provision hereof or any Schedule or Exhibit hereto and regardless of any disclosure to the Buyer, the Buyer shall not assume any liabilities, obligations or commitments of DuPont or RAC of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, relating to or arising out of the operation of the Business or the ownership of the Assets prior to the Closing other than the Assumed Liabilities (all such liabilities, obligations and commitments, the "Excluded Liabilities").

2.7. Consent of Third Parties. This Agreement shall not constitute an agreement to assign or transfer any interest in any instrument, contract, lease, permit or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom if an assignment or transfer or an attempt to make such an assignment or transfer without the consent of a third party would constitute a breach or violation thereof or affect adversely the rights of the Buyer, DuPont or RAC thereunder; and any transfer or assignment to the Buyer by DuPont or RAC of any interest under any such instrument, contract, lease, permit or other agreement or arrangement that requires the consent of a third party shall be made subject to such consent or approval being obtained. In the event any such consent or approval is not obtained on or prior to the Closing Date, DuPont and RAC shall continue to use all reasonable efforts to obtain any such approval or consent after the Closing Date until such time as such consent or approval has been obtained, and DuPont and RAC will cooperate with the Buyer in any lawful and economically feasible arrangement to provide that the Buyer shall receive the interest of DuPont or RAC, as the case may be, in the benefits under any such instrument, contract, lease or permit or other agreement or

arrangement, including performance by DuPont or RAC, as the case may be, as agent, if economically feasible, provided that the Buyer shall undertake to pay or satisfy the corresponding liabilities for the enjoyment of such benefit to the extent the Buyer would have been responsible therefor hereunder if such consent or approval had been obtained. DuPont and RAC shall pay and discharge, and shall indemnify and hold the Buyer harmless from and against, any and all out-of-pocket costs of seeking to obtain or obtaining any such consent or approval whether before or after the Closing Date, provided that DuPont shall have approved in advance any such expenditure by the Buyer in excess of \$10,000 per expenditure. Nothing in this Section 2.7 shall be deemed a waiver by the Buyer of its right to have received on or before the Closing an effective assignment of all of the Assets nor shall this Section 2.7 be deemed to constitute an agreement to exclude from the Assets any assets described under Section 1.1 or 1.3.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1. Representations and Warranties of DuPont and RAC. DuPont and RAC, jointly and severally, represent and warrant to the Buyer as follows:

3.1.1. Authorization, etc. Each of RAC and DuPont has the corporate power and authority to execute and deliver this Agreement and the Collateral Agreements to which it will be a party, to perform fully its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been, and on the Closing Date each of the Collateral Agreements will have been, duly authorized by all requisite corporate action of RAC and DuPont. Each of DuPont and RAC has duly executed and delivered this Agreement and on the Closing Date will have duly executed and delivered the Collateral Agreements to which it is a party. This Agreement is, and on the Closing Date each of such Collateral Agreements will be, legal, valid and binding obligations of each of DuPont and RAC, enforceable against DuPont and RAC in accordance with their respective terms.

3.1.2. Corporate Status. (a) Each of DuPont and RAC is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with

full corporate power and authority to carry on its business (including its portion of the Business) and to own or lease and to operate its properties as and in the places where such business is conducted and such properties are owned, leased or operated.

(b) Each of DuPont and RAC is duly qualified or licensed to do business and is in good standing in each of the jurisdictions specified opposite its name in Schedule 3.1.2(b), which are the only jurisdictions in which the operation of its portion of the Business or the character of the properties owned, leased or operated by it in connection with the Business makes such qualification or licensing necessary.

(c) Each of DuPont and RAC has delivered to the Buyer complete and correct copies of its certificate of incorporation and by-laws as amended and in effect on the date hereof.

3.1.3. RAC Subsidiaries. Schedule 3.1.3 sets forth the name and jurisdiction of incorporation of each Subsidiary of RAC (the "RAC Subsidiaries") and the number and percentage of outstanding shares of capital stock of such subsidiary held by RAC. All such shares have been duly authorized and validly issued and are fully paid and nonassessable, and RAC has good and valid title thereto, free and clear of any Liens (other than Liens created by this Agreement). Except as set forth in Schedule 3.1.3, RAC has no equity interest in any Person other than the RAC Subsidiaries and no Person other than RAC has any equity interest in any RAC Subsidiary. Except as described in Schedule 3.1.3, each RAC Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to carry on its business (including its portion of the Business) and to own or lease and to operate its properties as and in the places where such business is conducted and such properties are owned, leased or operated. Except as described in Schedule 3.1.2(b), each RAC Subsidiary is duly qualified or licensed to do business and is in good standing in each of the jurisdictions specified in Schedule 3.1.2(b), which are the only jurisdictions in which the operation of its portion of the Business or the character of the properties owned, leased or operated by it makes such qualification or licensing necessary. Neither The Peters Cartridge Company nor The Union Metallic Cartridge Company (a) is currently, or has been during the past twelve months,

engaged in any trade or business or (b) currently holds, or has held during the past twelve months, any right, title or interest of any kind in any properties, assets or rights of any nature.

3.1.4. No Conflicts, etc. The execution, delivery and performance by each of DuPont and RAC of this Agreement and the Collateral Agreements to which it will be a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with or result in a violation of or a default under (with or without the giving of notice or the lapse of time or both) (i) any Applicable Law applicable to DuPont or RAC or any Affiliate thereof or any of the properties or assets of DuPont or RAC (including but not limited to the Assets), (ii) the certificate of incorporation or by-laws of DuPont or RAC or (iii) except as set forth in Schedule 3.1.4, any Contract or other contract, agreement or other instrument to which DuPont or RAC or any Affiliate thereof is a party or by which DuPont or RAC or any of their properties or assets, including but not limited to the Assets, may be bound or affected. Except as specified in Schedule 3.1.4, no Governmental Approval or other Consent is required to be obtained or made by DuPont or RAC in connection with the execution and delivery of this Agreement and the Collateral Agreements or the consummation of the transactions contemplated hereby or thereby.

3.1.5. Financial Statements. DuPont has delivered to the Buyer:

(a) audited financial statements of the Business as at and for the periods ended December 31, 1992, 1991 and 1990, including a Statement of Operations and a Statement of Cash Flows for each of the three years in the period ended December 31, 1992 and a Statement of Net Assets to be Sold to RACI Acquisition Corporation as at December 31, 1992 and 1991, together with a report thereon by Price Waterhouse, DuPont's independent public accountants (together with the notes thereto, the "1990-1992 Financial Statements"); and

(b) unaudited financial statements of the Business as at and for the period ended June 30, 1993, including a Statement of Operations and a Statement of Cash Flows for each of the periods ended June 30, 1993 and June 30, 1992 and a Statement of Net Assets to be Sold to RACI Acquisition Corporation as at June 30, 1993 (the

"June 1993 Balance Sheet" and, together with the Statement of Operations and Statement of Cash Flows for the period ended June 30, 1993 and the notes thereto, the "June 1993 Financial Statements").

The Financial Statements (which are attached hereto as Exhibit A) are complete and correct in all material respects and have been prepared in accordance with GAAP consistently applied throughout the periods indicated, except, in the case of the June 1993 Financial Statements, for the changes in accounting for Postretirement Benefits Other Than Pensions and for Postemployment Benefits that the Business adopted effective January 1, 1993. Except as disclosed in the notes to the Financial Statements or as set forth in Schedule 3.1.5, the Statements of Net Assets to be Sold to RACI Acquisition Corporation included in the Financial Statements do not include any material assets or liabilities not intended to constitute a part of the Business or the Assets after giving effect to the transactions contemplated hereby and present fairly, in all material respects, the financial condition of the Business as at their respective dates. Except as disclosed in the notes to the Financial Statements or as set forth in Schedule 3.1.5, the Statements of Operations and Statements of Cash Flows included in the Financial Statements do not reflect the results of operations or cash flows of any entity or business not intended to constitute a part of the Business after giving effect to all such transactions, reflect all costs that historically have been incurred by the Business (other than the Excluded Liabilities) and present fairly, in all material respects, the results of operations and cash flows of the Business for the periods indicated.

3.1.6. Absence of Undisclosed Liabilities. To the knowledge of DuPont or RAC, neither DuPont nor RAC has any material liabilities or obligations of any nature, absolute, accrued, contingent or otherwise and whether due or to become due, arising out of or relating to the Business, except (a) as set forth in Schedule 3.1.6, (b) as and to the extent disclosed or reserved against in the June 1993 Balance Sheet (including the notes thereto) and (c) for liabilities and obligations that (i) were incurred after the date of the June 1993 Balance Sheet in the ordinary course of business consistent with prior practice and (ii) individually and in the aggregate are not material to the Business and have not had or resulted in, and will not have or result in, a Material Adverse Effect.

3.1.7. Taxes. (a) RAC has duly and timely filed all Tax Returns relating to the Business with respect to Covered Taxes required to be filed on or before the Closing Date ("Covered Returns"). Except for Covered Taxes set forth on Schedule 3.1.7(a), which are being contested in good faith and by appropriate proceedings, the following Covered Taxes have (or by the Closing Date will have) been duly and timely paid: (i) all Covered Taxes shown to be due on the Covered Returns, (ii) all deficiencies and assessments of Covered Taxes of which notice has (or by the Closing Date will have) been received by RAC or DuPont that are or may become payable by the Buyer or chargeable as a lien upon the Business, and (iii) all other Covered Taxes due and payable on or before the Closing Date for which neither filing of Covered Returns nor notice of deficiency or assessment is required, of which RAC is or reasonably should be (or by the Closing Date will be or reasonably should be) aware, or of which DuPont is (or by the Closing Date will be) aware, that are or may become payable by the Buyer or chargeable as a lien upon the Business. All Taxes required to be withheld by or on behalf of RAC in connection with amounts paid or owing to any employee, independent contractor, creditor or other party with respect to the Business ("Withholding Taxes") have been withheld, and such withheld Taxes have either been duly and timely paid to the proper governmental agencies or authorities or set aside in accounts for such purpose or accrued, reserved against and entered upon the books of the Business.

(b) Except as set forth on Schedule 3.1.7(b), no agreement or other document extending, or having the effect of extending, the period of assessment or collection of any Covered Taxes or Withholding Taxes, and no power of attorney with respect to any such Covered Taxes or Withholding Taxes, has been filed with the IRS or any other taxing authority.

(c) Except as set forth on Schedule 3.1.7(c), (i) there are no Covered Taxes or Withholding Taxes asserted in writing by any governmental agency or authority to be due and (ii) no issue has been raised in writing by any governmental agency or authority in the course of any audit with respect to Covered Taxes or Withholding Taxes. Except as set forth on Schedule 3.1.7(c), no Covered Taxes and no Withholding Taxes are currently under audit by any taxing authority. Except as set forth on Schedule 3.1.7(c), neither the IRS nor any other taxing authority is now asserting or, to the knowledge of RAC or DuPont, threatening to assert against RAC or DuPont any deficiency or claim for

additional Covered Taxes or any adjustment of Covered Taxes that would, if paid by the Buyer, have or result in a Material Adverse Effect, and there is no reasonable basis for any such assertion of which RAC is or reasonably should be aware or of which DuPont is aware.

(d) The Buyer will not be required to deduct and withhold any amount pursuant to section 1445(a) of the Code upon the transfer of the Business to the Buyer.

3.1.8. Absence of Changes. Except as set forth in Schedule 3.1.8, since June 30, 1993, DuPont and RAC have conducted the Business only in the ordinary course consistent with prior practice and have not, on behalf of, in connection with or relating to the Business or the Assets:

(a) suffered any Material Adverse Effect;

(b) incurred any obligation or liability, absolute, accrued, contingent or otherwise, whether due or to become due, except current liabilities for trade or business obligations incurred in connection with the purchase of goods or services in the ordinary course of business consistent with prior practice, none of which liabilities, in any case or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(c) discharged or satisfied any Lien, other than those then required to be discharged or satisfied, or paid any obligation or liability, absolute, accrued, contingent or otherwise, whether due or to become due, other than current liabilities shown on the 1992 Balance Sheet and current liabilities incurred since the date thereof in the ordinary course of business consistent with prior practice;

(d) mortgaged, pledged or subjected to Lien any property, business or assets, tangible or intangible, held in connection with the Business;

(e) sold, transferred, leased to others or otherwise disposed of any of the Assets, except for inventory sold in the ordinary course of business and other non-material Assets sold or disposed of in the ordinary course of business and not, in any individual case, for an amount greater than \$50,000 or, in the aggregate, for an amount greater than \$250,000, or cancelled or

compromised any debt or claim, or waived or released any right of substantial value;

(f) received any notice of termination of any contract, lease or other agreement or suffered any damage, destruction or loss (whether or not covered by insurance) which, in any case or in the aggregate, has had a Material Adverse Effect;

(g) transferred or granted any rights under, or entered into any settlement regarding the breach or infringement of, any Intellectual Property or modified any existing rights with respect thereto which, in any case or in the aggregate, has had a Material Adverse Effect;

(h) made any change in the wage or salary scale, commission, bonus or other direct or indirect remuneration payable, or paid or agreed or orally promised to pay, conditionally or otherwise, any bonus, incentive, retention or other compensation, retirement, welfare, fringe or severance benefit or vacation pay, to or in respect of any shareholder, director, officer, employee, of DuPont or RAC relating to the Business;

(i) made any change in the rate of compensation, commission, bonus or other direct or indirect remuneration payable, or paid or agreed or orally promised to pay, conditionally or otherwise, any bonus or other compensation, to any salesman, distributor or agent of DuPont or RAC relating to the Business other than in the ordinary course of business consistent with past practices;

(j) made any capital expenditures or capital additions or improvements in excess of an aggregate of \$1 million;

(k) instituted, settled or agreed to settle any litigation, action or proceeding before any court or governmental body relating to the Business or the Assets other than in the ordinary course of business consistent with past practices but not, in any case, in excess of \$10,000;

(l) entered into any transaction, contract or commitment other than in the ordinary course of business or paid or agreed to pay any legal, accounting, brokerage, finder's fee, Taxes or other expenses in connection with, or incurred any severance pay obligations by reason of, this Agreement or the transactions contemplated hereby for which the Buyer might have any liability;

(m) entered into any agreement, understanding or arrangement relating to this Agreement or the transactions contemplated hereby with, or given any assurances in respect thereof to, any labor unions or other organizations representing or, to the knowledge of DuPont or RAC, purporting to represent or attempting to represent any employees of the Business; or

(n) taken any action or omitted to take any action that would result in the occurrence of any of the foregoing.

3.1.9. Litigation. Except as set forth on Schedule 3.1.9, there is no action, claim, demand, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory or otherwise, in law or in equity, pending or, to the knowledge of DuPont or RAC, threatened against or relating to DuPont or RAC in connection with the Assets or the Business or against or relating to the transactions contemplated by this Agreement, and neither DuPont nor RAC know of any basis for the same.

3.1.10. Compliance with Laws; Governmental Approvals and Consents; Governmental Contracts. (a) Except as disclosed in Schedule 3.1.10(a), each of DuPont and RAC is not, and has not been since January 1, 1992, in conflict with or in violation or breach of or default under (and there exists no event that, with notice or passage of time or both, would constitute a conflict, violation, breach or default with, of or under) any Applicable Law applicable to the Business or the Assets, and neither DuPont nor RAC has received any notice alleging any such conflict, violation, breach or default, except, in each case, for de minimis violations in which the exposure of DuPont or RAC, as the case may be, to fines or penalties does not exceed, or has not exceeded, \$5,000 in any individual case and \$25,000 in the aggregate.

(b) Schedule 3.1.10(b) sets forth all Governmental Approvals and other Consents necessary for, or otherwise material to, the conduct of the Business. Except as set forth in Schedule 3.1.10(b), all such Governmental Approvals and Consents have been duly obtained and are in full force and effect, and each of DuPont and RAC is in material compliance with each of such Governmental Approvals and Consents held by it with respect to the Assets and the Business.

(c) Schedule 3.1.10(c) sets forth all Contracts with any Governmental Authority.

3.1.11. Operation of the Business. Except as set forth in Schedule 3.1.11, (a) DuPont and RAC have conducted the Business only through RAC and the RAC Subsidiaries and not through any other divisions or any direct or indirect subsidiary or affiliate of DuPont or RAC and (b) no part of the Business is operated by DuPont or RAC through any entity other than RAC and the RAC Subsidiaries.

3.1.12. Assets. Except as disclosed in Schedule 3.1.12, RAC has good title to all the RAC Assets and DuPont has good title to all the Fishline Assets and the Related RAC Assets, in each case free and clear of any and all Liens other than Permitted Liens, and no Subsidiary or Affiliate of RAC or DuPont (other than RAC) has title to any of the Assets. The Assets, together with the services and arrangements described in, and to be provided under, the Collateral Agreements referred to in clauses (a), (b), (f), (i) and (j) of Section 5.2.5, comprise all assets and services required for the continued conduct of the Business by the Buyer as now being conducted. The Assets, taken as a whole, constitute all the properties and assets primarily relating to or used or held for use in connection with the Business during the past twelve months (except Inventory sold, cash disposed of, accounts receivable collected, prepaid expenses realized, contracts fully performed, properties or assets replaced by equivalent or superior properties or assets, in each case in the ordinary course of business, employees not hired by the Buyer, the Excluded Assets and other non-material Assets sold or disposed of in the ordinary course of business within the limits described in clause (e) of Section 3.1.8). Except for Excluded Assets and the Assets, if any, with respect to which the Buyer expressly shall have waived the closing condition set forth in clause (ii) of Section 5.2.3, there are no assets or properties used in the operation of the Business and owned

by any Person other than DuPont or RAC that will not be leased or licensed to the Buyer under valid, current leases or license arrangements. The Assets are in all material respects adequate for the purposes for which such assets are currently used or are held for use, and are in reasonably good operating condition (subject to normal wear and tear and in light of RAC's scheduled maintenance programs for such assets) and, to the knowledge of DuPont and RAC, there are no facts or conditions affecting the Assets which could, individually or in the aggregate, interfere in any material respect with the use, occupancy or operation thereof as currently used, occupied or operated, or their adequacy for such use.

3.1.13. Contracts. (a) Schedule 3.1.13(a) contains a complete and correct list of all of the following types of agreements, contracts, commitments and arrangements (whether written or oral) by which any of the Assets are bound or affected or to which RAC or DuPont is a party or by which it is bound in connection with the Business or the Assets (the "Contracts"):

(i) leases, licenses, permits, franchises, insurance policies, Governmental Approvals and other contracts concerning or relating to the Real Property;

(ii) employment, consulting, agency, collective bargaining or other similar contracts or agreements, relating to or for the benefit of current or future employees, officers, directors, sales representatives, distributors, dealers, agents, independent contractors or consultants and any material arrangements or understandings relating to or for the benefit of any of the foregoing;

(iii) loan agreements, indentures, letters of credit, mortgages, security agreements, pledge agreements, deeds of trust, bonds, notes, guarantees, and other agreements and instruments relating to the borrowing of money or obtaining of or extension of credit;

(iv) material licenses, licensing arrangements and other contracts providing in whole or in part for the use of, or limiting the use of, any Intellectual Property;

(v) brokerage or finder's agreements;

(vi) joint venture, partnership and similar contracts involving a sharing of profits or expenses (including but not limited to joint research and development and joint marketing contracts);

(vii) asset purchase agreements and other acquisition or divestiture agreements, including but not limited to any agreements relating to the sale, lease or disposal of any Assets (other than sales of inventory in the ordinary course of business or of individual assets in the ordinary course of business in non-recourse transactions not exceeding, in the case of asset sales, \$50,000 per occurrence and \$200,000 in the aggregate) or involving continuing indemnity or other obligations;

(viii) orders and other contracts for the purchase or sale of materials, supplies, products or services, each of which involves aggregate payments in excess of \$200,000 in the case of purchases or \$200,000 in the case of sales;

(ix) contracts with respect to which the aggregate amount that could reasonably be expected to be paid or received thereunder in the future exceeds \$200,000 per annum or \$200,000 in the aggregate;

(x) sales agency, manufacturer's representative, marketing or distributorship agreements;

(xi) contracts, agreements or commitments with any employee, director, officer, stockholder or Affiliate of DuPont or RAC; and

(xii) any other contracts, agreements or commitments that are material to the Business.

(b) DuPont and RAC have delivered to, or otherwise made available for inspection by, the Buyer complete and correct copies of all written Contracts, together with all amendments thereto, and accurate descriptions of all material terms of all oral Contracts, set forth or required to be set forth in Schedule 3.1.13(a).

(c) All Contracts are in full force and effect and enforceable against each party thereto. There does not exist under any Contract any event of default or event or condition that, after notice or lapse of time or both, would

constitute a violation, breach or event of default thereunder on the part of DuPont or RAC or, to the knowledge of DuPont or RAC, any other party thereto except as set forth in Schedule 3.1.13(c) and except for such events or conditions that, individually and in the aggregate, (i) have not had or resulted in, and will not have or result in, a Material Adverse Effect and (ii) have not and will not materially impair the ability of DuPont or RAC to perform their respective obligations hereunder and under the Collateral Agreements. Except as set forth in Schedule 3.1.13(c), no consent of any third party is required under any Contract as a result of or in connection with, and the enforceability of any Contract will not be affected in any manner by, the execution, delivery and performance of this Agreement or any of the Collateral Agreements or the consummation of the transactions contemplated hereby or thereby.

(d) Except as listed and described on Schedule 3.1.13(d), neither DuPont nor RAC has outstanding any power of attorney relating to the Business.

3.1.14. Territorial Restrictions. DuPont and RAC are not restricted by any written agreement or understanding with any other Person from carrying on the Business anywhere in the world. Assuming that the Buyer is a newly formed company formed for the purpose of entering into this Agreement and consummating the transactions contemplated hereby, the Buyer, solely as a result of assuming any agreement or understanding of DuPont or RAC that is an Assumed Liability, will not thereby become restricted in carrying on any business anywhere in the world which it would otherwise have been able to carry on were it not for the Buyer's assumption of the Assumed Liabilities.

3.1.15. Inventories. All Inventories included in the June 1993 Balance Sheet are, and all Inventories to be included in the November 1993 Balance Sheet will be, saleable for the values set forth and to be set forth for such Inventories on such Balance Sheets. Except as set forth on Schedule 3.1.15, all Inventories of finished products and spare parts included in the June 1993 Balance Sheet and all Inventories of finished products and spare parts made or procured between June 30, 1993 and the date hereof are, and all Inventories of finished products and spare parts to be included in the November 1993 Balance Sheet will be, of such quality as to meet the quality control standards of DuPont and RAC and any applicable governmental quality control standards. THE WARRANTIES OF RAC AND DUPONT IN THIS SEC-

TION 3.1.15 WITH RESPECT TO INVENTORIES AND ELSEWHERE IN THIS AGREEMENT TO THE EXTENT SUCH WARRANTIES RELATE TO INVENTORIES ARE IN LIEU OF ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHER IMPLIED WARRANTY OF QUALITY. Schedule 3.1.15 lists the locations of all inventories.

3.1.16. Customers. Schedule 3.1.16 sets forth (a) the names and addresses of all customers of RAC that ordered goods and services from RAC with an aggregate value for each such customer of \$200,000 or more during the nine-month period ended September 30, 1993 and (b) the amount for which each such customer was invoiced during such period. Neither DuPont nor RAC has received any written notice or has any knowledge that any significant customer of RAC (i) has ceased, or will cease, to use the products, goods or services of RAC or (ii) has substantially reduced or will substantially reduce, the use of products, goods or services of RAC, including in each case after the consummation of the transactions contemplated hereby.

3.1.17. Suppliers; Raw Materials. Schedule 3.1.17 sets forth (a) the names and addresses of all suppliers (including without limitation DuPont and any Affiliates thereof) from which RAC ordered raw materials, supplies, merchandise and other goods and services with an aggregate purchase price for each such supplier of \$200,000 or more during the six-month period ended September 30, 1993 and (b) the amount for which each such supplier invoiced RAC during such period. Neither DuPont nor RAC has received any written notice or has any knowledge that there has been any material adverse change in the price of such raw materials, supplies, merchandise or other goods or services, or that any such supplier will not sell raw materials, supplies, merchandise and other goods to the Buyer at any time after the Closing Date on terms and conditions similar to those used in its current sales to RAC, subject to general and customary price increases.

3.1.18. Product Warranties. Except as set forth in Schedule 3.1.18 and except for warranties under Applicable Laws, there are no warranties express or implied, written or oral, with respect to the products of the Business.

3.1.19. Absence of Certain Business Practices. None of DuPont, RAC, any officer, employee or agent of DuPont or RAC, or any other person acting on their behalf, has, directly or indirectly, within the past five years

given or agreed to give any gift or similar benefit to any customer, supplier, governmental employee or other person who is or may be in a position to help or hinder the Business (or assist DuPont or RAC in connection with any actual or proposed transaction relating to the Business) (i) which subjected or might have subjected DuPont or RAC to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) for any of the purposes described in Section 162(c) of the Code or (iii) for the purpose of establishing or maintaining any concealed fund or concealed bank account. Except to the extent consistent with the policies and practices of DuPont or RAC as described in Schedule 3.1.19, none of DuPont, RAC, any officer, employee or agent of DuPont or RAC, or any other person acting on their behalf, has, directly or indirectly, within the past five years given or agreed to give any gift or similar benefit to any customer, supplier, governmental employee or other person who is or may be in a position to help or hinder the Business (or assist DuPont or RAC in connection with any actual or proposed transaction relating to the Business) (i) which if not given in the past, might reasonably be expected to have had a Material Adverse Effect or (ii) which if not continued in the future, might reasonably be expected to have a Material Adverse Effect.

3.1.20. Intellectual Property. (a) Title.

Schedule 3.1.20(a) contains a complete and correct list of all Intellectual Property Assets that are owned by DuPont or RAC (the "Owned Intellectual Property") other than (i) inventions, trade secrets, processes, formulas, compositions, designs and confidential business and technical information, (ii) Intellectual Property that is both (x) not registered or for which there is no application for registration pending and (y) not material to the Business and (iii) Intellectual Property Assets listed on Schedule 3.1.20(d) pursuant to clause (ii) of Section 3.1.20(d). Except as set forth in Schedule 3.1.20(a) or 3.1.20(d), DuPont or RAC owns or has the exclusive right to use pursuant to license, sublicense, agreement or permission all Intellectual Property Assets, free from any Liens (other than Permitted Liens) and free from any requirement of any past, present or future royalty payments, license fees, charges or other payments, or conditions or restrictions whatsoever.

(b) Transfer. Immediately after the Closing, the Buyer will own all of the Owne

d Intellectual Property and will have a right to use all other Intellectual Property Assets, free from any Liens (other than Permitted Liens) and

on the same terms and conditions as in effect prior to the Closing except as disclosed in Schedule 3.1.20(a) or 3.1.20(d).

(c) No Infringement. Except as set forth on Schedule 3.1.20(e), (i) the conduct of the Business does not infringe or otherwise conflict with any rights of any Person in respect of any Intellectual Property, provided that neither DuPont nor RAC makes any representation in this sentence with respect to the software used in the Business and (ii) to the knowledge of RAC or DuPont, none of the Intellectual Property Assets is being infringed or otherwise used or available for use, without authority of RAC or DuPont, by any other Person.

(d) Licensing Arrangements. Schedule 3.1.20(d) sets forth all agreements or arrangements (i) pursuant to which DuPont or RAC has licensed Intellectual Property Assets to, or the use of Intellectual Property Assets is otherwise permitted (through non-assertion, settlement or similar agreements or otherwise) by, any other Person and (ii) pursuant to which DuPont or RAC has had Intellectual Property licensed to it, or has otherwise been permitted to use Intellectual Property (through non-assertion, settlement or similar agreements or otherwise), in each case to the extent material to the Business. All of the agreements or arrangements set forth on Schedule 3.1.20(d) (x) are in full force and effect in accordance with their terms and no material default exists thereunder by DuPont or RAC, or to the knowledge of DuPont or RAC, by any other party thereto, (y) are free and clear of all Liens other than Permitted Liens and Liens set forth on Schedule 3.1.20(e), and (z) do not contain any change in control or other terms or conditions that will become applicable or inapplicable as a result of the consummation of the transactions contemplated by this Agreement. Except as set forth in Schedule 3.1.20(d), DuPont and RAC have delivered to the Buyer true and complete copies of all licenses and arrangements (including amendments) set forth on Schedule 3.1.20(d). All royalties, license fees, charges and other amounts payable by, on behalf of, to, or for the account of, DuPont or RAC in respect of any Intellectual Property are disclosed in the Financial Statements or are otherwise included in the costs of the Business as set forth in the Financial Statements.

(e) No Intellectual Property Litigation. Except as set forth in Schedule 3.1.20(e), no claim or demand of any Person has been made nor is there any proceeding that is

pending, or to the knowledge of RAC or DuPont, threatened, nor is there, to the knowledge of RAC or DuPont, a reasonable basis therefor, which (i) challenges the rights of DuPont or RAC in respect of any Intellectual Property Assets, (ii) asserts that DuPont or RAC is infringing or otherwise in conflict with, or is, except as set forth in Schedule 3.1.20(d), required to pay any royalty, license fee, charge or other amount with regard to, any rights of any Person in respect of any Intellectual Property, or (iii) claims that any default exists under any agreement or arrangement listed on Schedule 3.1.20(d). None of the Intellectual Property Assets is subject to any outstanding order, ruling, decree, judgment or stipulation by or with any court, arbitrator, or administrative agency, or has been the subject of any litigation within the last five years, whether or not resolved in favor of DuPont or RAC.

(f) Due Registration, Etc. Except as set forth on Schedule 3.1.20(f), the Owned Intellectual Property that is material to the Business has been duly registered with, filed in or issued by, as the case may be, the United States Patent and Trademark Office, United States Copyright Office or such other filing offices, domestic or foreign, and DuPont and RAC have taken such other actions, as necessary to ensure full protection under any applicable laws or regulations, and such registrations, filings, issuances and other actions remain in full force and effect, in each case to the extent material to the Business.

(g) Use of Name. Except as set forth in Schedule 3.1.20(d) and 3.1.20(g), there are and, immediately after the Closing, will be no contractual restriction or limitations pursuant to any orders, decisions, injunctions, judgments, awards or decrees of any Governmental Authority on the Buyer's right to use the name and mark "Remington" in the conduct of the Business as presently carried on by RAC and DuPont or as such Business may be expanded by the Buyer to include the manufacture (or procurement) and sale of other sporting goods and leisure products and apparel.

(h) Tooling. Except as described in Schedule 3.1.20(h), none of the tooling, molds or other equipment included in the Assets stamps or imprints the DuPont name or logo (including without limitation the "oval" logo) on products of the Business.

3.1.21. Insurance. Schedule 3.1.21 sets out all claims made by DuPont or RAC under any policy of insurance

during the past two years with respect to the Business and all claims that DuPont or RAC has made a decision to make with respect to the Business under any such policy.

3.1.22. Real Property. (a) Owned Real Property. Schedule 3.1.22(a) contains a complete and correct list of all Owned Real Property setting forth the address and owner of each parcel of Owned Real Property. RAC has, or on the Closing Date will have, good, valid and marketable fee simple title to the Owned Real Property, free and clear of all Liens other than Permitted Liens. There are no outstanding options or rights of first refusal to purchase the Owned Real Property, or any portion thereof or interest therein.

(b) Leases. Schedule 3.1.22(b) contains a complete and correct list of (i) all Leases setting forth the address, landlord and tenant for each Lease and (ii) all Other Leases, setting forth the address, landlord and tenant for each Other Lease. RAC has delivered to the Buyer correct and complete copies of the Leases and the Other Leases. Each Lease and Other Lease is legal, valid, binding, enforceable, and in full force and effect, except as may be limited by bankruptcy, insolvency, reorganization and similar Applicable Laws affecting creditors generally and by the availability of equitable remedies. Neither RAC nor any other party is in default, violation or breach in any material respect under any Lease or Other Lease, and no event has occurred and is continuing that constitutes or, with notice or the passage of time or both, would constitute a default, violation or breach in any respect under any Lease or Other Lease. Each Lease grants the tenant under the Lease the exclusive right to use and occupy the demised premises thereunder. Either DuPont or RAC has good and valid title to the leasehold estate under each Lease free and clear of all Liens other than Permitted Liens. Either DuPont or RAC enjoys peaceful and undisturbed possession under its respective Leases for the Leased Real Property.

(c) Fee and Leasehold Interests, etc. The Real Property constitutes all the fee and leasehold interests in real property primarily relating to, used or held for use in connection with the Business.

(d) No Proceedings. Neither DuPont nor RAC has received written notice of an eminent domain or other similar proceeding pending or threatened affecting any portion of the Real Property. There is no writ, injunction, decree, order or judgment outstanding, nor any action, claim, suit

or proceeding, pending or threatened, relating to the ownership, lease, use, occupancy or operation by any Person of any Real Property.

(e) Current Use. The use and operation of the Real Property in the conduct of the Business does not violate in any material respect any instrument of record or material agreement affecting the Real Property. No damage or destruction has occurred with respect to any of the Real Property that would, individually or in the aggregate, have a Material Adverse Effect.

(f) Compliance with Real Property Laws. Neither DuPont nor RAC has received any notice of violation or claimed violation of any applicable building, zoning, subdivision and other land use and similar Applicable Laws affecting the Real Property (collectively, the "Real Property Laws"). The current use and operation of the Real Property is in compliance with current Real Property Laws.

(g) Real Property Taxes. Except as set forth in Schedule 3.1.22(g), each parcel included in the Real Property is assessed for real property Tax purposes as a wholly independent tax lot, separate from adjoining land or improvements not constituting a part of that parcel.

(h) Subdivision. No approvals are necessary to subdivide the Owned Real Property from any real property included in the Excluded Assets.

3.1.23. Environmental Matters. (a) Permits. All Environmental Permits are identified in Schedule 3.1.23(a), and DuPont and RAC currently hold all such Environmental Permits necessary to the Business. Neither DuPont nor RAC has been notified by any relevant Governmental Authority that any Environmental Permit will be suspended, cancelled, revoked or materially modified, or cannot be renewed in the ordinary course of business.

(b) No Violations. Except as set forth in Schedule 3.1.23(b), each of DuPont and RAC has complied within the past two years and is in compliance in all material respects with all Environmental Permits and all applicable Environmental Laws pertaining to the Real Property (and the use, ownership or transferability thereof) and the Business. No Person has alleged any material violation by DuPont or RAC or Consol of any Environmental Permits or any applicable

liabilities and obligations that, individually and in the aggregate, are not material to the Business and have not had or resulted in, and will not have or result in, a Material Adverse Effect.

(d) Other. Except as set forth in Schedule 3.1.23(d), in the reasonable opinion of DuPont and RAC, no work, repair, construction or capital expenditure is planned or required in respect of the Real Property or the operation of the Business pursuant to or to comply with any Environmental Law in effect as of the Closing Date, nor has any of DuPont, RAC or Consol received any notice of any such requirement, except for such work, repair, construction or capital expenditure as is not material to the Business and is in the ordinary course of business.

(e) Full Disclosure. DuPont and RAC have disclosed and made available to the Buyer and the Buyer's environmental consultant all relevant information, including without limitation all studies, analyses and test results relating to (i) the environmental conditions on, under or about the Owned Real Property, and (ii) the use or operation of the properties or assets used in or held for use in connection with the Business.

3.1.24. Employees, Labor Matters, etc. Except as set forth in Schedule 3.1.24, neither DuPont nor RAC is a party to or bound by any collective bargaining agreement and there are no labor unions or other organizations representing or, to the knowledge of each of DuPont and RAC, purporting to represent or attempting to represent any employees employed in the operation of the Business. Since January 1, 1991, there has not occurred or, to the knowledge of each of DuPont and RAC, been threatened any material strike, slowdown, picketing, work stoppage, concerted refusal to work overtime or other similar labor activity with respect to any employees employed in the operation of the Business. There is no representation petition pending or, to the knowledge of each of DuPont and RAC, threatened with respect to any employees employed in the operation of the Business. Each of DuPont and RAC has complied with all applicable provisions of Applicable Law pertaining to the employment of employees, including, without limitation, all such Laws relating to labor relations, equal employment, fair employment practices, entitlements, prohibited discrimination or other similar employment practices or acts, except for any failure so to comply that, individually or together with all such other failures, has not and will not result in a material

overtime or other similar labor activity with respect to any employees employed in the operation of the Business. There is no representation petition pending or, to the knowledge of each of DuPont and RAC, threatened with respect to any employee employed in the operation of the Business. Each of DuPont and RAC has complied with all applicable provisions of Applicable Law pertaining to the employment of employees, including, without limitation, all such Laws relating to labor relations, equal employment, fair employment practices, entitlements, prohibited discrimination or other similar employment practices or acts, except for any failure so to comply that, individually or together with all such other failures, has not and will not result in a material liability or obligation on the part of the Buyer or the Business, and has not had or resulted in, and will not have or result in, a Material Adverse Effect.

3.1.25. Employee Benefit Plans and Related Matters. (a) Employee Benefit Plans. Schedule 3.1.25(a) sets forth a true and complete list of (i) each "employee benefit plan", as such term is defined in section 3(3) of ERISA, whether or not subject to ERISA, and each bonus, incentive or deferred compensation, severance, termination, retention, change of control, stock option, stock appreciation, stock purchase, phantom stock or other equity-based, performance or other employee or retiree benefit or compensation plan, program, arrangement, agreement, policy or understanding, whether written or unwritten, that provides or may provide benefits or compensation in respect of any employee or former employee employed or formerly employed in the operation of the Business or the beneficiaries or dependents of any such employee or former employee (such employees, former employees, beneficiaries and dependents collectively, the "Employees") or under which any Employee is or may become eligible to participate or derive a benefit and that is or has been maintained or established by DuPont or RAC or to which DuPont or RAC contributes or is or has been obligated or required to contribute or with respect to which RAC or the Business may have any liability (collectively, the "Plans") and (ii) each other "employee pension benefit plan", as such term is defined in section 3(2) of ERISA, that is or has been maintained or established by any trade or business, whether or not incorporated, which, together with DuPont or RAC is or would have been at any date of determination occurring within the preceding six years treated as a single employer under section 414 of the Code (such other trades and businesses collectively, the "Related Persons") and under which any Employee has accrued a benefit

that would be taken into account under the DuPont Pension Plan as an offset to such Employee's benefit under the DuPont Pension Plan. With respect to each such Plan, DuPont has provided the Buyer complete and correct copies of: all written Plans; descriptions of all unwritten Plans; all trust agreements, insurance contracts or other funding arrangements; the two most recent Forms 5500, including all schedules thereto and all reports attached thereto; the most recent IRS determination letter; current summary plan descriptions; all material communications received from or sent to the IRS, the Pension Benefit Guaranty Corporation or the Department of Labor (including a written description of any oral communication) during the preceding two years; annual cost and related information concerning any life or medical benefits provided in respect of the Employees under any such Plan; statements or other communications regarding withdrawal or other multiemployer plan liabilities, if any; and all amendments and modifications to any such document. Except as disclosed on Schedule 3.1.25(a), neither DuPont nor RAC has communicated to any Employee any intention or commitment to modify any Plan or to establish or implement any other employee or retiree benefit or compensation arrangement.

(b) Qualification. Each Plan intended to be qualified under section 401(a) of the Code, and the trust (if any) forming a part thereof, has received a favorable determination letter from the IRS as to its qualification under the Code and to the effect that each such trust is exempt from taxation under section 501(a) of the Code, and, to the knowledge of each of DuPont and RAC, nothing has occurred since the date of such determination letter that could adversely affect such qualification or tax-exempt status.

(c) Compliance; Liability.

(i) No Plan, other than the DuPont Pension Plan, is subject to section 412 of the Code or section 302 or Title IV of ERISA. As of the last day of the most recently ended fiscal year of the DuPont Pension Plan, the "projected benefit obligations" (within the meaning of the Financial Accounting Standards Board Statement No. 87) under such Plan did not exceed the fair market value of the assets of such Plan allocable to such "projected benefit obligations," determined on the basis of the actuarial assumptions contained in the actuarial report prepared for such fiscal year of such

Plan, each of which assumptions is reasonable, and the present value of the "benefit liabilities" (within the meaning of, and determined in accordance with, Title IV of ERISA) under such Plan does not exceed the "current value" (within the meaning of section 3(26) of ERISA) of the assets of such Plan allocable to such benefit liabilities.

(ii) No liability has been or is expected to be incurred by DuPont, RAC, any Related Person or the Business (either directly or indirectly, including as a result of an indemnification obligation) under or pursuant to Title I or IV of ERISA or the penalty, excise tax or joint and several liability provisions of the Code relating to employee benefit plans that could, following the Closing, become or remain a liability of the Business or become a liability of the Buyer or of any employee benefit plan established or contributed to by the Buyer and, to the best knowledge of each of DuPont and RAC after due inquiry, no event, transaction or condition has occurred or exists that could result in any such liability to the Business or, following the Closing, the Buyer.

(iii) Each of the Plans has been operated and administered in all respects in compliance with all Applicable Laws, except for any failure so to comply that, individually or together with all other such failures, has not and will not result in a material liability or obligation on the part of the Business, or, following the Closing, the Buyer, and has not had or resulted in, and will not have or result in, a Material Adverse Effect. There are no material pending or, to the best knowledge of DuPont and RAC after due inquiry, threatened claims by or on behalf of any of the Plans, by any Employee or otherwise involving any such Plan or the assets of any Plan (other than routine claims for benefits).

(iv) No Plan is a "multiemployer plan" (as defined in section 4001(a)(3) of ERISA) and no Plan that is a "defined benefit plan" (as defined in section 414(j) of the Code) is a "multiple employer plan" within the meaning of section 4063 or 4064 of ERISA.

(v) All contributions required to have been made by DuPont, RAC and each Related Person to any Plan under the terms of any such Plan or pursuant to any

applicable collective bargaining agreement or Applicable Law have been made within the earliest time prescribed by any such Plan, agreement or Applicable Law.

(vi) No Transferred Employee is or may become entitled to post-employment benefits of any kind by reason of employment in the Business, including, without limitation, death or medical benefits (whether or not insured), other than (a) coverage provided pursuant to the terms of any Plan specifically identified as providing such coverage in Schedule 3.1.25(a) or mandated by section 4980B of the Code, (b) retirement benefits payable under any Plan qualified under section 401(a) of the Code or (c) deferred compensation accrued as a liability on the November 1993 Balance Sheet or incurred after November 30, 1993 in the ordinary course of business consistent with the prior practice of DuPont and RAC, pursuant to the terms of a Plan. The consummation of the transactions contemplated by this Agreement and the Collateral Agreements will not result in an increase in the amount of compensation or benefits or the acceleration of the vesting or timing of payment of any compensation or benefits payable to or in respect of any Transferred Employee other than benefits that generally become due under the terms of any Plan upon all terminations of employment from RAC.

(vii) Schedule 3.1.25(c)(vii) identifies (x) each Employee (other than an Employee who is a former employee) who, as of November 30, 1993, will satisfy the eligibility requirements of Section IVA, IVB or IVD of the DuPont Pension Plan for a "normal" or subsidized "early" retirement benefit, assuming each such Employee continues employment through such date and the Closing occurs on such date (the "Retirement Eligible Employees"), (y) the specific provision or provisions of the DuPont Pension Plan under which such Employee will be so eligible to retire and (z) whether such employee qualifies for a "normal" or a subsidized "early" retirement benefit. The Retirement Eligible Employees constitute approximately 50% of all Employees (other than Employees who are former employees, beneficiaries or dependents).

3.1.26. Confidentiality. DuPont and RAC have preserved the confidential nature of all material confidential information (including, without limitation, any proprietary information) with respect to the Business in accordance with the normal confidentiality practices and procedures of DuPont.

3.1.27. No Guaranties. Except as described on Schedule 3.1.27, DuPont has not guaranteed any of the obligations of RAC under any contract or otherwise. Other than in connection with the insurance policies described under Section 3.1.21, none of the obligations or liabilities of the Business or of DuPont or RAC incurred in connection with the operation of the Business is guaranteed by or subject to a similar contingent obligation of any other Person. Neither DuPont nor RAC has guaranteed or become subject to a similar contingent obligation in respect of the obligations or liabilities of any other Person. Except as disclosed in Schedule 3.1.27, there are no outstanding letters of credit, surety bonds or similar instruments issued, established or maintained by DuPont or any of its Affiliates in connection with the Business or the Assets.

3.1.28. Records. The minute books of DuPont and RAC insofar as they relate to or affect the Business and the Assets are substantially complete and correct in all material respects. The books of account of DuPont and RAC, insofar as they relate to or affect the Business and the Assets, are sufficient to prepare the Financial Statements and the September 1993 Financial Information in accordance with GAAP.

3.1.29. Brokers, Finders, etc. All negotiations relating to this Agreement, the Collateral Agreements, and the transactions contemplated hereby and thereby, have been carried on without the participation of any Person acting on behalf of DuPont or RAC or their respective Affiliates in such manner as to give rise to any valid claim against the Buyer for (a) any brokerage or finder's commission, fee or similar compensation or (b) any bonus payable to any officer, director, employee, agent or sales representative of or consultant to DuPont or RAC or their respective Affiliates upon consummation of the transactions contemplated hereby or thereby.

3.1.30. Disclosure. To the knowledge of DuPont or RAC, no representation or warranty by DuPont or RAC contained in this Agreement or any of the Collateral Agreements nor any of the statements or certificates furnished or to be furnished at the Closing by DuPont or RAC to the Buyer or its representatives hereunder or thereunder and listed on Schedule 3.1.30 contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact required to make the statements contained herein or therein not misleading. There is no fact (other than matters of a general economic or political nature which do not affect the Business uniquely) known to DuPont or RAC and not in the public domain that has not been disclosed by DuPont or RAC to the Buyer that might reasonably be expected to have or result in a Material Adverse Effect. DuPont and RAC hereby expressly disclaim any representation or warranty with respect to any projections relating to the financial performance of the Business that may have been provided to the Buyer prior to the Closing.

3.2. Representations and Warranties of the Buyer. The Buyer represents and warrants to DuPont and RAC as follows:

3.2.1. Corporate Status; Authorization, etc. The Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. The Buyer has the corporate power and authority to execute and deliver this Agreement and the Collateral Agreements, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been, and on the Closing Date the Collateral Agreements will have been, duly authorized by all requisite corporate action of the Buyer. The Buyer has duly executed and delivered this Agreement and on the Closing Date will have duly executed and delivered the Collateral Agreements. This Agreement is, and on the Closing Date each of the Collateral Agreements will be, valid and legally binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms.

3.2.2. No Conflicts, etc. The execution, delivery and performance by the Buyer of this Agreement and the Collateral Agreements, and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with or result in a violation of or under (with or

without the giving of notice or the lapse of time, or both) (i) the certificate of incorporation or by-laws of the Buyer, (ii) any Applicable Law applicable to the Buyer or any of its Affiliates or any of its or their properties or assets or (iii) any contract, agreement or other instrument applicable to the Buyer or any of its Affiliates or any of its or their properties or assets, except, in the case of clause (iii), for violations and defaults that, individually and in the aggregate, have not and will not materially impair the ability of the Buyer to perform its obligations hereunder or under any of the Collateral Agreements. Except as specified in Schedule 3.2.2, no Governmental Approval or other Consent is required to be obtained or made by the Buyer in connection with the execution and delivery of this Agreement or the Collateral Agreements or the consummation of the transactions contemplated hereby or thereby.

3.2.3. Litigation. There is no action, claim, suit or proceeding pending, or to the Buyer's knowledge threatened, by or against or affecting the Buyer in connection with or relating to the transactions contemplated by this Agreement or of any action taken or to be taken in connection herewith or the consummation of the transactions contemplated hereby.

3.2.4. Buyer Financing. The Buyer has delivered to DuPont (a) an executed copy of a commitment letter, dated October 26, 1993, addressed to the Company from The Chase Manhattan Bank, N.A., Chemical Bank and Union Bank of Switzerland with respect to the senior debt financing for the transactions contemplated by this Agreement, (b) an executed copy of the Purchase Agreement, dated November 19, 1993, among the Company, Merrill Lynch & Co. and CS First Boston Corporation with respect to the subordinated debt financing for the transactions contemplated by this Agreement and (c) an executed copy of a commitment letter from The Clayton & Dubilier Private Equity Fund IV Limited Partnership ("C&D Fund IV") pursuant to which C&D Fund IV has agreed to acquire up to \$75 million of equity securities of the Buyer upon the consummation of the transactions contemplated by, and subject to the conditions precedent to the Buyer's obligations under, this Agreement.

3.2.5. Brokers, Finders, etc. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried on without the participation of any Person acting on behalf of the Buyer or its Affiliates in such manner as to give rise to any valid claim against

DuPont or RAC for any brokerage or finder's commission, fee or similar compensation.

ARTICLE IV COVENANTS

4.1. Covenants of DuPont and RAC.

4.1.1. Conduct of Business. From December 1, 1993 to the Closing, except as expressly permitted or required by this Agreement or as otherwise consented to by the Buyer in writing, DuPont and RAC will:

(a) carry on the Business in, and only in, the ordinary course, in substantially the same manner as heretofore conducted, and use all reasonable efforts to preserve intact its present business organization, maintain its properties in good operating condition and repair, keep available the services of its present officers and significant employees, and preserve its relationship with customers, suppliers and others having business dealings with it;

(b) pay accounts payable and other obligations of the Business when they become due and payable in the ordinary course of business consistent with prior practices;

(c) perform in all material respects all of its obligations under all Contracts and other agreements and instruments relating to or affecting the Business or the Assets, and comply in all material respects with all Applicable Laws applicable to it, the Assets or the Business;

(d) not enter into or assume any material agreement, contract or instrument relating to the Business involving, amounts in excess of \$200,000 per agreement (other than customer purchase orders accepted in the ordinary course of business and on customary terms and conditions), or enter into or permit any material amendment, supplement, waiver or other modification in respect thereof;

(e) not grant (or commit to grant) any increase in the compensation (including incentive or bonus compensation) of any employee employed in the operation of

the Business or, other than as set forth in Schedule 3.1.8, institute, adopt or amend (or commit to institute, adopt or amend) any compensation or benefit plan, policy, program or arrangement or collective bargaining agreement applicable to any such employee other than, with respect to individuals, regularly scheduled pay increases in the ordinary course of business consistent with past practices; and

(f) not take any action or omit to take any action, which action or omission would result in a breach of any of the representations and warranties set forth in Section 3.1.8.

4.1.2. No Solicitation. From December 1, 1993, none of DuPont, RAC, any of their Affiliates or any Person acting on their behalf shall (i) solicit or encourage any inquiries or proposals for, or enter into any discussions with respect to, the acquisition of any properties and assets held for use in connection with, necessary for the conduct of, or otherwise material to, the Business or (ii) furnish or cause to be furnished any non-public information concerning the Business to any Person (other than the Buyer and its agents and representatives), other than in the ordinary course of business or pursuant to Applicable Law and after prior written notice to the Buyer.

4.1.3. Access and Information. From December 1, 1993 to the Closing, each of DuPont and RAC will (and will cause each of their Affiliates and their and their Affiliates' respective accountants, counsel, consultants, employees and agents to) give the Buyer, the Buyer's prospective lenders and investors, and their respective accountants, counsel, consultants, employees and agents, reasonable access during normal business hours to, and furnish them with all documents, records, work papers and information with respect to, all of such Person's properties, assets, books, contracts, commitments, reports and records (including, to the extent not prohibited by law and in accordance with DuPont's policies, personnel records) relating to RAC or the Business, as the Buyer shall from time to time reasonably request. In addition, DuPont and RAC will permit the Buyer, the Buyer's prospective lenders and investors, and their respective accountants, counsel, consultants, employees and agents, reasonable access to such personnel of DuPont and RAC during normal business hours as may be necessary or useful to the Buyer in its review of the properties, assets and business affairs of RAC and the Business

and the above-mentioned documents, records and information. DuPont and RAC shall use reasonable efforts to keep the Buyer and its representatives informed as to the affairs of the Business and shall consult with the representatives of the Buyer on important matters pertaining to the Business.

4.1.4. Financial Information: Comfort Letter. On or before November 22, 1993, DuPont shall deliver to the Buyer unaudited financial information for the Business as at and for the period ending September 30, 1993 (together with the notes included in such financial information, the "September 1993 Financial Information"), which shall include the information set forth on Schedule 4.1.4. At the time that the September 1993 Financial Information is delivered to the Buyer, and at the Closing, DuPont and RAC shall represent and warrant to the Buyer in writing that such financial information provides a fair statement of the operating profit (as defined in Schedule 4.1.4) of the Business for the nine months ended September 30, 1993 and a fair statement of the current assets and current liabilities (as defined in Schedule 4.1.4) of the Business as of September 30, 1993. Promptly upon DuPont's receipt of written notice from the Buyer, DuPont shall request that Price Waterhouse deliver, within one day of DuPont's receipt of such notice, a "comfort letter" with respect to the June 1993 Financial Statements addressed to the Buyer and to such other persons participating in the financing of the transaction as the Buyer shall reasonably request.

4.1.5. Public Announcements. Except as required by Applicable Law, neither DuPont nor RAC shall, and they shall not permit any Affiliate to, make any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior written consent of the Buyer.

4.1.6. Further Actions. (a) From December 1, 1993, DuPont and RAC agree to use all reasonable good faith efforts to take all actions and to do all things necessary or appropriate to consummate the transactions contemplated hereby by December 1, 1993.

(b) From December 1, 1993 to the Closing, DuPont and RAC will, as promptly as practicable, file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by any of them pursuant to Applicable Law in connection with this Agreement, the Collateral Agreements, the sale and

transfer of the Assets pursuant to this Agreement and the consummation of the other transactions contemplated hereby, including but not limited to filings pursuant to the HSR Act.

(c) From December 1, 1993 to the Closing, DuPont and RAC, as promptly as practicable, will use all reasonable efforts to obtain, or cause to be obtained, all Consents (including, without limitation, all Governmental Approvals and any Consents required under any Contract) necessary to be obtained by either of them in order to consummate the sale and transfer of the Assets pursuant to this Agreement and the consummation of the other transactions contemplated hereby and by the Collateral Agreements.

(d) From December 1, 1993 to the Closing, DuPont and RAC will, and will cause each of their Affiliates to, coordinate and cooperate with the Buyer in exchanging such information and supplying such assistance as may be reasonably requested by the Buyer in connection with the filings and other actions contemplated by Section 4.2.2.

(e) From December 1, 1993 to the Closing, DuPont and RAC shall promptly notify the Buyer in writing of any fact, condition, event or occurrence that will or is reasonably likely to result in the failure of any of the conditions contained in Sections 5.1 and 5.2 to be satisfied.

(f) From December 1, 1993 to the Closing, DuPont shall use its good faith reasonable efforts to enter into such agreements and other arrangements (including sublicenses and subleases) with the Buyer as are necessary to ensure that the Buyer receives benefits under the Special DuPont Agreements that are the same as the benefits RAC received under the Special DuPont Agreements prior to the Closing.

4.1.7. Further Assurances and Access to Records. Following the Closing, DuPont and RAC shall, and shall cause each of their Affiliates to, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by the Buyer, to confirm and assure the rights and obligations provided for in this Agreement and in the Collateral Agreements and render effective the consummation of the transactions contemplated hereby and thereby. From time to time following

the Closing, upon the reasonable request of the Buyer, each of DuPont and RAC will give the Buyer and its representatives access during normal business hours to the corporate records of RAC and DuPont pertaining to the Business but retained by DuPont or RAC. DuPont and RAC shall retain such records for a period of at least ten years.

4.1.8. Liability for Transfer Taxes. (a) DuPont and RAC shall be responsible for the payment of, and shall indemnify and hold harmless the Buyer against, all sales (including, without limitation, bulk sales), use, value added, documentary, stamp, gross receipts, registration, transfer, conveyance, excise, recording, firearm, ammunition, license and other similar Taxes and fees ("Transfer Taxes"), arising out of or in connection with or attributable to the transactions to be effected pursuant to this Agreement and the Collateral Agreements. As between DuPont and RAC, on the one hand, and the Buyer, on the other hand, the party that has the primary responsibility under applicable Tax law for filing any Tax Return required to be filed in respect of Transfer Taxes shall prepare and timely file such Tax Return, provided that the Buyer's preparation of any such Tax Returns shall be subject to DuPont's approval, which approval shall not be withheld unreasonably.

(b) If pursuant to the provisions of Section 4.1.8(a) DuPont or RAC shall pay any Transfer Tax, and as a result of the payment of such Transfer Tax the Buyer shall not be required to pay any amount of Tax (an "Avoided Amount") that the Buyer would otherwise have been required to pay upon the Buyer's transfer, after the Closing, of any Asset, then the Buyer shall pay to DuPont an amount equal to the lesser of (i) the Avoided Amount and (ii) the amount of the Transfer Tax the payment of which by DuPont or RAC resulted in the Buyer's not being required to pay the Avoided Amount. The Buyer shall make payment of such amount to DuPont no later than the date on which the Buyer would otherwise have been required to pay the Avoided Amount to the applicable taxing authority. For purposes of determining whether the Buyer would otherwise have been required to pay any manufacturer's excise Tax (including without limitation the Taxes imposed pursuant to sections 4161 and 4181 of the Code) and when the Buyer would otherwise have been required to pay such Tax, the Buyer shall be treated as the manufacturer of any Asset of which DuPont or RAC was treated as the manufacturer for purposes of such Tax. The provisions of this Section 4.1.8(b) shall not apply to any Transfer Tax computed by reference to net income or gain.

(c) If DuPont and RAC shall determine that neither of them is required to pay any manufacturer's excise Tax (including without limitation the Taxes imposed pursuant to sections 4161 and 4181 of the Code) upon the transfer of any Asset to the Buyer pursuant to the provisions of this Agreement and shall give written notice of such determination to the Buyer or on prior to the Closing Date, then (i) the Buyer shall pay such excise Tax to the applicable taxing authority upon the Buyer's transfer, after the Closing, of such Asset pursuant to the provisions of the relevant Tax law as if the Buyer were the manufacturer of such Asset, and (ii) for purposes of Section 4.1.8(b), the Buyer shall be treated as being required to pay such excise Tax.

4.1.9. Certificates of Tax Authorities. If the Buyer is required by law to withhold or pay Taxes with respect to the transfer of the Assets or the Business, the Buyer shall withhold or, where appropriate, escrow such amount as necessary based upon the Buyer's reasonable estimate of the amount of such potential liability, or as determined by the appropriate taxing authority, to cover such Taxes unless DuPont and RAC provide to the Buyer copies of certificates from the appropriate taxing authorities stating that no such Taxes are due. DuPont and RAC shall indemnify the Buyer against (a) any liability arising from the Buyer's failure to withhold such Taxes and (b) all payments of such Taxes made by the Buyer in excess of amounts withheld or escrowed pursuant to this Section 4.1.9. The Buyer shall pay over to DuPont all amounts withheld or escrowed pursuant to this Section 4.1.9 in excess of the aggregate payments of such Taxes made by the Buyer.

4.1.10. Use of Business Name. After the Closing, neither DuPont nor RAC will, directly or indirectly, use or do business under, or allow any Affiliate to use or do business under, or assist any third party in using or doing business under, or grant or attempt to grant any Person any rights to use or do business under the names and marks included in the Intellectual Property Assets (or any other name confusingly similar to such names and marks), except that (a) DuPont may, following the change of RAC's corporate name, refer to RAC with the words "formerly Remington Arms Company, Inc." solely for ease of identification and not for any operational or commercial purposes and (b) DuPont and RAC may use in connection with the business of RAC conducted at its Hazen, Arkansas facilities, and may allow any purchaser of such business to use, any inventories of stationery, supplies and packaging materials bearing the

"Remington" name existing at the closing of the sale of such business for a period of 90 days following such closing. At the Closing, RAC shall change its corporate name to a name that does not include any of the names and marks included in the Intellectual Property Assets. As soon as practicable after the Closing, RAC shall dissolve The Peters Cartridge Company and The Union Metallic Cartridge Company. Each of DuPont and RAC shall obtain all such agreements and covenants as are necessary or appropriate in connection with the sale or other disposition by DuPont or RAC of any of the Excluded Assets to ensure that no acquiror of any such Excluded Assets from DuPont or RAC uses any of the Intellectual Property Assets other than as expressly contemplated by Schedule 3.1.20(a) and except as permitted under this Section 4.1.10.

4.2. Covenants of the Buyer.

4.2.1. Public Announcements. Prior to the Closing, except as required by Applicable Law, the Buyer shall not, and shall not permit its Affiliates to, make any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior written consent of DuPont.

4.2.2. Further Actions. (a) The Buyer agrees to use all reasonable good faith efforts to take all actions and to do all things necessary or appropriate to consummate the transactions contemplated hereby by December 1, 1993.

(b) The Buyer will, as promptly as practicable, file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by it pursuant to Applicable Law in connection with this Agreement, the Collateral Agreements, the Buyer's carrying on of the Business following the Closing, the Buyer's acquisition of the Assets pursuant to this Agreement and the consummation of the other transactions contemplated hereby, including but not limited to filings pursuant to the HSR Act.

(c) The Buyer will coordinate and cooperate with DuPont and RAC in exchanging such information and supplying such reasonable assistance as may be reasonably requested by DuPont or RAC in connection with the filings and other actions contemplated by Section 4.1.6.

(d) At all times prior to the Closing, the Buyer shall promptly notify DuPont and RAC in writing of any fact, condition, event or occurrence that will or is reasonably likely to result in the failure of any of the conditions contained in Sections 5.1 and 5.3 to be satisfied.

4.2.3. Further Assurances. Following the Closing, the Buyer shall, and shall cause its Affiliates to, from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by DuPont or RAC, to confirm and assure the rights and obligations provided for in this Agreement and in the Collateral Agreements and render effective the consummation of the transactions contemplated hereby and thereby.

4.2.4. Use of Business Names by Buyer. To the extent the trademarks, service marks, brand names or trade, corporate or business names of DuPont or of any of DuPont's Affiliates or divisions (other than RAC and other than any of the Assets) are used by RAC or the Business on stationery, signage, invoices, receipts, forms, packaging, advertising and promotional materials, product, training and service literature and materials, computer programs or like materials ("Marked Materials") or appear on Inventory at the Closing, the Buyer may use such existing Marked Materials and sell such Inventory for a period of twelve months following the Closing without altering or modifying such Marked Materials or Inventory, or removing such trademarks, service marks, brand names, or trade, corporate or business names, but the Buyer shall not thereafter use such trademarks, service marks, brand names or trade, corporate or business names in any other manner unless otherwise permitted in Schedule 4.2.4 or except as otherwise permitted in writing by DuPont. With respect to the tooling described on Schedule 3.1.20(h), the Buyer may use such tooling to manufacture products of the Business for a period of six months following the Closing and, thereafter, may sell any inventories of such products bearing the DuPont tradename or trademark until such inventories are exhausted.

4.2.5. Buyer Financing. The Buyer will use its reasonable good faith efforts to obtain financing necessary to consummate the transaction contemplated by this Agreement on the terms described in the documents referred to in Section 3.2.4. Upon the request of DuPont, the Buyer shall brief DuPont on the status of negotiations to obtain such

financing and shall advise DuPont promptly of the occurrence of any event, circumstance or condition that it expects may prevent the Buyer from obtaining such financing at the Closing.

4.2.6. Transfer Tax Exemption Certificates. The Buyer shall provide to DuPont or RAC all exemption certificates with respect to Transfer Taxes that are applicable under the relevant Tax law and that shall be requested by DuPont or RAC. Such certificates shall be in the form, and shall be signed by the Buyer, as provided under the relevant Tax law. DuPont shall indemnify the Buyer against any liability arising from the Buyer's so providing such exemption certificates. Notwithstanding any other provision of this Agreement, the Buyer shall not be required to provide to DuPont or RAC an exemption certificate with respect to a manufacturer's excise Tax (including without limitation the Taxes imposed pursuant to sections 4161 and 4181 of the Code), which certificate applies to any Asset that will not be used by the Buyer for further manufacture, unless DuPont shall give to the Buyer an opinion of independent tax counsel (the fees of which shall be paid by DuPont), addressed to the Buyer, to the effect that, pursuant to the provisions of the relevant Tax law, such excise Tax will not be imposed upon the transfer of such Asset to the Buyer pursuant to the provisions of this Agreement and that such exemption certificate is properly applicable to such transfer.

4.3. Aramid Fibers Supply Agreement. Following the Closing, each of DuPont and the Buyer agrees to use good faith reasonable efforts to negotiate and enter into, on such terms and conditions as the parties shall mutually agree, an exclusive supply and trademark agreement (the "Fibers Fishline Products Supply and Trademark Agreement") pursuant to which DuPont shall supply aramid fiber for fishline products to the Company and grant the Company the right to use the "Kevlar" trademark on such terms as the parties shall mutually agree. From the Closing Date until the entering into effect of the Fibers Fishline Products Supply and Trademark Agreement, DuPont shall continue to supply to the Company, and the Company shall continue to purchase from DuPont, aramid fiber for fishline products on the same terms and conditions in effect on the Closing Date, and the Company shall have the right to use the "Kevlar" trademark in connection with its sale of aramid fiber fishline products. If the Fibers Fishline Products Supply and Trademark Agreement is not entered into within 60 days after the Closing, DuPont shall have the right to change the then

current list price for aramid fiber for fishline and to grant the Buyer a non-exclusive license to use the trademark "Kevlar" in connection with its sale of aramid fiber fishline products.

ARTICLE V CONDITIONS PRECEDENT

5.1. Conditions to Obligations of Each Party. The obligations of the parties to consummate the transactions contemplated hereby shall be subject to the fulfillment on or prior to the Closing Date of the following conditions:

5.1.1. HSR Act Notification. In respect of the notifications of the Buyer and DuPont pursuant to the HSR Act, the applicable waiting period and any extensions thereof shall have expired or been terminated.

5.1.2. No Injunction, etc. Consummation of the transactions contemplated hereby shall not have been restrained, enjoined or otherwise prohibited by any Applicable Law, including any order, injunction, decree or judgment of any court or other Governmental Authority. No court or other Governmental Authority shall have determined any Applicable Law to make illegal the consummation of the transactions contemplated hereby or by the Collateral Agreements, and no proceeding with respect to the application of any such Applicable Law to such effect shall be pending.

5.2. Conditions to Obligations of the Buyer. The obligations of the Buyer to consummate the transactions contemplated hereby shall be subject to the fulfillment (or waiver by the Buyer) on or prior to the Closing Date of the following additional conditions, which DuPont and RAC agree to use reasonable good faith efforts to cause to be fulfilled:

5.2.1. Representations, Performance, etc. The representations and warranties of DuPont and RAC contained in Section 3.1 and 4.1.4 (i) shall be true and correct in all respects (in the case of any representation or warranty containing any materiality qualification) or in all material respects (in the case of any representation or warranty without any materiality qualification) at and as of the date hereof (or, in the case of Section 4.1.4, when made), and (ii) shall be repeated and shall be true and correct in all

respects (in the case of any representation or warranty containing any materiality qualification) or in all material respects (in the case of any representation or warranty without any materiality qualification) on and as of the Closing Date with the same effect as though made on and as of the Closing Date. DuPont and RAC shall have duly performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or on the Closing Date. DuPont and RAC shall have delivered to the Buyer a certificate, dated the Closing Date and signed by duly authorized officers of DuPont and RAC, to the foregoing effect.

5.2.2. Financing. The Buyer shall have obtained financing for the transactions contemplated hereby on substantially the terms and conditions described in the documents referred to in Section 3.2.4.

5.2.3. Consents. DuPont and/or RAC, as the case may be, shall have obtained and shall have delivered to the Buyer copies of (i) all Governmental Approvals required to be obtained by DuPont and/or RAC in connection with the execution and delivery of this Agreement and the Collateral Agreements and the consummation of the transactions contemplated hereby or thereby and (ii) all Consents (including, without limitation, all Consents required under any Contract) necessary to be obtained in order to consummate the sale and transfer of the Assets pursuant to this Agreement and the consummation of the other transactions contemplated hereby and by the Collateral Agreements, unless the failure to obtain such Consent would not, individually or in the aggregate, have a Material Adverse Effect.

5.2.4. No Material Adverse Effect. Except as set forth in Schedule 3.1.8, no event, occurrence, fact, condition, change, development or effect shall have occurred, exist or come to exist since June 30, 1993 that, individually or in the aggregate, has constituted or resulted in, or could reasonably be expected to constitute or result in, a Material Adverse Effect.

5.2.5. Collateral Agreements. DuPont shall have entered into each of the following agreements with the Buyer:

- (a) a supply, research and technical support agreement, in the form attached hereto as Exhibit B

(the "Polymers Fishline Products Supply, Research and Technical Support Agreement");

(b) a transitional services agreement, in the form attached hereto as Exhibit C (the "Transitional Services Agreement");

(c) a non-competition agreement, in the form attached hereto as Exhibit D (the "Non-Competition Agreement");

(d) a product liability services and defense coordination agreement, in the form attached hereto as Exhibit E (the "Product Liability Services and Defense Coordination Agreement");

(e) an environmental liability services agreement, in the form attached hereto as Exhibit F (the "Environmental Liability Services Agreement"); and

(f) a lease, in the form attached hereto as Exhibit G, pursuant to which DuPont leases to the Buyer a portion of the Brandywine Building, together with an agreement terminating the existing Brandywine Office Lease;

(g) an Agreement on Use, in the form attached hereto as Exhibit H, pursuant to which the Buyer (1) agrees to use the Owned Real Property described on Schedule 5.2.5(g) only for industrial uses and uses ancillary thereto and (2) grants DuPont rights of access for environmental remediation and monitoring;

(h) an Access Agreement, in the form attached hereto as Exhibit I, pursuant to which the Buyer agrees to grant RAC access to the real property owned by RAC at Lonoke, Arkansas, over the Owned Real Property in Lonoke, Arkansas described on Schedule 5.2.5(h) and to permit RAC to install monitoring wells;

(i) a Lease, in the form attached hereto as Exhibit J, pursuant to which RAC leases to the Buyer the real property in Findlay, Ohio described on Schedule 5.2.5(i); and

(j) an Easement and License Agreement, in the form attached hereto as Exhibit K, pursuant to which RAC grants the Buyer the right to locate the existing

storage shed, waterline, electric conduit and gravel road on the real property in Lonoke, Arkansas, described on Schedule 5.2.5(j).

The agreements listed in clauses (a) through (j) of this Section 5.2.5 are referred to herein as the "Collateral Agreements".

5.2.6. September 1993 Financial Information: Comfort Letter. The Buyer shall have received the September 1993 Financial Information and the Buyer and the other persons participating in the financing of the transaction referred to in Section 4.1.4 shall have received the "comfort letter" from Price Waterhouse referred to in Section 4.1.4 within the time period specified in Section 4.1.4. The September 1993 Financial Statements shall confirm and be consistent with the information concerning the Business previously provided to the Buyer by DuPont and RAC prior to the date hereof.

5.2.7. Opinion of Counsel. The Buyer shall have received an opinion, addressed to it and dated the Closing Date in the form attached hereto as Exhibit L, from Richard H. Rea, Managing Counsel to DuPont and RAC.

5.2.8. Corporate Proceedings. All corporate and other proceedings of each of DuPont and RAC in connection with this Agreement and the transactions contemplated hereby, and all documents and instruments incident thereto, shall be reasonably satisfactory in substance and form to the Buyer and its counsel, and the Buyer and its counsel shall have received all such documents and instruments, or copies thereof, certified if requested, as may be reasonably requested.

5.2.9. Documentation. (a) DuPont and RAC shall have delivered to the Buyer at the Closing all documents, certificates and agreements necessary to transfer to the Buyer good and valid title to the Assets, free and clear of any and all Liens thereon, other than Permitted Liens and, with respect to Intellectual Property, Liens set forth in Schedule 3.1.20(a) or 3.1.20(d), including without limitation:

(i) subject to Section 5.2.3(ii), assignments of all Contracts, Intellectual Property and any other agreements and instruments constituting Assets, dated the Closing Date, assigning to the Buyer all of

DuPont's or RAC's right, title and interest therein and thereto, with any required Consent (subject to Section 5.2.3(ii)) endorsed thereon;

(ii) a special warranty deed, dated as of the Closing Date, with respect to each parcel of Owned Real Property in the form attached as Exhibit M, together with any necessary transfer declarations or other filings;

(iii) an assignment of lease, dated as of the Closing Date, with respect to each Lease in the form attached as Exhibit N-1 and with respect to each Other Lease in the form attached as Exhibit N-2, together with any necessary transfer declarations or other filings; and

(iv) certificates of title to all motor vehicles to be transferred to the Buyer hereunder, duly endorsed for transfer to the Buyer as of the Closing Date.

(b) DuPont shall have entered into such agreements and other arrangements (including sublicenses and subleases) with the Buyer as are necessary to ensure that the Buyer receives benefits under the Special DuPont Agreements that are the same as the benefits RAC received under the Special DuPont Agreements prior to the Closing, unless the failure to have entered into any such agreements or other arrangements would not, individually or in the aggregate and taking into account any Consents not obtained under Section 5.2.3, have a Material Adverse Effect.

5.2.10. Environmental Audit. The Buyer shall have received an environmental audit of the Real Property from O'Brien & Gere reasonably satisfactory in form and substance to the Buyer.

5.2.11. Title Policies. The Buyer shall have received from a nationally recognized title insurance company (the "Title Company") satisfactory to the Buyer (a) a fee owner's title insurance policy issued to the Buyer, and a mortgagee's policy issued to one or more lenders designated by the Buyer, with respect to each Designated Property that is an Owned Real Property, and (b) a leasehold title insurance policy issued to the Buyer, and a mortgagee's policy issued to one or more lenders designated by the Buyer, with respect to each Designated Property that is a Leased Real Property, in each case in form and substance

satisfactory to the Buyer and the Buyer's lenders, together with endorsements reasonably requested by the Buyer, including, without limitation, access, zoning, comprehensive, non-imputation and contiguity endorsements, to the extent available in an amount determined by the Buyer, insuring the Buyer and the Buyer's lenders and issued as of the Closing Date by the Title Company, showing the Buyer to have a fee simple title to each Designated Property that is an Owned Real Property, and a valid leasehold estate in each Designated Property that is a Leased Real Property, in each case subject only to Permitted Liens. RAC or DuPont shall have delivered to the Title Company any affidavits or indemnities required by the Title Company to remove the standard printed exceptions from the owner's title policies, leasehold title policies and any mortgagee title policies issued to the Buyer's lenders.

5.2.12. Surveys. The Buyer shall have received a survey of each Designated Property, dated within 30 days of the Closing Date, prepared by a certified or registered surveyor reasonably acceptable to the Buyer and the Title Company and certified to the Buyer, the Title Company and the Buyer's lenders, in form and substance satisfactory to the Buyer, the Title Company and the Buyer's lenders, complying with the current Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys and (a) setting forth an accurate description of each parcel of Designated Property, (b) locating all improvements, Liens (setting forth the recording information of any recorded instruments), setback lines, alleys, streets and roads, (c) showing any encroachments upon or by any improvements on the Designated Property, and (d) showing all dedicated public streets providing access to the Designated Property and the municipal address of any improvements located on the Designated Property.

5.2.13. Consents and Estoppels. The Buyer shall have received consents from the lessor of each Lease listed on Schedule 3.1.22(b) to the assignment of such Lease to the Buyer and consents from the lessor of each Lease listed on Schedule 5.2.13 to the mortgaging of the tenant's interest under such Lease to the Buyer's lenders. The Buyer shall also have received estoppel certificates addressed to the Buyer and the Buyer's lenders from the lessor of each Lease, dated within 30 days of the Closing Date, identifying the Lease documents and any amendments thereto, stating that the Lease is in full force and effect and, to the best knowledge of the lessor, that the tenant is not in default under the Lease and no event has occurred that, with notice or lapse

of time or both, would constitute a default by the tenant under the Lease.

5.2.14. FIRPTA Affidavit. The Buyer shall have received affidavits of DuPont and RAC, dated the Closing Date and sworn to under penalty of perjury, setting forth the name, address and federal tax identification number of each of DuPont and RAC and stating that neither DuPont nor RAC is a "foreign person" within the meaning of Section 1445 of the Code.

5.2.15. Approvals and Licenses, etc. The Buyer shall have obtained all governmental licenses, permits and approvals necessary for the consummation of the transactions contemplated hereby and by the Collateral Agreements and the carrying on of the Business by the Buyer following the Closing and, in respect of licenses, permits and approvals that cannot be assigned as a matter of law and for which an application is pending, such assurances from such Governmental Authorities as the Buyer, in its sole discretion, deems necessary or appropriate for the consummation of the transactions contemplated hereby and by the Collateral Agreements and the carrying on of the Business by the Buyer following the Closing.

5.3. Conditions to Obligations of DuPont and RAC. The obligation of DuPont and RAC to consummate the transactions contemplated hereby shall be subject to the fulfillment (or waiver by DuPont and RAC), on or prior to the Closing Date, of the following additional conditions, which the Buyer agrees to use reasonable good faith efforts to cause to be fulfilled.

5.3.1. Representations, Performance, etc. The representations and warranties of the Buyer contained in Section 3.2 (i) shall be true and correct in all respects (in the case of any representation or warranty containing any materiality qualification) or in all material respects (in the case of any representation or warranty without any materiality qualification) at and as of the date hereof and (ii) shall be repeated and shall be true and correct in all respects (in the case of any representation or warranty containing any materiality qualification) or in all material respects (in the case of any representation or warranty without any materiality qualification) on and as of the Closing Date with the same effect as though made at and as of the Closing Date. The Buyer shall have duly performed and complied in all material respects with all agreements

and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date. The Buyer shall have delivered to DuPont and RAC a certificate, dated the Closing Date and signed by the Buyer's President or a Vice President, to the foregoing effect.

5.3.2. Assumption Agreement. DuPont and RAC shall have received from the Buyer the Assumption Agreement.

5.3.3. Opinion of Counsel. DuPont and RAC shall have received an opinion, addressed to it and dated the Closing Date in the form attached hereto as Exhibit O, of Debevoise & Plimpton, special counsel for the Buyer.

5.3.4. Corporate Proceedings. All corporate proceedings of the Buyer in connection with this Agreement and the transactions contemplated hereby, and all documents and instruments incident thereto, shall be reasonably satisfactory in substance and form to DuPont, RAC and their counsel, and DuPont, RAC and their counsel shall have received all such documents and instruments, or copies thereof, certified if requested, as may be reasonably requested.

5.3.5. Consents and Approvals, etc. DuPont and the RAC shall have obtained all governmental consents and approvals necessary to consummate the transactions contemplated hereby.

5.3.6. Buyer Financing. The Buyer shall have obtained financing for the transactions contemplated hereby on substantially the terms and conditions described in the letters referred to in Section 3.2.4.

5.3.7. Collateral Agreements. The Buyer shall have entered into each of the Collateral Agreements.

ARTICLE VI EMPLOYEES AND EMPLOYEE BENEFIT PLANS

6.1. Employment of RAC Employees. (a) Each of DuPont and RAC shall use all reasonable efforts to cause the employees employed in the operation of the Business to make available their employment services to the Buyer. For a period of two years from the Closing Date, neither DuPont nor RAC shall, or shall permit any of their Affiliates to, solicit, offer to employ or otherwise interfere with the relationship of the Buyer with any Person employed by or

otherwise engaged to perform services for the Buyer in connection with the operation of the Business.

(b) Within the three week period following the execution of this Agreement, the Buyer shall offer employment, effective as of the Closing Date and contingent upon the Closing, to those employees selected by the Buyer who are employed by DuPont or RAC principally in the operation of the Business at wage or salary levels, as applicable, and with employee benefits that are substantially comparable, in the aggregate, to the aggregate wage or salary levels and employee benefits (other than equity-based benefits) of such employees immediately prior to the Closing Date. Those employees who accept such offers of employment effective as of the Closing Date shall be referred to herein as the "Transferred Employees". Effective as of the Closing Date, the Buyer shall assume the liability of DuPont and RAC in respect of the Transferred Employees for accrued but unpaid salaries, wages, sick pay and 1993 incentive compensation, but only to the extent such liability is reflected on the November 1993 Balance Sheet or relates to services rendered, and arose, after November 30, 1993 in the ordinary course of business, consistent with the prior practice of DuPont and RAC. DuPont and RAC shall remain responsible for payment of any and all retention, change in control or other similar compensation or benefits which are or may become payable in connection with the consummation of the transactions contemplated by this Agreement or the Collateral Agreements. DuPont and RAC shall remain solely responsible for any and all Benefit Liabilities of DuPont and RAC in respect of the Employees for vacation pay accrued but unpaid as of the Closing Date and DuPont shall, within 20 Business Days following the Closing Date, pay to each Transferred Employee an amount, in cash, equal to each such Transferred Employee's accrued but unpaid vacation pay as of the Closing Date.

(c) Neither the Buyer nor any of its Affiliates shall have any Benefit Liability with respect to any Employee or Plan or any claim thereof or related thereto except to the extent expressly provided in this Article VI with respect to the Transferred Employees. From and after the Closing, DuPont and RAC shall, jointly and severally, remain solely responsible for any and all Benefit Liabilities in respect of the Employees, including the Transferred Employees and their beneficiaries and dependents, relating to or arising in connection with or as a result of (i) the employment or the actual or constructive termination of employment of any such Employee by DuPont or RAC (including,

without limitation, in connection with the consummation of the transactions contemplated by this Agreement or the Collateral Agreements), (ii) the participation in or accrual of benefits or compensation under, or the failure to participate in or to accrue compensation or benefits under, any Plan or other employee or retiree benefit or compensation plan, program, practice, policy or arrangement of DuPont or RAC or (iii) accrued but unpaid salaries, wages, vacation or sick pay or other compensation or payroll items (including, without limitation, bonus, incentive and deferred compensation), except, in any such case, to the extent any such Benefit Liability (other than any such Liability in respect of accrued but unpaid vacation pay or retention, change in control or other similar compensation or benefits) is (x) specifically assumed by the Buyer pursuant to this Article VI or (y) reflected on the November 1993 Balance Sheet or relates to services rendered and arose after November 30, 1993 in the ordinary course of business, consistent with the prior practice of DuPont and RAC and in accordance with this Agreement (applied as if the provisions of Section 4.1 had been in effect from the close of business on November 30, 1993 through the Closing Date).

(d) During the two year period following the Closing Date, the Buyer shall provide the Transferred Employees with wages or salaries, as applicable, and employee benefits that are substantially comparable, in the aggregate, to the aggregate wages or salaries and employee benefits (other than equity-based benefits) of such Employees immediately prior to the Closing Date, provided that the Buyer shall be permitted to modify any such benefit coverage if (1) required by Applicable Law or (ii) such modification is consistent with any change in (x) national health care policies or programs, (y) the employment status of any such Employee or (z) a change in the terms of any Plan, the level of employee contributions or other costs under any Plan or the policies and procedures of DuPont with respect to any Plan. Subject to the foregoing, nothing in this Article VI shall prejudice the right of the Buyer to amend or terminate any plan, program, agreement, policy or arrangement applicable to any employee or former employee of the Business following the Closing Date.

(e) During the two week period following the execution of this Agreement, DuPont shall prepare and distribute to all Retirement Eligible Employees an information statement satisfactory to the Buyer that sets forth in reasonable detail and in a manner calculated to be understood

by the average employee all relevant information with respect to the elections and options available to each such Retirement Eligible Employee under the DuPont Pension Plan and the DuPont Retiree Welfare Plans in connection with the consummation of the transactions contemplated by this Agreement or the Collateral Agreements and the effect of each such election and option on the amount and availability of benefits or coverage under any such Plan and the level of employee contribution with respect to any such benefit or coverage, including, without limitation, (i) an explanation and comparison (including representative sample calculations) of the monthly pension benefit that would be payable under the DuPont Pension Plan and the estimated monthly pension benefit that would be payable under the Buyer's Pension Plan (assuming the Buyer's Pension Plan continues in effect and the Employee continues in service for a representative number of years) if a representative Retirement Eligible Employee (x) elects to retire from DuPont and RAC in connection with the consummation of the transactions contemplated herein and (y) does not elect to retire from DuPont and RAC in connection with the consummation of the transactions contemplated herein and (ii) an explanation of the circumstances under which (x) plan assets and liabilities will be transferred to the Buyer's Pension Plan and, accordingly, DuPont and RAC service will be recognized under the Buyer's Pension Plan for purposes of benefit accrual and early retirement eligibility thereunder and (y) such plan assets and liabilities will not be transferred from the DuPont Pension Plan to the Buyer's Pension Plan and, accordingly, such DuPont and RAC service will not be recognized under the Buyer's Pension Plan for such purposes.

6.2. Pension Benefit Plans. (a) (i) Effective as of the Closing Date, the Buyer shall establish a defined benefit pension plan (the "Buyer's Pension Plan") covering the Eligible Transferred Employees. The Buyer's Pension Plan shall contain terms substantially similar to the terms of the DuPont Pension Plan in accordance with section 411(d)(6) of the Code and shall provide that the service of the Eligible Transferred Employees shall be recognized for all purposes, including, without limitation, eligibility to participate, vesting and, subject to the transfer of assets described in this Section 6.2(a), accrual of benefits, to the extent such service was recognized under the DuPont Pension Plan immediately prior to the Closing Date. Transferred Employees who elect to retire under the DuPont Pension Plan and, therefore, are not Eligible Transferred Employees shall be eligible to participate in the Buyer's

Pension Plan to the extent provided therein and the service of such Transferred Employees with RAC or DuPont completed prior to the Closing Date shall be recognized under the Buyer's Pension Plan solely for purposes of eligibility to participate in the Buyer's Pension Plan and vesting in any normal retirement or deferred vested benefits accrued under the Buyer's Pension Plan.

(ii) As soon as reasonably practicable, but in no event later than 60 days, after (A) the establishment of the Buyer's Pension Plan, (B) the expiration of a 30-day period following the date of filing of any required notices with the IRS (which notices shall be filed by the Buyer and DuPont no later than ten days after notice to DuPont of the establishment of the Buyer's Pension Plan) and (C) receipt by DuPont of an opinion of counsel to the Buyer to the effect that the Buyer's Pension Plan contains the material terms required for qualification under section 401(a) of the Code, DuPont shall cause the trustee of the trust under the DuPont Pension Plan to transfer to the trust under the Buyer's Pension Plan an amount (the "Pension Plan Transfer Amount"), in cash, subject to compliance with section 414(l) of the Code, equal to the "projected benefit obligation" (within the meaning of Financial Accounting Standards Board Statement No. 87) as of November 30, 1993 in respect of the Eligible Transferred Employees, determined on the basis of the actuarial assumptions set forth in Schedule 6.2(a) and the methods used by the enrolled actuary for DuPont (the "DuPont Actuary") to determine the value of the "projected benefit obligation" of the DuPont Pension Plan as of December 31, 1992 as disclosed in the 1992 financial statements of the Business included in the 1990-1992 Financial Statements; provided that if there is a dispute as described in Section 6.2(c) hereof as to the Pension Plan Transfer Amount, DuPont shall promptly transfer 90% of the Pension Plan Transfer Amount as determined by the DuPont Actuary and shall transfer the remaining portion of such Pension Plan Transfer Amount promptly following the resolution of such dispute in accordance with Section 6.2(c) hereof. The Pension Plan Transfer Amount shall be (i) increased by interest for the period commencing on the Closing Date and ending on the day immediately preceding the actual date of transfer (the "Post-Closing Period") at a per annum interest rate equal to the Prime Rate in effect on December 1, 1993 and (ii) reduced by an amount equal to the sum of (A) the aggregate benefit payments, if any, to Eligible Transferred Employees made from the DuPont Pension Plan during the Post-Closing Period and (B) interest in respect of such payments

from the date each payment is made through the actual date of transfer at a per annum interest rate equal to the Prime Rate in effect on December 1, 1993.

(iii) From and after the transfer to the Buyer's Pension Plan of the Pension Plan Transfer Amount, the Buyer shall cause such Pension Plan Transfer Amount to be used exclusively to provide benefits in respect of the Buyer's employees participating in such Plan and the Buyer shall not terminate the Buyer's Pension Plan in a manner that would result in a reversion of any portion of the Pension Plan Transfer Amount to the Buyer.

(iv) From and after the Closing Date, DuPont and the DuPont Pension Plan shall remain solely responsible for any and all Benefit Liabilities under the DuPont Pension Plan in respect of those Transferred Employees who elect to retire under the DuPont Pension Plan and, therefore, are not Eligible Transferred Employees and DuPont shall cause all pension and survivor payments provided for under the terms of the DuPont Pension Plan as currently in effect to be paid to or in respect of such Transferred Employees.

(v) At the Closing or promptly thereafter, DuPont shall deliver to the Buyer a schedule setting forth the name of each Transferred Employee who has elected retirement under the DuPont Pension Plan.

(b) Effective as of the Closing Date, the Buyer shall establish a defined contribution plan (the "Buyer's Savings Plan") containing a cash or deferred arrangement within the meaning of section 401(k) of the Code and containing provisions regarding participant loans that would permit a Transferred Employee to elect to transfer to the Buyer's Savings Plan any outstanding loan in respect to such Employee under the Savings and Investment Plan (the "DuPont Savings Plan"), including the related promissory notes or other documentation evidencing such Employee's loan under the DuPont Savings Plan. As soon as reasonably practicable, but in no event later than 60 days, after (i) the establishment of the Buyer's Savings Plan, (ii) the expiration of a 30-day period following the date of filing of the required notices with the IRS (which notices shall be filed by the Buyer and DuPont no later than ten days after notice to DuPont of the establishment of the Buyer's Savings Plan) and (iii) receipt by DuPont of an opinion of counsel to the Buyer to the effect that the Buyer's Savings Plan contains the material terms required for qualification under sec-

tion 401(a) of the Code, DuPont shall transfer, or cause to be transferred, to the trust under the Buyer's Savings Plan an amount (the "Savings Plan Transfer Amount"), in cash (or, with respect to outstanding participant loans, the related promissory notes or other applicable documentation evidencing such loans), equal to the fair market value, determined as of the date of such transfer, of the aggregate account balances under the DuPont Savings Plan of those Transferred Employees who were participants in the DuPont Savings Plan immediately prior to the Closing Date and who elect to have their accounts transferred. DuPont shall contribute to the accounts of the applicable Transferred Employees under the DuPont Savings Plan all amounts required by the DuPont Savings Plan or Applicable Law to be contributed with respect to such Transferred Employees on account of any period prior to the Closing Date in accordance with DuPont's normal policies and procedures and within the time required by Applicable Law.

(c) The Pension Plan Transfer Amount shall initially be determined by the DuPont Actuary, subject to review and verification by an enrolled actuary selected by the Buyer. DuPont shall, or shall cause the DuPont Actuary to, make available to the Buyer and to the Buyer's actuary the census data and actuarial assumptions and methods used by the DuPont Actuary or necessary to determine the Pension Plan Transfer Amount. Any dispute regarding the determination of the Pension Plan Transfer Amount shall be resolved by an independent actuarial firm selected jointly by the Buyer's actuary and the DuPont Actuary provided that, if such independent actuarial firm shall determine a Pension Plan Transfer Amount that is greater than the amount determined by the DuPont Actuary and less than the amount determined by the Buyer's actuary, then the determination of such firm shall be final and binding on the parties hereto; if such independent actuarial firm shall determine a Pension Plan Transfer Amount that is less than the amount determined by both the DuPont Actuary and the Buyer's actuary, then the determination of the DuPont Actuary shall be final and binding on the parties hereto; and, if such independent actuarial firm shall determine a Pension Plan Transfer Amount that is greater than the amount determined by both the DuPont Actuary and the Buyer's Actuary, then the determination of the Buyer's actuary shall be final and binding on the parties hereto. The expenses of such firm shall be shared equally by the Buyer and DuPont.

6.3. Welfare and Fringe Benefit Plans. (a) The Buyer shall provide the Transferred Employees (including the Retirement Eligible Transferred Employees) and their dependents and beneficiaries coverage under any welfare and fringe benefit plans, programs, policies or arrangements established by the Buyer for such Persons. The Buyer shall cause its health and life insurance plans to waive any pre-existing condition exclusions to the extent necessary to offer immediate coverage to the Transferred Employees. From and after the Closing Date, DuPont and RAC shall, jointly and severally, remain solely responsible for any and all Benefit Liabilities to or in respect of the Transferred Employees (including the Retirement Eligible Transferred Employees) or their beneficiaries or dependents relating to or arising in connection with any claims, whether such claims are asserted before, on or after the Closing Date, for life, disability, accidental death or dismemberment, supplemental unemployment compensation or other welfare or fringe benefits or expense reimbursements (other than medical, dental, hospitalization or other health benefits or expense reimbursements) which claims relate to or are based upon an occurrence on or before the Closing Date. DuPont and RAC shall, jointly and severally, remain solely responsible for any and all Benefit Liabilities to or in respect of the Transferred Employees (including the Retirement Eligible Transferred Employees) or their beneficiaries or dependents relating to or arising in connection with any claims, whether such claims are asserted before, on or after the Closing Date, for medical, dental, hospitalization or other health services, treatment or related expenses (including drugs, equipment and similar expenses) rendered, purchased or utilized on or before the Closing Date and for any and all medical, hospitalization or other confinement or related expenses incurred with regard to inpatient hospital or other similar institutional confinements that began on or before the Closing Date through the end of such confinement. From and after the Closing Date, the Buyer shall be solely responsible for any and all Benefit Liabilities to or in respect of the Transferred Employees or their beneficiaries or dependents relating to or arising in connection with claims under the Buyer's health benefit plans for medical, dental, hospitalization or other health services, treatment or related expenses (including drugs, equipment and similar expenses) rendered, purchased or utilized after the Closing Date and any and all medical, hospitalization or other confinement or related expenses incurred with regard to inpatient hospital or other similar institutional confinements that begin after the Closing Date.

(b) Except to the extent provided otherwise in Section 6.3(c) with respect to Transferred Employees or Section 6.3(d) with respect to Retirement Eligible Transferred Employees, from and after the Closing, each of DuPont and RAC shall, jointly and severally, remain solely responsible for any and all Benefit Liabilities in respect of any Employee (i) under any Plan that is an "employee welfare benefit plan" (within the meaning of section 3(1) of ERISA) that provides post-employment benefits of any kind (a "DuPont Retiree Welfare Plan") or (ii) otherwise in connection with the provision of, or the failure to provide, post-employment welfare benefits or coverage to or in respect of any such Employee.

(c) From and after the Closing, the Buyer shall assume and become solely responsible for any and all Benefit Liabilities of DuPont and RAC in respect of each Transferred Employee (other than the Retirement Eligible Transferred Employees) or the beneficiary or dependent of each such Transferred Employee to provide post-employment welfare benefits to such Transferred Employee, beneficiary or dependent following termination of employment with the Buyer.

(d) (i) For purposes of this Agreement, each Transferred Employee (and the beneficiaries and dependents of each such Transferred Employee) who is eligible on the Closing Date to retire from employment with DuPont or RAC, as applicable, and receive or elect post-employment benefit coverage under any DuPont Retiree Welfare Plan shall be referred to herein as a "Retirement Eligible Transferred Employee", including, without limitation, each such Transferred Employee (and his or her beneficiaries or dependents) who becomes eligible for such coverage in connection with or as a result of the consummation for the transactions contemplated by this Agreement and each Transferred Employee who is a Retirement Eligible Employee.

(ii) Individually with respect to each Retirement Eligible Transferred Employee, effective as of the Closing and continuing until the date the active employment of each such Retirement Eligible Transferred Employee with the Buyer terminates (individually with respect to each Retirement Eligible Transferred Employee, the "Retirement Date"), DuPont or RAC shall not be responsible for, and the Buyer shall assume and become solely responsible for, any and all Benefit Liabilities of DuPont and RAC to provide post-employment welfare benefits or coverage to such Retirement Eligible Transferred Employee to the extent required under

the terms of the DuPont Retiree Welfare Plan applicable to such Retirement Eligible Transferred Employee, as then in effect and, in connection therewith, the Buyer shall reimburse DuPont for all costs and expenses incurred by DuPont under, and in accordance with the terms of, the applicable DuPont Retiree Welfare Plan in providing any such post-employment welfare benefits or coverage to any such Retirement Eligible Transferred Employee during the period following the Closing Date and prior to such Retirement Eligible Transferred Employee's Retirement Date, provided that the Buyer shall have no obligation to assume or reimburse DuPont for any Benefit Liability to the extent coverage provided by DuPont under any DuPont Retiree Welfare Plan duplicates coverage provided under any employee welfare benefit plan maintained by the Buyer for the benefit of Retirement Eligible Transferred Employees.

(iii) Individually with respect to each Retirement Eligible Transferred Employee, from and after each such Retirement Eligible Transferred Employee's Retirement Date, (x) DuPont shall provide such Retirement Eligible Transferred Employee with post-employment welfare benefit coverage under the DuPont Retiree Welfare Plans, (y) DuPont shall treat all such Retirement Eligible Transferred Employees as "1993 retirees" for all purposes of such DuPont Retiree Welfare Plans and (z) DuPont and RAC shall, jointly and severally, assume and become solely responsible for any and all Benefit Liabilities in respect of each such Retirement Eligible Transferred Employee under the DuPont Retiree Welfare Plans or otherwise in connection with the provision of, or the failure to provide, post-employment welfare benefits or coverage to or in respect of each such Retirement Eligible Transferred Employee.

(e) From and after the Closing Date, DuPont and RAC shall, jointly and severally, remain solely responsible for any and all Benefit Liabilities relating to or arising in connection with the requirements of section 4980B of the Code to provide continuation of health care coverage under any Plan in respect of (A) Employees, other than the Transferred Employees and their covered dependents, and (B) to the extent related to a qualifying event occurring on or before the Closing Date, Transferred Employees and their covered dependents.

6.4. Workers Compensation. From and after the Closing Date, Dupont and RAC shall, jointly and severally, remain solely responsible for any and all Benefit Liabili-

ties to or in respect of any Employee relating to or arising in connection with any and all claims for workers' compensation benefits arising in connection with any occupational injury or disease occurring or existing on or prior to the Closing Date.

6.5. Consol Employees. (a) With respect to those employees of Consol who are employed principally in the operation of the Business and who are offered and accept employment with the Buyer (the "Transferred Consol Employees"), effective as of the Closing Date, DuPont shall, or shall cause Consol to, assume, pay and perform liabilities, obligations, commitments and covenants with respect to the Transferred Consol Employees, Consol employee benefit plans and Consol compensation and payroll programs, policies and practices equivalent to the corresponding liabilities, obligations, commitments and covenants of DuPont and RAC set forth in this Article VI with respect to the Transferred Employees and the Plans; provided that, in meeting its obligations hereunder, DuPont may include the Transferred Consol Employees in the Plans.

(b) Without limiting the foregoing, with respect to each Transferred Consol Employee and each Transferred Employee (collectively, the "Consol Participants") who has accrued a benefit, whether or not vested, under the Employee Retirement Plan of Consol Inc. (the "Consol Retirement Plan"), DuPont shall cause Consol to cause the trustee of the Consol Retirement Plan to transfer to the trustee of the Buyer's Pension Plan assets, in cash, equal to the projected benefit obligation as of November 30, 1993 in respect of the Consol Participants, determined on the basis of each such Consol Participant's service with Consol and as provided in Section 6.2(a)(ii) with respect to the Eligible Transferred Employees. The provisions of Sections 6.2(a)(ii), (iii) and (v) and Section 6.2(c) shall govern such transfer of assets from the Consol Retirement Plan and the respective obligations of Consol and DuPont, on the one hand, and the Buyer, on the other hand, with respect thereto to the same extent such provisions govern the transfer of the Pension Plan Transfer Amount and the respective obligations of RAC and DuPont, on the one hand, and the Buyer, on the other hand, with respect to the transfer of the Pension Plan Transfer Amount.

ARTICLE VII
TERMINATION

7.1. Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by the written agreement of the Buyer and DuPont;

(b) by either DuPont or the Buyer by written notice to the other party if the transactions contemplated hereby shall not have been consummated pursuant hereto by 5:00 p.m. New York City time on December 30, 1993, unless such date shall be extended by the mutual written consent of DuPont and the Buyer;

(c) by the Buyer by written notice to DuPont if any of the conditions set forth in Section 5.1 or 5.2 (including with respect to any representations and warranties) shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by 5:00 p.m. New York City time on December 30, 1993, unless such failure shall be due to the failure of the Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

(d) by DuPont by written notice to the Buyer if any of the conditions set forth in Section 5.1 or 5.3 (including with respect to any representations and warranties) shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by 5:00 p.m. New York City time on December 30, 1993, unless such failure shall be due to the failure of DuPont or RAC to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing.

7.2. Effect of Termination. In the event of the termination of this Agreement pursuant to the provisions of Section 7.1, this Agreement shall become void and have no effect, without any liability to any Person in respect hereof or of the transactions contemplated hereby on the part of any party hereto, or any of its directors, officers, employees, agents, consultants, representatives, advisers, stockholders or Affiliates, except as specified in Section 6.4 and except for any liability resulting from such party's breach of this Agreement.

ARTICLE VIII
DEFINITIONS, MISCELLANEOUS

8.1. Definition of Certain Terms. The terms defined in this Section 8.1, whenever used in this Agreement (including in the Schedules), shall have the respective meanings indicated below for all purposes of this Agreement. All references herein to a Section, Article or Schedule are to a Section, Article or Schedule of or to this Agreement, unless otherwise indicated.

Affiliate: of a Person means a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first Person. "Control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

Agreement: this Asset Purchase Agreement, including the Schedules hereto.

Applicable Law: all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes or orders of any Governmental Authority, (ii) Governmental Approvals and (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

Assets: the Fishline Assets, the RAC Assets, the Related RAC Assets and the Special DuPont Agreements.

Assumed Liabilities: as defined in Section 2.5.

Assumption Agreement: as defined in Section 2.5(b).

Avoided Amount: as defined in Section 4.1.8(b).

Benefit Liabilities: liabilities, obligations, commitments, costs and expenses, including reasonable fees and disbursements of attorneys and other advisors, including any such expenses incurred in connection with

the enforcement of any applicable provision of this Agreement.

Brandywine Building: the office building owned by DuPont and located at 1007 Market Street, Wilmington, Delaware.

Brandywine Office Lease: the Lease, dated as of January 1, 1993, between DuPont and RAC.

Business: the RAC Business, the Fishline Assets and the Related RAC Assets.

Business Day: shall mean a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required to close.

Buyer: as defined in the first paragraph of this Agreement.

Buyer Indemnities: as defined in Section 8.2(a).

Buyer's Consideration: as defined in Section 2.4.

Buyer's Pension Plan: as defined in Section 6.2(a).

Buyer's Savings Plan: as defined in Section 6.2(b).

CERCLA: the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601 et seq.

Claims: any and all claims, demands, proceedings, actions and causes of action, cross-actions, third-party actions, suits, judgments, debts, dues, liens, actual or punitive damages, additional or multiple damages, whether in contract, tort or otherwise, including, but not limited to, claims of negligence, gross negligence, breach of warranty, strict or absolute liability, violations of law or misfeasance or nonfeasance of any sort.

Class Claim: as defined in Section 8.2(a)(vii).

C&D Fund IV: as defined in Section 3.2.4.

Closing: as defined in Section 2.1.

Closing Date: as defined in Section 2.1.

Code: the Internal Revenue Code of 1986, as amended.

Collateral Agreements: as defined in Section 5.2.5.

Confidentiality Agreement: the Confidentiality Agreement, dated June 25, 1993, between RAC and Clayton, Dubilier & Rice, Inc.

Consent: any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including but not limited to any Governmental Authority.

Consol: Consol, Inc. a 50% owned Subsidiary of DuPont incorporated under the laws of Delaware.

Consol Participants: as defined in Section 6.5(b).

Consol Retirement Plan: as defined in Section 6.5(b).

Contract: as defined in Section 3.1.13(a).

Covered Returns: as defined in Section 3.1.7.

Covered Taxes: any United States federal, state, local, foreign or other gross receipts, value added, sales, use, excise, customs duties, transfer, registration, stamp, environmental (including taxes under section 59A of the Code), real property, personal property, ad valorem, firearm, ammunition, license, occupational or other similar tax, duty or other governmental charge or assessment or deficiency thereof, in each case, on or in respect of the Business, including all interest and penalties thereon and additions thereto, but excluding any Tax computed in whole or in part by reference to net income or net worth and all interest and penalties thereon and additions thereto.

Designated Properties: the Real Property listed on Schedule 8.1(a).

DuPont: as defined in the first paragraph of this Agreement.

DuPont Actuary: as defined in Section 6.2(a)(ii).

DuPont Pension Plan: the DuPont Pension and Retirement Plan.

DuPont Retiree Welfare Plan: as defined in Section 6.3(b).

DuPont Savings Plan: as defined in Section 6.2(b).

Eligible Transferred Employees: all Transferred Employees who, immediately prior to the Closing Date, participated in the DuPont Pension Plan and who do not elect to retire and commence payment of their retirement benefit under the DuPont Pension Plan in connection with the consummation of the transactions contemplated by this Agreement or the Collateral Agreements.

Employees: as defined in Section 3.1.25(a).

Environmental Laws: all Applicable Laws relating to the protection of the environment, to human health and safety, or to any emission, discharge, generation, processing, storage, holding, abatement, existence, Release, threatened Release or transportation of any Hazardous Substances, including, without limitation, (i) CERCLA, the Resource Conservation and Recovery Act, and the Occupational Safety and Health Act, (ii) all other requirements pertaining to reporting, licensing, permitting, investigation or remediation of emissions, discharges, releases or threatened releases of Hazardous Materials into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, sale, treatment, receipt, storage, disposal, transport or handling of Hazardous Substances, and (iii) all other requirements pertaining to the protection of the health and safety of employees or the public.

Environmental Liabilities: all liabilities and obligations, whether direct or indirect, known or unknown, current or potential, past, present or future, imposed by, under or pursuant to Environmental Laws (including, without limitation, all liabilities and obligations related to Remedial Actions) based on, arising out of or otherwise in respect of: (i) the ownership or operation of the Business, the RAC Assets, the Fishline Assets and the Related RAC Assets, in each case, prior to the Closing; (ii) the environmental conditions existing on the Closing Date on, under, above, or about any Real Property; and (iii) actions necessary to cause any Real Property or any aspect of the Business to be in compliance with any and all requirements of Environmental Laws including, without limitation, all Environmental Permits issued under or pursuant to such Environmental Laws and reasonably necessary to the operation of the Business.

Environmental Liability Services Agreement: as defined in Section 5.2.5(e).

Environmental Liability Threshold: as defined in Section 2.5(a)(iii).

Environmental Permits: any federal, state and local permit, license, registration, consent, order, administrative consent order, certificate, approval or other authorization with respect to RAC or DuPont necessary for the conduct of the Business as currently conducted or previously conducted under any Environmental Law.

ERISA: the Employee Retirement Income Security Act of 1974, as amended.

Excluded Assets: as defined in Section 1.2.

Excluded Liabilities: as defined in Section 2.6.

Final Allocations: as defined in Section 2.4.

Financial Statements: the 1990-1992 Financial Statements and the June 1993 Financial Statements.

Fishline Assets: as defined in Section 1.3.

GAAP: generally accepted accounting principles as in effect in the United States.

Governmental Approval: any Consent of, with or to any Governmental Authority.

Governmental Authority: any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, any government authority, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof, and any tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization.

HSR Act: the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Hazardous Substances: any substance that: (i) is or contains asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum or petroleum-derived substances or wastes, radon gas or related materials (ii) requires investigation, removal or remediation under any Environmental Law, or is defined, listed or identified as a "hazardous waste" or "hazardous substance" thereunder, or (iii) is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is regulated by any Governmental Authority or Environmental Law.

Indemnified Party: as defined in Section 8.2(d).

Indemnifying Party: as defined in Section 8.2(d).

Intellectual Property: any and all United States and foreign: (a) patents (including design patents, industrial designs and utility models) and patent applications (including patent disclosures, reissues, divisions, continuations-in-part and extensions), inventions and improvements thereto; (b) trademarks, service marks, certification marks, trade names, trade dress, logos, business and product names, slogans, and registrations and applications for registration thereof; (c) copyrights (including software) and registrations thereof; (d) inventions, processes, designs,

formulae, trade secrets, know-how, industrial models, confidential and technical information, manufacturing, engineering and technical drawings, product specifications and confidential business information; (e) mask work and other semiconductor chip rights and registrations thereof; (f) intellectual property rights similar to any of the foregoing; and (g) copies and tangible embodiments thereof (in whatever form or medium, including electronic media).

Intellectual Property Assets: as defined in Section 1.1(h).

Inventories: as defined in Section 1.1(c).

IRS: the Internal Revenue Service.

June 1993 Balance Sheet: as defined in Section 3.1.5.

June 1993 Financial Statements: as defined in Section 3.1.5.

Leased Real Property: means all interests leased pursuant to the Leases.

Leases: means the real property leases, subleases, licenses and occupancy agreements pursuant to which RAC is the lessee, sublessee, licensee or occupant other than real property leases, subleases, licenses and occupancy agreements included in Excluded Assets.

Lien: any mortgage, pledge, hypothecation, right of others, claim, security interest, encumbrance, lease, sublease, license, occupancy agreement, adverse claim or interest, easement, covenant, encroachment, burden, title defect, title retention agreement, voting trust agreement, interest, equity, option, lien, right of first refusal, charge or other restrictions or limitations of any nature whatsoever, including but not limited to such as may arise under any Contracts.

Losses: any and all liabilities, obligations, commitments, losses, fines, penalties, sanctions, costs (including court costs), expenses, interest, royalties, deficiencies or damages (whether absolute, accrued, conditional or otherwise and whether or not resulting

from third-party claims), including out-of-pocket expenses and reasonable fees and expenses of attorneys (including of attorneys engaged by the indemnifying party but not of attorneys who are employees of such party), accountants, consultants and expert witnesses (including, other than in the context of Environmental Liabilities, the costs of any consultants or expert witnesses who are employees of the indemnifying party) incurred in the investigation or defense of any of the same or in asserting any of the respective rights of the Buyer Indemnitees or the Seller Indemnitees under Section 8.2.

Marked Materials: as defined in Section 4.2.4.

Material Adverse Effect: any event, occurrence, fact, condition, change or effect that is materially adverse to the business, operations, results of operations, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of the Business.

Net Working Capital: the current assets of the Business, excluding any current assets included in the Excluded Assets, less the current liabilities of the Business other than:

- (a) current liabilities for Taxes;
- (b) current liabilities in respect of Employees except for the liabilities at November 30, 1993 in respect of Transferred Employees for accrued but unpaid (i) wages, (ii) salaries, (iii) sick pay and (iv) 1993 incentive compensation;
- (c) current liabilities (except for liabilities included in current liabilities pursuant to clause (b)(i), (ii), (iii) and (iv) above) in respect of persons who retired or otherwise ceased employment with the Business prior to, but not including, the earlier of November 30, 1993 or the Closing Date;
- (d) the current portion of Environmental Liabilities;

- (e) the current portion of any liabilities related to product liability claims;
- (f) current liabilities in respect of or associated with the Excluded Assets;
- (g) intercompany accounts payable which do not represent trade accounts payable;
- (h) current liabilities in respect of the transactions contemplated hereby including but not limited to the Transaction Expenses payable by RAC or by DuPont under Section 8.4; and
- (i) the Excluded Liabilities

determined, in each case, on the basis of the November 1993 Balance Sheet and in accordance with accounting practices and procedures applied on a basis consistent with the accounting practices and procedures used to prepare the June 1993 Balance Sheet.

1990-1992 Financial Statements: as defined in Section 3.1.5.

1992 Balance Sheet: the Statement of Net Assets to be sold to RACI Acquisition Corporation as at December 31, 1992 contained in the Financial Statements.

Non-Competition Agreement: as defined in Section 5.2.5(c).

November 1993 Balance Sheet: as defined in Section 2.3(a).

Occurrences: in respect of any Product Liability, the injury, death or damage giving rise to such Product Liability, provided that in respect of a death that happens after the injury relating to such death, the Occurrence shall be deemed to be such injury.

Other Leases: the leases, subleases, licenses and occupancy agreements pursuant to which RAC is a lessor, sublessor or licensor of any part of the Real Property.

Owned Intellectual Property: as defined in Section 3.1.20(a).

Owned Real Property: the real property owned by RAC, together with all other structures, facilities, improvements, fixtures, systems, equipment and items of property presently or hereafter located thereon attached or appurtenant thereto or owned by RAC and all easements, licenses, rights and appurtenances relating to the foregoing other than owned real property included in Excluded Assets.

Pension Plan Transfer Amount: as defined in Section 6.2(a).

Permitted Liens: (i) Liens reserved against in the June 1993 Balance Sheet, to the extent so reserved, (ii) Liens for Taxes not yet due and payable or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on DuPont's or RAC's books in accordance with GAAP, or (iii) Liens that, individually and in the aggregate, do not and would not materially detract from the value of any of the property or assets of the Business or materially interfere with the use thereof as currently used.

Person: any natural person, firm, partnership, association, corporation, company, trust, business trust, Governmental Authority or other entity.

Plans: as defined in Section 3.1.25(a).

Post-Closing Period: as defined in Section 6.2(a)(ii).

Prime Rate: the rate of interest publicly announced by Chemical Bank in New York City from time to time as its Prime Rate.

Product Liabilities: all liabilities, obligations and commitments of any nature, whether known or unknown, absolute, accrued, contingent or otherwise, arising from or relating to Claims involving the products of the Business, including Claims for personal injury, wrongful death or economic or property loss, but not including the liabilities for warranties of the type assumed by the Buyer under clause (vi) of Section 2.5(a).

Product Liability Services and Defense Coordination Agreement: as defined in Section 5.2.5(d).

Product Liability Threshold: as defined in Section 2.5(a)(iv).

Purchase Price: as defined in Section 2.2.

RAC: as defined in the first paragraph of this Agreement.

RAC Assets: as defined in Section 1.1.

RAC Business: the business carried on by RAC of manufacturing (or procuring) and selling, repairing and servicing firearms, ammunition, targets, traps, outdoor apparel, powder metal parts, metal injection molding parts, fishing line and other products and accessories, but not including the Excluded Assets.

RAC Subsidiaries: as defined in Section 3.1.3.

Real Property: the Owned Real Property and the Leased Real Property.

Real Property Laws: as defined in Section 3.1.22(f).

Related Persons: as defined in Section 3.1.25(a).

Related RAC Assets: as defined in Section 1.3.

Release: any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, dumping, emitting, escaping, emptying, seeping, dispersal, migration, transporting, placing and the like, including without limitation, the moving of any materials through, into or upon, any land, soil, surface water, ground water or air, or otherwise entering into the environment.

Remedial Action: all actions required to (i) clean up, remove, treat or in any other way remediate any Hazardous Substances; (ii) prevent the release of Hazardous Substances so that they do not migrate or endanger or threaten to endanger public health or welfare or the environment; or (iii) perform studies,

investigations and care related to any such Hazardous Substances.

Retirement Date: as defined in Section 6.3(d) (iii).

Retirement Eligible Employees: as defined in Section 3.1.25(c)(vii).

Retirement Eligible Transferred Employees: as defined in Section 6.3(d)(i).

Savings Plan Transfer Amount: as defined in Section 6.2(b).

Seller Indemnities: as defined in Section 8.2(b).

Sellers' Consideration: as defined in Section 2.4.

September 1993 Financial Information: as defined in Section 4.1.4.

Special DuPont Agreements: the agreements and other arrangements between DuPont and third parties listed in Schedule 8.1(b).

Special Environmental Liabilities: any Environmental Liabilities arising out of or associated with the use or disposal of Products of the Business imposed on the manufacturer thereof as a result of any change after the Closing Date in any Environmental Laws or the interpretation thereof resulting from the act or decision of any Governmental Authority. For purposes of this definition, "Products" means any products of the Business, whenever manufactured, containing substances currently utilized in products of the Business.

Subsidiaries: each corporation or other Person in which a Person owns or controls, directly or indirectly, capital stock or other equity interests representing at least 50% of the outstanding voting stock or other equity interests, except that, for purposes of Section 3.1.3, Industrias Tecnos, S.A. de C.V. shall be deemed a Subsidiary of RAC.

Tax: any federal, state, local, foreign or other income, alternative, minimum, accumulated earnings,

personal holding company, franchise, capital stock, net worth, profits, windfall profits, gross receipts, value added, sales, use, excise, customs duties, transfer, conveyance, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under section 59A of the Code), real property, personal property, ad valorem, intangibles, rent, occupancy, firearm, ammunition, license, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, withholding, estimated or other similar tax, duty or other governmental charge or assessment or deficiencies thereof (including all interest and penalties thereon and additions thereto whether disputed or not).

Tax Return: any return, report, declaration, form, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Title Company: as defined in Section 5.2.11.

Transaction Expenses: as defined in Section 8.4.

Transfer Taxes: as defined in Section 4.1.8.

Transferred Consol Employees: as defined in Section 6.5(a).

Transferred Employees: as defined in Section 6.1(b).

Treasury Regulations: the regulations prescribed under the Code.

Withholding Taxes: as defined in Section 3.1.7(a).

8.2. Indemnification. (a) By DuPont and RAC. DuPont and RAC, jointly and severally, covenant and agree to defend, indemnify and hold harmless the Buyer, its Affiliates and its and their officers, directors, employees, agents, advisers and representatives (collectively, the "Buyer Indemnitees") from and against, and pay or reimburse the Buyer Indemnitees for, any and all Losses (whether attributable in whole or in part to the acts or omissions of the Buyer Indemnitees) resulting from or arising out of:

(i) subject to Section 8.3, any inaccuracy of any representation or warranty made by DuPont or RAC in any provision of this Agreement (other than the representations set forth in Section 3.1.23) or under any Collateral Agreement or in connection herewith or with any Collateral Agreement;

(ii) any failure of DuPont or RAC to perform any covenant or agreement hereunder or under any Collateral Agreement or fulfill any other obligation in respect hereof or of any Collateral Agreement;

(iii) any Excluded Liabilities or Excluded Assets;

(iv) any and all Taxes of DuPont or RAC and all Affiliates thereof not relating to or arising out of the Business;

(v) any and all Benefit Liabilities in respect of Employees except, with respect to Transferred Employees, to the extent assumed by the Buyer pursuant to Article VI;

(vi) all Environmental Liabilities (A) in an amount greater than the Environmental Liability Threshold (as such threshold may be modified pursuant to Section 2.5(a)(iii)) or (B) relating to the Excluded Assets, regardless, in each case of whether such claim is covered under insurance obtained by the Buyer following the Closing;

(vii) all Product Liabilities:

(A) set forth on Schedule 2.5(a)(iv) and in an amount greater than the Product Liability Threshold (as such threshold may be modified pursuant to Section 2.5(a)(iv)), including, in respect of any Claim seeking class action relief set forth on Schedule 2.5(a)(iv) (a "Class Claim"), (X) all Claims for economic loss or other similar types of loss as pled in the complaints as presently filed or as amended from time to time in respect of such Class Claim involving products that (1) are shipped at any time on or prior to the date that is the last day of the 42nd calendar month beginning on the Closing Date and (2) are of similar design and specification as products being manufactured on the Closing Date and (Y) any

Claims for personal injury or death which may be asserted in respect of such Class Claim related to Occurrences happening prior to the Closing, but not including (z) subject to paragraph (C) of this clause (viii), any Claims for personal injury or death which may be asserted in respect of such Class Claim related to Occurrences happening after the Closing;

(B) related to Occurrences happening prior to the Closing and not set forth on Schedule 2.5(a)(iv); or

(C) related to discontinued products regardless of when the Occurrence in respect of such Product Liability takes place,

in each case regardless of whether such Product Liability is covered under insurance obtained by the Buyer following the Closing; and

(viii) any failure of DuPont or RAC to comply with applicable bulk sales laws, in consideration of which indemnification obligation the Buyer hereby waives compliance by DuPont and RAC with any applicable bulk sales laws,

provided that (1) DuPont and RAC shall not have any liability referred to solely under clause (i) of this Section 8.2(a) (except with respect to inaccuracies in the representations and warranties contained in Sections 3.1.1, 3.1.2 and 3.1.3) (A) unless the aggregate of all Losses relating thereto for which Seller would, but for this proviso, be liable exceeds on a cumulative basis an amount equal to \$1.5 million, and then only to the extent of such excess or (B) for any individual items where the Losses relating thereto are less than \$25,000 (but any such items which are less than \$25,000 shall be aggregated for purposes of clause (1) of this proviso) and (2) DuPont and RAC shall not have any liability referred to solely under clauses (i) through (v) and (viii) of this Section 8.2(a) in excess of the sum of (x) the Purchase Price, as adjusted pursuant to Section 2.3, and (y) \$25 million. The liability of DuPont and RAC under clauses (vi) and (vii) of this Section 8.2(a) is without limitation. Subject to Section 8.3, the liability of DuPont and RAC under this Section 8.2(a) survives forever.

(b) By the Buyer. The Buyer covenants and agrees to defend, indemnify and hold harmless DuPont, RAC, their Affiliates and the officers, directors, employees, agents, advisers and representatives of DuPont, RAC and their Affiliates (collectively, the "Seller Indemnitees") from and against, and pay or reimburse the Seller Indemnitees for, any and all Losses (whether attributable in whole or in part to the acts or omissions of the Seller Indemnitees) resulting from or arising out of:

(i) any inaccuracy in any representation or warranty made by the Buyer herein or under any Collateral Agreement or in connection herewith or with any Collateral Agreement; or

(ii) any failure of the Buyer to perform any covenant or agreement hereunder or under any Collateral Agreement or fulfill any other obligation in respect hereof or of any Collateral Agreement;

(iii) the Assumed Liabilities and any written guarantees by DuPont or its Affiliates of, or other agreements by DuPont or its Affiliates to be jointly and severally liable with the Buyer in respect of, any of the Assumed Liabilities or of any obligations of the Buyer under any other agreements entered into by the Buyer in connection with the transactions contemplated by this Agreement;

(iv) all Product Liabilities (other than Product Liabilities related to discontinued products) not listed on Schedule 2.5(a)(iv) and related to Occurrences happening after the Closing Date;

(v) the use by the Buyer of any DuPont tradenames or trademarks after the Closing Date as contemplated by Section 4.2.4; and

(vi) the operation of the Business by the Buyer or the Buyer's ownership, operation or use of the Assets following the Closing Date,

except, in the case of clauses (iv), (v) and (vi), to the extent such Losses result from or arise out of the Excluded Liabilities or constitute Losses for which DuPont and RAC are required to indemnify the Buyer Indemnitees under Section 8.2(a).

(c) Adjustments to Indemnification Payments. Any payment made by DuPont or RAC to the Buyer Indemnitees, on the one hand, or by the Buyer to the Seller Indemnitees, on the other hand, pursuant to this Section 8.2 in respect of any claim (i) shall be reduced by an amount equal to any Tax benefits attributable to such claim and (ii) increased by an amount equal to any Taxes attributable to the receipt of such payment, but only to the extent that such Tax benefits are actually realized, or such Taxes are actually paid, as the case may be, by DuPont or RAC or by the Buyer or by any consolidated, combined or unitary group of which the Buyer or DuPont and RAC is a member.

(d) Indemnification Procedures. Except with respect to the parties' indemnification obligations relating to environmental liabilities and product liability claims pursuant to Sections 8.2(a) and (b) (for which the indemnification procedures set forth in the Environmental Liability Services Agreement and the Product Liability Services and Defense Coordination Agreement shall govern to the extent provided therein), in the case of any claim asserted by a third party against a party entitled to indemnification under this Agreement (the "Indemnified Party"), notice shall be given by the Indemnified Party to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and the Indemnified Party shall permit the Indemnifying Party (at the expense of such Indemnifying Party) to assume the defense of any claim or any litigation resulting therefrom, provided that (i) the counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be reasonably satisfactory to the Indemnified Party, (ii) the Indemnified Party may participate in such defense at such Indemnified Party's expense, and (iii) the omission by any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its indemnification obligation under this Agreement except to the extent that such omission results in a failure of actual notice to the Indemnifying Party and such Indemnifying Party is materially damaged as a result of such failure to give notice. Except with the prior written consent of the Indemnified Party, no Indemnifying Party, in the defense of any such claim or litigation, shall consent to entry of any judgment or enter into any settlement that provides for injunctive or other nonmonetary relief affecting the Indemnified Party or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such Indemnified Party of a

release from all liability with respect to such claim or litigation. In the event that the Indemnified Party shall in good faith determine that the conduct of the defense of any claim subject to indemnification hereunder or any proposed settlement of any such claim by the Indemnifying Party might be expected to affect adversely the Indemnified Party's Tax liability or the ability of the Buyer to conduct its business, or that the Indemnified Party may have available to it one or more defenses or counterclaims that are inconsistent with one or more of those that may be available to the Indemnifying Party in respect of such claim or any litigation relating thereto, the Indemnified Party shall have the right at all times to take over and assume control over the defense, settlement, negotiations or litigation relating to any such claim at the sole cost of the Indemnifying Party, provided that if the Indemnified Party does so take over and assume control, the Indemnified Party shall not settle such claim or litigation without the written consent of the Indemnifying Party, such consent not to be unreasonably withheld. In the event that the Indemnifying Party does not accept the defense of any matter as above provided, the Indemnified Party shall have the full right to defend against any such claim or demand and shall be entitled to settle or agree to pay in full such claim or demand. In any event, the Indemnifying Party and the Indemnified Party shall cooperate in the defense of any claim or litigation subject to this Section 8.2 and the records of each shall be available to the other with respect to such defense.

(e) Time Limitation. All claims for indemnification under clause (i) of the first sentence of Section 8.2(a) or clause (i) of the first sentence of Section 8.2(b) must be asserted within 30 days of the termination of the respective survival periods set forth in Section 8.3. The obligation of DuPont and RAC to indemnify the Buyer Indemnitees with respect to Special Environmental Liabilities will expire on January 1, 2004, and thereafter such Special Environmental Liabilities shall be deemed Assumed Liabilities.

(f) Remedies. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity. The parties acknowledge and agree that any payments made to one party pursuant to the provisions of Section 2.3 shall not preclude such party from being indemnified or recovering damages for breaches of representations, warran-

ties or any other covenant or agreement made in this Agreement, nor shall any such indemnification or recovery of damages preclude a party from receiving any payments due to it under Section 2.3.

(g) Product Liabilities Relating to Replicas.

For the purposes of Sections 8.2(a)(vii) and 8.2(b)(iv), DuPont, RAC and the Buyer agree that "Product Liabilities" will include claims related to firearms that are manufactured by third parties as "replicas" or otherwise and sold or advertised using the Remington name.

8.3. Survival of Representations and Warranties.

etc. The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement, any examination by or on behalf of the parties hereto and the completion of the transactions contemplated herein, but only to the extent specified below:

(a) except as set forth in clauses (b) and (c) below, the representations and warranties contained in Section 3.1 and Section 3.2 shall survive for a period of eighteen months following the Closing Date.

(b) the representations and warranties contained in Sections 3.1.1, 3.1.2, 3.1.3 and 3.2.1 shall survive without limitation; and

(c) the representations and warranties of DuPont and RAC contained in Section 3.1.7 shall survive as to any Tax covered by such representations and warranties for so long as any statute of limitations for such Tax remains open, in whole or in part, including without limitation by reason of waiver of such statute of limitations.

8.4. Expenses. Except as provided in Section 4.1.8, DuPont and RAC, on the one hand, and the Buyer, on the other hand, shall bear their respective expenses, costs and fees (including attorneys', auditors' and financing commitment fees) in connection with the transactions contemplated hereby, including the preparation, execution and delivery of this Agreement and compliance herewith (the "Transaction Expenses"), whether or not the transactions contemplated hereby shall be consummated, provided that the Buyer shall bear (a) the costs and expenses of Price Waterhouse related to the transactions contemplated hereby up to \$350,000 and (b) the costs and expenses of the title.

policies and surveys required to be provided to the Buyer under Sections 5.2.11 and 5.2.12, respectively, and ~~pro-~~
~~vided, further,~~ that the Buyer shall reimburse DuPont and RAC for 50% of the costs, if any, incurred by DuPont or RAC in obtaining Consents of third parties to permit DuPont or any of its Affiliates to provide transitional services to the Buyer under the Transitional Services Agreement.

6.5. Severability. If any provision of this Agreement is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses, Sections or subsections of this Agreement shall not affect the remaining portions of this Agreement.

8.6. Notices. All notices and other communications made in connection with this Agreement shall be in writing and shall be (a) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or (b) transmitted by hand delivery, addressed as follows:

(i) if to the Buyer,

RACI Acquisition Corporation
c/o The Clayton & Dubilier Private Equity
Fund IV Limited Partnership
270 Greenwich Avenue
Greenwich, Connecticut 06830
Telecopy: (203) 661-0544
Telephone: (203) 661-3998
Attention: Clayton & Dubilier Associates IV
Limited Partnership, attention: Joseph L.
Rice III, a general partner

with a copy to:

Clayton, Dubilier & Rice, Inc.
126 East 56th Street
New York, New York 10022
Telecopy: (212) 355-7629
Telephone: (212) 355-0740
Attention: Richard C. Dresdale

and to:

Debevoise & Plimpton
875 Third Avenue
New York, New York 10022
Telecopy: (212) 909-6836
Telephone: (212) 909-6000
Attention: Francis J. Blassberg, Esq.

(ii) if to DuPont,

Vice President and Treasurer
E.I. Du Pont de Nemours and Company
1007 Market Street
Wilmington, Delaware 19898
Telecopy: (302) 773-1536
Telephone: (302) 773-3995

(iii) if to RAC,

Remington Arms Company, Inc.
c/o Administrator, DuPont
Chemical & Energy Operations, Inc.
Room 8045
DuPont Building
1007 Market Street
Wilmington, Delaware 19898
Telephone: (302) 773-3407
Telecopy: (302) 773-1536

with a copy to:

General Counsel
E.I. Du Pont de Nemours and Company
Legal Department
1007 Market Street
Wilmington, Delaware 19898
Telecopy: (302) 773-4679
Telephone: (302) 774-7202

or, in each case, at such other address as may be specified in writing to the other parties hereto.

8.7. Miscellaneous.

8.7.1. Headings. The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

8.7.2. Entire Agreement. This Agreement (including the Schedules hereto) and the Collateral Agreements (when executed and delivered) constitute the entire agreement and supersede all prior agreements (other than the Confidentiality Agreement) and understandings, both written and oral, between the parties with respect to the subject matter hereof.

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

8.7.4. Governing Law, etc. This Agreement shall be governed in all respects, including as to validity, interpretation and effect, by the internal laws of the State of New York, without giving effect to the conflict of laws rules thereof. The Buyer, DuPont and RAC hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the Federal courts of the United States of America located in the State, City and County of New York solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any of such document may not be enforced in or by said courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a New York State or Federal court. The Buyer, DuPont and RAC hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of any such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 8.6, or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

8.7.5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

8.7.6. Assignment. This Agreement shall not be assignable by the Buyer without the prior written consent of DuPont or by DuPont or RAC without the prior written consent of the Buyer, provided that the Buyer may assign this Agreement to any Subsidiary of the Buyer or to any lender to the Buyer or any Subsidiary or Affiliate thereof as security for obligations to such lender in respect of the financing arrangements entered into in connection with the transactions contemplated hereby and any refinancings, extensions, refundings or renewals thereof, and provided, further, that no assignment hereunder shall in any way affect the Buyer's obligations or liabilities under this Agreement.

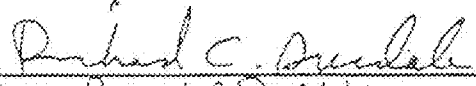
8.7.7. No Third Party Beneficiaries. Except as provided in Section 8.2 with respect to indemnification of Indemnified Parties hereunder, nothing in this Agreement shall confer any rights upon any person or entity other than the parties hereto and their respective heirs, successors and permitted assigns.

8.7.8. Amendment; Waivers, etc. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder. The rights and remedies of any party based upon, arising out of or otherwise in respect of any inaccuracy or breach of any representation, warranty, covenant or agreement or failure to fulfill any condition shall ~~in no way~~ be limited by the fact that the act, omission, occurrence or other state of facts upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant or agreement as to which there is no inaccuracy or breach. The representations and warranties of DuPont and RAC shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Buyer (including


but not limited to by any of its advisors, consultants or representatives) or by reason of the fact that the Buyer or any of such advisors, consultants or representatives knew or should have known that any such representation or warranty is or might be inaccurate.

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


RACI ACQUISITION CORPORATION

By: 
Name: Richard C. Dresdale
Title: Vice President

E. I. DU PONT DE NEMOURS AND COMPANY

By: 
Name: Robert R. Reardon
Title: Attorney-in-Fact

REMINGTON ARMS COMPANY, INC.

By: 
Name: Robert R. Reardon
Title: Vice President