ENGELHARD CORP
Form 10-K
March 25, 2003

2002
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2002
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-8142

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

DELAWARE	**22-1586002**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 WOOD AVENUE, ISELIN, NEW JERSEY	**08830**
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	(732) 205-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1 per share	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ].

The aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant, based on the closing price on the New York Stock Exchange on June 28, 2002 was approximately $3,659,220,233.

As of March 14, 2003, 127,344,885 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference to the Proxy Statement for the 2003 Annual Meeting of Shareholders, which will be filed by April 30, 2003.

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PART I

ITEM 1. BUSINESS

Engelhard Corporation (which together with its subsidiaries, is collectively referred to as the Company) was formed under the laws of Delaware in 1938 and became a public company in 1981. The Company's principal executive offices are located at 101 Wood Avenue, Iselin, NJ, 08830 (telephone number (732) 205-5000).

The Company maintains a Web site, free of charge, at www.Engelhard.com, which contains information about us, including links to our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and related amendments, which are available as soon as reasonably practicable after such reports are filed or furnished electronically with the SEC. Our Web site and the information contained in it shall not be deemed incorporated by reference to this Form 10-K.

The Company develops, manufactures and markets technology-based performance products and engineered materials for a wide spectrum of industrial customers. The Company also serves its technology segments, their customers and others with precious and base metals and related services.

The Company employed approximately 6,650 people as of January 1, 2003 and operates on a worldwide basis with corporate headquarters in the United States, manufacturing facilities, mineral reserves and other operations in the Asia-Pacific region, the European community, North America, the Russian Federation, South Africa and South America.

The Company's businesses are organized into four reportable segments -- Environmental Technologies, Process Technologies, Appearance and Performance Technologies and Materials Services.

The following information on the Company is included in Note 18, "Business Segment and Geographic Area Data," of the Notes to Consolidated Financial Statements: net sales to external customers, operating earnings/(loss), special (charge)/credit, interest income, interest expense, depreciation, depletion and amortization, equity in earnings of affiliates, total assets, income taxes, equity investments, equity investment impairment and capital expenditures.

Environmental Technologies

The Environmental Technologies segment markets cost-effective compliance with environmental regulations enabled by sophisticated emission-control technologies and systems.

Environmental catalysts are used in applications such as the abatement of carbon monoxide, oxides of nitrogen and hydrocarbon emissions from gasoline, diesel and alternate-fueled vehicles. These catalysts also are used to remove odors, fumes and pollutants associated with a variety of process industries, co-generation and gas-turbine power generation, household appliances and lawn and garden power tools.

The products of the Environmental Technologies segment compete in the marketplace on the basis of value, performance and cost. No single competitor is dominant in the markets in which the Company operates.

The manufacturing operations of the Environmental Technologies segment are carried out in the United States, Italy, Germany, India, South Africa, Brazil, China, Thailand and the United Kingdom, with equity investments located in South Korea and the United States. The products are sold principally through the Company's sales organizations or

those of its equity investments, supplemented by independent distributors and representatives.

Principal raw materials used by the Environmental Technologies segment include precious metals, procured by the Materials Services segment, and a variety of minerals and chemicals that are generally readily available.

As of January 1, 2003, the Environmental Technologies segment had approximately 1,990 employees worldwide. Most hourly employees are not covered by collective bargaining agreements. Employee relations have generally been good.

Process Technologies

The Process Technologies segment enables customers to make their processes more productive, efficient, environmentally sound and safer through the supply of advanced chemical-process catalysts, additives and sorbents.

Process Technologies' chemical-process catalysts are used in the manufacture of a variety of products and intermediates made by chemical, petrochemical, pharmaceutical and agricultural chemical producers. In addition, they are used in the production of polypropylene which is used in a wide range of products, including food packaging, carpets, toys and automobile bumpers. Sorbents are used to purify and decolorize naturally occurring fats and oils for the manufacture of shortenings, margarines and cooking oils. Petroleum catalysts and additives are used by refiners to provide economies in petroleum processing and to meet increasingly stringent fuel-quality requirements. The segment's catalyst products are based on the Company's proprietary technology and often are application-specific.

The products of the Process Technologies segment compete in the marketplace on the basis of value, performance and cost. No single competitor is dominant in the markets in which the Company operates.

The manufacturing operations of the segment are carried out in the United States, Italy, The Netherlands and Spain. The products are sold principally through the Company's sales organizations supplemented by independent distributors and representatives.

The principal raw materials used by the segment include metals, procured by the Materials Services segment and from third parties; kaolin-based intermediates supplied by the Appearance and Performance Technologies segment; and a variety of other minerals and chemicals that are generally readily available.

As of January 1, 2003, the Process Technologies segment had approximately 1,750 employees worldwide. Most hourly employees are covered by collective bargaining agreements. Employee relations have generally been good.

Appearance and Performance Technologies

The Appearance and Performance Technologies segment provides pigments, effect materials and performance additives that enable its customers to market enhanced image and functionality in their products. This segment serves a broad array of end markets including coatings, plastics, cosmetics, construction and paper. This segment's products help customers improve the look, performance and overall cost of their products. This segment is also the internal supply source of precursors for some of the Company's advanced refining-process catalysts.

The segment's principal products include special-effect materials and films, color pigments and dispersions, paper pigments and extenders and specialty performance additives. The segment's special-effect pigments provide a range of aesthetic effects in coatings, personal care and cosmetics products, packaging, plastics, inks, glitter, gift wrap, textiles and other applications. Color pigments include a broad range of organic and inorganic products, dispersions and universal colorants that impart color to automotive finishes, coatings, plastics and inks. Paper pigments are used as coating and extender pigments to improve the opacity, brightness, gloss and printability of coated and uncoated papers. Specialty performance additives are used to improve the functionality, appearance and value of liquid and

powder coatings, plastics, rubber, adhesives, inks, concrete and cosmetics. Iridescent and specialty films are used to visually enhance a variety of products in such applications as product packaging, labels, glitter, gift wrap and textiles.

In November 2002, the Company acquired certain operating assets of Shuozhou Anpeak Kaolin Co., Ltd., a China-based producer of calcined kaolin products. This acquisition enhances the Company's ability to provide specialty mineral technologies to the Asian market.

The products of the Appearance and Performance Technologies segment compete in the marketplace on the basis of value, performance and cost. No single competitor is dominant in the markets in which the Company operates.

The manufacturing operations of the segment are carried out in the United States, South Korea, China and Finland. Subsidiary sales and distribution centers are located in France, Hong Kong, Japan, Mexico, and The Netherlands, in addition to the manufacturing site locations noted above. Products are sold through the Company's sales organization supplemented by independent distributors and representatives.

The principal raw materials used by the Appearance and Performance Technologies segment include naturally occurring minerals such as kaolin, attapulgite and mica, which are mined from mineral reserves owned or leased by the Company, and a variety of other minerals and chemicals that are readily available.

As of January 1, 2003, the Appearance and Performance Technologies segment had approximately 2,170 employees worldwide. Most hourly employees are covered by collective bargaining agreements. Employee relations have generally been good.

Materials Services

The Materials Services segment serves the Company's technology segments, their customers and others with precious and base metals and related services. This is a distribution and materials services business that purchases and sells precious metals, base metals and related products and services. It does so under a variety of pricing and delivery arrangements structured to meet the logistical, financial and price-risk management requirements of the Company, its customers and suppliers. Additionally, it offers the related services of precious-metal refining and storage and produces salts and solutions.

The Materials Services segment is responsible for procuring precious and base metals to meet the requirements of the Company's operations and its customers. Supplies of newly mined platinum group metals are obtained primarily from South Africa and the Russian Federation, and to a lesser extent, from the United States and Canada, the only four regions that are known significant sources. Most of these platinum group metals are obtained pursuant to a number of contractual arrangements with different durations and terms. Gold, silver and base metals are purchased from various sources. In addition, in the normal course of business, certain customers and suppliers deposit significant quantities of precious metals with the Company under a variety of arrangements. Equivalent quantities of precious metals are returnable as product or in other forms.

Offices are located in the United States, Italy, Japan, the Russian Federation, Switzerland and the United Kingdom. As of January 1, 2003, the Materials Services segment had approximately 90 employees worldwide.

Equity Investments

The Company has equity investments in affiliates that are accounted for under the equity method. These investments are N.E. Chemcat Corporation (N.E. Chemcat), Heesung-Engelhard, Engelhard-CLAL and Prodrive-Engelhard. N.E. Chemcat is a 38.8%-owned, publicly traded Japanese corporation and a leading producer of automotive and chemical catalysts, electronic chemicals and other precious-metals-based products. Heesung-Engelhard, a 49%-owned joint venture in South Korea, manufactures and markets catalyst products for

automobiles. Engelhard-CLAL, a 50%-owned joint venture, manufactures and markets certain products containing precious metals. Prodrive-Engelhard, a 50%-owned joint venture in the United States, specializes in the design, development and testing of vehicle emission systems.

Major Customers

For the years ended December 31, 2002, 2001 and 2000, Ford Motor Company, a customer of the Environmental Technologies and Materials Services segments, accounted for more than 10% of the Company's net sales. Sales to this customer included both fabricated products and precious metals and were therefore significantly influenced by fluctuations in precious-metal prices as was the quantity and type of metal purchased. In such cases, market price fluctuations, quantities and types of product purchased can result in material variations in sales reported, but do not usually have a direct or significant effect on earnings.

Research and Patents

The Company currently employs approximately 568 scientists, technicians and auxiliary personnel engaged in research and development in the fields of surface chemistry and materials science. These activities are conducted in the United States and abroad. Research and development expenses were $88.2 million in 2002, $84.3 million in 2001 and $82.8 million in 2000.

Research facilities include fully staffed instrument analysis laboratories that the Company maintains in order to achieve the high level of precision necessary for its technology businesses and to assist customers in understanding how the Company's products and services add value to their businesses.

The Company owns, or is licensed under, numerous patents secured over a period of years. It is the policy of the Company to normally apply for patents whenever it develops new products or processes considered to be commercially viable and, in appropriate circumstances, to seek licenses when such products or processes are developed by others. While the Company deems its various patents and licenses to be important to certain aspects of its operations, it does not consider any significant portion or its business as a whole to be materially dependent on patent protection.

Environmental Matters

With the oversight of environmental agencies, the Company is currently preparing, has under review, or is implementing environmental investigations and cleanup plans at several currently or formerly owned and/or operated sites, including Plainville, Massachusetts. The Company is continuing to investigate contamination at Plainville under a 1993 agreement with the United States Environmental Protection Agency (EPA). The Company is continuing to address decommissioning issues under authority delegated by the Nuclear Regulatory Commission to the Commonwealth of Massachusetts. A Salt Lake City, Utah site was sold in 2002, with the primary liability for remediating the site contractually transferred to the buyer and Engelhard remaining responsible for specified remediation costs.

In addition, as of December 31, 2002, twelve sites have been identified at which the Company believes liability as a potentially responsible party is probable under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or similar state laws (collectively referred to as Superfund) for the cleanup of contamination resulting from the historic disposal of hazardous substances allegedly generated by the Company, among others. Superfund imposes strict, joint and several liability under certain circumstances. In many cases, the dollar amount of the claim is unspecified and claims have been asserted against a number of other entities for the same relief sought from the Company. Based on existing information, the Company believes that it is a de-minimis contributor of hazardous substances at a number of the sites referenced above. Subject to the reopening of existing settlement agreements for extraordinary circumstances or natural resource damages, the Company has settled a

number of other cleanup proceedings. The Company has also responded to information requests from EPA and state regulatory authorities in connection with other Superfund sites.

The accruals for environmental cleanup-related costs recorded in the consolidated balance sheets at December 31, 2002 and 2001 were $18.5 million and $23.2 million, respectively, including $0.1 million and $0.6 million, respectively, for Superfund sites. These amounts represent those costs that the Company believes are probable and reasonably estimable. Based on currently available information and analysis, the Company's accrual represents approximately 40% of what it believes are the reasonably possible environmental cleanup-related costs of a noncapital nature. The estimate of reasonably possible costs is less certain than the probable estimate upon which the accrual is based.

Cash payments for environmental cleanup-related matters were $1.8 million in 2002 and $1.7 million in both 2001 and 2000. The amounts accrued in connection with environmental cleanup-related matters were not significant over this time period.

For the past three-year period, environmental-related capital projects have averaged less than 10% of the Company's total capital expenditure programs, and the expense of environmental compliance (e.g., environmental testing, permits, consultants and in-house staff) was not material.

There can be no assurances that environmental laws and regulations will not become more stringent in the future or that the Company will not incur significant costs in the future to comply with such laws and regulations. Based on existing information and currently enacted environmental laws and regulations, cash payments for environmental cleanup-related matters are projected to be $2.9 million for 2003, which has already been accrued. Further, the Company anticipates that the amounts of capitalized environmental projects and the expense of environmental compliance will approximate current levels. While it is not possible to predict with certainty, management believes environmental cleanup-related reserves at December 31, 2002 are reasonable and adequate, and environmental matters are not expected to have a material adverse effect on financial condition. These matters, if resolved in a manner different from the estimates, could have a material adverse effect on the Company's operating results or cash flows.

ITEM 2. PROPERTIES

The Company leases a building on approximately seven acres of land with an area of approximately 271,000 square feet in Iselin, NJ. This building serves as the principal executive and administrative office of the Company and its operating segments. The Company owns approximately eight acres of land and three buildings with a combined area of approximately 150,000 square feet in Iselin, NJ. These buildings serve as the major research and development facilities for the Company's operations. The Company also owns or leases research facilities in Gordon, GA; Union, NJ; Buchanan and Ossining, NY; Beachwood, OH; Pasadena, TX; Hannover, Germany; and De Meern, The Netherlands.

The Environmental Technologies segment operates company-owned plants in Huntsville, AL; East Windsor, CT; Wilmington, MA; Duncan, SC; East Newark and Carteret, NJ; Fremont, CA; Nienburg, Germany; Madras, India; Port Elizabeth, South Africa; Rome, Italy; Indiatuba, Brazil; Shanghai, China; Rayoung, Thailand; and Coleford and Cinderford in the United Kingdom.

The Process Technologies segment operates company-owned plants in Attapulgus and Savannah, GA; Elyria, OH; Erie, PA; Seneca, SC; Jackson, MS; Pasadena, TX; Rome, Italy; De Meern, The Netherlands; and Tarragona, Spain.

The Appearance and Performance Technologies segment operates company-owned attapulgite processing plants in Quincy, FL near the area containing its attapulgite reserves, plus a mica mine and processing facilities in Hartwell,

GA. In addition, the segment operates five company-owned kaolin mines and five milling facilities in Middle Georgia, which serve an 85-mile network of pipelines to three processing plants. It also operates on company-owned land containing kaolin and leases on a long-term basis kaolin mineral rights to additional acreage. The segment also operates company-owned sales and manufacturing facilities in Helsinki, Kotka, and Rauma, Finland; Shanxi, China; and Tokyo, Japan, in addition to owning and operating color, pearlescent pigment and film manufacturing facilities in Sylmar, CA; Louisville, KY; Eastport, ME; Peekskill, NY; Elyria, OH; Charleston, SC; and Inchon, South Korea. Management believes the Company's kaolin, attapulgite and mica reserves will be sufficient to meet its needs for the foreseeable future.

The Materials Services segment's operations are conducted at leased facilities in Iselin, NJ; Lincoln Park, MI; Tokyo, Japan; Moscow, Russia; Zug, Switzerland; and London, United Kingdom. In addition, the segment's operations are conducted at company-owned facilities in Seneca, SC; Carteret, NJ and Rome, Italy.

Management believes that the Company's processing and refining facilities, plants and mills are suitable and have sufficient capacity to meet its normal operating requirements for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

The Company is one of a number of defendants in numerous proceedings that allege that the plaintiffs were injured from exposure to hazardous substances purportedly supplied by the Company and other defendants or that existed on Company premises. The Company is also subject to a number of environmental contingencies (see Note 20, "Environmental Costs," for further detail) and is a defendant in a number of lawsuits covering a wide range of other matters. In some of these matters, the remedies sought or damages claimed are substantial. While it is not possible to predict with certainty the ultimate outcome of these lawsuits or the resolution of the environmental contingencies, management believes, after consultation with counsel, that resolution of these matters is not expected to have a material adverse effect on financial condition. These matters, if resolved in a manner different from management's current expectations, could have a material adverse effect on the Company's operating results or cash flows.

In 1998, management learned that Engelhard and several other companies operating in Japan had been victims of an elaborate scheme involving base-metal inventory held in third-party warehouses in Japan. The inventory loss was approximately $40 million in 1997 and $20 million in 1998. In the first quarter of 1998, Engelhard recorded a receivable from the insurance carriers and third parties involved for approximately $20 million. This amount represented management's and counsel's best estimate of the minimum probable recovery from the various insurance policies and other parties involved in the fraudulent scheme. As of June 30, 2002, the Company had recovered $11.2 million. In July 2002, the Company received an additional $19.8 million, net of legal fees, from insurance settlements reached in June. Accordingly, the Company recorded a gain of $11.0 million ($6.8 million after tax) in the second quarter of 2002 in its Materials Services segment.

The Company is involved in a value-added tax dispute in Peru. Management believes the Company was targeted by corrupt officials within a former Peruvian government. On December 2, 1999, Engelhard Peru, S.A., a wholly owned subsidiary, was denied refund claims of approximately $28 million. The Peruvian tax authority also determined that Engelhard Peru, S.A. is liable for approximately $63 million in refunds previously paid, fines and interest as of December 31, 1999. Interest and fines continue to accrue at rates established by Peruvian law. The Peruvian Tax Court ruled on February 11, 2003 that Engelhard Peru, S.A. was liable for these amounts, overruling precedent to apply a "form over substance" theory without any determination of fraudulent participation by Engelhard Peru, S.A. The Tax Court is part of the Peruvian Ministry of Economics and Finance. Engelhard Peru, S.A. is contesting these determinations vigorously, and management believes, based on consultation with counsel, that Engelhard Peru, S.A. is entitled to all refunds claimed and is not liable for these additional taxes, fines or interest. In late October 2000, a criminal proceeding alleging tax fraud and forgery related to this value-added tax dispute was initiated against two Lima-based officials of Engelhard Peru, S.A. Although Engelhard Peru, S.A. is not a defendant, it may be civilly

liable in Peru if its representatives are found responsible for criminal conduct. In its own investigation, and in detailed review of the materials presented in Peru, management has not seen any evidence of tax fraud by these officials. Accordingly, Engelhard Peru, S.A. is assisting in the vigorous defense of this proceeding. Management believes the maximum economic exposure is limited to the aggregate value of all assets of Engelhard Peru, S.A. That amount, which is approximately $30 million including unpaid refunds, has been fully provided for in the accounts of the Company.

On October 29, 2002, a jury in the New York County Supreme Court awarded the Company $29.8 million in damages in a breach of contract action the Company had brought against Research Corporation and Research Corporation Technologies in 1998. The jury found that the defendants did not share with the Company all of the royalties to which the Company was entitled under a royalty-sharing agreement it entered into with Research Corporation in 1979. Statutory interest to the date of the verdict would have increased the amount awarded to approximately $42.2 million. On March 21, 2003, the Company entered into a settlement agreement, releasing this claim in exchange for payment of $38 million.

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

Not applicable.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

ARTHUR A. DORNBUSCH, II	Age 59. Vice President, General Counsel and Secretary of the Company from prior to 1994.
MARK DRESNER	Age 51. Vice President of Corporate Communications effective December 17, 1998. Director of Corporate Communications from October 1995 to December 1998.
JOHN C. HESS	Age 51. Vice President, Human Resources effective August 1, 1997.
PETER B. MARTIN	Age 63. Vice President, Investor Relations effective June 18, 1997.
BARRY W. PERRY *	Age 56. Chairman and Chief Executive Officer of the Company since January 2001. President and Chief Operating Officer from 1997 until 2001. Mr. Perry is also a director of Arrow Electronics, Inc. and Cookson Group plc.
ALAN J. SHAW	Age 54. Controller of the Company effective January 1, 2003. Vice President-Finance of Materials Services from January 1993 to January 2003.
MICHAEL A. SPERDUTO	Age 45. Vice President and Chief Financial Officer of the Company effective August 2, 2001. Controller of the Company from August 1999 to August 2001. Vice President-Finance

from July 1998 to August 1999. Treasurer prior thereto.

* Also a director of the Company

Officers of the Company are elected at the meeting of the Board of Directors held in May of each year after the annual meeting of shareholders and serve until their successors shall be elected and qualified and shall serve as such at the pleasure of the Board.

PART II

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

As of March 1, 2003, there were 5,199 holders of record of the Company's common stock, which is traded on the New York Stock Exchange (ticker symbol "EC"), as well as on the London and Swiss stock exchanges.

The range of market prices and cash dividends for each quarterly period were as follows:

	NYSE Market Price		Cash dividends paid per share
	High	Low	
2002			
First quarter	$ 31.16	$ 25.02	$ 0.10
Second quarter	33.00	26.62	0.10
Third quarter	29.00	22.44	0.10
Fourth quarter	25.44	21.18	0.10
2001			
First quarter	$ 27.35	$ 19.31	$ 0.10
Second quarter	29.20	24.10	0.10
Third quarter	27.23	18.20	0.10
Fourth quarter	28.40	22.27	0.10

ITEM 6. SELECTED FINANCIAL DATA

Selected Financial Data
($ in millions, except per-share amounts)

	2002	2001	2000	1999	1998
Net sales	$ 3,753.6	$ 5,096.9	$ 5,542.6	$ 4,488.0	$ 4,246.6
Net earnings (1)	171.4	225.6	168.3	197.5	187.1
Basic earnings per share	1.34	1.73	1.33	1.49	1.30
Diluted earnings per share	1.31	1.71	1.31	1.47	1.29
Total assets	3,020.7	2,995.5	3,166.8	2,920.5	2,866.3
Long-term debt	247.8	237.9	248.6	499.5	497.4
Shareholders' equity	1,077.2	1,003.5	874.6	764.4	901.6
Cash dividends paid per share	0.40	0.40	0.40	0.40	0.40
Return on average shareholders' equity (1)	16.5%	24.0%	20.5%	23.7%	22.2%

(1) Net earnings in 2002 include the following: an impairment charge of $57.7 million associated with the Engelhard-CLAL joint venture (see Note 9, "Investments," for further detail), an impairment charge of $4.1 million associated with an investment in fuel-cell developer Plug Power Inc. (see Note 9, "Investments," for further detail), a charge of $1.9 million related to a manufacturing consolidation plan and a $6.8 million insurance settlement gain (see Note 5, "Special and Other Charges," for further detail).

Net earnings in 2000 include the following: fourth-quarter special and other charges of $75.1 million for a variety of events (see Note 5, "Special and Other Charges," for further detail), a third-quarter impairment charge of $16.9 million related to the write-down of goodwill and fixed assets of the Company's HexCore business unit and net gains of $12.9 million on sales of investments.

Net earnings in 1999 include net gains of $6.0 million on sales of investments and land.

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

Unless otherwise indicated, all per-share amounts are presented as diluted earnings per share, as calculated under Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share."

For a discussion of the Company's critical accounting policies, see page 23.

Results of Operations

Net sales were $3.8 billion in 2002, compared with $5.1 billion in 2001 and $5.5 billion in 2000. Net earnings were $171.4 million ($1.31 per share) in 2002, compared with $225.6 million ($1.71 per share) in 2001 and $168.3 million ($1.31 per share) in 2000.

Excluding certain items reported in 2002 and 2000, the Company would have reported net earnings of $228.3 million and $247.4 million for the years ended December 31, 2002 and 2000, respectively. Management believes the amounts as adjusted better reflect the core earnings of the Company. The following table reconciles the Company's net earnings as adjusted with reported net earnings (in millions):

	2002	2001	2000
Net earnings - as adjusted	$ 228.3	$ 225.6	$ 247.4
Plug Power Inc. investment impairment	(4.1)	-	-
Equity investment impairment	(57.7)	-	-
Special credit/(charge), net - see Note 5	4.9	-	(92.0)
Net gains on asset sales	-	-	12.9

Net earnings - as reported	$ 171.4	$ 225.6	$ 168.3

The information in the discussion of each segment's results is derived directly from the internal financial reporting system used for management purposes. Items allocated to each segment's results include the majority of corporate operating charges. Unallocated items include interest expense, interest income, royalty income, sale of precious metals accounted for under the last-in, first-out (LIFO) method, certain special and other charges, income taxes, certain information technology development costs and other miscellaneous corporate items.

Environmental Technologies

The Environmental Technologies segment markets cost-effective compliance with environmental regulations enabled by sophisticated emission-control technologies and systems.

2002 Performance

Sales increased 5% to $680.4 million, and operating earnings decreased 23% to $109.2 million.

Discussion

The majority of this segment's sales and operating earnings are derived from technologies to control pollution from mobile sources, including gasoline- and diesel-powered passenger cars, sport-utility vehicles, trucks, buses and off-road vehicles.

Sales increased primarily from the addition of higher pass-through substrate costs of $32.2 million, an estimated 2% increase in worldwide production of light-duty vehicles and higher volumes in both OEM and retrofit diesel markets. Higher sales were reduced by $15.8 million on lower volumes of emission-control systems for gas turbines used in power-generation applications and by $7.8 million on lower volumes to the surface coatings markets.

Operating earnings decreased primarily from higher expenses of $11.4 million associated with rework for power-generation applications, higher depreciation, depletion and amortization costs of $5.5 million, a manufacturing consolidation charge of $3.1 million recorded in 2002 and higher research and development costs of $3.0 million.

Outlook

This segment expects growth in sales and operating earnings as emission-control regulations become stricter around the world and address a much broader range of emission sources. Demand from the automotive market is expected to remain strong in response to the Company's development of several new technologies. Although auto builds are forecasted to be down slightly in 2003, ongoing productivity improvements and increased demand in Asia are expected to support modest growth in this portion of the segment. A significant decline in auto builds could have an unfavorable effect on this segment, depending on the demand for platforms where the segment provides catalysts.

Stationary source comparisons are expected to be unfavorable for catalysts for emission-control systems for gas turbines used in peak-power-generation applications from higher sales a year ago and a decline in demand. Demand is expected to remain soft for technologies related to peak-power-generation due to the current lack of funding for these projects.

Sales of advanced catalysts for medium- and heavy-duty diesel trucks increased in the second half of 2002 and are expected to expand in 2003 as new regulations begin to take effect. Investment in research for medium- and heavy-duty diesel continues at an accelerated pace in anticipation of more stringent regulations scheduled to begin phasing in during 2005 and 2007.

Selected Financial Data ($ in millions, except per-share amounts) 13

This segment continues to work to reduce its reliance on the automotive market by developing an array of applications not only for medium-and heavy-duty diesel markets, but also for non-automotive markets, including technologies for motorcycles; small engines, such as lawn and garden power equipment; charbroilers; mining and construction; and ozone management.

2001 compared with 2000

Sales increased 2% to $646.7 million, and operating earnings increased 22% to $142.4 million. Excluding the impact of special and other charges of $15.4 million in 2000, operating earnings increased 8%.

Discussion (excluding the impact of special and other charges in 2000)

Sales and operating earnings from technologies to control pollution from mobile sources increased 3% and 8%, respectively. In spite of a 5% decline in production of light-duty vehicles in both North America and Europe, earnings increased primarily from higher volumes of auto-emission catalysts in North America.

Sales and earnings also were favorably impacted by strength in the segment's non-automotive markets, primarily from increased volumes of emission-control systems for gas turbines used in peak-power-generation. These increases were partly offset by the absence of operating earnings of $5.2 million from the segment's metal-joining products business sold in September 2000 and $1.1 million from the segment's silver nitrate business sold in February 2001. Excluding the results of these dispositions, sales and operating earnings would have increased 9% and 14%, respectively.

Process Technologies

The Process Technologies segment enables customers to make their processes more productive, efficient, environmentally sound and safer through the supply of advanced chemical-process catalysts, additives and sorbents.

2002 Performance

Sales decreased 5% to $538.8 million, and operating earnings decreased 1% to $93.0 million.

Discussion

Sales and operating earnings were lower in 2002 primarily from lower volumes to the chemical-process and petroleum-refining markets. These decreases were partially offset by increased demand for Lynx 1000 (trademark) polypropylene catalysts, NaphthaMax (trademark) refining catalysts and petroleum-refining additives which aggregated $37.2 million, plus the full-year inclusion of the fats and oils catalyst business acquired from Sud Chemie in October 2001 and the introduction of a new gas-to-liquids catalyst in 2002. Sales also were reduced by $17.6 million due to lower precious metal prices, which are passed through to chemical-process catalyst customers in Europe.

Operating earnings were favorably impacted by lower energy and raw material costs of $6.3 million, the elimination of goodwill amortization of $3.6 million related to the adoption of Statement of Financial Accounting Standards No. 142 (SFAS No. 142), "Goodwill and Other Intangible Assets," full-year inclusion of results from the fats and oils catalyst business acquired from Sud Chemie in October 2001 of $2.5 million and favorable impact of foreign exchange of $1.6 million.

Outlook

Sales and earnings growth in this segment are expected to come from custom process catalysts such as those that enable conversion of gas-to-liquids; high value-add petroleum refining catalysts (primarily NaphthaMax (trademark) and FlexTec (trademark)); petroleum refining additives; and increased market penetration for polypropylene catalysts. Continued cost management, productivity improvements and product technology advances will also contribute to earnings growth. Capacity expansion of a polyolefin catalyst plant will come online in 2003. Overall weakness in the chemical-process market and relatively flat demand in the petroleum refining market are expected to continue for most of 2003.

2001 compared with 2000

Sales of $568.2 million in 2001 were essentially unchanged compared with the same period in 2000, and operating earnings increased 16% to $94.3 million. Excluding the impact of special and other charges of $5.5 million in 2000, operating earnings increased 9%.

Discussion (excluding the impact of special and other charges in 2000)

Sales were unchanged compared with 2000 as higher volumes to chemical-process and petroleum-refining markets were offset by significantly lower precious metal prices, which are passed through to chemical-process catalyst customers in Europe. Excluding the impact of these pass-through metal costs, sales would have increased 8% on higher volumes and prices. The higher volumes were driven by strong demand for Lynx 1000 (trademark) catalyst used in the production of polypropylene and NaphthaMax (trademark), which enables petroleum refiners to increase gasoline yields.

The increase in operating earnings was driven primarily from higher sales volumes that favorably impacted earnings by $7 million, reduced costs from productivity improvements of $5 million, the full-year inclusion of results from the polyolefin catalyst business of Targor GmbH acquired in September 2000 and moderate price increases of $2 million. Earnings in 2001 were held back by higher energy and raw material costs of $9 million.

Appearance and Performance Technologies

The Appearance and Performance Technologies segment provides pigments, effect materials and performance additives that enable its customers to market enhanced image and functionality in their products. This segment serves a broad array of end markets including coatings, plastics, cosmetics, construction and paper. This segment's products help customers improve the look, performance and overall cost of their products. This segment is also the internal supply source of precursors for some of the Company's advanced refining-process catalysts.

2002 Performance

Sales increased 3% to $650.8 million, and operating earnings increased 87% to $87.1 million.

Discussion

Sales and operating earnings were up primarily from increased sales volumes to the coatings, automotive, agricultural, cosmetics/personal care and plastics markets. Operating earnings were also favorably impacted by lower costs from productivity improvements of $21.5 million, the elimination of goodwill amortization of $5.7 million related to the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets," lower energy costs of $4.6 million, the recording of a $7.1 million charge in 2001 relating to asset redeployment actions and productivity initiatives, and selective price increases in the paper market in the range of three to four percent.

Outlook

Earnings growth within this segment is expected to increase at more normal rates as compared to the exceptional growth experienced in 2002, which was driven by modest sales increases and significant productivity improvements, compared to weak results reported in 2001.

Sales growth is expected to be somewhat improved over the prior year as slow economic recovery is expected in most of the major markets served. Sales to the paper market are expected to increase gradually with earnings again being favorably impacted by industry-wide price increases and continued productivity improvements. Higher natural gas costs could have an unfavorable impact on earnings. Efforts to focus on higher value end markets and customers for kaolin-based technologies will continue to be a priority.

Sales and earnings to other major markets served, including coatings, cosmetics/personal care, automotive and agriculture, are expected to grow from ongoing new product development and new market applications plus market diversification opportunities through expansion of the segment's technology bases. Productivity improvement opportunities throughout the business will continue to be an important driver of increased earnings.

2001 compared with 2000

Sales decreased 7% to $634.4 million, and operating earnings increased 52% to $46.5 million. Excluding the impact of special and other charges of $49.7 million in 2000, operating earnings decreased 42%.

Discussion (excluding the impact of special and other charges in 2000)

Declines in this segment's sales and operating earnings resulted from weak end markets and significantly higher energy costs of $11.8 million. Most notable was the paper market, where weak pigment demand and industry overcapacity kept prices at depressed levels. Markets for special-effect materials were mixed as lower volumes for technologies used in automotive finishes were partially offset by higher demand for those utilized in cosmetics.

Materials Services

The Materials Services segment serves the Company's technology segments, their customers and others with precious and base metals and related services. This is a distribution and materials services business that purchases and sells precious metals, base metals and related products and services. It does so under a variety of pricing and delivery arrangements structured to meet the logistical, financial and price-risk management requirements of the Company, its customers and suppliers. Additionally, it offers the related services of precious-metal refining and storage and produces salts and solutions.

2002 Performance

Sales decreased 43% to $1.8 billion, and operating earnings decreased 6% to $52.7 million.

Discussion

Sales for this segment include substantially all of the Company's sales of metals to industrial customers of all segments. Sales also include fees invoiced for services rendered (e.g., refining and handling charges). Because of the logistical and hedging nature of much of this business and the significant precious metal values included in both sales and cost of sales, gross margins tend to be low in relation to the Company's other technology businesses as does capital employed. This effect also dampens the gross margin percentages of the Company as a whole, but improves the return on investment.

While most customers for the Company's platinum-group-metal catalysts purchase the metal from Materials Services, some choose to deliver metal from other sources prior to the manufacture of the catalysts. In such cases, precious metal values are not included in sales. The mix of such arrangements and the extent of market price fluctuations can significantly affect the reported level of sales and cost of sales. Consequently, there is no direct correlation between year-to-year changes in reported sales and operating earnings.

Operating earnings were down as a result of lower volumes and lower results from the recycling (refining) of platinum group metals of $11.0 million. Operating earnings in both years were favorably affected by several items that triggered recognition of events reflecting operations from prior periods. In 2002, operating earnings were favorably impacted by $22.0 million of income related to platinum-group-metal transactions realized previously but deferred pending the resolution of certain contractual provisions, an insurance settlement gain ($11.0 million), the receipt of cash related to the settlement of litigation for a customer receivable recorded in 1997 that was previously written off ($3.0 million) and $5.5 million from the realization of a previously unrecognized contractual benefit. In 2001, operating earnings were favorably impacted by the recovery of metal from an unexpected industrial customer bankruptcy ($6.2 million) and the restructuring of a professional services contract ($3.3 million). Sales decreased from lower platinum-group-metal prices and lower volumes.

Outlook

The results of this segment are likely to be below recent historical levels rather than the exceptional results reported in 2000 and the higher levels of 2001. Overall weakness projected in the basic industrial markets will adversely impact the recycling and refining of platinum group metals, as well as the volume of metal sales. Uncertainty also exists with respect to the volume and customer mix impact of a change in producer channels to market. While a sustainable level of base business is anticipated, the benefits of potential market volatility combined with other market factors represents an upside for this segment. Volatility not only increases the spreads on transactions, but also provides opportunities to benefit from strong and prudent physical positions (see the "Commodity Price Risk" section on page 28 for further details).

2001 compared with 2000

Sales decreased 11% to $3.2 billion, and operating earnings decreased 57% to $56.1 million.

Discussion

Operating earnings and sales were down due to significantly lower platinum-group-metal prices and lower volumes. The decrease in earnings was partially offset by increased earnings in the recycling (refining) of platinum group metals of $7.1 million and the reversal of certain expense accruals that are no longer necessary due to the recovery of metal from an unexpected industrial customer bankruptcy ($6.2 million) and the restructuring of a professional services contract ($3.3 million).

Acquisitions

Other Party	Business Arrangement	Transaction Date	Business Opportunity
Shuozhou Anpeak Kaolin Co., Ltd.	Acquired certain operating assets of a China-based producer of calcined kaolin products for $12.1 million	November 2002	Enhances the Company's ability to provide specialty mineral technologies to the Asian market
Sud-Chemie AG (Sud Chemie)	Acquired the fats and oils catalyst business of Sud Chemie for $13.6 million	October 2001	Broadens the Company's catalyst technology offering to oleochemical markets
Targor GmbH	Acquired the polyolefin catalyst business for $35.1 million	September 2000	Expansion of catalyst business

Consolidated Gross Profit

Gross profit as a percentage of sales was 17.4% in 2002, compared with 13.0% in 2001 and 13.2% in 2000. The increase in 2002 was primarily related to a $1.3 billion decrease in sales from lower precious metal prices. The decrease in 2001 was primarily driven by lower margins earned in the Materials Services segment. Sales from this segment decreased 11% in 2001 to $3.2 billion and provided a gross profit of 3%, while 2001 sales from all other reportable segments decreased 2% to $1.8 billion and provided a gross profit of 31%. As described earlier, the lower margins on Materials Services sales are driven by the inclusion of the value of precious metals in both sales and cost of sales.

Selling, Administrative and Other Expenses

Selling, administrative and other expenses were $350.1 million in 2002, compared to $336.0 million in 2001 and $382.3 million in 2000. The increase in 2002 was primarily due to increased information technology expenses of $5.7 million, increased research and development expenses of $3.9 million, increased administrative rent expenses of $2.6 million and increased professional fees of $2.4 million. The decrease in 2001 was primarily due to the absence of special and other charges of $23.8 million reported in 2000 and lower compensation costs.

Equity Earnings

Absent the impairment charge discussed below, equity in earnings of affiliates was $16.2 million in 2002, compared with equity earnings of $29.1 million in 2001 and $24.2 million in 2000. The decrease was primarily from lower earnings from Engelhard-CLAL, a 50%-owned precious-metal-fabrication joint venture, from gains reported in the prior year related to a change in the mix of platinum group metals used in its operations and lower volumes due to the absence of divested business units. The increase in 2001 was primarily due to higher earnings from Engelhard-CLAL primarily on gains related to a change in the mix of platinum group metals used in its operations.

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Higher equity earnings were also reported in 2001 for Heesung-Engelhard, a 49%-owned environmental catalyst joint venture in South Korea.

In the third quarter of 2002, the Company recorded an impairment charge of $57.7 million associated with its Engelhard-CLAL joint venture (see Note 9, "Investments," for further detail).

Loss/Gain on Investments, Net

In the second quarter of 2002, the Company recorded an impairment charge of $6.7 million ($4.1 million after tax) associated with its Plug Power Inc. investment (see Note 9, "Investments," for further detail).

In the first quarter of 2000, the Company recorded a loss of $6.0 million ($4.1 million after tax) associated with the divestiture of the International Dioxide, Inc. business unit.

In the third quarter of 2000, the Company sold its metal-joining products business located in Warwick, Rhode Island and recorded a gain of $24.8 million ($17.0 million after tax).

Interest

Interest expense was $27.4 million in 2002, compared with $47.3 million in 2001 and $64.8 million in 2000. Interest expense in 2002 and 2001 decreased due to decreased borrowings and lower short-term interest rates.

Interest income was $2.0 million in 2002, $3.3 million in 2001 and $2.1 million in 2000.

The Company capitalized interest of $3.0 million in 2002 and 2001, and $3.9 million in 2000.

Taxes

The worldwide income tax expense was $66.5 million in 2002, compared with $79.7 million in 2001 and $77.4 million in 2000. The effective income tax rate was 22.5% in 2002 (excluding the equity investment impairment of $57.7 million), 26.1% in 2001 and 31.5% in 2000.

The decrease in the worldwide effective tax rate in 2002 was primarily the result of higher percentage depletion deductions. Additionally, the rate was favorably impacted by the recognition of foreign tax items and research and development tax credits in excess of previous estimates, and a shift in the geographical mix of earnings. The decrease in the worldwide effective tax rate in 2001 was primarily due to the recognition of foreign tax credits generated in previous years and the recognition of favorable tax variances from the foreign sales corporation and percentage depletion deductions (see Note 13, "Income Taxes," for further detail of variances).

Net deferred tax assets are more likely than not realizable. Their utilization is dependent upon the ability to generate the appropriate types of income (e.g., foreign source income) in the periods in which temporary differences turnaround or in periods prior to the expiration of applicable carryforward items.

Financial Condition and Liquidity

Working capital was $179.8 million at December 31, 2002, compared with a deficit of $7.1 million at December 31, 2001. The current ratio was 1.1 in 2002 and 1.0 in 2001. The year-end market value of the Company's precious metals accounted for under the LIFO method exceeded carrying cost by $58.3 million at December 31, 2002, compared with $111.1 million at December 31, 2001. The decrease in excess value reflects lower market values and the impact of slightly reduced inventory levels (See Note 7, "Inventories," for further detail).

The Company's total debt decreased to $596.6 million at December 31, 2002 from $626.9 million at December 31, 2001. The percentage of total debt to total capitalization decreased to 36% at December 31, 2002 from 38% at December 31, 2001, primarily due to decreased borrowings and increased retained earnings.

The Company currently has a $400 million, five-year committed credit facility that expires in May 2006 and a $400 million, 364-day committed credit facility that expires in May 2003, with a group of major U.S. and overseas banks. Unused, uncommitted lines of credit were $471 million at December 31, 2002.

The Company has filed a shelf registration for $300 million of corporate debt. Plans to issue long-term debt in 2003 are under consideration by management.

Operating activities provided net cash of $302.3 million in 2002 compared with $345.8 million in 2001 and $180.1 million in 2000. The variance in cash flows from operating activities primarily occurred in the Materials Services segment and reflects changes in metal positions used to facilitate requirements of the Company, its metal customers and suppliers (see Note 23, "Supplemental Information," for Materials Services variances). Materials Services routinely enters into a variety of arrangements for the sourcing of metals. Generally, transactions are hedged on a daily basis (see Note 1, "Summary of Significant Accounting Policies," for further detail). Hedging is accomplished primarily through forward, future and option contracts. However, in closely monitored situations for which exposure levels have been set by senior management, the Company from time to time holds large unhedged industrial commodity positions that are subject to future market price fluctuations. These positions are included in committed metal positions along with hedged metal holdings. The bulk of hedged metal obligations represent spot short positions. As these positions generate cash, their cash effect is included in the financing activities section of the Company's "Consolidated Statements of Cash Flows." Other than in closely monitored situations, these positions are hedged with forward purchases. In addition, the aggregate fair value of derivatives in a loss position are reported in hedged metal obligations (derivatives in a gain position are included in committed metal positions). Materials Services works to ensure that the Company and its customers have an uninterrupted source of metals, primarily platinum group metals, utilizing supply contracts and commodities markets around the world. Committed metal positions include significant advances made for the purchase of precious metals that have been delivered to the Company but for which the final purchase price has not yet been determined (see discussion in "Credit Risk" section on page 22 for further detail).

The variance in cash flows from investing activities is primarily related to changes in capital expenditures, proceeds received from the sale of the Company's metal-joining products business in September 2000, the acquisition of certain operating assets of Shuozhou Anpeak Kaolin Co., Ltd. in November 2002, the acquisition of the fats and oils catalyst business of Sud Chemie in October 2001 and the acquisition of the Targor polyolefin catalyst business in September 2000.

The variance in cash flows from financing activities was impacted by the repayment of long-term debt in 2001 and 2000, cash received from the exercise of stock options, particularly in 2001, a change in hedged metal obligations in 2000 and increased purchases of treasury stock in 2002 and 2001.

The following table represents the Company's contractual obligations as of December 31, 2002:

PAYMENTS DUE BY PERIOD

CONTRACTUAL OBLIGATIONS	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
(in millions)					
Short-term borrowings	$ 348.7	$ 348.7	$ -	$ -	$ -
Accounts payable	225.0	225.0	-	-	-
Hedged metal obligations	537.2	537.2	-	-	-

	PAYMENTS DUE BY PERIOD				
Long-term debt	247.8	-	1.4	127.8	118.6
Operating leases	190.4	35.0	52.7	25.8	76.9
Total contractual obligations	$ 1,549.1	$ 1,145.9	$ 54.1	$ 153.6	$ 195.5

In the normal course of business, the Company incurs obligations with regard to contract completion and product performance. Under certain circumstances, these obligations are supported through the issuance of letters of credit. At December 31, 2002, the aggregate outstanding amount of letters of credit supporting such obligations amounted to $132.3 million, of which $122.7 million will expire in less than one year (of which $80.0 million will not be renewed), $1.3 million will expire in two to three years, $0.2 million will expire in four to five years, and $8.1 million will expire after five years. In the opinion of management, such obligations will not significantly affect the Company's financial position or results of operations as the Company anticipates fulfilling its performance obligations.

At December 31, 2002, the Company did not have any guarantees of any unconsolidated subsidiary obligations.

The Company has consistently derived considerable cash flow from operations, which has been used, along with both short- and long-term debt, to pay for capital expenditures, acquisitions, dividends and other corporate requirements. The continuation of these levels of cash flow is expected, but is subject to the risk factors listed elsewhere in this report (particularly in the Forward-Looking Statements section on page 26). In addition, the Company has always maintained investment-grade credit ratings that it considers important for cost-effective and ready access to the credit markets. Management fully expects to be able to obtain future funding from both short- and long-term debt for cash requirements in excess of cash flow from operations. In the event that any of these sources prove to be below expectations, the Company has access to committed lines of credit aggregating $800 million as of December 31, 2002. Management intends to renew $400 million of this committed line of credit that expires in May 2003.

Credit Risk

The Company believes that its financial instruments do not represent a concentration of credit risk because the Company deals with a variety of major banks worldwide and its accounts receivable are spread among a number of major industries, customers and geographic areas. A centralized credit committee reviews significant credit transactions and risk-management issues before granting of credit, and an appropriate level of reserves is maintained. In addition, the Company monitors the financial condition of its customers to help ensure collections and to minimize losses.

The Company may enter into transactions in which it advances funds after receipt of metal as provisional payment for the metal which is to be finally priced under market-based pricing formulae that will result in a determination of that price. If the final price is less than the provisional price paid, the supplier will be obligated to return the difference to the Company. Therefore, if the market price (and the anticipated final price) falls below the provisional price, the Company is exposed to the potential credit risk associated with the possibility of non-payment by the supplier, although no payment is due until after the final price is determined. As of December 31, 2002, the aggregate market value of metals purchased under a contract for which a provisional price had been paid had fallen below the amounts advanced by a total of $332.2 million. This excess may grow or may be eliminated based on market price changes. In March 2003 an agreement was reached that, when performed, including receipt of cash by the Company which is anticipated before the end of the second quarter, will result in the elimination of this excess. The Company expects that no loss will be incurred due to non-performance.

Capital Expenditures, Commitments and Contingencies

Selected Financial Data ($ in millions, except per-share amounts) 21

Capital projects are designed to maintain capacity, expand operations, improve efficiency or protect the environment. Capital expenditures amounted to $113.3 million in 2002, $168.9 million in 2001 and $136.6 million in 2000. Capital expenditures in 2003 are expected to be approximately $140.0 million. For information about commitments and contingencies, see Note 20, "Environmental Costs" and Note 21, "Litigation and Contingencies."

Dividends and Capital Stock

The annualized common stock dividend rate at the end of 2002, 2001 and 2000 was $0.40 per share.

Japan Fraud Update/Peru Update

See Note 21, "Litigation and Contingencies," for a discussion of Japan and Peru.

Special and Other Charges

See Note 5, "Special and Other Charges," for a discussion of the Company's special and other charges.

Other Matters

See Note 1, "Summary of Significant Accounting Policies," for a discussion of new accounting pronouncements.

Critical Accounting Policies

Certain key policies are explained below to assist in understanding the Company's consolidated financial statements. More detailed explanations may be found elsewhere in the MD&A section and in Note 1, "Summary of Significant Accounting Policies."

Sales

A significant portion of consolidated net sales represent the sale of platinum group metals to industrial customers who buy the metals from Materials Services in connection with products manufactured by the Environmental and Process Technologies segments. Accordingly, almost all of these sales are reported in the Materials Services segment, with a limited amount included in Environmental and Process Technologies' reported sales. Because metal price levels may vary widely, there is no consistent relationship between consolidated sales and gross profit.

Because the timing of the purchase of spot metals often does not coincide with the timing of the subsequent sales to industrial users, Materials Services needs to hedge price risk, usually by selling forward (i.e., for future delivery) to investment-grade trading entities, industrial companies or on futures exchanges. If a surplus of physical metal develops, Materials Services may also sell spot and buy forward to balance the risk position. Other than hedges entered into with industrial customers, sales related to these hedging transactions are not included in reported sales, as they are not meaningful in an industrial context.

Customers of the Environmental and Process Technologies segments who purchase products that improve efficiency and yields are often unable to precisely predict the dates that catalysts will be required. Accordingly, they may request that product that has already been ordered, manufactured and prepared for shipment at the agreed upon date be temporarily held by the Company until that customer's manufacturing facility is prepared to accept the new charge of catalyst. In cases where the customer requests the Company to hold the goods, agrees to be invoiced and to pay the invoices on normal terms as well as to accept title to the goods, the Company will recognize the sale prior to shipment. Great care is exercised to make sure that these sales are only recognized in accordance with the applicable revenue recognition guidance.

Mark-to-market

Materials Services procures physical metal from third parties for resale and enters into forward contracts and other relatively straight-forward hedging derivatives that are recorded as either assets or liabilities at their fair value. By acting in its capacity as a distributor and materials service provider to the Company's technology businesses and their customers and by taking closely monitored unhedged positions as described below, Materials Services takes on the attributes of a dealer in metals. Both spot metal and derivative instruments used in hedging (i.e., forwards, futures, swaps and options) are stated at fair value. The Company values platinum, palladium, gold and silver based on the daily closing NYMEX settlement prices. There are no so-called "terminal" markets for rhodium, ruthenium and iridium, so the Company's own published Industrial Bullion (EIB) prices are used. However, these are compared to other reference prices published in Metals Week, an independent trade journal. Values for base metals come from the closing prices of the LME (London Metals Exchange).

In closely monitored situations, for which exposure levels and transaction size limits have been set by senior management, the Company holds unhedged metal positions that are subject to future market fluctuations. Such positions may include varying levels of derivative instruments. At times, these positions can be significant. All unhedged metal transactions are monitored and marked to market daily. The portion of this metal that has not been hedged is therefore subject to price risk and is disclosed in Note 10, "Committed Metal Positions and Hedged Metal Obligations."

The fair values of Materials Services' various spot and derivative positions are included in committed metal positions on the asset side of the Consolidated Balance Sheet and hedged metal obligations on the liability side. The credit (performance) risk associated with the fair value of derivatives in a gain position is greatly mitigated through the selection of investment-grade counterparties.

Precious metals

Most of the platinum group metals used by Environmental and Process Technologies to manufacture products are provided in advance by the customers. The customers often purchase these metals from Materials Services, but they may also be shipped in from other sources.

Certain quantities of precious metals are carried at historical cost using the LIFO method, which provides a better matching of current costs with current revenues. Because most of the metal was acquired some time ago, the market value of this metal, while fluctuating from year to year, has generally been substantially above cost. While this excess of market over cost is useful in evaluating the consolidated balance sheet from a credit perspective, the annual changes are not reflected in the income statement except to the extent that periodic liquidations of LIFO layers produce book profits. LIFO liquidation profits are separately disclosed and not included in the operating earnings of the technology segments.

Kaolin mining operations

In order to provide kaolin-based products to the Company's customers and the Process Technologies segment, the Company engages in kaolin mining operations that are integrated into the manufacturing processes. The Company owns and leases land containing kaolin deposits on a long-term basis. The Company does not own any mining reserves or conduct any mining operations with respect to platinum, palladium or other metals. The kaolin mining process includes exploration, topsoil and overburden removal, extraction of kaolin and the subsequent reclamation of mined areas. In order to match the costs of the mining process with revenues associated with kaolin-based products,

certain mining process costs are expensed by the Company over the life of the related estimated mineable reserves.

Pensions and other postretirement/postemployment costs

The Company's employee pension and other postretirement/postemployment benefit costs and obligations are dependent on its assumptions used by actuaries in calculating such amounts. These assumptions include discount rates, salary growth, expected returns on plan assets, retirement rates, mortality rates and other factors. The discount rate assumption is based on investment yields available at the Company's measurement date of September 30 on AA-rated corporate long-term bond yields. The salary growth assumptions reflect our long-term actual experience, the near-term outlook and assumed inflation. The health care cost trend assumptions are developed based on historical cost data, the near-term outlook, and an assessment of likely long-term trends. Retirement rates are based primarily on actual plan experience. Mortality rates are based on published data. Actual results that differ from our assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and recorded obligation in such future periods. While we believe that the assumptions used are appropriate, significant differences in actual experience or significant changes in assumptions would affect our pension and other postretirement/postemployment benefit costs and obligations. Based on a review of the current environment, we have lowered our long-term rate of return assumption from 10% in 2001 to 9.7% in 2002. In 2003, we have further lowered this assumption to 8.9%. The Company has determined that its net pension cost is projected to be approximately $19 million in 2003, compared to $12 million in 2002 and $8 million in 2001. The plan assets have earned a rate of return substantially less than 10% in the last two years. Should this trend continue, the Company would be required to reconsider its assumed expected rate of return on plan assets. If the Company were to lower this rate, future pension expense would likely increase. See Note 15, "Benefits," for further detail regarding costs and assumptions.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases, including references to assumptions. These forward-looking statements involve risks and uncertainties that may cause the Company's actual future activities and results of operations to be materially different from those suggested or described in this document.

Among the risks and uncertainties that could cause actual results to differ materially are the following:

- competitive pricing or product development activities that could affect the demand for our products, particularly competing catalyst and kaolin producers
- the Company's ability to achieve and execute internal business plans
- worldwide political instability as the Company operates primarily in the United States, the European community, the Asia-Pacific region, the Russian Federation, South Africa and South America
- alliances and geographic expansions developing differently than anticipated
- fluctuations in the supply and prices of precious and base metals and fluctuations in the relationships between forward prices to spot prices
- government legislation and/or regulation (particularly on environmental issues), including tax obligations
- technology, manufacturing and legal issues
- the impact of any economic downturns and inflation
- interest rate risk, foreign currency exchange rate risk, commodity price risk and credit risk (these are discussed further in the Company's MD&A section)
- the impact of higher energy and raw material costs, and the availability of natural gas and rare earth elements

- the success of research and development activities and the speed with which regulatory authorizations and product launches may be achieved
- the impact of increased health care costs and/or the resultant impact on employee relations
- contingencies related to actual or alleged environmental contamination to which the Company may be a party
- the impact of acquisitions, divestitures and restructurings
- overall demand for the Company's products, including demand from the worldwide automotive and chemical-process markets
- product quality/performance issues
- exposure to product liability and other types of lawsuits
- the impact of physical inventory losses, particularly with regard to precious and base metals
- the loss of business from property and casualty exposure

Investors are cautioned not to place undue reliance upon these forward-looking statements, which speak only as of their dates. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Sensitive Transactions

The Company is exposed to market risks arising from adverse changes in interest rates, foreign currency exchange rates and commodity prices. In the normal course of business, the Company uses a variety of techniques and instruments, including derivatives, as part of its overall risk management strategy. The Company enters into derivative agreements with a diverse group of major financial and other institutions with individually determined credit limits to reduce exposure to the risk of nonperformance by counterparties.

Interest rate risk

The Company uses a sensitivity analysis to assess the market risk of its debt-related financial instruments and derivatives. Market risk is defined here as the potential change in the fair value of debt resulting from an adverse movement in interest rates. The fair value of the Company's total debt was $616.6 million at December 31, 2002 and $624.8 million at December 31, 2001 based on average market quotations of price and yields provided by investment banks. A 100 basis-point increase in interest rates could result in a reduction in the fair value of total debt of $18.8 million at December 31, 2002 compared with $17.7 million at December 31, 2001.

The Company also uses interest rate derivatives to help achieve its fixed and floating rate debt objectives. In 2001, the Company entered into two interest rate swap agreements with a total notional value of $100 million to effectively change a fixed rate debt obligation into a floating rate obligation. The total notional amount of these agreements is equal to the face value of the designated debt instrument. The swap agreements are expected to settle in August 2006, the maturity date of the corresponding debt issuance.

Approximately 76% and 78% of the Company's borrowings had variable interest rates as of December 31, 2002 and 2001, respectively.

Foreign currency exchange rate risk

The Company uses a variety of strategies, including foreign currency forward contracts, to minimize or eliminate foreign currency exchange rate risk associated with substantially all of its foreign currency transactions, including

metal-related transactions denominated in other than U.S. dollars.

The Company uses a sensitivity analysis to assess the market risk associated with its foreign currency transactions. Market risk is defined here as the potential change in fair value resulting from an adverse movement in foreign currency exchange rates. A 10% adverse movement in foreign currency rates could result in a net loss of $13.3 million at December 31, 2002 compared with $8.6 million at December 31, 2001 on the Company's foreign currency forward contracts. However, since the Company limits the use of foreign currency derivatives to the hedging of contractual and anticipated foreign currency payables and receivables, this loss in fair value for those instruments generally would be offset by a gain in the value of the underlying payable or receivable.

A 10% adverse movement in foreign currency rates could result in an unrealized loss of $40.9 million at December 31, 2002 compared with $48.6 million at December 31, 2001 on the Company's net investment in foreign subsidiaries and affiliates. However, since the Company views these investments as long term, the Company would not expect such a loss to be realized in the near term.

Commodity price risk

In closely monitored situations, for which exposure levels and transaction size limits have been set by senior management, the Company from time to time holds large, unhedged industrial commodity positions that are subject to market price fluctuations. Such positions may include varying levels of derivative commodity instruments. All unhedged industrial commodity transactions are monitored and marked to market daily. All other industrial commodity transactions are hedged on a daily basis, using forward, future, option or swap contracts to substantially eliminate the exposure to price risk. These positions are also marked to market daily.

The Company performed a "value-at-risk" analysis on all of its metal-related commodity assets and liabilities. The "value-at-risk" calculation is a statistical model that uses historical price and volatility data to predict market risk on a one-day interval with a 95% confidence level. While the "value-at-risk" models are relatively sophisticated, the quantitative information generated is limited by the historical information used in the calculation. For example, the volatility in the platinum and palladium markets in 2001 and 2000 was greater than historical norms. Therefore, the Company uses this model only as a supplement to other risk management tools and not as a substitute for the experience and judgment of senior management and dealers who have extensive knowledge of the markets and adjust positions and revise strategies as the markets change. Based on the "value-at-risk" analysis in the context of a 95% confidence level, the maximum potential one-day loss in fair value was approximately $6.0 million as of December 31, 2002 compared with $3.4 million as of December 31, 2001. The actual one-day changes in fair value of the Company's metal-related commodity assets and liabilities never exceeded the average of the "value-at-risk" amounts as of the yearly open and close for each of the Company's 2002 and 2001 fiscal years.

The Company is also exposed to commodity price risk related to its purchase of natural gas that is used in the manufacture of its products. At December 31, 2002, a uniform one-dollar increase in the price of natural gas would result in a decrease in operating earnings of approximately $10.5 million for the year ending December 31, 2003.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ENGELHARD CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

Year ended December 31 (in thousands, except per-share amounts)	2002	2001	2000
Net sales	$ 3,753,571	$ 5,096,926	$ 5,542,648
Cost of sales	3,099,806	4,433,709	4,812,450
Gross profit	653,765	663,217	730,198
Selling, administrative and other expenses	350,137	335,994	382,287
Special (credit)/charge, net	(7,862)	7,100	82,548
Operating earnings	311,490	320,123	265,363
Equity in earnings of affiliates	16,207	29,095	24,187
Equity investment impairment	(57,704)	-	-
(Loss)/gain on investments, net	(6,659)	-	18,786
Interest income	1,968	3,297	2,119
Interest expense	(27,378)	(47,291)	(64,768)
Earnings before income taxes	237,924	305,224	245,687
Income tax expense	66,516	79,663	77,391
Net earnings	$ 171,408	$ 225,561	$ 168,296
Basic earnings per share	$ 1.34	$ 1.73	$ 1.33
Diluted earnings per share	$ 1.31	$ 1.71	$ 1.31
Average number of shares outstanding - basic	128,089	130,018	126,351
Average number of shares outstanding - diluted	130,450	132,155	128,141

See accompanying Notes to Consolidated Financial Statements.

ENGELHARD CORPORATION
CONSOLIDATED BALANCE SHEETS

December 31 (in thousands)	2002	2001
Assets		
Cash	$ 48,246	$ 33,034
Receivables, net of allowances of $9,739 and $5,219, respectively	380,270	347,656
Committed metal positions	615,441	569,109
Inventories	427,162	401,647
Other current assets	94,922	142,301
Total current assets	1,566,041	1,493,747
Investments	136,804	213,467
Property, plant and equipment, net	860,475	822,520
Goodwill	272,353	253,603
Other intangible and noncurrent assets	185,041	212,212
Total assets	$ 3,020,714	$ 2,995,549
Liabilities and Shareholders' Equity		
Short-term borrowings	$ 348,749	$ 389,051
Accounts payable	225,045	252,319
Hedged metal obligations	537,243	517,681
Other current liabilities	275,250	341,749
Total current liabilities	1,386,287	1,500,800
Long-term debt	247,805	237,853
Other noncurrent liabilities	309,455	253,390

Total liabilities	1,943,547	1,992,043
Shareholders' equity		
Preferred stock, no par value, 5,000 shares authorized and unissued	-	-
Common stock, $1 par value, 350,000 shares authorized and 147,295 shares issued	147,295	147,295
Additional paid-in capital	20,876	7,378
Retained earnings	1,436,637	1,316,721
Treasury stock, at cost, 19,937 and 18,220 shares, respectively	(412,451)	(335,879)
Accumulated other comprehensive loss	(115,190)	(132,009)
Total shareholders' equity	1,077,167	1,003,506
Total liabilities and shareholders' equity	$ 3,020,714	$ 2,995,549

See accompanying Notes to Consolidated Financial Statements.

ENGELHARD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (in thousands)	2002	2001	2000
Cash flows from operating activities			
Net earnings	$ 171,408	$ 225,561	$ 168,296
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and depletion	110,676	94,996	103,326
Amortization of intangible assets	2,886	13,521	13,733
Loss/(gain) on investments, net	6,659	-	(18,786)
Equity results, net of dividends	(12,279)	(24,937)	(19,823)
Equity investment impairment	57,704	-	-
Net change in assets and liabilities:			
Materials Services related	(30,053)	59,734	(115,569)
All other	(4,732)	(23,082)	48,878
Net cash provided by operating activities	302,269	345,793	180,055
Cash flows from investing activities			
Capital expenditures	(113,309)	(168,882)	(136,579)
Proceeds from sale of investments	-	3,400	52,811
Acquisitions and other investments	(7,606)	(16,559)	(40,095)
Other	-	-	838

Net cash used in investing activities	(120,915)	(182,041)	(123,025)
Cash flows from financing activities			
Proceeds from short-term borrowings	264,155	285,000	305,560
Repayment of short-term borrowings	(304,457)	(248,064)	(305,483)
Increase in hedged metal obligations	3,784	11,333	69,188
Repayment of long-term debt	(148)	(159,308)	(104,132)
Purchase of treasury stock	(133,543)	(101,154)	(71)
Cash from exercise of stock options	48,781	101,175	11,400
Dividends paid	(51,492)	(52,267)	(51,002)
Net cash used in financing activities	(172,920)	(163,285)	(74,540)
Effect of exchange rate changes on cash	6,778	(967)	(3,331)
Net increase/(decrease) in cash	15,212	(500)	(20,841)
Cash at beginning of year	33,034	33,534	54,375
Cash at end of year	$ 48,246	$ 33,034	$ 33,534

See accompanying Notes to Consolidated Financial Statements.

ENGELHARD CORPORATION CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per-share amounts)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Comprehensive income/(loss)	Accumulated other comprehensive income/(loss)	Total shareholders' equity
Balance at December 31, 1999	$ 147,295	$ (25,660)	$ 1,026,133	$ (352,282)		$ (31,096)	$ 764,390
Comprehensive income/(loss):							
Net earnings			168,296		$ 168,296		168,296
Other comprehensive income/(loss):							
Foreign currency translation adjustment					(20,993)		
Minimum pension liability adjustment					1,020		
Other comprehensive loss					(19,973)	(19,973)	(19,973)
Comprehensive income					148,323		
Dividends ($0.40 per share)			(51,002)				(51,002)
Treasury stock acquired				(71)			(71)
Stock bonus and option plan transactions		4,610		8,317			12,927
Balance at December 31, 2000	147,295	(21,050)	1,143,427	(344,036)		(51,069)	874,567
Comprehensive income/(loss):							
Net earnings			225,561		225,561		225,561
Other comprehensive loss:							
Cash flow derivative adjustment, net of tax					(4,550)		

Foreign currency translation adjustment					(51,035)		
Minimum pension liability adjustment, net of tax					(25,355)		
Other comprehensive loss					(80,940)	(80,940)	(80,940)
Comprehensive income					144,621		
Dividends ($0.40 per share)			(52,267)				(52,267)
Treasury stock acquired				(101,154)			(101,154)
Stock bonus and option plan transactions		28,428		109,311			137,739
Balance at December 31, 2001	147,295	7,378	1,316,721	(335,879)		(132,009)	1,003,506
Comprehensive income/(loss):							
Net earnings			171,408		171,408		171,408
Other comprehensive income/(loss):							
Cash flow derivative adjustment, net of tax					4,424		
Foreign currency translation adjustment					70,284		
Minimum pension liability adjustment, net of tax					(57,689)		
Investment adjustment, net of tax					(200)		
Other comprehensive income					16,819	16,819	16,819
Comprehensive income					$ 188,227		
Dividends ($0.40 per share)			(51,492)				(51,492)
Treasury stock acquired				(133,543)			(133,543)
Stock bonus and option plan transactions		13,498		56,971			70,469
Balance at December 31, 2002	$ 147,295	$ 20,876	$ 1,436,637	$ (412,451)		$ (115,190)	$ 1,077,167

See accompanying Notes to Consolidated Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Engelhard Corporation and its subsidiaries (collectively referred to as Engelhard or the Company). All significant intercompany transactions and balances have been eliminated in consolidation. Certain prior-year amounts have been reclassified to conform with the current-year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include all investments purchased with an original maturity of three months or less.

Selected Financial Data ($ in millions, except per-share amounts) 31

Inventories

Inventories are stated at the lower of cost or market. The elements of inventory cost includes direct labor and materials, variable overhead and fixed manufacturing overhead. The majority of the Company's physical metal is carried in committed metal positions at fair value with the remainder carried in inventory at historical cost. The cost of owned precious metals included in inventory is determined using the last-in, first-out (LIFO) method of inventory valuation. The cost of other inventories is principally determined using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of buildings and equipment is provided primarily on a straight-line basis over the estimated useful lives of the assets. Buildings and building improvements are depreciated over 20 years, while machinery and equipment is depreciated based on lives varying from 3 to 10 years. Depletion of mineral deposits and deferred mine development costs is provided under the units-of-production method. When assets are sold or retired, the cost and related accumulated depreciation is removed from the accounts, and any gain or loss is included in earnings. The Company continually evaluates the reasonableness of the carrying value of its fixed assets. If it becomes probable that expected future undiscounted cash flows associated with these assets are less than their carrying value, the assets are written down to their fair value.

Intangible Assets

Identifiable intangible assets, such as patents and trademarks, are amortized using the straight-line method over their estimated useful lives. Goodwill was amortized by the straight-line method over periods up to 40 years for all acquisitions completed prior to June 30, 2001. Effective January 1, 2002, with the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets (SFAS No. 142)," goodwill and other intangible assets that have indefinite useful lives will not be amortized, but will be tested for impairment based on the specific guidance of SFAS No. 142 (see Note 3, "Goodwill and Other Intangible Assets," for further detail).

The Company continually evaluates the reasonableness of the carrying value of its intangible assets. For its identifiable intangible assets, an impairment would be recognized if it became probable that expected future undiscounted cash flows would be less than their carrying amounts. For goodwill and other intangible assets that have indefinite useful lives, an impairment would be recognized if the carrying amount of a respective reporting unit exceeded the fair value of that reporting unit.

In 2000, the Company wrote off goodwill of $30.4 million as follows: in the first quarter, the Company wrote off $6.0 million of goodwill associated with the divestiture of its International Dioxide, Inc. business unit; in the third quarter, the Company wrote off $21.9 million of goodwill related to the impairment of its HexCore business unit; and in the fourth quarter, the Company wrote off $2.5 million of goodwill as part of its fourth-quarter special charge related to the impairment of its colors business.

Committed Metal Positions and Hedged Metal Obligations

Committed metal positions reflect the fair value of the long spot metal positions (other than LIFO inventory) held by the Company plus the fair value of contracts that are in a gain position undertaken to economically hedge price exposures. Because most of the spot metal has been hedged through forward/future sales or other derivative arrangements (e.g., swaps), it is referred to as being "committed," although the physical metal can be used by the Company until such time as the sales are settled. The portion of this metal that has not been hedged and, therefore, is subject to price risk is discussed below and disclosed in Note 10, "Committed Metal Positions and Hedged Metal Obligations."

The bulk of hedged metal obligations represents spot short positions. As these positions generate cash, their cash effect is included in the financing activities section of the Company's "Consolidated Statements of Cash Flows." Other than in the closely monitored situations noted below, these positions are hedged with forward purchases. In addition, the aggregate fair value of derivatives in a loss position are reported in hedged metal obligations (derivatives in a gain position are included in committed metal positions).

For the purpose of determining whether the Company is in a net spot long or short position with respect to a metal, purchased quantities received for which the Company is not exposed to market price risk (because of provisional rather than final pricing) are considered a component of its spot positions.

To the extent metal prices increase subsequent to a spot purchase that has been hedged, the Company will recognize a gain as a result of marking the spot metal to market while at the same time recognizing a loss related to the fair value of the derivative instrument. As noted above, the aggregate fair value of derivatives in a loss position is classified as part of hedged metal obligations at the balance sheet date because the Company has incurred a liability to the counterparty. Should the reverse occur and metal prices decrease, the resultant gain on the derivative will be offset against the spot loss within committed metal positions.

Both spot metal and derivative instruments used in hedging (i.e., forwards, futures, swaps and options) are stated at fair value. If listed market prices are not available or if liquidating the Company's positions would reasonably be expected to impact market prices, fair value is determined based on other relevant factors, including dealer price quotations and price quotations in different markets, including markets located in different geographic areas. Any change in value, whether realized or unrealized, is recognized as an adjustment to cost of sales in the period of the change.

In closely monitored situations, for which exposure levels and transaction size limits have been set by senior management, the Company holds unhedged metal positions that are subject to future market fluctuations. Such positions may include varying levels of derivative instruments. At times, these positions can be significant. All unhedged metal transactions are monitored and marked to market daily. The metal that has not been hedged is therefore subject to price risk and is disclosed in Note 10, "Committed Metal Positions and Hedged Metal Obligations."

Environmental Costs

In the ordinary course of business, like most other industrial companies, the Company is subject to extensive and changing federal, state, local and foreign environmental laws and regulations and has made provisions for the estimated financial impact of environmental cleanup-related costs. The Company's policy is to accrue for environmental cleanup-related costs of a noncapital nature when those costs are believed to be probable and can be reasonably estimated. Environmental cleanup costs are deemed probable when litigation has commenced or a claim or an assessment has been asserted, or, based on available information, commencement of litigation or assertion of a claim or an assessment is probable, and, based on available information, it is probable that the outcome of such litigation, claim or assessment will be unfavorable. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, advancements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement. For certain matters, the Company expects to share costs with other parties. The Company does not include anticipated recoveries from insurance carriers or other third parties in its accruals for environmental liabilities.

Revenue Recognition

Revenues are recognized on sales of product at the time the goods are shipped or when risks of ownership have passed to the customer. Sales of product include sales of catalysts, pigments, performance additives, sorbents and

precious metal sold to industrial customers. Revenues for refining services are recognized on the contractually agreed settlement date. In limited situations, revenue is recognized on a bill-and-hold basis as title passes to the customer before shipment of goods. These bill-and-hold sales meet the criteria of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," for revenue recognition. Sales recognized on a bill-and-hold basis were approximately $31.0 million as of December 31, 2002, $28.9 million as of December 31, 2001 and $24.2 million as of December 31, 2000. With regard to the balance classified as bill-and-hold sales, the Company has collected $23.5 million of the outstanding balance as of December 31, 2002.

In accordance with Emerging Issues Task Force EITF 00-10, "Accounting for Shipping and Handling Fees and Costs," the Company reports amounts billed to customers for shipping and handling fees as sales in the Company's "Consolidated Statements of Earnings." Costs incurred by the Company for shipping and handling fees are reported as cost of sales.

Sales and Cost of Sales

Some of the Company's businesses use precious metals in their manufacturing processes. Precious metals are included in sales and cost of sales if the metal has been supplied by the Company. Often, customers supply the precious metals for the manufactured product. In those cases, precious-metals values are not included in sales or cost of sales. The mix of such arrangements, the extent of market-price fluctuations and the general price level of platinum group and other metals can significantly affect the reported level of sales and cost of sales. Consequently, there is no direct correlation between year-to-year changes in reported sales and operating earnings.

In addition to the cost of precious metals recognized as revenues, cost of sales includes all manufacturing costs (raw materials, direct labor and overhead). Cost of sales also includes shipping and handling fees and warranties.

For all Materials Services activities, a gain or loss is recorded as an element of cost of sales based on changes in the market value of the Company's positions.

Selling, Administrative and Other Expenses

The selling, administrative and other expenses line item in the "Consolidated Statements of Earnings" includes management and administrative compensation, research and development, professional fees, information technology expenses, travel expenses, administrative rent expenses, sales commissions and insurance expenses.

Income Taxes

Deferred income taxes reflect the differences between the assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws as currently enacted.

Equity Method of Accounting

The Company's investments in companies in which it has the ability to exercise significant influence over operating and financial policies, generally 20% to 50% owned, are accounted for using the equity method. Accordingly, the Company's share of the earnings of these companies is included in consolidated net income. Investments in nonsubsidiary companies in which the Company does not have significant influence are carried at cost.

Foreign Currency Translation

The functional currency for the majority of the Company's foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using an appropriate average

exchange rate during the period. The resulting translation adjustments are recorded as a component of shareholders' equity. Gains or losses resulting from foreign currency transactions are included in the Company's "Consolidated Statements of Earnings."

Stock Option Plans

The Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123) in 1995 and adopted Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123," in December 2002. In conjunction with the adoption of these standards, the Company will continue to apply the intrinsic-value-based method of accounting prescribed by Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees" with pro forma disclosure of net income and earnings per share as if the fair-value-based method prescribed by SFAS No. 123 had been applied. In general, no compensation cost related to the Company's stock option plans is recognized in the Company's "Consolidated Statements of Earnings" as options are issued at market price on the date of grant.

Had compensation cost for the Company's stock option plans been determined based on the fair value at grant date consistent with the provisions of Statement of Financial Accounting Standards No.123, "Accounting for Stock Based Compensation," the Company's net earnings and earnings per share would have been as follows:

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(in millions, except per-share data)

	2002	2001	2000
Net earnings--as reported	$ 171.4	$ 225.6	$ 168.3
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(6.3)	(5.9)	(8.4)
Net earnings--pro forma	$ 165.1	$ 219.7	$ 159.9
Earnings Per Share:			
Basic earnings per share--as reported	$ 1.34	$ 1.73	$ 1.33
Basic earnings per share--pro forma	1.29	1.69	1.27
Diluted earnings per share--as reported	1.31	1.71	1.31
Diluted earnings per share--pro forma	1.27	1.66	1.25

Research and Development Costs

Research and development costs are charged to expense as incurred and were $88.2 million in 2002, $84.3 million in 2001 and $82.8 million in 2000. These costs are included within selling, administrative and other expenses in the Company's "Consolidated Statements of Earnings."

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142). The Company adopted this statement on January 1, 2002. SFAS No. 142 addresses post-acquisition financial accounting and reporting for acquired goodwill and other intangible assets. Under this new statement, goodwill and other intangible assets that have indefinite useful lives will not be amortized, but rather will be tested for impairment based on the specific guidance of SFAS No. 142.

The Company did not recognize an impairment loss as a result of the impairment testing that was completed in 2002. See Note 3, "Goodwill and Other Intangible Assets," for further detail of this standard.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations." This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company adopted this statement on January 1, 2003 and is currently evaluating the impact it will have on its financial statements.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets." This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Under this statement, a single accounting model is to be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. In addition, the statement broadens the presentation of discontinued operations to include more disposal transactions. The adoption of this statement by the Company on January 1, 2002 did not have a material effect on the Company's financial statements.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The primary difference between this Statement and Issue 94-3 relates to its requirements for recognition of a liability for a cost associated with an exit or disposal activity. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002. The Company adopted this statement on January 1, 2003. This statement did not have any impact on the accompanying financial statements.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123 (SFAS No. 148)." This statement amends FASB Statement No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. This statement also amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and disclosure provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002. The Company adopted this statement in December 2002 and will continue to account for stock-based employee compensation using the intrinsic value method under APB No. 25, "Accounting for Stock Issued to Employees" with pro forma disclosure of net income and earnings per share as if the fair value method prescribed by SFAS No. 123 had been applied.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45). FIN 45 requires certain guarantees to be recorded at fair value. The initial recognition and measurement provisions of FIN 45 are applicable, on a prospective basis, to guarantees issued or modified after December 31, 2002. FIN 45 also elaborates on the disclosures to be made by the guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. These disclosure requirements are effective for financial statements ending after December 15, 2002. The Company has incorporated the disclosure requirements related to product warranties into these consolidated financial statements.

2. DERIVATIVE INSTRUMENTS AND HEDGING

The Company reports all derivative instruments on the balance sheet at their fair value. Changes in the fair value of derivatives designated as cash flow hedges are initially recorded in comprehensive income and are reclassified to earnings in the period the hedged item is reflected in earnings. Changes in the fair value of derivatives that are not designated as cash flow hedges are reported immediately in earnings.

In order to manage in a manner consistent with historical processes, procedures and systems and to achieve operating economies, certain economic hedge transactions are not designated as hedges for accounting purposes. In those cases, which primarily relate to platinum group metals, the Company will continue to mark to market both the hedge instrument and the related position constituting the risk hedged, recognizing the net effect in current earnings.

The Company documents all relationships between derivative hedging instruments and items impacted by cash flow hedges at the time the hedges are initiated, as well as its risk-management objectives and strategy for entering into various hedge transactions. For the years ended December 31, 2002 and 2001, there was no gain or loss recognized in earnings resulting from hedge ineffectiveness.

Foreign Exchange Contracts

The Company designates as cash flow hedges certain foreign currency forward contracts entered into as hedges against anticipated receivables or payables which will arise from forecasted transactions that are denominated in currencies other than the functional currency of the entity which will hold those assets or liabilities. The ultimate maturities of the contracts are timed to coincide with the expected occurrence of the underlying sale or purchase transaction.

For the twelve-month periods ended December 31, 2002 and 2001, the Company reported after-tax losses of $0.3 million and after-tax gains of $0.2 million, respectively, in accumulated other comprehensive income relating to the change in the fair value of derivatives designated as foreign exchange cash flow hedges. It is expected that cumulative losses of $0.1 million as of December 31, 2002 will be reclassified into earnings within the next twelve months. There was no gain or loss reclassified from accumulated other comprehensive income into earnings as a result of the discontinuance of cash flow hedges due to the probability of the original forecasted transactions not occurring. As of December 31, 2002, the maximum length of time over which the Company is hedging its exposure to movements in foreign exchange rates for forecasted transactions is three months.

A second group of forward contracts entered into to hedge the exposure to foreign currency fluctuations associated with certain monetary assets and liabilities is not designated as hedging instruments for accounting purposes. Changes in the fair value of these items are recorded in earnings to offset the foreign exchange gains and losses arising from the effect of changes in exchange rates used to measure related monetary assets and liabilities.

Commodity Contracts

The Company enters into contracts that are designated as cash flow hedges to protect a portion of its exposure to movements in certain commodity prices. The ultimate maturities of the contracts are timed to coincide with the expected usage of these commodities.

For the twelve-month periods ended December 31, 2002 and 2001, the Company reported after-tax gains of $4.7 million and after-tax losses of $4.8 million, respectively, in accumulated other comprehensive income relating to the change in the fair value of derivatives designated as cash flow commodity hedges. These amounts primarily relate to derivatives designated as natural gas cash flow hedges. It is expected that cumulative losses of $0.1 million as of December 31, 2002 will be reclassified into earnings within the next twelve months. There was no gain or loss reclassified from accumulated other comprehensive income into earnings as a result of the discontinuance of cash flow commodity hedges due to the probability of the original forecasted transactions not occurring. As of December 31, 2002, the maximum length of time over which the Company is hedging its exposure to movements in commodity

prices for forecasted transactions is six months.

The use of derivative metal instruments is discussed on page 34 under "Committed Metal Positions and Hedged Metal Obligations." To the extent that the maturities of these instruments are mismatched, the Company may be exposed to interest rate risk. This exposure is mitigated through the use of Eurodollar futures that are marked to market daily along with the underlying commodity instruments.

Interest Rate Derivatives

The Company uses interest rate derivatives that are designated as fair value hedges to help achieve its fixed and floating rate debt objectives. The Company currently has two interest rate swap agreements with a total notional value of $100 million to effectively change a fixed rate debt obligation into a floating rate obligation. The total notional amount of these agreements is equal to the face value of the designated debt instrument. The swap agreements are expected to settle in August 2006, the maturity date of the corresponding debt issuance. For these fair value hedges, there was no gain or loss recognized from hedged firm commitments no longer qualifying as fair value hedges for the twelve-month periods ending December 31, 2002 and 2001.

3. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," for all acquisitions made after June 30, 2001. This statement requires that all business combinations be accounted for by the purchase method and that intangible assets be recognized apart from goodwill if they meet certain criteria. Adoption of this statement did not have a material effect on the Company's financial statements.

The Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," on January 1, 2002. SFAS No. 142 addresses post-acquisition financial accounting and reporting for acquired goodwill and other intangible assets. Under this new statement, goodwill and other intangible assets that have indefinite useful lives will not be amortized, but rather will be tested for impairment based on the specific guidance of SFAS No. 142. The Company did not recognize an impairment loss as a result of the impairment testing that was completed in 2002.

The following table sets forth the pro forma impact of applying the new non-amortization provisions of SFAS No. 142 on net income and earnings per share reported for the twelve-month period ended December 31, 2002 (in millions, except per-share amounts):

	Twelve Months Ended December 31,		
	2002 (as reported)	2001 (pro forma)	2000 (pro forma)
Net Income			
Reported net income	$ 171.4	$ 225.6	$ 168.3
Add back: Goodwill amortization, net of tax	-	8.4	8.9
Tradename amortization, net of tax	-	0.6	0.6
Adjusted net income	$ 171.4	$ 234.6	$ 177.8
Basic Earnings Per Share			
Reported basic earnings per share	$ 1.34	$ 1.73	$ 1.33
Add back: Goodwill amortization, net of tax	-	0.06	0.07
Tradename amortization, net of tax	-	-	-
Adjusted basic earnings per share	$ 1.34	$ 1.79	$ 1.40
Diluted Earnings Per Share			
Reported diluted earnings per share	$ 1.31	$ 1.71	$ 1.31
Add back: Goodwill amortization, net of tax	-	0.06	0.07
Tradename amortization, net of tax	-	-	-
Adjusted diluted earnings per share	$ 1.31	$ 1.77	$ 1.38

The following information relates to acquired amortizable intangible assets (in millions):

	As of December 31, 2002		As of December 31, 2001	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Acquired Amortizable Intangible Assets				
Usage right	$ 17.2	$ 2.6	$ 14.6	$ 1.2
Supply agreements	15.4	3.1	13.5	1.9
Technology licenses	7.4	1.9	3.8	1.3
Other (a)	3.7	1.8	24.7	4.3
Total	$ 43.7	$ 9.4	$ 56.6	$ 8.7

(a)

SFAS No. 141 provides that an intangible asset shall be recognized apart from goodwill if it arises from contractual or other legal rights or if it is separable from the acquired entity. In accordance with the transition provisions of the statement, the Company reviewed its intangible assets to determine if they met the new criteria. As a result, it was determined that an other intangible asset of $18.6 million did not meet the new criteria and should thus be recognized as goodwill upon adoption of SFAS No. 142.

Total accumulated amortization for goodwill and other intangible assets amounted to $76.8 million and $73.9 million at December 31, 2002 and 2001, respectively. As of December 31, 2002, the estimated aggregate amortization expense for each of the five succeeding years is as follows (in millions):

Estimated Annual Amortization Expense:	
2003	$ 3.1
2004	3.0
2005	3.0
2006	2.8
2007	2.8

The following table represents the changes in the carrying amount of goodwill for the year ended December 31, 2002 (in millions):

	Environmental Technologies	Process Technologies	Appearance & Performance Technologies	All Other	Total
Balance as of January 1, 2002	$ 12.3	$ 108.2	$ 132.3	$ 0.8	$ 253.6
Goodwill additions	0.8	-	-	-	0.8
Reclassification of other intangible asset (a)	-	-	18.6	-	18.6
Foreign currency translation adjustment	0.1	0.6	1.1	-	1.8
Purchase accounting adjustment	-	(1.9)	-	-	(1.9)
Other	(0.2)	-	-	(0.3)	(0.5)
Balance as of December 31, 2002	$ 13.0	$ 106.9	$ 152.0	$ 0.5	$ 272.4

(a) SFAS No. 141 provides that an intangible asset shall be recognized apart from goodwill if it arises from contractual or other legal rights or if it is separable from the acquired entity. In accordance with the transition provisions of the statement, the Company reviewed its intangible assets to determine if they met the new criteria. As a result, it was determined that an other intangible asset of $18.6 million did not meet the new criteria and should thus be recognized as goodwill upon adoption of SFAS No. 142.

4. ACQUISITIONS AND DIVESTITURES

In November 2002, the Company acquired certain operating assets of Shuozhou Anpeak Kaolin Co., Ltd., a China-based producer of calcined kaolin products for approximately $12.1 million. This acquisition enhances the Company's ability to provide specialty mineral technologies to the Asian market. This acquisition was recorded under the purchase method of accounting. The results of operations of this acquisition, integrated into the Appearance and Performance Technologies segment, are included in the accompanying consolidated financial statements from the date

of acquisition. Pro forma information is not provided because the impact of the acquisition does not have a material effect on the Company's results of operations, cash flows or financial position.

In October 2001, the Company acquired the fats and oils catalyst business of Sud Chemie for approximately $13.6 million. This acquisition broadened the Company's catalyst technology offering to oleochemical markets. This acquisition was recorded under the purchase method of accounting. The results of operations of this acquisition, integrated into the Process Technologies segment, are included in the accompanying consolidated financial statements from the date of acquisition. A portion of the purchase price has been allocated to assets acquired based on their fair values, while the remaining balance was recorded as goodwill. Pro forma information is not provided since the impact of the acquisition does not have a material effect on the Company's results of operations, cash flows or financial position.

During 2000, the Company recorded a gain of $24.8 million ($17.0 million after tax) on the sale of its metal-joining products business located in Warwick, Rhode Island. In addition, the Company recorded a loss of $6.0 million ($4.1 million after tax) associated with the divestiture of the International Dioxide, Inc. business unit.

In September 2000, the Company acquired a polyolefin catalyst business located in Tarragona, Spain from Targor GmbH, a subsidiary of BASF AG, for approximately $35.1 million. As part of the acquisition, the Company obtained a supply agreement to become the exclusive supplier of polyolefin catalysts to Novolen Technology Holdings C.V. This acquisition was recorded under the purchase method of accounting. The results of operations of this acquisition, integrated into the Process Technologies segment, are included in the accompanying consolidated financial statements from the date of acquisition. A portion of the purchase price has been allocated to assets acquired and liabilities assumed based on their fair values. Pro forma information is not provided since the impact of the acquisition does not have a material effect on the Company's results of operations, cash flows or financial position.

5. SPECIAL AND OTHER CHARGES

In the second quarter of 2002, the Company recorded a charge of $3.1 million ($1.9 million after tax) primarily related to a manufacturing consolidation plan within a business that serves the aerospace turbine-engine overhaul and repair market in the Company's Environmental Technologies segment. This charge includes asset write-offs of $1.7 million, employee severance costs of $0.6 million and other exit costs of $0.8 million related to the plant closure. The employee severance charges include an actual reduction of 43 salaried employees. These actions are expected to be substantially complete by the end of 2003.

In the second quarter of 2002, the Company recorded a gain of $11.0 million ($6.8 million after tax) related to insurance settlements stemming from events in 1997 and 1998 in which Engelhard and other companies were victimized in an elaborate scheme involving base-metal inventories held in third-party warehouses in Japan. A special charge recorded by the Company in 1997 included an inventory loss of approximately $40 million associated with the Japan matter. An additional $20 million inventory loss was recorded in 1998. In the first quarter of 1998, the Company recorded a receivable from insurance carriers and third parties involved for approximately $20 million. As of June 30, 2002, the Company had recovered $11.2 million. In July 2002, the Company received an additional $19.8 million, net of legal fees, from insurance settlements reached in June. Accordingly, the Company recorded a gain of $11.0 million in the second quarter of 2002 in its Materials Services segment.

The Company recorded a charge of $7.1 million ($4.3 million after tax) in the second quarter of 2001 related to the redeployment of assets between the Company's kaolin-based operations in Middle Georgia and its petroleum refining catalyst facility in Savannah, Georgia. Some assets previously dedicated to providing kaolin-based products to the paper industry are being redirected to enable the Company to produce more value-added catalyst technologies for petroleum refining. This charge includes employee severance costs of $3.2 million, asset write-offs of $2.6 million

and other costs of $1.3 million related to the asset redeployment actions and productivity initiatives. The actual number of employees terminated as a result of this action was 213 and these employees were primarily located at the Middle Georgia facility. This charge was recorded in the Appearance and Performance Technologies segment. These actions were substantially complete by the end of 2002.

The Company recorded special and other charges of $134.2 million ($92.0 million after tax) in 2000 for a variety of events.

The following table sets forth the impact of these charges in the Company's 2000 "Consolidated Statements of Earnings":

FINANCIAL IMPACT (in millions)	**Total**
Cost of sales	$ (27.1)
Selling, administrative and other expenses	(23.8)
Special charge	(82.5)
Operating loss	(133.4)
Equity in losses of affiliates	(0.8)
Loss before income taxes	(134.2)
Income tax benefit	42.2
Net loss	$ (92.0)

The 2000 special and other charges are described below:

The Environmental Technologies segment incurred charges of $15.4 million, primarily related to additional provisions for warranty costs associated with the segment's stationary-source, emission-control capital equipment business, which was sold in 1998.

The Process Technologies segment incurred charges of $5.5 million, primarily for the write-off of the unamortized balance of a customer supply agreement recognized in connection with the acquisition of the chemical catalyst businesses of Mallinckrodt Inc. in 1998. The Company does not expect future deliveries under the contract.

The Appearance and Performance Technologies segment incurred charges of $50.5 million, including the write-down of assets of $30.4 million in the segment's colors business, the write-off of $4.6 million of obsolete inventory within the segment's minerals business, charges of $3.6 million related to the Company's decision to divest its 50%-owned interest in the Dnipro Kaolin (Ukraine) joint venture, which had previously generated immaterial losses, charges of $3.5 million related to the write-off of an obsolete computer system and other charges of $8.4 million.

As a result of declining sales, a shift in product mix to higher volume, low-gross-profit products and severe price pressure for all product lines, the colors business continued operating at a loss in 2000. In accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," the Company performed an impairment review of its long-lived assets. During the fourth quarter of 2000, the Company determined that the estimated future undiscounted cash flows of the segment's colors business were below the carrying

value of its assets. Accordingly, the Company adjusted the carrying value of the long-lived assets and goodwill to their estimated fair values. The estimated fair values of the machinery and equipment and goodwill were based on anticipated future cash flows discounted at a rate commensurate with the Company's estimated cost of capital. The resulting impairment charge consisted primarily of a write-down of machinery and equipment.

Based on a reassessment of the volumes of usable crude kaolin contained in stockpiles in Middle Georgia, a determination was made to adjust quantities downward resulting in a charge of $4.6 million. Crude kaolin is used to produce high-quality pigments and additives for a variety of end markets.

Within the Company's "All Other" category, the Company incurred special and other charges of $62.8 million, primarily related to the decision to exit from its residual, desiccant-based, climate-control-system business. This business comprised the Company's HexCore subsidiary and a cost-based investment in Fresh Air Solutions, a limited partnership. These charges primarily result from asset write-offs and recognition of the Company's obligation under a guarantee. Revenues and net losses from the HexCore subsidiary were immaterial for each of the three years ended December 31, 2000.

With regard to the special charges incurred in 2000, non-separation-related cash spending consisted primarily of obligations under guarantees related to the Fresh Air Solutions limited partnership. Spending consisted of payments related to the shutdown of facilities and the satisfaction of warranty obligations. The actions undertaken by the Company in relation to the 2000 special and other charges were substantially complete by the end of 2002.

The following table sets forth the components of the Company's reserves for restructuring costs:

RESTRUCTURING RESERVES
(in millions)

	Separations			Other			
	Pre-2001	2001	2002	Pre-2001	2001	2002	Total
Balance at December 31, 1999	$ 3.2	$ --	$ --	$ 1.9	$ --	$ --	$ 5.1
Cash spending	(2.3)	--	--	(1.1)	--	--	(3.4)
Provision	1.1	--	--	17.2	--	--	18.3
Balance at December 31, 2000	2.0	--	--	18.0	--	--	20.0
Cash spending	(1.2)	(1.4)	--	(13.2)	--	--	(15.8)
Provision	--	3.2	--	--	1.3	--	4.5
Balance at December 31, 2001	0.8	1.8	--	4.8	1.3	--	8.7
Cash spending	(0.6)	(1.8)	(0.3)	(1.7)	(0.7)	(0.2)	(5.3)
Provision	--	--	0.6	--	--	0.8	1.4
Balance at December 31, 2002	$ 0.2	$ --	$ 0.3	$ 3.1	$ 0.6	$ 0.6	$ 4.8

6. GUARANTEES AND WARRANTIES

In the normal course of business, the Company incurs obligations with regard to contract completion and product performance. Under certain circumstances, these obligations are supported through the issuance of letters of credit. At December 31, 2002, the aggregate outstanding amount of letters of credit supporting such obligations amounted to $132.3 million, of which $122.7 million will expire in less than one year (of which $80.0 million will not be renewed), $1.3 million will expire in two to three years, $0.2 million will expire in four to five years, and $8.1 million will expire after five years. In the opinion of management, such obligations will not significantly affect the Company's financial position or results of operations as the Company anticipates fulfilling its performance obligations.

The Company accrues for anticipated product warranty expenses on certain products in the non-automotive businesses of its Environmental Technologies segment and its Ventures business. This is not a customary practice within the Company's other segments. Accruals for anticipated warranty liabilities are recorded based upon a review of historical warranty claims experience. Adjustments are made to accruals as claim data and historical experience warrant. The Company also incurs discretionary costs to service its products in connection with product performance issues.

The following table sets forth information regarding the Company's product warranty reserves (in millions):

	2002	2001	2000
Balance at beginning of year	$ 14.7	$ 15.9	$ 4.6
Payments	(10.1)	(1.6)	(3.5)
Provision	11.4	0.4	14.8
Reversal of reserve (a)	(4.9)	-	-
Balance at end of year	$ 11.1	$ 14.7	$ 15.9

(a) In 2002, the Company reduced its warranty accrual for a particular stationary-source, emission-control capital equipment project by $4.9 million as a result of improved catalyst technology.

7. INVENTORIES

Inventories consist of the following:

INVENTORIES
(in millions)

	2002	2001
Raw materials	$ 95.4	$ 92.0
Work in process	77.0	67.2
Finished goods	237.4	221.8
Precious metals	17.4	20.6
Total inventories	$ 427.2	$ 401.6

The majority of the Company's physical metal is carried in the committed metal positions line on the balance sheet at fair value with the remainder carried in the inventory line at historical cost. The remaining portion of precious metals are stated at LIFO cost. The market value of the precious-metals recorded at LIFO exceeded cost by $58.3 million and $111.1 million at December 31, 2002 and 2001, respectively. Net earnings include after-tax gains of $3.1

million in 2002, $3.4 million in 2001 and $2.5 million in 2000 from the sale of precious metals accounted for under the LIFO method.

In the normal course of business, certain customers and suppliers deposit significant quantities of precious metals with the Company under a variety of arrangements. Equivalent quantities of precious metals are returnable as product or in other forms. Metals held for the accounts of customers and suppliers are not reflected in the Company's financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

PROPERTY, PLANT AND EQUIPMENT
(in millions)

	2002	2001
Land	$ 27.8	$ 29.2
Buildings and building improvements	244.4	217.6
Machinery and equipment	1,508.6	1,416.2
Construction in progress	94.6	126.4
Mineral deposits and mine development costs	73.8	75.6
	1,949.2	1,865.0
Accumulated depreciation and depletion	1,088.7	1,042.5
Property, plant and equipment, net	$ 860.5	$ 822.5

Mineral deposits and mine development costs consist of industrial mineral reserves including kaolin, attapulgite and mica. The Company does not own any mining reserves or conduct any mining operations with respect to platinum, palladium or other metals.

The Company capitalized interest of $3.0 million in 2002 and 2001, and $3.9 million in 2000.

9. INVESTMENTS

The Company has investments in affiliates that are accounted for under the equity method. These investments are N.E. Chemcat Corporation (N.E. Chemcat), Heesung-Engelhard, Engelhard-CLAL and Prodrive-Engelhard. N.E. Chemcat is a 38.8%-owned, publicly traded Japanese corporation and a leading producer of automotive and chemical catalysts, electronic chemicals and other precious-metals-based products. Heesung-Engelhard, a 49%-owned joint venture in South Korea, manufactures and markets catalyst products for automobiles. Engelhard-CLAL, a 50%-owned joint venture, manufactures and markets certain products containing precious metals. Prodrive-Engelhard, a 50%-owned joint venture in the United States, specializes in the design, development and testing of vehicle emission systems.

The unaudited financial information below represents a summary of the Company's Engelhard-CLAL investment on a 100% basis, unless otherwise noted:

FINANCIAL INFORMATION
(unaudited) (in millions)

	2002	2001	2000
Earnings data:			
Revenue	$ 366.9	$ 892.1	$ 1,228.8
Gross profit	32.7	51.6	96.4
Net earnings	(18.6)	28.4	27.2
Engelhard's equity investment impairment	(57.7)	-	-
Engelhard's equity in net earnings	1.6	14.2	11.0
Balance sheet data:			
Current assets	$ 148.8	$ 264.9	$ 266.4
Noncurrent assets	23.2	42.3	60.1
Current liabilities	63.2	100.4	123.6
Noncurrent liabilities	3.6	27.1	34.5
Net assets	105.2	179.7	168.4
Engelhard's equity investment	6.0	88.6	78.5

In the third quarter of 2002, the Company recorded an impairment charge of $57.7 million associated with its Engelhard-CLAL joint venture. On September 19, 2002, the Company and its partner, Fimalac, formally agreed to adopt a plan to unwind their Paris-based joint venture, Engelhard-CLAL. The adoption of this plan will cause the joint venture to incur certain costs which will reduce the future cash flows of the joint venture and has caused the Company to include the associated currency translation loss in the carrying value of the investment. The Company has recognized the resulting impairment and reduced the carrying amount of the investment to its fair value. The Company previously disclosed that upon adoption of a plan to liquidate the joint venture, an impairment would likely be recognized. The Company received a distribution in the form of cash and operating assets of approximately $16.0 million in the fourth quarter of 2002 net of the working capital requirements of the distributed operating assets. The Company expects to receive an additional distribution in the first half of 2003.

The unaudited financial information below represents an aggregation of the Company's nonsubsidiary affiliates, excluding Engelhard-CLAL, on a 100% basis, unless otherwise noted:

FINANCIAL INFORMATION
(unaudited) (in millions)

	2002	2001	2000
Earnings data:			
Revenue	$ 644.6	$ 748.2	$ 657.3
Gross profit	109.7	106.4	98.8
Net earnings	33.2	34.4	33.0
Engelhard's equity in net earnings	14.6	14.9	13.2
Balance sheet data:			
Current assets	$ 306.0	$ 286.6	$ 342.8
Noncurrent assets	182.6	165.5	153.6
Current liabilities	155.8	148.5	177.9
Noncurrent liabilities	24.7	20.8	28.4
Net assets	308.1	282.8	290.1
Engelhard's equity investment	126.8	116.3	115.4

The Company's share of undistributed earnings of affiliated companies included in consolidated retained earnings were earnings of $41.4 million, $87.1 million and $60.3 million in 2002, 2001 and 2000, respectively. Dividends from affiliated companies were $3.9 million in 2002, $4.2 million in 2001 and $4.4 million in 2000.

In the second quarter of 2002, the Company recorded an impairment charge of $6.7 million ($4.1 million after tax) associated with a non-equity investment. The write down was taken to reflect the lower current value of an investment in fuel-cell developer Plug Power Inc. This investment was made as part of agreements between the two companies for development of advanced materials for fuel cells. The carrying amount of this investment has been reduced to its estimated fair value based on quoted market prices. The Company considered this market decline to be other than temporary. Plug Power Inc. designs and develops on-site electric power generation systems utilizing proton exchange membrane fuel cells for stationary applications. This impairment charge was reported in the Company's "All Other" category and was recorded in "(Loss)/gain on investments, net" in the Company's "Consolidated Statements of Earnings."

10. COMMITTED METAL POSITIONS AND HEDGED METAL OBLIGATIONS

Both spot metal positions and derivative instruments are stated at fair value. Fair value is based on published market prices. The following table sets forth the Company's unhedged metal positions included in committed metal positions on the Company's "Consolidated Balance Sheets":

METAL POSITIONS INFORMATION
(in millions)

	2002		2001	
	Gross Position	Value	Gross Position	Value
Platinum group metals	Long	$ 16.6	Long	$ 44.3
Gold	Long	1.1	Long	0.2
Silver	Long	0.4	Long	0.9
Base metals	Short	2.3	Short	5.9
Total unhedged metal positions		$ 20.4		$ 51.3

Committed metal positions include significant advances made for the purchase of precious metals that have been delivered to the Company but for which the final purchase price has not yet been determined. As of December 31, 2002, the aggregate market value of metals purchased under a contract for which a provisional price had been paid had fallen below the amounts advanced by a total of $332.2 million. This excess may grow or may be eliminated based on market price changes. In March 2003 an agreement was reached that, when performed, including receipt of cash by the Company, will result in the elimination of this excess. The Company expects that no loss will be incurred due to non-performance.

Derivative metal and foreign currency instruments are used to hedge metal positions and obligations. As of December 31, 2002, over 98% of these instruments have settlement terms of less than one year, with the remaining instruments expected to settle within 15 months. These derivative metal and foreign currency instruments consist of the following:

METAL HEDGING INSTRUMENTS
(in millions)

	2002		2001	
	Buy	Sell	Buy	Sell
Metal forwards/futures	$ 1,234.5	$ 494.4	$ 1,510.5	$ 699.1
Eurodollar futures	113.0	86.0	93.2	127.2
Swaps	4.7	7.7	38.3	24.1
Options	101.7	98.7	72.0	64.4
Foreign exchange forwards/futures	-	93.1	-	24.8

11. FINANCIAL INSTRUMENTS

The Company's nonderivative financial instruments consist primarily of cash in banks, temporary investments, accounts receivable and debt. The fair value of financial instruments in working capital approximates book value. The

fair value of long-term debt was $267.0 million as of December 31, 2002 and $235.8 million as of December 31, 2001 based on prevailing interest rates at those dates, compared with a book value of $247.8 million as of December 31, 2002 and $237.9 million as of December 31, 2001.

The Company believes that its financial instruments do not represent a concentration of credit risk because the Company deals with a variety of major banks worldwide, and its accounts receivable are spread among a number of major industries, customers and geographic areas. A centralized credit committee reviews significant credit transactions and risk-management issues before the granting of credit, and an appropriate level of reserves is maintained. In addition, the Company monitors the financial condition of its customers to help ensure collections and to minimize losses.

Foreign Currency Instruments

Aggregate foreign exchange transaction gains and losses were not significant for any year presented. The following table sets forth, in U.S. dollars, the Company's open foreign exchange contracts used for hedging other than metal-related transactions as of the respective year-ends (see Note 10, "Committed Metal Positions and Hedged Metal Obligations," for further detail):

FOREIGN EXCHANGE CONTRACTS INFORMATION
(in millions)

	2002		2001	
	Buy	Sell	Buy	Sell
Japanese yen	$ 14.7	$ 0.3	$ 0.3	$ 7.2
Australian dollar	-	0.1	-	-
Euro	34.0	60.0	5.1	63.3
South African rand	-	7.2	-	3.7
British pound	-	-	7.2	-
Brazilian real	-	0.8	-	-
Total open foreign exchange contracts	$ 48.7	$ 68.4	$ 12.6	$ 74.2

None of these contracts exceeds a year in duration. These contracts were marked to market at December 31, 2002 and 2001.

12. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

At December 31, 2002, the Company had two unsecured committed revolving credit agreements for $400 million each with a group of major North American banks and foreign banks. The $400 million, five-year agreement expires in May 2006, and the $400 million, 364-day agreement expires in May 2003. In connection with these credit facilities, the Company has agreed to certain covenants, including maintaining a debt-to-EBITDA ratio of less than 3:1 (as defined in the credit agreements). At December 31, 2002, the Company was fully compliant with all of its debt covenants. Facility fees are paid to the bank group for these lines. Management intends to renew the $400 million committed credit facility that expires in May 2003.

At December 31, 2002 and 2001, short-term bank borrowings were $136.7 million and $198.8 million, respectively. Weighted-average interest rates were 2.0%, 4.1% and 6.4% during 2002, 2001 and 2000, respectively.

Long-term debt due within one year was $0.2 million at December 31, 2002 and $0.1 million at December 31, 2001.

At December 31, 2002 and 2001, commercial paper borrowings were $212.0 million and $190.2 million, respectively. Weighted-average interest rates were 1.9%, 4.1% and 6.3% during 2002, 2001 and 2000, respectively.

Unused, uncommitted lines of credit available were $471 million at December 31, 2002. The Company's lines of credit with its banks are available in accordance with normal terms for prime commercial borrowers and are not subject to commitment fees or other restrictions.

The Company has filed a shelf registration for $300 million of corporate debt. Plans to issue long-term debt in 2003 are under consideration by management.

The following table sets forth the components of long-term debt:

DEBT INFORMATION
(in millions)

	2002	2001
Notes, with a weighted-average interest rate of 12.1%, due 2003-2006	$ 14.1	$ 14.1
7.375% Notes, due 2006, net of discount	107.0	98.0
6.95% Notes, due 2028, net of discount	118.6	118.5
Industrial revenue bonds, 5.375%, due 2006	6.5	6.5
Foreign bank loans with a weighted-average interest rate of 7.0%, due 2004	1.2	0.2
Other, with a weighted-average rate of 6.3%, due 2003-2007	0.6	0.7
	248.0	238.0
Amounts due within one year	0.2	0.1
Total long-term debt	$ 247.8	$ 237.9

As of December 31, 2002, the aggregate maturities of long-term debt for the succeeding five years are as follows: $0.2 million in 2003, $1.3 million in 2004, $0.1 million in 2005, $127.6 million in 2006, $0.2 million in 2007 and $118.6 million thereafter.

Interest expense was $27.4 million in 2002, compared with $47.3 million in 2001 and $64.8 million in 2000. Interest expense in 2002 and 2001 decreased due to decreased borrowings and lower short-term interest rates. Interest income was $2.0 million in 2002, $3.3 million in 2001 and $2.1 million in 2000.

13. INCOME TAXES

The components of income tax expense are shown in the following table:

INCOME TAX EXPENSE
(in millions)

	2002	2001	2000

Current income tax expense			
Federal	$ 24.8	$ 8.8	$ 105.7
State and local	13.3	3.3	10.1
Foreign	15.6	27.5	14.5
	53.7	39.6	130.3
Deferred income tax expense/(benefit)			
Federal	12.3	38.1	(55.1)
State and local	(1.1)	6.5	(11.3)
Foreign	1.6	(4.5)	13.5
	12.8	40.1	(52.9)
Income tax expense	$ 66.5	$ 79.7	$ 77.4

The foreign portion of earnings before income tax expense was $10.1 million in 2002, $112.6 million in 2001 and $126.3 million in 2000. The decrease in 2002 was primarily due to the Engelhard-CLAL equity investment impairment charge of $57.7 million recorded in the third quarter of 2002. Taxes on income of foreign consolidated subsidiaries and affiliates are provided at the tax rates applicable to their respective foreign tax jurisdictions.

The following table sets forth the components of the net deferred tax asset that result from temporary differences between the amounts of assets and liabilities recognized for financial reporting and tax purposes:

NET DEFERRED INCOME TAX ASSET
(in millions)

	2002	**2001**

Deferred tax assets		
Accrued liabilities	$ 167.0	$ 168.8
Noncurrent liabilities	60.4	65.1
Unrealized net loss - pension liability	51.0	21.0
Tax credits/carryforwards	65.1	6.5
Total deferred tax assets	343.5	261.4
Valuation allowance	(11.7)	(8.6)
Total deferred tax assets, net of valuation allowance	331.8	252.8
Deferred tax liabilities		
Prepaid pension expense	(45.6)	(30.5)
Property, plant and equipment	(38.8)	(2.2)
Timing of dealing results	(71.3)	(12.8)
Other assets	(64.4)	(36.7)
Total deferred tax liabilities	(220.1)	(82.2)
Net deferred tax asset	$ 111.7	$ 170.6

Net current deferred tax assets of $60.2 million (net of a $1.2 million valuation allowance) and $99.9 million (net of a $1.2 million valuation allowance) at December 31, 2002 and December 31, 2001, respectively, are included in other current assets and net noncurrent deferred tax assets of $51.5 million (net of a $10.5 million valuation allowance) and $70.7 million (net of a $7.4 million valuation allowance) at December 31, 2002 and December 31, 2001, respectively, are included in other intangible and noncurrent assets in the Company's "Consolidated Balance Sheets."

At December 31, 2002, the Company had approximately $13.6 million of foreign tax credit carryforwards of which $8.7 million will expire in 2006 and $4.9 million will expire in 2007. The Company had a $4.9 million valuation allowance against these foreign tax credits. The Company also had approximately $7.5 million of foreign net operating losses of which $5.3 million will expire in 2005, $0.5 million will expire in 2007 and $1.7 million will carry forward indefinitely. Minimum tax credit carryforwards at December 31, 2002 totaled approximately $31.7 million and will carry forward indefinitely. At December 31, 2002, the Company also had approximately $282.1 million of State net operating loss carryforwards of which $5.0 million will expire in 2006, $158.8 million will expire in 2008, $9.5 million will expire in 2011, $27.7 million will expire in 2016 and $81.1 million will expire in 2021. The carryback of U.S. tax losses resulting from temporary differences related to the timing of dealing results substantially increased deferred tax assets in 2002 primarily from tax credit carryforwards.

A reconciliation of the difference between the Company's consolidated income tax expense and the expense computed at the federal statutory rate is shown in the following table:

CONSOLIDATED INCOME TAX EXPENSE RECONCILIATION
(in millions)

	2002	2001	2000

Income tax expense at federal statutory rate	$ 83.3	$ 106.8	$ 86.0
State income taxes, net of federal effect	7.9	5.4	4.0
Percentage depletion	(19.5)	(7.8)	(9.8)
Equity earnings	(3.6)	(3.5)	(3.4)
Equity investment impairment with no tax benefit	20.2	-	-
Taxes on foreign income which differ from U.S. statutory rate	3.0	1.5	9.5
Tax credits/carrybacks	(18.7)	(20.3)	(11.1)
Export sales exclusion	(10.5)	(6.8)	(7.9)
Non-deductible goodwill	-	2.0	2.9
Valuation allowance	5.6	(2.5)	3.6
Other items, net	(1.2)	4.9	3.6
Income tax expense	$ 66.5	$ 79.7	$ 77.4

No provision has been made for U.S. or additional foreign taxes on the undistributed earnings of foreign subsidiaries because such earnings are expected to be reinvested indefinitely in the subsidiaries' operations. At December 31, 2002, the Company's share of the cumulative undistributed earnings of foreign subsidiaries upon which taxes have not been provided was approximately $510.0 million. It is not practical to estimate the amount of additional tax, net of applicable foreign tax credits, that might be payable on these foreign earnings in the event of distribution or sale. However, under existing law, foreign tax credits would be available to substantially reduce U.S. taxes payable.

14. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has related party transactions with its equity affiliates, including N.E. Chemcat, Engelhard-CLAL and Heesung-Engelhard. The Company's transactions with such entities amounted to: purchases-from of $26.0 million in 2002, $4.0 million in 2001 and $5.5 million in 2000; sales-to of $36.4 million in 2002, $17.1 million in 2001 and $27.8 million in 2000; and metal leasing-to of $1.1 million in 2002, $2.6 million in 2001 and $9.9 million in 2000. At December 31, 2002 and 2001, net amounts due to such entities totaled $1.9 million and $1.3 million, respectively.

Citibank, N.A., a subsidiary of Citigroup Inc., which reports beneficial ownership of more than 5% of our Common Stock, participated with other lenders in lines of credit available to Engelhard under revolving credit facilities. Citibank's total commitment is $34,000,000, none of which was drawn in 2002. In 2002, Citibank received an initial fee of $59,000 and annual facility fees of $33,000 for these facilities. We use subsidiaries of Citigroup, as well as other firms, to provide cash management services to Engelhard. Fees to subsidiaries of Citigroup for these services aggregated less than $60,000 in 2002. In addition, Barclays Global Investors, N.A., which reports beneficial ownership of more than 5% of our Common Stock, provides certain investment management services to Engelhard's pension plans. Fees for such services aggregated approximately $130,000 in 2002

Barclays Bank, plc, an affiliate of Barclays Global Investors, subsidiaries of Citigroup and other firms, engage in foreign exchange and commodities transactions with Engelhard in the ordinary course of business. All of these transactions are negotiated at arms length as principals in competitive markets. During 2002, foreign exchange and metals transactions with subsidiaries of Citigroup aggregated approximately $190,000,000 and metals transactions with Barclays Bank, plc aggregated approximately $50,000,000. In addition, during 2002, Engelhard provided services in precious metals financing transactions in which subsidiaries of Citigroup and Barclays Bank, plc received funds from third parties. Engelhard received approximately $230,000 in fees from subsidiaries of Citigroup and approximately $37,000 in net revenues from these transactions in which Barclays Bank, plc participated.

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15. BENEFITS

The Company has domestic and foreign pension plans covering substantially all employees. Plans covering most salaried employees generally provide benefits based on years of service and the employee's final average compensation. Plans covering most hourly bargaining unit members generally provide benefits of stated amounts for each year of service. The Company makes contributions to the plans as required and to such extent contributions are currently deductible for tax purposes. Plan assets primarily consist of listed stocks, fixed income securities and cash.

The following table sets forth the plans' funded status:

FUNDED STATUS

(in millions)	2002	2001
CHANGE IN PROJECTED BENEFIT OBLIGATION		
Projected benefit obligation at beginning of year	$ 452.7	$ 416.0
Service cost	15.6	14.7
Interest cost	32.3	29.9
Plan amendments	3.9	1.2
Engelhard-CLAL asset distribution	22.3	-
Actuarial losses	39.0	20.5

Benefits paid	(34.8)	(27.1)
Foreign exchange	10.1	(2.5)
Projected benefit obligation at end of year	$ 541.1	$ 452.7
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ 382.7	$ 488.6
Actual loss on plan assets	(26.6)	(80.4)
Employer contribution	56.3	4.8
Benefits paid	(34.8)	(27.1)
Engelhard-CLAL asset distribution	18.1	-
Foreign exchange	9.6	(3.2)
Fair value of plan assets at end of year	$ 405.3	$ 382.7
Funded status	$ (135.8)	$ (70.0)
Unrecognized net actuarial loss	236.5	123.4
Unrecognized prior service cost	13.2	9.7
Unrecognized transition asset, net of amortization	-	(0.1)
Fourth quarter contribution	0.4	0.2
Prepaid pension asset	$ 114.3	$ 63.2
Amounts recognized in the consolidated balance sheets consist of:		
Prepaid benefit cost	$ 67.9	$ 68.6
Accrued benefit liability	(94.4)	(54.3)
Intangible asset	5.9	5.9
Accumulated other comprehensive loss	134.9	43.0
Net amount recognized	$ 114.3	$ 63.2

The prepaid pension asset balances of $67.9 million and $68.6 million at December 31, 2002 and December 31, 2001, respectively, and the intangible asset balances of $5.9 million at December 31, 2002 and 2001 are included in other intangible and noncurrent assets in the Company's "Consolidated Balance Sheets." The Company recorded a minimum pension liability adjustment of $91.9 million ($57.7 million after tax) in 2002 and a minimum pension liability adjustment of $43.0 million ($25.4 million after tax) in 2001. These adjustments were recognized and charged to "Accumulated Other Comprehensive Loss" within shareholders' equity. The aggregate accummulated benefit obligation (ABO) for plans with ABOs in excess of plan assets was $389 million in 2002. The fair value of assets for plans with ABOs in excess of plan assets was $296 million in 2002.

The components of net periodic pension expense for all plans are shown in the following table:

NET PERIODIC PENSION EXPENSE
(in millions)

	2002	**2001**	**2000**

Service cost	$ 15.6	$ 14.7	$ 13.3
Interest cost	32.3	29.9	26.8
Expected return on plan assets	(41.1)	(40.7)	(37.7)
Amortization of prior service cost	1.5	2.2	1.9
Amortization of transition asset	(0.1)	(0.5)	(0.6)
Recognized actuarial loss	4.1	2.5	2.9
Net periodic pension expense	$ 12.3	$ 8.1	$ 6.6

The Company uses September 30 as the measurement date for pension assets and liabilities. The assumptions chosen to measure the current years' liabilities are also used to determine the subsequent years' net periodic pension expense. The following table sets forth the key weighted-average assumptions used in determining the worldwide projected benefit obligation:

	2002	2001	2000
Discount rate	6.6%	7.2%	7.4%
Rate of compensation increase	3.8%	4.2%	4.4%
Expected return on plan assets	9.7%	10.0%	10.3%

The Company also sponsors three savings plans covering certain salaried and hourly paid employees. The Company's contributions, which may equal up to 50% of certain employee contributions, were $4.3 million in 2002, $4.1 million in 2001 and $3.9 million in 2000. These amounts were recorded as an expense in the Company's "Consolidated Statements of Earnings."

The Company also currently provides postretirement medical and life insurance benefits to certain retirees (and their spouses), certain disabled employees (and their families) and spouses of certain deceased employees. Substantially all U.S. salaried employees and certain hourly paid employees are eligible for these benefits, which are paid through the Company's general health care and life insurance programs, except for certain medicare-eligible salaried and hourly retirees who are provided a defined contribution towards the cost of a partially insured health plan. In addition, the Company provides postemployment benefits to former or inactive employees after employment but before retirement. These benefits are substantially similar to the postretirement benefits, but cover a much smaller group of employees. Effective January 1, 2003, the Company eliminated postretirement benefits for those employees (excluding employees under collective bargaining agreements) hired on or after January 1, 2003.

The following table sets forth the components of the accrued postretirement and postemployment benefit obligation, all of which are unfunded:

POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS
(in millions)

	2002	2001
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$ 128.5	$ 123.0
Service cost	3.1	2.8
Interest cost	9.2	9.1
Actuarial losses	12.0	5.5

Engelhard-CLAL asset distribution	4.9	-
Benefits paid	(12.8)	(11.9)
Benefit obligation at end of year	$ 144.9	$ 128.5
Unrecognized net loss	(24.2)	(11.4)
Unrecognized prior service cost	10.9	15.8
Accrued benefit obligation	$ 131.6	$ 132.9

The postretirement and postemployment benefit balances of $131.6 million and $132.9 million at December 31, 2002 and December 31, 2001, respectively, are included in other noncurrent liabilities in the Company's "Consolidated Balance Sheets."

The components of the net expense for these postretirement and postemployment benefits are shown in the following table:

POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS
(in millions)

	2002	2001	2000
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service cost	$ 3.1	$ 2.8	$ 2.8
Interest cost	9.2	9.1	8.7
Net amortization	(5.8)	(5.8)	(5.8)
Net periodic benefit cost	$ 6.5	$ 6.1	$ 5.7

The weighted-average discount rate used in determining the actuarial present value of the accumulated postretirement and postemployment benefit obligation is 6.75% for 2002 and 7.50% for 2001. The average assumed health care cost trend rate used for 2002 is 5% to 10%. A 1% increase in the assumed health care cost trend rate would have increased aggregate service and interest cost in 2002 by $0.8 million and the accumulated postretirement and postemployment benefit obligation as of December 31, 2002 by $7.5 million. A 1% decrease in the assumed health care cost trend rate would have decreased aggregate service and interest cost in 2002 by $1.3 million and the accumulated postretirement and postemployment benefit obligation as of December 31, 2002 by $12.4 million.

16. STOCK OPTION AND BONUS PLANS

The Company's Stock Option Plans of 1999 and 1991, as amended (the Key Option Plans), generally provide for the granting of options to key employees to purchase an aggregate of 5,500,000 and 16,875,000 common shares, respectively, at fair market value on the date of grant. No options under the Stock Option Plans of 1999 and 1991 may be granted after December 16, 2009 and June 30, 2003, respectively.

In 1993, the Company established the Employee Stock Option Plan of 1993, as amended, which generally provided for the granting to all employees (excluding U.S. bargaining unit employees and key employees eligible under the Key Option Plans) of options to purchase an aggregate of 2,812,500 common shares at fair market value on the date of grant. No additional options may be granted under this plan. In 1995, the Company established the Directors Stock Option Plan, which generally provides for the annual granting to each non-employee director the option to purchase up to 3,000 common shares at the fair market value on the date of grant. Options under all plans become exercisable in four installments beginning after one year, and no options may be exercised after 10 years from

the date of grant.

On May 2, 2002, shareholders approved the 2002 long-term incentive compensation plan. The plan provides for the grant to eligible employees and directors of stock options, share appreciation rights (SARs), restricted shares, restricted share units, performance units, and other share based awards. An aggregate of 6,000,000 shares of common stock have been reserved for issuance under the plan, of which no more than 500,000 shares may be issued in connection with awards other than options and SARs. All terms and conditions of each grant are generally set on the date of grant including the grant price of options which is based on the fair market value on the day of grant. No grants may be made under the plan after March 7, 2012.

The weighted-average fair value at date of grant for options granted during 2002, 2001 and 2000 was $8.62, $8.13 and $4.28, respectively. Fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following assumptions were used:

	2002	2001	2000
Dividend yield	1.4 - 1.8%	1.5 - 1.8%	2.1 - 2.4%
Expected volatility	36%	35 - 36%	33%
Risk-free interest rate	3.1 - 3.8%	3.8 - 5.1%	6.0%
Expected life (years)	5 - 6	5	4 - 5

Stock option transactions under all plans are as follows:

	2002		2001		2000	
	Number of Shares	Weighted-Average Exercise Price Per Share	Number of Shares	Weighted-Average Exercise Price Per Share	Number of Shares	Weighted-Average Exercise Price Per Share
Outstanding at beginning of year	12,915,835	$ 19.32	17,686,507	$ 18.20	16,472,791	$ 18.30
Granted	1,352,754	$ 25.61	1,317,008	$ 24.55	1,611,786	$ 16.87
Forfeited	(51,129)	$ 19.56	(187,330)	$ 19.40	(255,840)	$ 19.22
Exercised	(2,696,603)	$ 18.09	(5,900,350)	$ 17.15	(142,230)	$ 12.14
Outstanding at end of year	11,520,857	$ 20.34	12,915,835	$ 19.32	17,686,507	$ 18.20
Exercisable at end of year	7,777,411	$ 19.26	9,472,409	$ 18.92	13,692,608	$ 18.24
Available for future grants	8,951,711		4,253,336		5,383,014	

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The following table summarizes information about fixed-price options outstanding at December 31, 2002:

		Options Outstanding		Options Exercisable	
Range of Exercise Prices	Weighted-Average Remaining Contractual Life (years)	Number Outstanding at 12/31/02	Weighted-Average Exercise Price	Number Exercisable at 12/31/02	Weighted-Average Exercise Price
$14.21 to 19.14	1-2	930,511	$17.05	930,511	$17.05
16.83 to 23.88	4-5	3,600,094	20.38	3,600,094	20.38
17.34 to 21.69	6	1,319,896	18.64	1,199,343	18.59
17.81 to 20.75	7	1,800,088	18.72	1,203,984	18.83
16.84 to 18.75	8	1,275,142	16.87	635,321	16.86
22.75 to 26.90	9	1,245,304	24.63	208,158	23.50
22.80 to 28.75	10	1,349,822	25.61	-	-
		11,520,857	$20.34	7,777,411	$19.26

The Company's Key Employee Stock Bonus Plan, as amended (the Bonus Plan) provides for the award of up to 15,187,500 common shares to key employees as compensation for future services, not exceeding 1,518,750 shares in any year (plus any canceled awards or shares available for award but not previously awarded). The Bonus Plan terminates on June 30, 2006. Shares awarded vest in five annual installments, provided the recipient is still employed by the Company on the vesting date. Compensation expense is measured on the date the award is granted and is amortized over five years. Shares awarded are considered issued and outstanding at the date of grant and are included in shares outstanding for purposes of computing diluted earnings per share. Employees have both dividend and voting rights on all unvested shares. In 2002 and 2001, the Company granted 158,200 and 423,685 shares to key employees at a fair value of $28.11 and $22.75, respectively, per share. Unvested shares were 674,930 and 626,112 at December 31, 2002 and 2001, respectively. Shares available for grant under this plan are 1,500,000 at December 31, 2002.

Compensation expense relating to stock awards was $5.0 million in 2002, $4.4 million in 2001 and $5.0 million in 2000.

The Company has certain deferred compensation arrangements where shares earned under the Engelhard stock bonus plan are deferred and placed in a "Rabbi Trust." Until February 2001, the plan permitted employees to convert their deferred stock balance to deferred cash under certain conditions. In February 2001, the Company terminated this deferred cash option. With the termination of the deferred cash option, increases/decreases in the deferred compensation liability will no longer be recognized in earnings. Shares held in the trust are recorded as treasury stock with the corresponding liability recorded as a credit within shareholders' equity.

For the year ended December 31, 2001, the Company recognized expense of $0.9 million related to the increase in the value of its common stock held in a Rabbi Trust for deferred compensation from $20.38 at December 31, 2000 to $22.65 at February 1, 2001 (as the deferred cash option was terminated at this time). For the year ended December 31, 2000, the Company recognized expense of $0.4 million related to changes in the value of its common stock held in the Rabbi Trust. The total value of the Rabbi Trust at December 31, 2002 was $9.4 million compared to $8.7 million at December 31, 2001.

17. EARNINGS PER SHARE

Statement of Financial Accounting Standard No. 128, "Earnings Per Share" (SFAS No. 128) specifies the computation, presentation, and disclosure requirements for basic and diluted earnings per share (EPS). The following

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table represents the computation of basic and diluted EPS as required by SFAS No. 128:

EARNINGS PER SHARE COMPUTATIONS
Year ended December 31
(in millions, except per-share data)

	2002	2001	2000
BASIC EPS COMPUTATION			
Net income applicable to common shares	$ 171.4	$ 225.6	$ 168.3
Average number of shares outstanding-basic	128.1	130.0	126.4
Basic earnings per share	$ 1.34	$ 1.73	$ 1.33
DILUTED EPS COMPUTATION			
Net income applicable to common shares	$ 171.4	$ 225.6	$ 168.3
Average number of shares outstanding-basic	128.1	130.0	126.4
Effect of dilutive stock options and other incentives	2.4	2.2	0.5
Effect of Rabbi Trust	-	-	1.2
Total number of shares outstanding-diluted	130.5	132.2	128.1
Diluted earnings per share	$ 1.31	$ 1.71	$ 1.31

Options to purchase additional shares of common stock of 1,282,641 (at a price range of $26.90 to $28.75), 570,380 at a price of $26.90 and 11,684,042 (at a price range of $17.50 to $23.88) were outstanding at the end of 2002, 2001 and 2000, respectively, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average annual market price of the common shares. Shares held in the Rabbi Trust were excluded from basic shares outstanding in 2000. Effective February 2001, the Company terminated the deferred cash option of the Rabbi Trust. With the termination of this option, shares held in the Rabbi Trust were included in basic shares outstanding in 2001 and 2002.

18. BUSINESS SEGMENT AND GEOGRAPHIC AREA DATA

The Company has four reportable business segments: Environmental Technologies, Process Technologies, Appearance and Performance Technologies, and Materials Services.

The Environmental Technologies segment, located principally in the United States, Europe and South Africa, markets cost-effective compliance with environmental regulations enabled by sophisticated emission-control technologies and systems.

The Process Technologies segment, located principally in the United States and Europe, enables customers to make their processes more productive, efficient, environmentally sound and safer through the supply of advanced chemical-process catalysts, additives and sorbents.

The Appearance and Performance Technologies segment, located principally in the United States, South Korea, China and Finland, provides pigments, effect materials and performance additives that enable its customers to market enhanced image and functionality in their products. This segment serves a broad array of end markets including coatings, plastics, cosmetics, construction and paper. This segment's products help customers improve the look,

performance and overall cost of their products. This segment is also the internal supply source of precursors for some of the Company's advanced refining-process catalysts.

The Materials Services segment, located principally in the United States, Europe and Japan, serves the Company's technology segments, their customers and others with precious and base metals and related services. This is a distribution and materials services business that purchases and sells precious metals, base metals and related products and services. It does so under a variety of pricing and delivery arrangements structured to meet the logistical, financial and price-risk management requirements of the Company, its customers and suppliers. Additionally, it offers the related services of precious-metal refining and storage and produces salts and solutions.

Within the "All Other" category, sales to external customers and operating earnings/(losses) are derived primarily from the Ventures business. The sale of precious metals accounted for under the LIFO method, royalty income and other miscellaneous income and expense items not related to the reportable segments are included in the "All Other" category.

The majority of Corporate operating expenses have been charged to the segments on either a direct-service basis or as part of a general allocation. Environmental Technologies and, to a much lesser extent, Process Technologies utilize metal in their factories in excess of that provided by customers. This metal is provided by Materials Services.

The following table presents certain data by business segment:

BUSINESS SEGMENT INFORMATION
(in millions)

	Environmental Technologies	Process Technologies	Appearance and Performance Technologies	Materials Services	Reportable Segments Subtotal	All Other	Total
2002							
Net sales to external customers	$ 680.4	$ 538.8	$ 650.8	$ 1,836.0	$ 3,706.0	$ 47.6	$ 3,753.6
Operating earnings/(loss)	109.2	93.0	87.1	52.7	342.0	(a) (30.5)	311.5
Special (charge)/credit	(3.1)	-	-	11.0	7.9	-	7.9
Interest income	-	-	-	-	-	2.0	2.0
Interest expense	-	-	-	-	-	27.4	27.4
Depreciation, depletion and amortization	27.0	24.0	46.0	2.3	99.3	14.3	113.6
Equity in earnings of affiliates	8.2	-	-	-	8.2	8.0	16.2
Equity investment impairment	-	-	-	-	-	57.7	57.7
Income taxes	-	-	-	-	-	66.5	66.5
Total assets	595.2	572.4	795.3	641.2	2,604.1	416.6	3,020.7
Equity investments	31.5	-	-	-	31.5	101.3	132.8
Capital expenditures	40.2	18.4	29.4	5.2	93.2	20.1	113.3
2001							
Net sales to external customers	$ 646.7	$ 568.2	$ 634.4	$ 3,207.9	$ 5,057.2	$ 39.7	$ 5,096.9
Operating earnings/(loss)	142.4	94.3	46.5	56.1	339.3	(a) (19.2)	320.1
Special charge	-	-	(7.1)	-	(7.1)	-	(7.1)

Interest income	-	-	-	-	-	3.3	3.3
Interest expense	-	-	-	-	-	47.3	47.3
Depreciation, depletion and amortization	21.5	24.6	51.4	1.3	98.8	9.7	108.5
Equity in earnings of affiliates	8.6	-	-	-	8.6	20.5	29.1
Income taxes	-	-	-	-	-	79.7	79.7
Total assets	506.9	563.4	799.7	593.1	2,463.1	532.4	2,995.5
Equity investments	23.0	-	-	-	23.0	181.9	204.9
Capital expenditures	68.7	30.4	36.9	8.2	144.2	24.7	168.9
2000							
Net sales to external customers	$ 636.7	$ 566.6	$ 684.4	$ 3,614.2	$ 5,501.9	$ 40.7	$ 5,542.6
Operating earnings/(loss), excluding special and other charges	131.8	86.5	80.2	129.3	427.8	(a) (29.0)	398.8
Special and other charges	(15.4)	(5.5)	(49.7)	-	(70.6)	(62.8)	(133.4)
Operating earnings/(loss), as reported	116.4	81.0	30.5	129.3	357.2	(91.8)	265.4
Interest income	-	-	-	-	-	2.1	2.1
Interest expense	-	-	-	-	-	64.8	64.8
Depreciation, depletion and amortization	21.6	28.2	51.0	1.5	102.3	14.8	117.1
Equity in earnings/(loss) of affiliates	6.6	-	(1.2)	-	5.4	18.8	24.2
Income taxes	-	-	-	-	-	77.4	77.4
Total assets	492.8	540.1	825.0	790.2	2,648.1	518.7	3,166.8
Equity investments	15.7	-	-	-	15.7	178.2	193.9
Capital expenditures	40.2	30.5	45.9	1.0	117.6	19.0	136.6

(a) Includes pretax gains on the sale of certain precious metals accounted for under the LIFO method of $5.1 million in 2002, $5.3 million in 2001 and $3.9 million in 2000.

The following table presents certain data by geographic area:

GEOGRAPHIC AREA DATA
(in millions)

	2002	2001	2000
Net sales to external customers:			
United States	$ 2,010.4	$ 2,983.9	$ 3,559.3
International	1,743.2	2,113.0	1,983.3
Total consolidated net sales to external customers	$ 3,753.6	$ 5,096.9	$ 5,542.6
Long-lived assets:			
United States	$ 1,089.3	$ 1,092.5	$ 1,065.6
International	216.5	245.1	205.0
Total long-lived assets	$ 1,305.8	$ 1,337.6	$ 1,270.6

The Company's international operations are predominantly based in Europe.

The following table reconciles segment operating earnings with earnings before income taxes as shown in the Company's "Consolidated Statements of Earnings":

SEGMENT RECONCILIATIONS
(in millions)

	2002	2001	2000
Net sales to external customers:			
Net sales for reportable segments	$ 3,706.0	$ 5,057.2	$ 5,501.9
Net sales for other business units	35.0	32.0	37.7
All other	12.6	7.7	3.0
Total consolidated net sales to external customers	$ 3,753.6	$ 5,096.9	$ 5,542.6
Earnings before income taxes:			
Operating earnings for reportable segments	$ 342.0	$ 339.3	$ 357.2
Operating earnings/(loss) for other business units	0.4	(0.9)	(35.6)
Special and other charges - Corporate	-	-	(28.3)
Other operating loss - Corporate	(30.9)	(18.3)	(27.9)

Total operating earnings	$ 311.5	$ 320.1	$ 265.4
Interest income	2.0	3.3	2.1
Interest expense	(27.4)	(47.3)	(64.8)
Equity in earnings of affiliates	16.2	29.1	24.2
Equity investment impairment	(57.7)	-	-
(Loss)/gain on investments, net	(6.7)	-	18.8
Earnings before income taxes	$ 237.9	$ 305.2	$ 245.7
Total assets			
Total assets for reportable segments	$ 2,604.1	$ 2,463.1	$ 2,648.1
Assets for other business units	30.3	28.5	29.1
All other	386.3	503.9	489.6
Total consolidated assets	$ 3,020.7	$ 2,995.5	$ 3,166.8
Equity investments for reportable segments	$ 31.5	$ 23.0	$ 15.7
Equity investments - All other	101.3	181.9	178.2
Other investments not carried on the equity method	4.0	8.6	6.2
Total investments	$ 136.8	$ 213.5	$ 200.1

An unaffiliated customer of the Environmental Technologies and Materials Services segments accounted for approximately $625 million, $796 million and $830 million of the Company's net sales in 2002, 2001 and 2000, respectively.

19. LEASE COMMITMENTS

The Company rents real property and equipment under long-term operating leases. Rent expense and sublease income for all operating leases are summarized as follows:

(in millions)	2002	2001	2000
Rents paid	$ 35.2	$ 33.0	$ 26.7
Less: sublease income	(1.1)	(1.3)	(0.8)
Rent expense, net	$ 34.1	$ 31.7	$ 25.9

Future minimum rent payments at December 31, 2002, required under noncancellable operating leases, having initial or remaining lease terms in excess of one year, are as follows:

(in millions)	
2003	$ 35.0
2004	32.3
2005	20.4
2006	13.8

2007	12.0
Thereafter	76.9
Total minimum lease payments	190.4
Less: minimum sublease income	(3.7)
Net minimum lease payments	$ 186.7

In 2000, the Company entered into a sale-leaseback transaction for $97.3 million for machinery and equipment that is used in the Process Technologies segment. The term of this operating lease is five years. The Company intends to renew this lease at the end of the lease term in 2005. In 1998, the Company entered into a sale-leaseback transaction for $67.2 million for property that serves as the principal executive and administrative offices of the Company and its operating businesses. The term of this operating lease is 20 years.

20. ENVIRONMENTAL COSTS

With the oversight of environmental agencies, the Company is currently preparing, has under review, or is implementing environmental investigations and cleanup plans at several currently or formerly owned and/or operated sites, including Plainville, Massachusetts. The Company is continuing to investigate contamination at Plainville under a 1993 agreement with the United States Environmental Protection Agency (EPA). The Company is continuing to address decommissioning issues under authority delegated by the Nuclear Regulatory Commission to the Commonwealth of Massachusetts. A Salt Lake City, Utah site was sold in 2002, with the primary liability for remediating the site contractually transferred to the buyer and Engelhard remaining responsible for specified remediation costs.

In addition, as of December 31, 2002, twelve sites have been identified at which the Company believes liability as a potentially responsible party is probable under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or similar state laws (collectively referred to as Superfund) for the cleanup of contamination resulting from the historic disposal of hazardous substances allegedly generated by the Company, among others. Superfund imposes strict, joint and several liability under certain circumstances. In many cases, the dollar amount of the claim is unspecified and claims have been asserted against a number of other entities for the same relief sought from the Company. Based on existing information, the Company believes that it is a de minimis contributor of hazardous substances at a number of the sites referenced above. Subject to the reopening of existing settlement agreements for extraordinary circumstances or natural resource damages, the Company has settled a number of other cleanup proceedings. The Company has also responded to information requests from EPA and state regulatory authorities in connection with other Superfund sites.

The accruals for environmental cleanup-related costs recorded in the consolidated balance sheets at December 31, 2002 and 2001 were $18.5 million and $23.2 million, respectively, including $0.1 million and $0.6 million, respectively, for Superfund sites. These amounts represent those costs that the Company believes are probable and reasonably estimable. Based on currently available information and analysis, the Company's accrual represents approximately 40% of what it believes are the reasonably possible environmental cleanup-related costs of a noncapital nature. The estimate of reasonably possible costs is less certain than the probable estimate upon which the accrual is based.

Cash payments for environmental cleanup-related matters were $1.8 million in 2002 and $1.7 million in both 2001 and 2000. The amounts accrued in connection with environmental cleanup-related matters were not significant over this time period.

Selected Financial Data ($ in millions, except per-share amounts) 65

For the past three-year period, environmental-related capital projects have averaged less than 10% of the Company's total capital expenditure programs, and the expense of environmental compliance (e.g., environmental testing, permits, consultants and in-house staff) was not material.

There can be no assurances that environmental laws and regulations will not become more stringent in the future or that the Company will not incur significant costs in the future to comply with such laws and regulations. Based on existing information and currently enacted environmental laws and regulations, cash payments for environmental cleanup-related matters are projected to be $2.9 million for 2003, which has already been accrued. Further, the Company anticipates that the amounts of capitalized environmental projects and the expense of environmental compliance will approximate current levels. While it is not possible to predict with certainty, management believes environmental cleanup-related reserves at December 31, 2002 are reasonable and adequate, and environmental matters are not expected to have a material adverse effect on financial condition. These matters, if resolved in a manner different from the estimates, could have a material adverse effect on the Company's operating results or cash flows.

21. LITIGATION AND CONTINGENCIES

The Company is one of a number of defendants in numerous proceedings that allege that the plaintiffs were injured from exposure to hazardous substances purportedly supplied by the Company and other defendants or that existed on company premises. The Company is also subject to a number of environmental contingencies (see Note 20, "Environmental Costs," for further detail) and is a defendant in a number of lawsuits covering a wide range of other matters. In some of these matters, the remedies sought or damages claimed are substantial. While it is not possible to predict with certainty the ultimate outcome of these lawsuits or the resolution of the environmental contingencies, management believes, after consultation with counsel, that resolution of these matters is not expected to have a material adverse effect on financial condition. These matters, if resolved in a manner different from management's current expectations, could have a material adverse effect on the Company's operating results or cash flows.

In 1998, management learned that Engelhard and several other companies operating in Japan had been victims of an elaborate scheme involving base-metal inventory held in third-party warehouses in Japan. The inventory loss was approximately $40 million in 1997 and $20 million in 1998. In the first quarter of 1998, Engelhard recorded a receivable from the insurance carriers and third parties involved for approximately $20 million. This amount represented management's and counsel's best estimate of the minimum probable recovery from the various insurance policies and other parties involved in the fraudulent scheme. As of June 30, 2002, the Company had recovered $11.2 million. In July 2002, the Company received an additional $19.8 million, net of legal fees, from insurance settlements reached in June. Accordingly, the Company recorded a gain of $11.0 million ($6.8 million after tax) in the second quarter of 2002 in its Materials Services segment.

The Company is involved in a value-added tax dispute in Peru. Management believes the Company was targeted by corrupt officials within a former Peruvian government. On December 2, 1999, Engelhard Peru, S.A., a wholly owned subsidiary, was denied refund claims of approximately $28 million. The Peruvian tax authority also determined that Engelhard Peru, S.A. is liable for approximately $63 million in refunds previously paid, fines and interest as of December 31, 1999. Interest and fines continue to accrue at rates established by Peruvian law. The Peruvian Tax Court ruled on February 11, 2003 that Engelhard Peru, S.A. was liable for these amounts, overruling precedent to apply a "form over substance" theory without any determination of fraudulent participation by Engelhard Peru, S.A. The Tax Court is part of the Peruvian Ministry of Economics and Finance. Engelhard Peru, S.A. is contesting these determinations vigorously, and management believes, based on consultation with counsel, that Engelhard Peru, S.A. is entitled to all refunds claimed and is not liable for these additional taxes, fines or interest. In late October 2000, a criminal proceeding alleging tax fraud and forgery related to this value-added tax dispute was initiated against two Lima-based officials of Engelhard Peru, S.A. Although Engelhard Peru, S.A. is not a defendant, it may be civilly liable in Peru if its representatives are found responsible for criminal conduct. In its own investigation, and in detailed review of the materials presented in Peru, management has not seen any evidence of tax fraud by these officials. Accordingly, Engelhard Peru, S.A. is assisting in the vigorous defense of this proceeding. Management believes the

maximum economic exposure is limited to the aggregate value of all assets of Engelhard Peru, S.A. That amount, which is approximately $30 million including unpaid refunds, has been fully provided for in the accounts of the Company.

On October 29, 2002, a jury in the New York County Supreme Court awarded the Company $29.8 million in damages in a breach of contract action the Company had brought against Research Corporation and Research Corporation Technologies in 1998. The jury found that the defendants did not share with the Company all of the royalties to which the Company was entitled under a royalty-sharing agreement it entered into with Research Corporation in 1979. Statutory interest to the date of the verdict would have increased the amount awarded to approximately $42.2 million. On March 21, 2003, the Company entered into a settlement agreement, releasing this claim in exchange for payment of $38 million.

22. COMPREHENSIVE INCOME

Changes in accumulated other comprehensive income/(loss) are as follows:

(in millions)	Cash flow derivative adjustment, net of tax	Foreign currency translation adjustment	Minimum pension liability adjustment, net of tax	Investment adjustment, net of tax	Total accumulated other comprehensive income/(loss)
Balance at December 31, 1999	$ -	$ (30.1)	$ (1.0)	$ -	$ (31.1)
Period change	-	(20.9)	1.0	-	(19.9)
Balance at December 31, 2000	-	(51.0)	-	-	(51.0)
Period change	(4.6)	(51.0)	(25.4)	-	(81.0)
Balance at December 31, 2001	(4.6)	(102.0)	(25.4)	-	(132.0)
Period change	4.4	70.3	(57.7)	(0.2)	16.8
Balance at December 31, 2002	$ (0.2)	$ (31.7)	$ (83.1)	$ (0.2)	$ (115.2)

23. SUPPLEMENTAL INFORMATION

The following table presents certain supplementary information to the Company's "Consolidated Statements of Cash Flows":

SUPPLEMENTARY CASH FLOW INFORMATION
(in millions)

	2002	2001	2000
Cash paid during the year for:			
Interest	$ 28.1	$ 48.7	$ 61.7
Income taxes	31.4	95.1	60.9
Materials Services related:			
Change in assets and liabilities - source/(use):			
Receivables	$ (4.5)	$ 13.5	$ 0.4
Committed metal positions	(25.3)	62.3	(150.4)
Inventories	(1.0)	-	(0.3)
Other current assets	16.4	2.2	22.9
Other noncurrent assets	0.2	0.2	0.2
Accounts payable	11.8	(16.6)	(32.9)
Accrued liabilities	(27.7)	(1.9)	44.5
Net cash flows from changes in assets and liabilities	$ (30.1)	$ 59.7	$ (115.6)
All Other:			
Change in assets and liabilities - source/(use):			
Special and other charges	$ -	$ 7.1	$ 133.4
Receivables	7.7	98.0	(79.8)

Inventories	(7.4)	(29.2)	(22.4)
Other current assets	(0.9)	15.8	(52.6)
Other noncurrent assets	6.0	8.1	(13.4)
Accounts payable	27.9	(32.8)	13.1
Accrued liabilities	(7.1)	(69.6)	76.6
Noncurrent liabilities	(30.9)	(20.5)	(6.0)
Net cash flows from changes in assets and liabilities	$ (4.7)	$ (23.1)	$ 48.9

The following tables present certain supplementary information to the Company's "Consolidated Balance Sheets":

SUPPLEMENTARY BALANCE SHEET INFORMATION

Other current assets
(in millions)

	2002	2001
Prepaid insurance	$ 10.3	$ 8.1
Current deferred taxes	60.2	99.9
Other	24.4	34.3
Other current assets	$ 94.9	$ 142.3

Other current liabilities
(in millions)

	2002	2001
Income taxes payable	$ 59.2	$ 79.2
Payroll-related accruals	69.4	77.9
Deferred revenue	10.3	43.9
Interest payable	3.1	3.8
Restructuring reserves	4.8	8.7
Product warranty reserves	11.1	14.7
Environmental accrual	2.8	7.5

Refining reserves	3.0	6.6
Other	111.6	99.4
Other current liabilities	$ 275.3	$ 341.7

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Engelhard Corporation:

We have audited the accompanying consolidated balance sheet of Engelhard Corporation and subsidiaries as of December 31, 2002, and the related consolidated statements of earnings, cash flows and shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Engelhard Corporation and subsidiaries as of and for the years ended December 31, 2001 and 2000, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated January 31, 2002, before the revisions and disclosures described below.

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

In our opinion, the 2002 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Engelhard Corporation and subsidiaries as of December 31, 2002, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

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As described in Notes 1 and 3 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards ("Statement") No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002.

As discussed above, the consolidated financial statements for Engelhard Corporation as of December 31, 2001 and 2000, and for the years then ended were audited by other auditors who have ceased operations. These consolidated financial statements have been revised to include the transitional requirements of Statement No. 142 which impacted the classification of goodwill and other intangible assets in the consolidated balance sheet and Note 3, and, in Note 23, the Company separately disclosed cash flows from changes in assets and liabilities related to Materials Services. Our audit procedures consisted of agreeing the previously reported net income and earnings per share amounts in Note 3 to previously reported amounts, and the additional and expanded disclosures in Notes 3 and 23 to underlying records obtained from management, and testing the mathematical accuracy of the tables in the aforementioned notes. In our opinion these revisions and disclosures are appropriate. However, we were not engaged to audit, review, or apply any procedures to the Company's consolidated financial statements for 2001 and 2000 other than with respect to such revisions and disclosures and, accordingly, we do not express an opinion or any other form of assurance on the Company's 2001 and 2000 consolidated financial statements taken as a whole.

/s/ Ernst & Young LLP
Ernst & Young LLP
MetroPark, New Jersey
February 4, 2003, except for the February 11 and March 2003 events disclosed in Notes 10 and 21, as to which the date is March 21, 2003.

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of Engelhard Corporation:

We have audited the accompanying consolidated balance sheets of Engelhard Corporation and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of earnings, cash flows and shareholders' equity for each of the three years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Engelhard Corporation and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP
Arthur Andersen LLP

New York, New York
January 31, 2002

Note: Reprinted above is a copy of the report previously expressed by such firm which has ceased operations. The reprinting of this report is not equivalent to a current reissuance of such report as would be required if such firm was still operating. The consolidated balance sheet as of December 31, 2001 and the consolidated statements of earnings, cash flows and shareholders' equity for the two years ended December 31, 2001 referred to in this report have been included in the accompanying financial statements. Because such firm has not consented to the inclusion of this report in this Form 10-K, your ability to make a claim against such firm may be limited or prohibited.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)
($ in millions, except per-share amounts)

	First quarter	Second quarter	Third quarter	Fourth quarter
2002				
Net sales	$ 1,001.8	$ 982.3	$ 858.6	$ 910.9
Gross profit	160.7	177.2	155.8	160.2
Earnings before income taxes	69.8	80.1	17.1	70.9
Net earnings	52.4	60.1	2.9	56.1
Basic earnings per share	0.41	0.47	0.02	0.44
Diluted earnings per share	0.40	0.46	0.02	0.44
2001				
Net sales	$ 1,611.3	$ 1,471.6	$ 1,143.0	$ 871.0
Gross profit	166.2	173.1	168.2	155.7
Earnings before income taxes	69.8	80.3	80.7	74.4
Net earnings	47.9	59.5	57.7	60.5
Basic earnings per share	0.37	0.45	0.44	0.47
Diluted earnings per share	0.37	0.45	0.43	0.46

Results in the second quarter of 2002 include an impairment charge of $6.7 million ($4.1 million after tax) associated with an investment in fuel-cell developer Plug Power Inc., a charge of $3.1 million ($1.9 million after tax) related to a manufacturing consolidation plan and an $11.0 million ($6.8 million after tax) insurance settlement gain.

Results in the third quarter of 2002 include an impairment charge of $57.7 million associated with the Company's Engelhard-CLAL joint venture.

The above amounts are calculated independently for each of the quarters presented. The sum of the quarters may not equal the full year amounts.

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

Not applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Directors -

Information concerning directors of the Company is included under the caption "Election of Directors," "Information with Respect to Nominees and Directors Whose Terms Continue," "Share Ownership of Directors and Officers," and "Board of Directors' Meetings, Committees and Fees" in the Proxy Statement for the 2003 Annual Meeting of Shareholders and is incorporated herein by reference.

(b) Executive Officers - See information of Executive Officers under item 4A on page 10.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is included under the captions "Executive Compensation and Other Information," "Pension Plans," "Employment Contracts, Termination of Employment and Change in Control Arrangements" and the "Performance Graph" of the Proxy Statement for the 2003 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning security ownership of certain beneficial owners and management is included under the captions "Information as to Certain Shareholders" and "Share Ownership of Directors and Officers" of the Proxy Statement for the 2003 Annual Meeting of Shareholders and is incorporated herein by reference.

Securities Authorized for Issuance under Equity Compensation Plans as of December 31, 2002

We have seven plans approved by shareholders: The Engelhard Corporation Stock Option Plan of 1991, the Engelhard Corporation 2002 Long Term Incentive Compensation Plan, the Engelhard Corporation Directors Stock Option Plan, the Key Employee Stock Bonus Plan of Engelhard Corporation, the Engelhard Corporation Deferred Stock Plan for Non Employee Directors, the Stock Bonus Plan for Non Employee Directors of Engelhard Corporation, and the Deferred Compensation Plan for Directors of Engelhard Corporation.

We have two plans that did not require approval by shareholders: The Engelhard Corporation Stock Option Plan of 1999 and the Engelhard Corporation Employee Stock Option Plan.

EQUITY COMPENSATION PLAN INFORMATION

	(a)	**(b)**	**(c)**

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	8,691,114	$20.08	(3)(4) 7,991,110
Equity compensation plans not approved by security holders (1) (2)	2,829,743	$21.02	2,608,248
Total	11,520,857	$20.34	10,599,358

(1) The Engelhard Corporation Stock Option Plan of 1999 was approved by the Company's Board of Directors on December 16, 1999. This plan as amended, reserved up to 5,500,000 shares of the Company's common stock for issuance under the plan to key employees (excluding elected officers). Options granted are nonqualified stock options and the grant price is the fair market value of the Company's stock on the date of grant. Options vest in equal installments over a four year period. Options expire no later than the 10th anniversary from the date of grant. No option may be granted under the plan after December 16, 2009. Options outstanding under this plan are 2,575,215 as of December 31, 2002.

(2) The Engelhard Corporation Employees Stock Option Plan was approved by the Company Board of Directors on March 9, 1993. No options may be granted after December 31, 1994 under this plan. This plan as amended reserves up to 2,812,500 shares of the Company's common stock for issuance under the plan. This was a broad based stock option plan that generally provided for the granting to all employees (excluding collective bargained employees and employees eligible for grants under key employee stock option plans) of nonqualified stock options to purchase shares of the Company's common stock based on the fair market value of the date of grant. Options vested in equal installments over a four year period. Options expire no later than the 10th anniversary from the date of grant. Options outstanding under this plan are 254,528 as of December 31, 2002.

(3) Includes a combined 1,545,580 shares available under the Key Employee Stock Bonus Plan and the Stock Bonus Plan for Non-Employee Directors, both of which are restricted share programs. In addition, includes 102,067 phantom stock units under the Engelhard Corporation Deferred Stock Plan for Non Employee Directors. The Engelhard Corporation 2002 Long Term Incentive Compensation Plan permits the issuance of up to 500,000 restricted shares, restricted share units, performance shares, performance units and other share based awards.

(4) The Deferred Compensation Plan for Directors of Engelhard Corporation permits non-employee directors to defer director fees. The deferred fees may at the election of the director be applied towards the purchase of deferred stock units based on a then current market price of the Company's common stock. The directors make an irrevocable election as to the timing of when these deferred stock units will be converted into shares of the Company's common stock. This plan, although approved by shareholders, did not provide a maximum number of shares to be issued under the plan. The Company filed a registration

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statement during 1991 under the Securities Act of 1933, as amended, which registered 168,750 shares (adjusted for stock splits). As of December 31, 2002, 124,690 shares have been used against this registration leaving 44,060 available for future issuance. This amount is not included in the shares available for issuance in column c above.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain transactions is included under the caption "Certain Transactions" of the Proxy Statement for the 2003 Annual Meeting of Shareholders and is incorporated herein by reference.

PART IV

ITEM 14. CONTROLS AND PROCEDURES

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings. There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

Consolidated financial statement schedules not filed herein have been omitted either because they are not applicable or the required information is shown in the Notes to Consolidated Financial Statements in this Form 10-K.

(b)	(1)	In report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2002, the Company reported that it changed its certifying accountant.	*
	(2)	In a report on Form 8-K filed with the Securities and Exchange Commission on August 9, 2002, the Company reported that its Principal Executive Officer and its Principal Financial Officer had filed sworn statements with the Securities and Exchange Commission pursuant to order of the Commission dated June 27, 2002.	*

Exhibits			Pages
(3)	(a)	Certificate of Incorporation of the Company (incorporated by reference to Form 10, as amended on Form 8-K filed with the Securities and Exchange Commission on May 19, 1981).	*
(3)	(b)	Certificate of Amendment to the Restated Certificate of Incorporation of the Company (incorporated by reference to Form 10-K for the year ended December 31, 1987).	*

* Incorporated by reference as indicated.

Exhibits			Pages
(3)	(c)	Certificate of Amendment to the Restated Certificate of Incorporation of the Company (incorporated by reference to Form 10-Q for the quarter ended March 31, 1993).	*
(3)	(d)	Amendment to the Restated Certificate of Incorporation of the Company, filed with the State of Delaware, Office of the Secretary of State on May 2, 1996 (incorporated by reference to Form 10-Q filed with the Securities and Exchange Commission on May 14, 1996).	*
(3)	(e)	By-laws of the Company as amended June 12, 1997 (incorporated by reference to Form 10-Q filed with the Securities and Exchange Commission on August 13, 1997).	*
(3)	(f)	Article II of the By-laws of the Company as amended December 17, 1998 (incorporated by reference to Form S-8 filed with the Securities and Exchange Commission on January 29, 1999).	*
(3)	(g)	Certificate of Designation relating to Series A Junior Participating Preferred Stock, filed with the State of Delaware, Office of the Secretary of State on November 12, 1998 (incorporated by reference to Form 10-K filed with the Securities and Exchange Commission on March 19, 1999).	*
(3)	(h)	Article II, Section 8 of the By-Laws of the Company as amended March 1, 2001 (incorporated by reference to Form 10-K filed with the Securities and Exchange Commission on March 30, 2001).	*

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(10)	(a)	Form of Agreement of Transfer entered into between Engelhard Minerals & Chemicals Corporation and the Company, dated May 18, 1981 (incorporated by reference to Form 10, as amended on Form 8 filed with the Securities and Exchange Commission on May 19, 1981).	*
(10)	(b)	Rights Agreement, dated as of October 1, 1998 between the Company and ChaseMellon Shareholder Services, L.L.C., as Rights Agent (incorporated by reference to Form 8-K, filed with the Securities and Exchange Commission on October 29, 1998).	*
(10)	(c)	Consulting agreement for Orin R. Smith (incorporated by reference to Form 10-Q, filed with the Securities and Exchange Commission on May 15, 2001).	*
(10)	(d)	Employment agreement for Barry W. Perry, effective August 2, 2001 (incorporated by reference to Form 10-Q, filed with the Securities and Exchange Commission on August 13, 2001).	*

* Incorporated by reference as indicated.

Exhibits			Pages
(10)	(e)	Amendment to Employment Agreement for Barry W. Perry, effective February 13, 2002 (incorporated by reference to Form 10-K, filed with the Securities and Exchange Commission on March 21, 2002).	*
(10)	(f)	2002 Share Performance Incentive Plan for Barry W. Perry, effective May 2, 2002 (incorporated by reference to Form 10-Q, filed with the Securities and Exchange Commission on August 13, 2002).	*
(10)	(g)	2003 Share Performance Incentive Plan for Barry W. Perry, effective January 1, 2003.	89-91
(10)	(h)	Five-Year Credit Agreement, dated as of May 11, 2001 (incorporated by reference to Form 10-K, filed with the Securities and Exchange Commission on March 21, 2002).	*
(10)	(i)	Amendment No. 1 to the Five-Year Credit Agreement, dated May 10, 2002.	92-97
(10)	(j)	364-Day Credit Agreement, dated as of May 10, 2002.	98-147
(10)	(k)	Engelhard Corporation Form of Change in Control Agreement (incorporated by reference to Form 10-Q filed with the Securities and Exchange Commission on August 13, 1998).	*
(10)	(l)	Engelhard Corporation Annual Restricted Cash Incentive Compensation Plan, effective as of December 15, 2000 (incorporated by reference to Form 10-K filed with the Securities and Exchange Commission on March 30, 2001).	*
(10)	(m)	Engelhard Corporation 2002 Long Term Incentive Plan, effective May 2, 2002 (incorporated by reference to the 2001 Proxy Statement filed with the Securities and Exchange Commission on March 26, 2002).	*

Selected Financial Data ($ in millions, except per-share amounts) 78

(10)	(n)	Engelhard Corporation Stock Option Plan of 1991 - conformed copy includes amendments through March 2002.	148-154
(10)	(o)	Engelhard Corporation Stock Option Plan of 1999 for Certain Key Employees (Non Section 16(b) Officers), effective February 1, 2001 - conformed copy includes amendments through March 2001.	155-159
(10)	(p)	Deferred Compensation Plan for Key Employees of Engelhard Corporation, effective August 1, 1985 - conformed copy includes amendments through October 2001.	160-165
(10)	(q)	Deferred Compensation Plan for Directors of Engelhard Corporation, as restated as of May 7, 1987 - conformed copy includes amendments through December 2002.	166-172

* Incorporated by reference as indicated.

Exhibits			Pages
(10)	(r)	Key Employees Stock Bonus Plan of Engelhard Corporation, effective July 1, 1986 - conformed copy includes amendments through March 2002.	173-178
(10)	(s)	Stock Bonus Plan for Non-Employee Directors of Engelhard Corporation, effective July 1, 1986 - conformed copy includes amendments through October 1998.	179-184
(10)	(t)	Engelhard Corporation Directors and Executives Deferred Compensation Plan (1986-1989) - conformed copy includes amendments through December 2001.	185-190
(10)	(u)	Engelhard Corporation Directors and Executives Deferred Compensation Plan (1990-1993) - conformed copy includes amendments through December 2001.	191-196
(10)	(v)	Retirement Plan for Directors of Engelhard Corporation, effective January 1, 1985 - conformed copy includes amendments through April 2000.	197-198
(10)	(w)	Supplemental Retirement Program of Engelhard Corporation as amended and restated, effective January 1, 1989 - conformed copy includes amendments through February 2001.	199-211
(10)	(x)	Supplemental Retirement Trust Agreement, effective April 2002.	212-221
(10)	(y)	Engelhard Corporation Directors Stock Option Plan as amended and restated, effective May 4, 1995 - conformed copy includes amendments through March 2001.	222-226
(10)	(z)	Engelhard Corporation Employee Stock Option Plan as amended and restated, effective May 4, 1995.	227-230
(10)	(aa)	Engelhard Corporation Deferred Stock Plan for Non-Employee Directors - conformed copy includes amendments made through December 2002.	231-237
(12)		Computation of the Ratio of Earnings to Fixed Charges.	238

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(21)	Subsidiaries of the Registrant.	239-240
(23)	Consent of Independent Auditors.	241
(24)	Powers of Attorney.	242-247
(99)	Certification Accompanying Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)	248

* Incorporated by reference as indicated.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Iselin, New Jersey on the 25th day of March 2003.

Engelhard Corporation

Registrant

/s/Barry W. Perry

Barry W. Perry
(Chairman and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Barry W. Perry Barry W. Perry	Chairman and Chief Executive Officer & Director (Principal Executive Officer)	March 25, 2003

/s/ Michael A. Sperduto Michael A. Sperduto	Vice President and Chief Financial Officer (Principal Financial Officer)	March 25, 2003
/s/ Alan J. Shaw Alan J. Shaw	Controller (Principal Accounting Officer)	March 25, 2003

* Marion H. Antonini	Director	March 5, 2003
* James V. Napier	Director	March 5, 2003
* Norma T. Pace	Director	March 5, 2003
* Henry R. Slack	Director	March 5, 2003
* Louis J. Giuliano	Director	March 7, 2003
* Douglas G. Watson	Director	March 5, 2003

* By this signature below, Arthur A. Dornbusch, II has signed this Form 10-K as attorney-in-fact for each person indicated by an asterisk pursuant to duly executed powers of attorney filed with the Securities and Exchange Commission included herein as Exhibit 24.

/s/ Arthur A. Dornbusch, II

Arthur A. Dornbusch, II

March 25, 2003

Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Barry W. Perry, Chairman and Chief Executive Officer of Engelhard Corporation (the "Company"), certify that:

1. I have reviewed this annual report on Form 10-K of the Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which would adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

/s/ Barry W. Perry

Barry W. Perry
Chairman and Chief
Executive Officer

Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael A. Sperduto, Vice President and Chief Financial Officer of Engelhard Corporation (the "Company"), certify that:

1. I have reviewed this annual report on Form 10-K of the Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of the date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which would adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

/s/ Michael A. Sperduto

Michael A. Sperduto
Vice President and Chief
Financial Officer

EXHIBIT (10)(g)

2003 SHARE PERFORMANCE INCENTIVE PLAN

1. Provided the conditions set forth in Section 2 or Section 4 below are met, a cash bonus shall be awarded to Barry W. Perry (the "Employee") on the terms and subject to the conditions set forth herein.

2. Except as otherwise set forth in Section 4 below, in order for a bonus award to be made to the Employee hereunder, the following conditions must be satisfied: (a) the average closing price per share of the Company's common stock on the New York Stock Exchange for the period from January 1, 2003 through December 31, 2003 (the "Award Period"), computed by averaging the closing price on each day on which the New York Stock Exchange was open for trading during the Award Period (the "Average Share Price"), must exceed $28; (b) the Return on the Company's common stock for the Award Period must exceed the Return on the S&P All Chemicals Index (except as discussed below, as constituted for purposes of the Company's proxy statement) for the Award Period, and for all purposes of this Plan, (x) Return shall be computed based on share price without regard to dividends, (y) Return on the Company's common stock for the Award Period shall mean (Average Share Price during Award Period less closing price per share of the Company common stock on December 31, 2002) divided by the closing price per share of Company common stock on December 31 2002, and (z) Return on the S&P All Chemicals Index for the Award Period shall mean the average, weighted on the basis of market capitalization on December 31, 2002, of the Return of each company constituting such index, where each such Return is (the average closing share price of the applicable company during the Award Period less the closing price per share of the applicable company on December 31, 2002) divided by the closing price per share of the applicable company on December 31, 2002; and (c) the Employee must be actively employed as the Chairman and Chief Executive Officer of the Company on January 6, 2004. If the composition of the S&P All Chemicals Index changes during the Award Period, the Return on the shares of the constituent companies shall be taken into account for the period during which they are included in the S&P All Chemicals Index with appropriate adjustments to the weighting of such Returns, all as determined reasonably and in good faith by the Company subject to the review of the Compensation Committee of the Company's Board of

Directors.

3. If the conditions set forth in Section 2 above are met, the amount of the bonus award granted to the Employee shall be computed by first determining the excess of the Return on the Company's common stock for the Award Period over the Return on the S&P All Chemicals Index for the Award Period (the "Excess Total Return Percentage"). The amount of the bonus will then be determined by multiplying the number of shares of issued and outstanding Company common stock on December 31, 2002 by the closing price per share on such date and then multiplying that product by 0.0033 times the Excess Total Return Percentage (stated as a decimal).

4. Notwithstanding any provision hereof to the contrary, provided the average closing price per share of the Company's common stock for the last twenty trading days of calendar year 2003 exceeds $26.195 per share, a bonus award shall be granted to the Employee under this 2003 Share Performance Incentive Plan in an amount not less than $750,000. For the avoidance of doubt, any bonus award in the amount of $750,000 granted pursuant to this Section 4 shall not be in addition to any amount granted pursuant to Section 3 above, and it is intended that any award granted under this 2003 Share Performance Incentive Plan shall be the higher of the amount, if any, determined under either Section 3 or Section 4 hereof.

5. In the event of the first to occur of (i) a public announcement of an intention by an individual, entity or group (within the meaning of Section 13(d) or 14(d)(2) of the Securities Exchange Act of 1934) to engage in a transaction the consummation of which would result in a Change in Control (as defined in clauses (a), (c) or (d) of Section 5(b) of the Company's 1991 Stock Option Plan) or (ii) the occurrence of a Change in Control (as so defined), for purposes of determining the Average Share Price and the Excess Total Return Percentage and the amount of the bonus award, if any, the closing trading price and the fair market value of a share of Company common stock for the date of such public announcement or Change in Control, as the case may be, and each following day shall not exceed the closing trading price per share on the New York Stock Exchange on the trading day immediately preceding such public announcement or Change in Control, as the case may be. Such limitation on value of the Company common stock will continue for purposes hereof until such time as the Board of Directors determines, in good faith, that a Change in Control (as so defined) is unlikely to occur, and the fair market value of Company common stock for each day thereafter shall be the actual closing trading price on the New York Stock Exchange.

6. Any bonus award granted hereunder will be credited to an account for the Employee as of January 6, 2004, and it will be increased by an interest factor from the date of grant through the date of payment. The interest rate utilized to calculate such increase shall be set monthly and shall be equal to 120% of the long-term federal rate, compounded monthly (within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended) as in effect for the month for which interest is being computed. Any such award (together with interest on the award) will vest in three equal annual installments, beginning on the first anniversary of the date of grant. The award shall be payable as set forth in Sections 8 and 9 below.

7. Any unvested portion of an award (together with interest attributable to such unvested portion) will be forfeited immediately upon the termination of employment of the Employee, except that: (i) if such termination is by reason of disability or retirement at normal, deferred or early retirement age, under any retirement plan maintained by the Company or any of its subsidiaries, or for any other reason specifically approved in advance by the Compensation Committee of the Company's Board of Directors, any unvested portion of an award held by the Employee shall thereupon become vested in full; (ii) if such termination is by action of the Company or a subsidiary other than as provided in (i) above and other than discharge by reason of willful violation of the rules of the Company or instructions of superior(s), the unvested portion of any award shall continue to vest on its regular vesting schedule, notwithstanding such termination of employment; and (iii) in the event of the death of the Employee while employed, any unvested portion of any awards then held by the Employee shall thereupon become vested in full.

8. The amount of any bonus award granted hereunder which is (or becomes) vested at the time of termination of employment of the Employee (together with interest accrued thereon) shall be paid to the Employee as soon as

practicable following such termination of employment; provided, however, that if the Employee's termination of employment is described in Section 7(ii) above, then the bonus award shall be paid on the date of vesting, if later; provided further, however, that the Employee may elect in writing at least one year prior to termination of his employment to receive payment of all amounts hereunder in up to ten annual installments, beginning upon termination of employment or the first anniversary of termination of employment, as so elected by the Employee (or, if later, the date of vesting). If amounts are payable hereunder in installments, the amount of each installment shall be determined by dividing the unpaid amount credited to the Employee under the Plan at such date (together with interest accrued thereon) by the number of installments remaining to be paid.

9. Upon the occurrence of a Change in Control (as defined in the Company's 1991 Stock Option Plan), the unvested portion of an award shall immediately become vested in full, and the entire amount payable hereunder (together with interest accrued thereon) shall be paid in cash to the Employee immediately upon the Change in Control. In the event of a Change in Control the Employee shall be entitled to an additional payment computed as set forth in the last paragraph of Section 6 of the Company's Deferred Compensation Plan for Key Employees.

10. In the event of a stock split, stock dividend, combination of shares, recapitalization, reorganization, merger, consolidation, rights offering, acquisition or divestiture by the Company, or any other change in the corporate structure or shares of the Company, the Board of Directors shall make such adjustments, if any, as it deems appropriate in the provisions hereof in order to equitably reflect such change.

11. This 2003 Share Performance Incentive Plan shall be an unfunded incentive compensation arrangement. Nothing contained herein, and no action taken pursuant hereto, shall create or be construed to create a trust of any kind. The Employee's right to receive payments hereunder shall not be transferable (other than by will or the laws of descent and distribution) and shall be no greater than the right of an unsecured general creditor of the Company. All amounts payable hereunder shall be paid from the general funds of the Company.

12. No award payable hereunder shall be deemed salary or compensation for the purpose of computing benefits under any benefit plan or other arrangement of the Company or its subsidiaries for the benefit of its employees unless the Company shall determine otherwise; provided, however, any award payable hereunder shall be taken into account in computing benefits payable under Section 3 of the Company's Change in Control Agreements.

13. This 2003 Share Performance Incentive Plan shall be interpreted, construed and administered in accordance with the laws of the state of New Jersey, without giving effect to principles of conflict of laws thereof.

14. The Company shall deduct from any amount payable hereunder the amount of any taxes required to be withheld by any governmental authority.

EXHIBIT (10)(i)

EXECUTION COPY

AMENDMENT NO. 1 TO THE
FIVE YEAR
CREDIT AGREEMENT

AMENDMENT NO. 1 TO THE FIVE YEAR CREDIT AGREEMENT, dated as of May 10, 2002 (this "**Amendment**"), by and among **ENGELHARD CORPORATION**, a Delaware corporation (the "**Borrower**"), each of the lenders that is a signatory hereto (individually, a "**Bank**" and, collectively, the "**Banks**"), **JPMORGAN CHASE BANK** (f/k/a The Chase Manhattan Bank), as agent for the Banks (in such capacity, together with its successors in such capacity, the "**Administrative Agent**"), **J.P. MORGAN SECURITIES INC.**, as lead arranger and book manager for the Banks (the "**Arranger**"), **BANK OF TOKYO-MITSUBISHI TRUST COMPANY and WACHOVIA BANK, N.A.**, as documentation agents for the Banks (the "**Documentation Agents**"), **COMMERZBANK AG**, as syndication agent for the Banks (the "**Syndication Agent**").

W I T N E S S E T H:

WHEREAS:

A. The Borrower, the Banks, the Arranger, the Documentation Agents, the Syndication Agent and the Administrative Agent are parties to the Five Year Credit Agreement, dated as of May 11, 2001, as amended hereby (as it may be further amended, modified and supplemented from time to time, the "Credit Agreement"); and

B. The parties hereto wish to amend the Credit Agreement to make certain changes to the conditions precedent to the making of the Loans to the Borrower; and

C. Each initially capitalized term used but not otherwise defined herein shall have the meaning ascribed thereto in the Credit Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

Section 1. Amendment to Credit Agreement.

1.1 This Amendment shall be deemed to be an amendment to the Credit Agreement and shall not be construed in any way as a replacement or substitution therefor. All of the terms and conditions of, and terms defined in, this Amendment are hereby incorporated by reference into the Credit Agreement as if such terms and provisions were set forth in full therein.

1.2 Paragraph (b) of Section 6.02 "**Initial and Subsequent Loans**" is hereby amended and restated in its entirety to read as follows:

(b) the representations and warranties made by the Company in Section 7 hereof (other than Section 7.07 hereof) shall be true and complete on and as of the date of the making of such Loan, or the date of issuance, amendment, renewal or extension of such Letters of Credit, as applicable, with the same force and effect as if made on and as of such date (or, if any such representation and warranty is expressly stated to have been made as of a specific date, as of such specific date) provided that, notwithstanding the foregoing, the representation and warranty made by the Company in Section 7.05 hereof shall not be required to be true and complete on and as of the making of any Loan.

1.3 Paragraph (b) of Section 11.02 "**Notices**" is hereby amended and restated in its entirety to read as follows:

(b) if to the Administrative Agent, to JPMorgan Chase Bank, Global Chemicals Group, 270 Park Avenue, New York, New York 10017, Attention: Lawrence Palumbo (Telecopy No. (212) 270-7939), with a copy to JPMorgan Chase Bank, Loan and Agency Services Group, One Chase Manhattan Plaza, New York, New York 10081 Attention: Lisa Pucciarelli (Telecopy No. (212) 552-5777);

1.4 The Credit Agreement, the Notes and all agreements, instruments and documents executed and delivered in connection with any of the foregoing, shall each be deemed to be amended hereby to the extent necessary, if any, to give effect to the provisions of this Amendment. Except as so amended hereby, the Credit Agreement and the Notes shall remain in full force and effect in accordance with their respective terms.

Section 2. Representations and Warranties of the Borrower.

The Borrower hereby represents and warrants to the Administrative Agent that:

2.1 After giving effect to the amendment of the Credit Agreement pursuant to this Amendment, and on the date hereof (i) each of the representations and warranties set forth in Section 7 of the Credit Agreement is, and will be, true and correct in all respects as if made on the date hereof and (ii) there exists and will exist no Default or Event of Default under the Credit Agreement after giving effect to this Amendment.

2.2 The Borrower has full corporate power and authority to execute and deliver this Amendment and to perform the obligations on its part to be performed thereunder and under the Credit Agreement as amended hereby.

Section 3. Conditions Precedent to Amendments.

The effectiveness of the amendments contained in Section 1 of this Amendment, are each and all subject to the satisfaction, in form and substance satisfactory to the Administrative Agent, of each of the following conditions precedent:

3.1 The Borrower and the Majority Banks shall have duly executed and delivered this Amendment.

Section 4. Reference to and Effect Upon the Credit Agreement and other Loan Documents.

4.1 Except as specifically amended in Section 1 above, the Credit Agreement and the Notes shall remain in full force and effect and each is hereby ratified and confirmed.

4.2 The execution, delivery and effect of this Amendment shall be limited precisely as written and shall not be deemed to (i) be a consent to any waiver of any term or condition or to any amendment or modification of any term or condition of the Credit Agreement or the Notes, except, upon the effectiveness, if any, of this Amendment, as specifically amended in Section 1 above, or (ii) prejudice any right, power or remedy which the Administrative Agent now has or may have in the future under or in connection with the Credit Agreement or the Notes. Upon the

effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or any other word or words of similar import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference in the Notes to the Credit Agreement or any word or words of similar import shall mean and be a reference to the Credit Agreement as amended hereby.

Section 5. Miscellaneous.

5.1 This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

5.2 The Borrower shall pay on demand all reasonable fees, costs and expenses incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Amendment (including, without limitation, all reasonable attorneys' fees).

5.3 **GOVERNING LAW**. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF NEW YORK.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed on the date first above written.

ENGELHARD CORPORATION

By: /s/ Peter R. Rapin
Title: Treasurer

JPMORGAN CHASE BANK
as Administrative Agent

By: /s/ Lawrence Palumbo, Jr.
Title: Vice President

J.P. MORGAN SECURITIES INC.,
as Lead Arranger and Book Manager

By: /s/ Jackson Dunckel
Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY,
as Documentation Agent

By: /s/ R.F. Kay
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Documentation Agent

By: /s/ Nathan R. Rantala
Title: Vice President

COMMERZBANK, AG-NEW YORK AND
GRAND CAYMAN BRANCHES,
as Syndication Agent

By: /s/ Robert Donohue
Title: Senior Vice President;

By: /s/ Peter Doyle
Title: Vice President

BANK OF AMERICA, N.A.
as Managing Agent

By: /s/ Wendy J. Gorman
Title: Principal

CITIBANK, N.A.,
as Managing Agent

By: /s/ Diane Pockaj
Title: Director

MELLON BANK, N.A.,
as Managing Agent

By: /s/ William M. Feathers
Title: Vice President

THE BANK OF NEW YORK,
as a Bank

By: /s/ Ernest Fung
Title: Vice President

THE BANK OF NOVA SCOTIA,
as a Bank

By: /s/ Kevin Clark
Title: Unit Head

FLEET NATIONAL BANK,
as a Bank

By: /s/ Michael J. Lessig for WRT
Title: Executive Vice President

BANK ONE, N.A. (Main Office-Chicago),
as a Bank

By: /s/ Mahua Thakurta
Title: Associate Director

NORDDEUTSCHE LANDESBANK,
as a Bank

By: /s/ Raimund Ferley
Title: Senior Vice President

By: /s/ Josef Haas
Title: Vice President

ING BANK N.V.,
as a Bank

By: /s/ Signature illegible
Title:

By: /s/Michael Fenlon
Title: Vice President

ALLFIRST BANK,
as a Bank

By: /s/ Corey Burgess
Title: Vice President

BANCA POPOLARE DI MILANO,
as a Bank

By:/s/ Robert P. Desantes
Title: Head of Corporate Banking

By: /s/ Giorgio Cuccolo
Title: Executive Vice President & General Manager

SUMITOMO MITSUI BANKING CORPORATION,
as a Bank

By: /s/ Edward D. Henderson
Title: Senior Vice President

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH,
as a Bank

By: /s/ Andreas Schroter
Title: Director

By: /s/ Walter T. Duffy III
Title: Associate Director

INTESABCI, NEW YORK BRANCH,
as a Bank

By: /s/ Charles Dougherty
Title: Vice President

By: /s/ F. Maffei
Title: Vice President

SUNTRUST BANK,
as a Bank

By: /s/ Karen C. Copeland
Title: Vice President

EXHIBIT (10)(j)

****

ENGELHARD CORPORATION

364-DAY AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of May 10, 2002

JPMORGAN CHASE BANK,

as Administrative Agent

J.P. MORGAN SECURITIES INC.,

as Lead Arranger and Book Manager

BANK OF TOKYO-MITSUBISHI TRUST COMPANY and WACHOVIA BANK, N.A.,

as Documentation Agents

COMMERZBANK AG,

as Syndication Agent

and Each of the Banks Listed on the Signature Pages Hereof

****

AMENDED AND RESTATED CREDIT AGREEMENT dated as of May 10, 2002, between **ENGELHARD CORPORATION**, a corporation duly organized and validly existing under the laws of the State of Delaware (the "**Company**"); each of the lenders that is a signatory hereto identified under the caption "**BANKS**" on the signature pages hereto and each lender that becomes a "Bank" after the date hereof pursuant to Section 11.06(b) hereof (individually, a "**Bank**" and, collectively, the "**Banks**"), **JPMORGAN CHASE BANK**, as agent for the Banks (in such capacity, together with its successors in such capacity, the "**Administrative Agent**"), **J.P. MORGAN SECURITIES INC.**, as lead arranger and book manager for the Banks (in such capacity, together with its successors in such capacity, the "**Arranger**"), **BANK OF TOKYO-MITSUBISHI TRUST COMPANY** and **WACHOVIA BANK, N.A**., as documentation agents for the Banks (in such capacity, together with their successors in such capacity, the "**Documentation Agents**"), **COMMERZBANK AG**, as syndication agent for the Banks (in such capacity, together with its successors in such capacity, the "**Syndication Agent**").

On May 11, 2001, the Company, certain Banks listed on the signature pages thereof, the Administrative Agent, the Arranger, the Documentation Agents and the Syndication Agent entered into a Credit Agreement (the "**Credit Agreement**"). As of the date hereof the parties wish to amend and restate the Credit Agreement, to provide for the extension by 364 days of the maturity thereof, and to make other amendments and modifications more fully described herein.

The Company has requested that the Banks make loans to it in an aggregate principal amount not exceeding $400,000,000 (as the same may be reduced pursuant to Section 2.04(b) hereof) at any one time outstanding by way of Syndicated Loans (which may be Eurodollar Loans or Base Rate Loans) and/or pursuant to a competitive bid option providing for Competitive Bid Loans (which may be LIBOR Bid Loans or Absolute Rate Loans) and the Banks are prepared to make such loans upon and subject to the terms and conditions hereof. Accordingly, the parties hereto agree as follows:

Section 1. Definitions and Accounting Matters.

1.01 Certain Defined Terms. As used herein, the following terms shall have the following meanings (all terms defined in this Section 1.01 or in other provisions of this Agreement in the singular to have the same meanings when used in the plural and vice versa):

"**Absolute Rate**" shall have the meaning assigned to such term in Section 2.03(c)(ii)(D) hereof.

"**Absolute Rate Auction**" shall mean a solicitation of Competitive Bid Quotes setting forth Absolute Rates pursuant to Section 2.03 hereof.

"**Absolute Rate Loans**" shall mean Competitive Bid Loans, the interest rates on which are determined on the basis of Absolute Rates pursuant to an Absolute Rate Auction.

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

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

"**Aggregate Permitted Amount**" shall mean $50,000,000.

"**Applicable Facility Fee Rate**", "**Applicable Margin**", "**Applicable Utilization Fee Rate**" and "**Applicable Margin During Term-Out**" shall mean, during any period when any of the Rating Groups specified below is in effect, the percentage set forth below opposite the reference to such fee or to the relevant Type of Syndicated Loan:

	Rating Group I	Rating Group II	Rating Group III	Rating Group IV	Rating Group V
Applicable Facility Fee Rate	0.070% p.a.	0.080% p.a.	0.090% p.a.	0.125% p.a.	0.175% p.a.
Applicable Margin	0.180% p.a.	0.295% p.a.	0.410% p.a.	0.500% p.a.	0.575% p.a.
Applicable Utilization Fee Rate	0.050% p.a.	0.075% p.a.	0.100% p.a.	0.125% p.a.	0.125% p.a.
Applicable Margin during Term-Out	0.430% p.a.	0.545% p.a.	0.660% p.a.	0.750% p.a.	0.825% p.a.

Any change in the Applicable Facility Fee Rate, the Applicable Margin, the Applicable Utilization Fee Rate or the Applicable Margin during Term-Out by reason of a change in the Moody's Rating or the Standard & Poor's Rating (or a Substitute Rating) shall become effective on the date of announcement or publication by the respective Rating Agency of a change in such Rating or, in the absence of such announcement or publication, on the effective date of such changed rating.

"**Applicable Percentage**" shall mean, with respect to any Bank, the percentage of the total Commitments represented by such Bank's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"**Asset Disposition**" shall mean any sale, transfer or other disposition of any property or asset of the Company which is outside of the ordinary course of its business; provided that Asset Disposition shall not include any such single sale, transfer or disposition which results in Net Cash Proceeds to the Company of $5,000,000 or less.

"**Assignment and Acceptance**" shall mean an agreement in the form of Exhibit E hereto.

"**Base Rate**" shall mean, for any day, a rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus 1/2 of 1% and (b) the Prime Rate for such day. Each change in any interest rate provided for herein based upon the Base Rate resulting from a change in the Base Rate shall take effect at the time of such change in the Base Rate.

"**Base Rate Loans**" shall mean Syndicated Loans that bear interest at rates based upon the Base Rate.

"**Business Day**" shall mean any day (a) on which commercial banks are not authorized or required to close in New York City and (b) if such day relates to the giving of notices or quotes in connection with a LIBOR Auction or to a borrowing of, a payment or prepayment of principal of or interest on, or a Conversion of or into, or an Interest Period for, a Eurodollar Loan or a LIBOR Bid Loan or a notice by the Company with respect to any such borrowing, payment, prepayment, Conversion or Interest Period, that is also a day on which dealings in Dollar deposits are carried out in the London interbank market.

"**Change in Control**" shall have the meaning assigned to such term in Section 9(j) hereof.

"**Class**" shall have the meaning assigned to such term in Section 1.03 hereof.

"**Closing Date**" shall mean the date hereof.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"**Commitment**" shall mean, as to each Bank, the obligation of such Bank to make Syndicated Loans pursuant to Section 2.01 hereof, in an aggregate principal amount at any one time outstanding up to but not exceeding the amount set opposite the name of such Bank on Schedule I hereof under the caption "Commitment" or, in the case of a Person that becomes a Bank pursuant to an assignment permitted under Section 11.06(b) hereof, as specified in the respective instrument of assignment pursuant to which such assignment is effected (in each case, as the same may be reduced at any time or from time to time pursuant to Section 2.04 or 11.06 hereof or increased pursuant to Section 5.06 hereof).

"**Commitment Termination Date**" shall mean the date which is 364 days after the Closing Date; provided that if such date is not a Business Day, the Commitment Termination Date shall be the immediately preceding Business Day.

"**Competitive Bid Borrowing**" shall have the meaning assigned to such term in Section 2.03(b) hereof.

"**Competitive Bid Loans**" shall mean the loans provided for by Section 2.03 hereof.

"**Competitive Bid Note**" shall mean the promissory note requested by a Bank pursuant to Section 2.08(d) hereof for its Competitive Bid Loans and all promissory notes delivered in substitution or exchange therefor, in each case as the same shall be modified and supplemented and in effect from time to time.

"**Competitive Bid Quote**" shall mean an offer in accordance with Section 2.03(c) hereof by a Bank to make a Competitive Bid Loan with one single specified interest rate.

"**Competitive Bid Quote Request**" shall have the meaning assigned to such term in Section 2.03(b) hereof.

"**Confidentiality Agreement**" shall mean an agreement substantially in the form of Exhibit D hereto.

"**Consolidated Tangible Net Worth**" shall mean the excess of (i) the consolidated net book value of the assets of the Company and its Subsidiaries (other than patents, patent rights, trademarks, trade names, franchises, copyrights, licenses, permits, goodwill and other intangible assets classified as such in accordance with GAAP) after all appropriate deductions in accordance with GAAP (including, without limitation, reserves for doubtful receivables, obsolescence, depreciation and amortization) plus the amounts, if any, by which the market value of precious metals inventories and investments exceeds the carrying value of those metals on the consolidated books of account of the Company, in each case, computed and consolidated in accordance with GAAP over (ii) Total Debt.

"**Continuation**", "**Continue**" and "**Continued**" shall refer to the continuation pursuant to Section 2.09 hereof of a Eurodollar Loan from one Interest Period to the next Interest Period.

"**Contract**" shall mean any agreement or transaction (other than for obligations incurred in connection with the borrowing of money or the obtaining of advances or credit) entered into by the Company or any of its Subsidiaries in the ordinary course of its business and not for the purpose of speculation, including, without limitation, any agreement or transaction relating to any currency or commodity regularly used or traded by the Company or any of its Subsidiaries, including sale, purchase or entry into any swap agreement in respect of a notional quantity; sale or purchase of any contract for future delivery; or sale or purchase of any put or call option in respect of any such

currency or commodity.

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

"**Conversion**", "**Convert**" and "**Converted**" shall refer to a conversion pursuant to Section 2.09 hereof of one Type of Syndicated Loan into another Type of Syndicated Loan, which may be accompanied by the transfer by a Bank (at its sole discretion) of a Loan from one lending office to another.

"**Debt**" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person with respect to reimbursement obligations relating to letters of credit issued for the account of such Person and drawn upon by the applicable beneficiary and not repaid by such Person, (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, and(d) all obligations of such Person as lessee under leases which are capitalized in accordance with GAAP.

"**Default**" shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

"**Dollars**" and "**$**" shall mean lawful money of the United States of America.

"**Domestic Subsidiary**" shall mean any Subsidiary of the Company that is organized under the laws of any State of the United States of America.

"**EBITDA**" shall mean, for any period, the sum, determined on a consolidated basis without duplication, of the Company's and its consolidated Subsidiaries': (i) net earnings from continuing operations (or net loss), but excluding from such amount any equity income (or loss) of Affiliates and the gain (or loss) on the sale of long-term investments, (ii) interest expense, (iii) income tax expense, (iv) depreciation expense, (v) amortization and depletion expense, and (vi) all other non-cash charges, in each case determined in accordance with GAAP for such period, provided that with respect to each of the items set forth in clauses (i) through (vi) above, any extraordinary amounts shall be excluded from the relevant calculations.

"**Environmental Laws**" shall mean all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions or binding agreements issued, promulgated or entered into by any Governmental Authority, relating to the environment, preservation or reclamation of natural resources, including those relating to the management, release or threatened release of any Hazardous Material.

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

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

"**ERISA Affiliate**" shall mean any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which the Company is a member and (ii) solely for purposes of potential liability under Section 302(c)(11) of ERISA and Section 412(c)(11) of the Code and the lien created under Section 302(f) of ERISA and Section 412(n) of the Code, described in Section 414(m) or (o) of the Code of which the Company is a member.

"**Eurodollar Loans**" shall mean Syndicated Loans that bear interest at rates based on rates referred to in the definition of "Eurodollar Rate" in this Section 1.01.

"**Eurodollar Rate**" shall mean, for any Fixed Rate Loan for any Interest Period therefor:

(a) a rate per annum determined by the Administrative Agent to be equal to the rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) reported at 11:00 a.m., London time on the date two Business Days prior to the first day of such Interest Period on Telerate Access Service Page 3750 (British Bankers Association Settlement Rate) (or on any successor or substitute page of such service) as the London Interbank Offered Rate for Dollar deposits having a term comparable to such Interest Period; or

(b) if such rate shall cease to be publicly available on the Telerate Access Service Page 3750 (or on any successor or substitute page of such service) or if the information contained on said Page, in the sole judgment of the Administrative Agent, shall cease to accurately reflect such London Interbank Offered Rate, the Eurodollar Rate shall mean the arithmetic mean (rounded upwards, if necessary, to the nearest 1/16 of 1%), as determined by the Administrative Agent, of the rates per annum quoted by the respective Reference Banks at approximately 11:00 a.m. London time (or as soon thereafter as practicable) on the date two Business Days prior to the first day of such Interest Period for the offering by the respective Reference Banks to leading banks in the London interbank market of Dollar deposits having a term comparable to such Interest Period and in an amount comparable to the principal amount of such Fixed Rate Loan to be made by the respective Reference Banks for such Interest Period; provided that (i) if any Reference Bank is not participating in any Fixed Rate Loans during any Interest Period therefor, the Eurodollar Rate for such Loans for such Interest Period shall be determined by reference to the amount of such Loans that such Reference Bank would have made or had outstanding had it been participating in such Loan during such Interest Period, (ii) in determining the Eurodollar Rate with respect to any Competitive Bid Loans, each Reference Bank shall be deemed to have made a Competitive Bid Loan in an amount equal to $10,000,000 and (iii) if any Reference Bank does not timely furnish such information for determination of any Eurodollar Rate, the Administrative Agent shall determine such Eurodollar Rate on the basis of the information timely furnished by the remaining Reference Banks.

"**Event of Default**" shall have the meaning assigned to such term in Section 9 hereof.

"**Federal Funds Rat**e" shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if such rate is not so published for any Business Day, the Federal Funds Rate for such Business Day shall be the average rate charged to JPMorgan Chase on such Business Day on such transactions as determined by the Administrative Agent.

"**Financial Officer**" shall mean the Chief Financial Officer, the Treasurer or the Controller of the Company.

"**Fitch IBCA**" shall mean Fitch IBCA Duff & Phelps, or any successor thereto.

"**Fixed Rate Loan**s" shall mean Eurodollar Loans and Competitive Bid Loans (other than Absolute Rate Loans).

"**GAAP**" shall mean generally accepted accounting principles applied on a basis consistent with those that, in accordance with the last sentence of Section 1.02(a) hereof, are to be used in making the calculations for purposes of determining compliance with this Agreement.

"**Governmental Authority**" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body or court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of government.

"**Granting Lender**" shall have the meaning assigned to such term in Section 11.05 hereof.

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

"**Interest Period**" shall mean:

(a) with respect to any Eurodollar Loan, each period commencing on the date such Eurodollar Loan is made or Converted from a Loan of another Type or (in the event of a Continuation) the last day of the next preceding Interest Period for such Loan and ending on the numerically corresponding day in the first, second, third, sixth or, if agreed by all of the Banks, ninth or twelfth calendar month thereafter, or any other period to which all the Banks have consented, as the Company may select as provided in Section 4.05 hereof, provided that each Interest Period that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month;

(b) with respect to any Absolute Rate Loan, the period commencing on the date such Absolute Rate Loan is made and ending on any Business Day not less than seven days and not more than one year thereafter, as the Company may select as provided in Section 2.03(b) hereof; and

(c) with respect to any LIBOR Bid Loan, the period commencing on the date such LIBOR Bid Loan is made and ending on the numerically corresponding day such number of months not exceeding twelve thereafter, as the Company may select as provided in Section 2.03(b) hereof, provided that each Interest Period that commences on the last Business Day of a calendar month (or any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month.

Notwithstanding the foregoing, (i) if any Interest Period for any Loan would otherwise end after the Commitment Termination Date, such Interest Period shall not be available hereunder for such period; (ii) each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day (or, in the case of an Interest Period for a Fixed Rate Loan, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day); and (iii) no Interest Period for any Loan (other than an Absolute Rate Loan) shall have a duration of less than one month and, if the Interest Period for any Fixed Rate Loan would otherwise be a shorter period, such Loan shall not be available hereunder for such period.

"**JPMorgan Chase**" shall mean JPMorgan Chase Bank, and its successors.

"**Lender Affiliate**" shall mean:

(a) with respect to any Bank, any entity (whether a corporation, partnership, trust or otherwise) which is not an Affiliate, but that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by such Bank or an Affiliate of such Bank; and

(b) with respect to any Bank that is a fund which invests in bank loans and similar extensions of credit, any other fund that is not an Affiliate and invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Bank or by an Affiliate of such investment advisor.

"**LIBO Margin**" shall have the meaning assigned to such term in Section 2.03(c)(ii)(C) hereof.

"**LIBOR Auction**" shall mean a solicitation of Competitive Bid Quotes setting forth Eurodollar Rates pursuant to Section 2.03 hereof.

"**LIBOR Bid Loans**" shall mean Competitive Bid Loans the interest rates in which are determined on the basis of Eurodollar Rates pursuant to a LIBOR Auction.

"**Lien**" shall mean, with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

"**Loans**" shall mean Syndicated Loans and Competitive Bid Loans.

"**Long-Term Debt Incurrence**" means any issuance or sale or other incurrence by the Company or any of its Subsidiaries of any Debt for borrowed money which results in Net Cash Proceeds to the Company in excess of $100,000,000 which (x) by its terms is not required to be repaid in full within one year from the date of such issuance, sale or other incurrence, or (y) would otherwise be required to be characterized as long-term debt in accordance with GAAP.

"**Majority Banks**" shall mean Banks having more than 50% of the aggregate amount of the Commitments or, if the Commitments shall have terminated, Banks holding more than 50% of the aggregate unpaid principal amount of the Revolving Credit Exposure.

"**Moody's**" shall mean Moody's Investors Service, Inc. or any successor thereto.

"**Moody's Rating**" shall mean, as of any date, the rating most recently announced or published by Moody's relating to the unsecured, long-term, senior debt securities of the Company then outstanding.

"**Multiemployer Plan**" shall mean a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions have been made by the Company or any ERISA Affiliate and that is covered by Title IV of ERISA.

"**Named Persons**" shall have the meaning assigned to such term in Section 11.03 hereof.

"**Net Cash Proceeds**" means, with respect to any Asset Disposition or Long-Term Debt Incurrence by the Company, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) in connection with such transaction after deducting therefrom only (without duplication) (i) brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other direct expenses actually paid which, if not in a customary amount, were negotiated on an arm's length basis with the recipient thereof, (ii) the amount of taxes payable in connection with or as a result of such transaction, (iii) the amount of any Debt secured by a Lien on such asset that is required to be repaid upon such disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid to a Person that is not an Affiliate of such Person and are properly attributable to such transaction or to the asset that is the subject thereof and (iv) the amount to be used to replace any such asset.

"**Notes**" shall mean any promissory note issued by the Company pursuant to Section 2.08(d) hereof and which Notes may be Syndicated Notes or Competitive Bid Notes.

"**Participant**" shall have the meaning assigned to such term in Section 11.06(c) hereof.

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"**Person**" shall mean any individual, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

"**Plan**" shall mean an employee benefit or other plan established or maintained by the Company or any ERISA Affiliate and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

"**Post-Default Rate**" shall mean a rate per annum equal to one percent (1%) plus the Base Rate as in effect from time to time, provided that, with respect to principal of a Fixed Rate Loan that shall become due (whether at stated maturity, by acceleration, by optional or mandatory prepayment or otherwise) on a day other than the last day of the Interest Period therefor, the "Post-Default Rate" shall be a rate per annum equal to, for the period from and including such due date to but excluding the last day of such Interest Period, one percent (1%) plus the interest rate for such Loan as provided in Section 3.02 hereof and, thereafter, the rate provided for above in this definition.

"**Prime Rate**" shall mean the rate of interest from time to time announced by JPMorgan Chase at its principal office as its prime commercial lending rate.

"**Principal Subsidiary**" shall mean any Subsidiary of the Company having total assets as of the end of such fiscal year equal to or greater than 5% of the consolidated total assets of the Company and its Subsidiaries as of the end of the most recent fiscal year of the Company.

"**Property**" shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"**Quarterly Dates**" shall mean the last Business Day of March, June, September and December in each year, the first of which shall be the first such day after the Closing Date.

"**Quotation Date**" shall have the meaning assigned to such term in Section 2.03(b)(v) hereof.

"**Rating**" shall mean the Moody's Rating or the Standard & Poor's Rating; provided that, the Company may substitute a Substitute Rating for either (but not both) the Moody's Rating or the Standard & Poor's Rating (i.e. either the Moody's Rating or the Standard & Poor's Rating must at all times be a Rating).

"**Rating Agency**" shall mean Moody's, Standard & Poor's or Fitch IBCA, as the case may be.

"**Rating Group**" shall mean any of Rating Group I, Rating Group II, Rating Group III, Rating Group IV and Rating Group V.

"**Rating Group I**" shall be in effect when the Moody's Rating is at or above A2 (or a Substitute Rating is at or above the corresponding level) or the Standard & Poor's Rating is at or above A (or a Substitute Rating is at or above the corresponding level); "**Rating Group II**" shall be in effect when (a) the Moody's Rating is at or above A3 (or a Substitute Rating is at or above the corresponding level) or the Standard & Poor's Rating is at or above A- (or a Substitute Rating is at or above the corresponding level) and (b) Rating Group I is not in effect; "**Rating Group III**"

shall be in effect when (a) the Moody's Rating is at or above Baal (or a Substitute Rating is at or above the corresponding level) or the Standard & Poor's Rating is at or above BBB+ (or a Substitute Rating is at or above the corresponding level) and (b) neither Rating Group I nor Rating Group II is in effect; "**Rating Group IV**" shall be in effect when (a) the Moody's Rating is at or above Baa2 (or a Substitute Rating is at or above the corresponding level) or the Standard & Poor's Rating is at or above BBB (or a Substitute Rating is at or above the corresponding level) and (b) none of Rating Group I, Rating Group II or Rating Group III is in effect; and "**Rating Group V**" shall be in effect when none of Rating Group I, Rating Group II, Rating Group III or Rating Group IV is in effect; provided that, (A) if the Moody's Rating (or a Substitute Rating) and the Standard & Poor's Rating (or a Substitute Rating) fall into different Rating levels and one of such Ratings is no more than one Rating level lower than the other of such Ratings, then the applicable Rating Group shall be based upon the higher of such Ratings, (B) if the Moody's Rating (or a Substitute Rating) and the Standard & Poor's Rating (or a Substitute Rating) fall into different Rating levels and one of such Ratings is two Rating levels lower than the other of such Ratings, then the applicable Rating Group shall be based upon a hypothetical Rating that would fall into the Rating level that is one lower than the Rating level into which the higher of such Ratings falls and (C) the Company may substitute a Substitute Rating for either (but not both of) the Moody's Rating or the Standard & Poor's Rating (i.e., either the Moody's Rating or the Standard & Poor's Rating must at all times be used to determine which Rating Group is then in effect).

"**Reference Banks**" shall mean JPMorgan Chase, Citibank, N.A., and Bank of New York.

"**Regulations A, D and U**" shall mean, respectively, Regulations A, D and U of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

"**Related Parties**" means, with respect to any specified Person, each of its officers, directors and employees.

"**Reportable Event**" shall mean any reportable event as defined in Section 4043(c) of ERISA, other than a reportable event as to which provision for 30-day notice to the PBGC would be waived under applicable regulations had the regulations in effect on the Closing Date been in effect on the date of occurrence of such reportable event.

"**Revolving Credit Exposure**" means, with respect to any Bank at any time, the outstanding principal amount of such Bank's Syndicated Loans at such time.

"**SPC**" shall have the meaning assigned to such term in Section 11.05 hereof.

"**Standard & Poor's**" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"**Standard & Poor's Rating**" shall mean, as of any date, the rating most recently announced or published by Standard & Poor's relating to the unsecured, long-term, senior debt securities of the Company then outstanding.

"**Subsidiary**" shall mean, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

"**Substitute Rating**" shall mean, as of any date, the rating most recently announced or published by Fitch IBCA relating to the unsecured, long-term, senior debt securities of the Company then outstanding.

"**Syndicated Loans**" shall mean the loans provided for by Section 2.01 hereof, which may be Base Rate Loans and/or Eurodollar Loans.

"**Syndicated Note**" shall mean the promissory note requested by a Bank for its Syndicated Loans pursuant to Section 2.08(d) hereof and all promissory notes delivered in substitution or exchange therefor, in each case as the same shall be modified and supplemented and in effect from time to time.

"**Term Loan Maturity Date**" shall have the meaning assigned to such term in Section 2.10 hereof.

"**Term-Out Period**" shall have the meaning assigned to such term in Section 2.10 hereof.

"**Total Debt**" shall mean, as at any date, the consolidated liabilities of the Company and its consolidated Subsidiaries (including tax and other proper accruals but excluding the accumulated postretirement benefit obligation resulting from the application of the provisions of FAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions".

"**Type**" shall have the meaning assigned to such term in Section 1.03 hereof.

"**Withdrawal Liability**" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

1.02 Accounting Terms and Determinations.

(a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Banks hereunder shall (unless otherwise disclosed to the Banks in writing at the time of delivery thereof in the manner described in subsection (b) below) be prepared, in accordance with generally accepted accounting principles applied on a basis consistent with those used in the preparation of the latest financial statements furnished to the Banks hereunder (which, prior to the delivery of the first financial statements under Section 8.04 hereof, shall mean the audited financial statements as at December 31, 2001 referred to in Section 7.04 hereof). All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of generally accepted accounting principles applied on a basis consistent with those used in the preparation of the latest annual or quarterly financial statements furnished to the Banks pursuant to Section 8.04 hereof (or, prior to the delivery of the first financial statements under Section 8.04 hereof, used in the preparation of the audited financial statements as at December 31, 2001 referred to in Section 7.04 hereof) unless (i) the Company shall have objected to determining such compliance on such basis at the time of delivery of such financial statements or (ii) the Majority Banks shall so object in writing within 30 days after delivery of such financial statements, in either of which events such calculations shall be made on a basis consistent with those used in the preparation of the latest financial statements as to which such objection shall not have been made (which, if objection is made in respect of the first financial statements delivered under Section 8.04 hereof, shall mean the audited financial statements referred to in Section 7.04 hereof).

(b) The Company shall deliver to the Banks at the same time as the delivery of any annual or quarterly financial statement under Section 8.04 hereof (i) a description in reasonable detail of any material variation between the application of accounting principles employed in the preparation of such statement and the application of accounting principles employed in the preparation of the next preceding annual or quarterly financial statements as to which no objection has been made in accordance with the last sentence of subsection (a) above and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof.

1.03 Classes and Types of Loans. Loans hereunder are distinguished by "Class" and by "Type". The "Class" of a Loan refers to whether such Loan is a Competitive Bid Loan or a Syndicated Loan, each of which constitutes a

Class. The "Type" of a Loan refers to whether such Loan is a Base Rate Loan, a Eurodollar Loan, an Absolute Rate Loan or a LIBOR Bid Loan, each of which constitutes a Type. Loans may be identified by both Class and Type.

Section 2. Commitments, Loans, Notes and Prepayments.

2.01 Syndicated Loans. Each Bank severally agrees, on the terms and conditions of this Agreement, to make loans to the Company in Dollars during the period from and including the Closing Date to, but not including, the Commitment Termination Date in an aggregate principal amount at any one time outstanding up to but not exceeding the amount of the Commitment of such Bank as in effect from time to time; provided that (x) each Bank's Revolving Credit Exposure at any time shall not exceed its Commitment, and (y) the aggregate principal amount of all Syndicated Loans, together with the aggregate principal amount of all Competitive Bid Loans, at any one time outstanding shall not exceed the aggregate amount of the Commitments at such time. Subject to the terms and conditions of this Agreement, during such period the Company may borrow, repay and reborrow the amount of the Commitments by means of Base Rate Loans and Eurodollar Loans and during such period and thereafter the Company may Convert Loans of one Type into Loans of another Type (as provided in Section 2.09 hereof) or Continue Loans of one Type as Loans of the same Type (as provided in Section 2.09 hereof); provided that no more than ten separate Interest Periods in respect of Eurodollar Loans from each Bank may be outstanding at any one time.

2.02 Borrowings of Syndicated Loans. The Company shall give the Administrative Agent notice of each borrowing hereunder as provided in Section 4.05 hereof. Not later than 1:00 p.m. New York time on the date specified for each borrowing of Syndicated Loans hereunder, each Bank shall make available the amount of the Syndicated Loan or Loans to be made by it on such date to the Administrative Agent, at an account designated by the Administrative Agent, in immediately available funds, for account of the Company. The amount so received by the Administrative Agent shall, subject to the terms and conditions of this Agreement, promptly be made available to the Company by depositing the same, in immediately available funds, in an account of the Company designated by the Company and maintained with JPMorgan Chase at its principal office.

2.03 Competitive Bid Option.

(a) In addition to borrowings of Syndicated Loans, at any time prior to the Commitment Termination Date the Company may, as set forth in this Section 2.03, request the Banks to make offers to make Competitive Bid Loans to the Company in Dollars. The Banks may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.03. Competitive Bid Loans may be LIBOR Bid Loans or Absolute Rate Loans, provided that:

(i) there may be no more than fifteen different Interest Periods for both Syndicated Loans and Competitive Bid Loans outstanding at the same time (for which purpose Interest Periods described in different lettered clauses of the definition of the term "Interest Period" shall be deemed to be different Interest Periods even if they are coterminous); and

(ii) the aggregate principal amount of all Competitive Bid Loans, together with the aggregate principal amount of all Revolving Credit Exposure at any one time outstanding shall not exceed the aggregate amount of the Commitments at such time.

(b) When the Company wishes to request offers to make Competitive Bid Loans, it shall give the Administrative Agent (which shall promptly notify the Banks) notice (a "**Competitive Bid Quote Request**") so as to be received no later than 11:00 a.m. New York time on (x) the fourth Business Day prior to the date of borrowing proposed therein, in the case of a LIBOR Auction or (y) one Business Day prior to the date of borrowing proposed therein, in the case of an Absolute Rate Auction (or, in any such case, such other time and date as the Company and the Administrative Agent, with the consent of the Majority Banks, may agree). The Company may request offers to make Competitive Bid Loans for up to three different Interest Periods in a single notice (for which purpose Interest

Periods in different lettered clauses of the definition of the term "Interest Period" shall be deemed to be different Interest Periods even if they are coterminous); provided that the request for each separate Interest Period shall be deemed to be a separate Competitive Bid Quote Request for a separate borrowing (a "**Competitive Bid Borrowing**"). Each such notice shall be substantially in the form of Exhibit B hereto and shall specify as to each Competitive Bid Borrowing:

(i) the proposed date of such borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Competitive Bid Borrowing, which shall be at least $10,000,000 (or a larger multiple of $1,000,000) but shall not cause the limits specified in Section 2.03(a) hereof to be violated;

(iii) the duration of the Interest Period applicable thereto;

(iv) whether the Competitive Bid Quotes requested for a particular Interest Period are seeking quotes for LIBOR Bid Loans or Absolute Rate Loans; and

(v) if the Competitive Bid Quotes requested are seeking quotes for Absolute Rate Loans, the date on which the Competitive Bid Quotes are to be submitted if it is before the proposed date of borrowing (the proposed date of such borrowing or, if the date on which such Competitive Bid Quotes are to be submitted is before the proposed date of such borrowing, such submission date, is called the "**Quotation Date**").

Except as otherwise provided in this Section 2.03(b), no Competitive Bid Quote Request shall be given within five Business Days (or such other number of days as the Company and the Administrative Agent may agree) of any other Competitive Bid Quote Request.

(c) (i) Each Bank may submit one or more Competitive Bid Quotes, each constituting an offer to make a Competitive Bid Loan in response to any Competitive Bid Quote Request; provided that, if the Company's request under Section 2.03(b) hereof specified more than one Interest Period, such Bank may make a single submission containing one or more Competitive Bid Quotes for each such Interest Period. Each Competitive Bid Quote must be submitted to the Administrative Agent not later than (x) 2:00 p.m. New York time on the fourth Business Day prior to the proposed date of borrowing, in the case of a LIBOR Auction or (y) 10:00 a.m. New York time on the Quotation Date, in the case of an Absolute Rate Auction (or, in any such case, such other time and date as the Company and the Administrative Agent, with the consent of the Majority Banks, may agree); provided that any Competitive Bid Quote may be submitted by JPMorgan Chase (or its lending office) only if JPMorgan Chase (or such lending office) notifies the Company of the terms of the offer contained therein not later than (x) 1:00 p.m. New York time on the fourth Business Day prior to the proposed date of borrowing, in the case of a LIBOR Auction or (y) 9:45 a.m. New York time on the Quotation Date, in the case of an Absolute Rate Auction. Subject to Sections 5.02, 5.03, 6.02 and 9 hereof, any Competitive Bid Quote so made shall be irrevocable except with the consent of the Administrative Agent given on the instructions of the Company.

(ii) Each Competitive Bid Quote shall be substantially in the form of Exhibit C hereto and shall specify:

(A) the proposed date of borrowing and the Interest Period therefor;

(B) the principal amount of the Competitive Bid Loan for which each such offer is being made, which principal amount shall be at least $10,000,000 (or a larger multiple of $1,000,000); provided that the aggregate principal amount of all Competitive Bid Loans for which a Bank submits Competitive Bid Quotes (x) may be greater or less than the Commitment of such Bank but (y) may not exceed the principal amount of the Competitive Bid Borrowing for a particular Interest Period for which offers were requested;

(C) in the case of a LIBOR Auction, the margin above or below the applicable Eurodollar Rate

(the "**LIBO Margin**") offered for each such Competitive Bid Loan (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the applicable Eurodollar Rate;

(D) in the case of an Absolute Rate Auction, the rate of interest per annum (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) offered for each such Competitive Bid Loan (the "**Absolute Rate**"); and

(E) the identity of the quoting Bank.

Unless otherwise agreed by the Administrative Agent and the Company, no Competitive Bid Quote shall contain qualifying, conditional or similar language or propose terms other than or in addition to those set forth in the applicable Competitive Bid Quote Request and, in particular, no Competitive Bid Quote may be conditioned upon acceptance by the Company of all (or some specified minimum) of the principal amount of the Competitive Bid Loan for which such Competitive Bid Quote is being made, provided that the submission by any Bank containing more than one Competitive Bid Quote may be conditioned on the Company not accepting offers contained in such submission that would result in such Bank making Competitive Bid Loans pursuant thereto in excess of a specified aggregate amount (the "**Competitive Bid Loan Limit**").

(d) The Administrative Agent shall (x) in the case of an Absolute Rate Auction, as promptly as practicable after the Competitive Bid Quote is submitted (but in any event not later than 10:15 a.m. New York time on the Quotation Date) or (y) in the case of a LIBOR Auction, by 4:00 p.m. New York time on the day a Competitive Bid Quote is submitted, notify the Company of the terms (i) of any Competitive Bid Quote submitted by a Bank that is in accordance with Section 2.03(c) hereof and (ii) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Bank with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Administrative Agent unless such subsequent competitive Bid Quote is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Administrative Agent's notice to the Company shall specify (A) the aggregate principal amount of the Competitive Bid Borrowing for which offers have been received and (B) the respective principal amounts and LIBO Margins or Absolute Rates, as the case may be, so offered by each Bank (identifying the Bank that made each Competitive Bid Quote).

(e) Not later than 11:00 a.m. New York time on (x) the third Business Day prior to the proposed date of borrowing, in the case of a LIBOR Auction or (y) the Quotation Date, in the case of an Absolute Rate Auction (or, in any such case, such other time and date as the Company and the Administrative Agent, with the consent of the Majority Banks, may agree), the Company shall notify the Administrative Agent of its acceptance or nonacceptance of the offers so notified to it pursuant to Section 2.03(d) hereof (which notice shall specify the aggregate principal amount of offers from each Bank for each Interest Period that are accepted, it being understood that the failure of the Company to give such notice by such time shall constitute nonacceptance) and the Administrative Agent shall promptly notify each affected Bank. The notice from the Administrative Agent shall also specify the aggregate principal amount of offers for each Interest Period that were accepted and the lowest and highest LIBO Margins or Absolute Rates that were accepted for each Interest Period. The Company may accept any Competitive Bid Quote in whole or in part (provided that any Competitive Bid Quote accepted in part shall be at least $5,000,000 or a larger multiple of $1,000,000); provided that:

(i) the aggregate principal amount of each Competitive Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Quote Request;

(ii) the aggregate principal amount of each Competitive Bid Borrowing shall be at least $10,000,000 (or a larger multiple of $1,000,000) but shall not cause the limits specified in Section 2.03(a) hereof to be violated;

(iii) acceptance of offers may, subject to clause (v) below, be made only in ascending order of LIBO Margins or Absolute Rates, as the case may be, in each case beginning with the lowest rate so offered;

(iv) the Company may not accept any offer where the Administrative Agent has advised the Company that such offer fails to comply with Section 2.03(c)(ii) hereof or otherwise fails to comply with the requirements of this Agreement (including, without limitation, Section 2.03(a) hereof);

(v) the aggregate principal amount of each Competitive Bid Borrowing from any Bank may not exceed any applicable Competitive Bid Loan Limit of such Bank.

If offers are made by two or more Banks with the same LIBO Margins or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Company among such Banks as nearly as possible (in amounts of at least $5,000,000 or larger multiples of $1,000,000) in proportion to the aggregate principal amount of such offers. Determinations by the Company of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error.

(f) Any Bank whose offer to make any Competitive Bid Loan has been accepted in accordance with the terms and conditions of this Section 2.03 shall, not later than 1:00 p.m. New York time on the date specified for the making of such Loan, make the amount of such Loan available to the Administrative Agent at an account designated by the Administrative Agent, in immediately available funds, for account of the Company. The amount so received by the Administrative Agent shall, subject to the terms and conditions of this Agreement, be made available to the Company on such date by depositing the same, in immediately available funds, in an account of the Company maintained with JPMorgan Chase at its principal office designated by the Company.

(g) Except for the purpose and to the extent expressly stated in Section 2.04(b) hereof, the amount of any Competitive Bid Loan made by any Bank shall not constitute a utilization of such Bank's Commitment.

2.04 Changes of Commitments.

(a) The aggregate amount of the Commitments shall be automatically reduced to zero on the Commitment Termination Date.

(b) The Company shall have the right at any time or from time to time (i) so long as no Syndicated Loans or Competitive Bid Loans are outstanding, to terminate the Commitments and (ii) to reduce the aggregate unused amount of the Commitments (for which purpose use of the Commitments shall be deemed to include (A) the aggregate principal amount of all Competitive Bid Loans and (B) the aggregate Revolving Credit Exposure); provided that (x) the Company shall give notice of each such termination or reduction as provided in Section 4.05 hereof and (y) each partial reduction shall be in an aggregate amount at least equal to $10,000,000 (or whole multiples thereof).

(c) The Company shall be required to make the following mandatory prepayments of the term loan during the Term-Out Period:

(i) In the event of any Long-Term Debt Incurrence(s) by the Company during the Term-Out Period the Company shall be required to use 100% of the Net Cash Proceeds of such Long-Term Debt Incurrence to prepay any amounts then outstanding under the term loan existing hereunder at such time, plus accrued interest and any applicable sums due pursuant to Section 5.04 hereof, if any, thereon to but not including the date of prepayment (all of such principal, interest and other sums to be paid solely from such Net Cash Proceeds).

(ii) In the event of any Asset Dispositions(s) by the Company during the Term-Out Period the Company shall be required to use 100% of the portion of the Net Cash Proceeds of each such Asset Disposition which is in excess of the Aggregate Permitted Amount to prepay any amounts then outstanding under the term

loan existing hereunder at such time, plus accrued interest and any applicable sums due pursuant to Section 5.04 hereof, if any, thereon to but not including the date of prepayment (all of such principal, interest and other sums to be paid solely from such Net Cash Proceeds).

(d) The Commitments, once terminated or reduced as provided in this Section 2.04, may not be reinstated.

2.05 Facility Fee; Utilization Fee.

(a) The Company shall pay to the Administrative Agent for the account of each Bank a facility fee on the daily average amount of such Bank's Commitment (whether used or unused), for the period from and including the Closing Date to but not including the earlier of the date such Commitment is terminated and the Commitment Termination Date (and throughout the Term-Out Period, if selected by the Company, based upon the amount of the term loan as it may be reduced from time to time), at a rate per annum equal to the Applicable Facility Fee Rate. Accrued facility fees shall be payable in arrears on each Quarterly Date and on the earlier of the date the Commitments are terminated and the Commitment Termination Date as well as on the Term Loan Maturity Date if the Term-Out Period is selected by the Company.

(b) The Company shall pay to the Administrative Agent for the account of each Bank a utilization fee on the daily average amount of such Bank's Revolving Credit Exposure for each fiscal quarter of the Company during which the Banks' aggregate Revolving Credit Exposure is greater than or equal to 33% of the Banks' aggregate Commitments, at a rate per annum equal to the Applicable Utilization Fee Rate. Accrued utilization fees shall be payable in arrears on each Quarterly Date and on the earlier of the date the Commitments are terminated and the Commitment Termination Date.

(c) Notwithstanding any other provisions of this Agreement, fees arising pursuant to clauses (a) and (b) of this Section 2.05 shall be payable during any Term-Out Period, provided that with respect to clause (b) of this Section 2.05, utilization fees shall be payable on each Quarterly Date with respect to any fiscal quarter during the Term-Out Period as well as on the Term Loan Maturity Date only if the average outstanding principal amount of term loans during such fiscal quarter exceeds 33% of the Bank's aggregate Commitments immediately prior to the conversion.

2.06 Lending Offices. The Loans of each Type made by each Bank shall be made and maintained at such Bank's lending office for Loans of such Type.

2.07 Several Obligations; Remedies Independent. The failure of any Bank to make any Loan to be made by it on the date specified therefor shall not relieve any other Bank of its obligation to make its Loan, but neither any Bank nor the Administrative Agent shall be responsible for the failure of any other Bank to make a Loan to be made by such other Bank, and (except as otherwise provided in Section 4.06 hereof) no Bank shall have any obligation to the Administrative Agent or any other Bank for the failure by such Bank to make any Loan required to be made by such Bank. The amounts payable by the Company at any time hereunder and under the Notes to each Bank shall be a separate and independent debt and each Bank shall be entitled to protect and enforce its rights arising out of this Agreement and the Notes, and it shall not be necessary for any other Bank or the Administrative Agent to consent to, or be joined as an additional party in, any proceedings for such purposes.

2.08 Evidence of Debt.

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

(b) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Company to each Bank hereunder and (iii) the

amount of any sum received by the Administrative Agent hereunder for the account of the Banks and each Bank's share thereof.

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

(d) Any Bank may request that Loans made by it be evidenced by a promissory note. In such event, the Company shall prepare, execute and deliver to such Bank a promissory note payable to the order of such Bank and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.06(b)) be represented by one or more promissory notes in such form payable to the order of the payee named therein.

2.09 Optional Prepayments and Conversions or Continuations of Loans.

(a) Subject to Sections 4.04 and 5.04 hereof, the Company shall have the right to prepay Syndicated Loans or to Convert Syndicated Loans of one Type into Syndicated Loans of another Type or Continue Syndicated Loans of one Type as Syndicated Loans of the same Type at any time or from time to time, provided that the Company shall give the Administrative Agent notice of each such prepayment or Conversion or Continuation as provided in Section 4.05 hereof (and, upon the date specified in any such notice of prepayment, the amount to be prepaid shall become due and payable hereunder).

(b) No Competitive Bid Loan may be prepaid without the consent of the Bank holding such Competitive Bid Loan.

(c) Notwithstanding the foregoing provisions of this Section 2.09, and without limiting the rights and remedies of the Banks under Section 9 hereof, in the event that any Event of Default shall have occurred and be continuing, the Administrative Agent may (and at the request of the Majority Banks, shall) suspend the right of the Company to Convert any Loan into a Eurodollar Loan, or to Continue any Loan as a Eurodollar Loan, in which event all Loans shall be Converted (on the last day of the respective Interest Period therefor) or Continued, as the case may be, as Base Rate Loans.

2.10 Conversion of Outstanding Advances to Term Loan. So long as no Event of Default has occurred and is continuing hereunder, the Company may, by notice to the Administrative Agent (which shall promptly notify the Banks) not less than 60 days prior to the Commitment Termination Date, request that the Banks convert any Syndicated Loans outstanding on the Commitment Termination Date to a term loan maturing one year after the Commitment Termination Date. Upon such request, such Loans shall be so converted on the Commitment Termination Date and the period from the Commitment Termination Date to the date on which such term loan matures (the "**Term Loan Maturity Date**") shall be defined herein as the "**Term-Out Period**". During the Term-Out Period, the Company may select Base Rate Loans or Eurodollar Loans for applicable Interest Periods, provided that no such Interest Period will end after the Term Loan Maturity Date and provided further that repayments during the Term-Out Period shall be subject to the terms of Section 2.04(c) hereof. Notwithstanding any other provision hereof, the Applicable Margin relating to any term loan outstanding during the Term-Out Period shall be equal to the rate provided for the Applicable Rating Group under the heading "Applicable Margin During Term-Out" in the table provided under the definition of "Applicable Margin During Term-Out" herein.

Section 3. Payments of Principal and Interest.

3.01 Repayment of Loans.

(a) The Company hereby promises to pay to the Administrative Agent for account of each Bank the principal of each Syndicated Loan made by such Bank, and each Syndicated Loan shall mature, on the Commitment Termination Date (subject to the Term-Out Period, if elected).

(b) The Company agrees to pay to the Administrative Agent for account of each Bank that makes a Competitive Bid Loan the principal of such Competitive Bid Loan, and such Competitive Bid Loan shall mature, on the last day of the Interest Period for such Competitive Bid Loan.

3.02 Interest. The Company hereby promises to pay to the Administrative Agent for account of each Bank interest on the unpaid principal amount of each Loan made by such Bank for the period from and including the date of such Loan to but excluding the date such Loan shall be paid in full, at the following rates per annum:

(a) if such Loan is a Base Rate Loan, the Base Rate (as in effect from time to time);

(b) if such Loan is a Eurodollar Loan, the Eurodollar Rate for such Loan for the Interest Period therefor plus the Applicable Margin;

(c) if such Loan is a LIBOR Bid Loan, the Eurodollar Rate for such Loan for the Interest Period therefor plus (or minus) the LIBO Margin quoted by the Bank making such Loan in accordance with Section 2.03 hereof; and

(d) if such Loan is an Absolute Rate Loan, the Absolute Rate for such Loan for the Interest Period therefor quoted by the Bank making such Loan in accordance with Section 2.03 hereof.

Notwithstanding the foregoing, the Company hereby promises to pay to the Administrative Agent for account of each Bank interest at the applicable Post-Default Rate on any principal of any Loan made by such Bank and on any other amount payable by the Company hereunder or under the Notes, if any, held by such Bank to or for account of such Bank, that shall not be paid in full when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full. Accrued interest on each Loan shall be payable (a) on the last day of the Interest Period therefor and, if such Interest Period is longer than 90 days (in the case of an Absolute Rate Loan) or three months (in the case of a Fixed Rate Loan), at 90-day or three-month intervals, respectively, following the first day of such Interest Period, provided that interest on Base Rate Loans shall be payable on each Quarterly Date and on the Commitment Termination Date and, if applicable, on the Term Loan Maturity Date and (b) in the case of any Loan, upon the payment or prepayment thereof (but only on the principal amount so paid or prepaid), except that interest payable at the Post-Default Rate shall be payable from time to time on demand. Promptly after the determination of any interest rate provided for herein or any change therein, the Administrative Agent shall give notice thereof to the Banks to which such interest is payable and to the Company.

Section 4. Payments; Pro Rata Treatment; Computations; Etc.

4.01 Payments.

(a) Except to the extent otherwise provided herein, all payments of principal, interest, fees and other amounts to be made by the Company under this Agreement and the Notes, shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Administrative Agent at an account designated by the Administrative Agent not later than 1:00 p.m. New York time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day), provided that if a new Loan is to be made by any Bank on a date the Company is to repay any principal of an outstanding Loan of such Bank, such Bank shall apply the proceeds of such new Loan to the payment of the principal to be repaid and only an amount equal to the difference between the principal to be borrowed and the principal to be repaid shall be made available by such Bank to the Administrative Agent as provided in Section 2.02

hereof or paid by the Company to the Administrative Agent pursuant to this Section 4.01, as the case may be.

(b) The Company shall, at the time of making each payment under this Agreement or any Note for account of any Bank, specify to the Administrative Agent (which shall so notify the intended recipient(s) thereof) the Loans or other amounts payable by the Company hereunder to which such payment is to be applied (and in the event that the Company fails to so specify, or if an Event of Default has occurred and is continuing, the Administrative Agent shall distribute such payment, subject to Section 4.02 hereof, to the Banks for application in such manner as the Administrative Agent may determine to be appropriate).

(c) Each payment received by the Administrative Agent under this Agreement or any Note for account of any Bank shall be paid by the Administrative Agent promptly to such Bank, in immediately available funds, for account of such Bank's lending office for the Loan or other obligation in respect of which such payment is made.

(d) If the due date of any payment under this Agreement or any Note would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day, and interest shall be payable for any principal so extended for the period of such extension.

4.02 Pro Rata Treatment. Except to the extent otherwise provided herein, (a) each borrowing of Syndicated Loans from the Banks under Section 2.01 hereof shall be made from the Banks, each payment of facility fee under Section 2.05 hereof shall be made for account of the Banks and each termination or reduction of the amount of the Commitments under Section 2.04 hereof shall be applied to the respective Commitments of the Banks, pro rata according to the amounts of their respective Commitments; (b) except as otherwise provided in Sections 5.02 and 5.03 hereof, Eurodollar Loans having the same Interest Period shall be allocated pro rata among the Banks according to the amounts of their respective Commitments (in the case of making Loans) or their respective Loans (in the case of Conversions and Continuation of Loans); (c) each payment or prepayment of principal of Syndicated Loans by the Company shall be made for account of the Banks pro rata in accordance with the respective unpaid principal amounts of the Syndicated Loans held by them; and (d) each payment of interest on Syndicated Loans by the Company shall be made for account of the Banks pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Banks.

4.03 Computations. Interest on Fixed Rate Loans and all fees shall be computed on the basis of a year of 360 days and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable, and interest on Base Rate Loans shall be computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable. Notwithstanding the foregoing, for each day that the Base Rate is calculated by reference to the Federal Funds Rate, interest on Base Rate Loans shall be computed on the basis of a year of 360 days and actual days elapsed.

4.04 Minimum Amounts. Except for prepayments made pursuant to Sections 2.04(c) and 5.04 hereof, (x) (A) each borrowing and Conversion of Base Rate Loans shall be in a minimum amount of $1,000,000 and in an integral multiple of $500,000 (provided that a Base Rate Loan may be in an aggregate amount that is equal to the entire unused balance of the Banks' Commitments) and (B) each partial prepayment of principal of Base Rate Loans shall be in an integral multiple of $1,000,000 and (y) (A) each borrowing of, and Conversion into, Eurodollar Loans shall be in an aggregate amount at least equal to $5,000,000 or a larger multiple of $1,000,000 and (B) each partial prepayment of principal of Eurodollar Loans shall be in an aggregate amount at least equal to $5,000,000 or a larger multiple of $1,000,000 (borrowings, Conversions or prepayments of or into Loans of different Types or, in the case of Eurodollar Loans, having different Interest Periods at the same time hereunder to be deemed separate borrowings, Conversions and prepayments for purposes of the foregoing, one for each Type or Interest Period), provided that the aggregate principal amount of Eurodollar Loans having the same Interest Period shall be in an amount at least equal to $5,000,000 or a larger multiple of $1,000,000 and, if any Eurodollar Loans would otherwise be in a lesser principal amount for any period, such Loans shall be Base Rate Loans during such period.

4.05 **Certain Notices**. Except as otherwise provided in Section 2.03 hereof with respect to Competitive Bid Loans, notices by the Company to the Administrative Agent of terminations or reductions of the Commitments and of borrowings, Conversions, Continuations and optional prepayments of Loans, of Types of Loans and of the duration of Interest Periods shall be irrevocable and shall be effective only if received by the Administrative Agent not later than 11:00 a.m. New York time on the number of Business Days prior to the date of the relevant termination, reduction, borrowing, Conversion, Continuation or prepayment or the first day of such Interest Period specified below:

Notice	Number of Business Days Prior
Termination or reduction of Commitments	3
Borrowing or prepayment of, or Conversion into, Base Rate Loans	1
Borrowing or prepayment of, Conversion into, Continuation as or duration of Interest Period for, Eurodollar Loans	3

Each such notice of termination or reduction shall specify the amount of the Commitments to be terminated or reduced. Each such notice of borrowing, Conversion, Continuation or optional prepayment shall specify the Loans to be borrowed, Converted, Continued or prepaid and the amount (subject to Section 4.04 hereof) and Type of each Loan to be borrowed, Converted, Continued or prepaid and the date of borrowing, Conversion, Continuation or optional prepayment (which shall be a Business Day). The Administrative Agent shall promptly notify the Banks of the

contents of each such notice. In the event that the Company fails to select the Type of Loan, or the duration of any Interest Period for any Eurodollar Loan, within the time period and otherwise as provided in this Section 4.05, such Loan (if outstanding as a Eurodollar Loan) will be automatically Converted into a Base Rate Loan on the last day of the then current Interest Period for such Loan or (if outstanding as a Base Rate Loan) will remain as, or (if not then outstanding) will be made as, a Base Rate Loan.

4.06 Non-Receipt of Funds by the Administrative Agent. Unless the Administrative Agent shall have been notified by a Bank or the Company (the "Payor") prior to the date on which the Payor is to make payment to the Administrative Agent of (in the case of a Bank) the proceeds of a Loan to be made by such Bank hereunder or (in the case of the Company) a payment to the Administrative Agent for account of one or more of the Banks hereunder (such payment being herein called the "**Required Payment**"), which notice shall be effective upon receipt, that the Payor does not intend to make the Required Payment to the Administrative Agent, the Administrative Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient(s) on such date; and, if the Payor has not in fact made the Required Payment to the Administrative Agent, the recipient(s) of such payment shall, on demand, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date (the "**Advance Date**") such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to the Federal Funds Rate for such day and, if such recipient(s) shall fail promptly to make such payment, the Administrative Agent shall be entitled to recover such amount, on demand, from the Payor, together with interest as aforesaid, provided that if neither the recipient(s) nor the Payor shall return the Required Payment to the Administrative Agent within three Business Days of the Advance Date, then, retroactively to the Advance Date, the Payor and the recipient(s) shall each be obligated to pay interest on the Required Payment as follows:

(i) if the Required Payment shall represent a payment to be made by the Company to the Banks, the Company and the recipient(s) shall each be obligated retroactively to the Advance Date to pay interest in respect of the Required Payment at the Post-Default Rate (without duplication of the obligation of the Company under Section 3.02 hereof to pay interest on the Required Payment at the Post-Default Rate), it being understood that the return by the recipient(s) of the Required Payment to the Administrative Agent shall not limit such obligation of the Company under said Section 3.02 to pay interest at the Post-Default Rate in respect of the Required Payment and

(ii) if the Required Payment shall represent proceeds of a Loan to be made by the Banks to the Company, the Payor and the Company shall each be obligated retroactively to the Advance Date to pay interest in respect of the Required Payment pursuant to whichever of the rates specified in Section 3.02 hereof is applicable to the Type of such Loan, it being understood that the return by the Company of the Required Payment to the Administrative Agent shall not limit any claim the Company may have against the Payor in respect of such Required Payment.

4.07 Sharing of Payments, Etc.

(a) If any Bank shall obtain from the Company payment of any principal of or interest on any Loan of any Class owing to it or any other amount under this Agreement through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise (other than from the Administrative Agent as provided herein), and, as a result of such payment, such Bank shall have received a greater percentage of the principal of or interest on the Loans of such Class or such other amounts then due hereunder by the Company to such Bank than the percentage received by any other Bank, it shall promptly purchase from such other Banks participations in (or, of and to the extent specified by such Bank, direct interests in) the Loans of such Class or such other amounts, respectively, owing to such other Banks (or in interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Banks shall share the benefit of such excess payment (net of

any expenses that may be incurred by such Bank in obtaining or preserving such excess payment) pro rata in accordance with the unpaid principal of and/or interest on the Loans of such Class or such other amounts, respectively, owing to each of the Banks. To such end all the Banks shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored.

(b) The Company agrees that any Bank so purchasing such a participation (or direct interest) may exercise all rights of set-off, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Bank were a direct holder of Loans or other amounts (as the case may be) owing to such Bank in the amount of such participation.

Section 5. Yield Protection, Etc.

5.01 Additional Costs.

(a) It is understood that the cost to the Banks of making or maintaining Eurodollar Loans may fluctuate as a result of the applicability of, or changes in, reserve requirements imposed by the Board of Governors of the Federal Reserve System of the United States, including but not limited to, reserve requirements under Regulation D in connection with Eurocurrency Liabilities (as defined in Regulation D) at the ratios provided for in Regulation D from time to time. The Company agrees to pay to each Bank from time to time, as provided in paragraph (c) below, such amounts as shall be necessary to compensate such Bank for the portion of the cost of making or maintaining any Eurodollar Loans made by it resulting from any such reserve requirements, it being understood that the rates of interest applicable to Eurodollar Loans hereunder have been determined on the hypothetical assumption that no such reserve requirements exist or will exist and that such rates do not reflect costs imposed on such Bank in connection with such reserve requirements. It is agreed that for purposes of this paragraph (a) the Eurodollar Loans made hereunder shall be deemed to constitute Eurocurrency Liabilities (as defined in Regulation D) and to be subject to the reserve requirements of Regulation D without benefit or credit of proration, exemptions or offsets which might otherwise be available to such Bank from time to time under Regulation D.

(b) In the event that after the Closing Date any change in conditions or in applicable law, rule or regulations or in the interpretation or administration thereof (including, without limitation, any request, guideline or policy not having the force of law) by any authority charged with the administration or interpretation thereof shall occur which shall:

(i) subject any Bank to any tax with respect to any Eurodollar Loan (other than any tax on the overall net income of such Bank imposed by the United States of America or by the jurisdiction in which such Bank has its principal office or any political subdivision or taxing authority therein); or

(ii) change the basis of taxation of any payment to any Bank of principal of or interest on any Eurodollar Loan or with respect to other fees and amounts payable hereunder, or any combination of the foregoing; or

(iii) impose, modify or deem applicable any reserve, deposit, capital adequacy or similar requirement against any assets held by, deposits with or for the account of or loans or commitments by an office of any Bank; or

(iv) impose upon any Bank or the London interbank market any other condition with respect to the Eurodollar Loans or this Agreement;

and the result of any of the foregoing shall be to increase the actual cost to such Bank of making or maintaining any Eurodollar Loan hereunder or to reduce the amount of any payment (whether of principal, interest or otherwise) received or receivable by such Bank, or to require such Bank to make any payment in connection with any Eurodollar Loan or to reduce the rate of return on capital of such Bank as a consequence of such Bank's obligations hereunder to a level below that which such Bank could have achieved but for such change, in each case by or in an amount which such Bank in its sole judgment shall deem material, then and in each such case the Company shall pay to such Bank, as provided in paragraph (c) below (but without duplication of the payments required under paragraph (a) above), such amounts as shall be necessary to compensate such Bank for such cost, reduction or payment.

(c) Each Bank shall deliver to the Company, with a copy to the Administrative Agent, from time to time one or more certificates setting forth the amounts due under paragraphs (a) and (b) above, the reserve requirements or changes as a result of which such amounts are due and the manner of computing such amounts. Each such certificate shall be conclusive in the absence of manifest error. The Company shall pay the amounts shown as due on any such certificate within 10 Business Days after its receipt of the same. No failure on the part of any Bank to demand compensation under paragraph (a) or (b) above on any one occasion shall constitute a waiver of its right to demand such compensation on any other occasion. The protection of this Section 5.01 shall be available to each Bank regardless of any possible contention of the invalidity or inapplicability of any law, regulation or other condition which shall give rise to any demand by such Bank for compensation hereunder; provided, however, that if any Bank shall receive a reimbursement of any additional tax assessment or other amount as a result of such contention, such Bank shall remit such reimbursed funds to the Company to the extent that the Company had paid such amounts to such Bank less any expenses reasonably incurred by such Bank.

(d) Each Bank shall notify the Company, with a copy of such notice to the Administrative Agent, as to the existence of any change described in paragraphs (a) and (b) above as promptly as practicable after gaining knowledge thereof. If the Company shall receive notice of such determination from any Bank with respect to Eurodollar Loans, the Company may either (i) convert such Bank's Eurodollar Loans to Base Rate Loans, or (ii) prepay, without premium (but subject in either case to the payments required by Sections 5.01(a) and (b) and 5.04 hereof), upon at least three Business Days' prior written or telex notice to such Bank, but not more than fifteen days after receipt of notice from such Bank, all such Bank's Eurodollar Loans outstanding together with interest and facility fee accrued to the date of prepayment on such amount and the aggregate Commitments shall be reduced by an amount equal to such Bank's Commitment and such Bank's Commitment shall be reduced to zero.

(e) Any Bank claiming any additional amounts payable pursuant to paragraph (b) above shall use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its applicable lending office so as to eliminate the amount of any such costs or additional amounts which may thereafter accrue; provided that no such change shall be made if, in the sole reasonable judgment of such Bank, such change would be disadvantageous to such Bank.

5.02 Limitation on Types of Loans. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for any Fixed Rate Loan, any Bank shall have determined (which determination shall be conclusive and binding upon the Company absent manifest error) (x) that dollar deposits in the amount of the principal amount of such Fixed Rate Loan are not generally available in the London interbank market, or (y) that, in the event that clause (ii) of the definition of "Eurodollar Rate" in Section 1.01 hereof is the basis for determining the rate of interest for Fixed Rate Loans for such Interest Period, the rate at which such dollar deposits are being offered will not adequately and fairly reflect the cost to such Bank of making or maintaining the principal amount of such Fixed Rate Loan during such Interest Period, or reasonable means do not exist for ascertaining the Eurodollar Rate, such Bank shall, as soon as practicable thereafter, give notice of such determination to the Administrative Agent and the other Banks and the Company. If the Company shall receive notice of such determination, (i) in respect of any such Eurodollar Loan the Company may either (A) withdraw its request for a Eurodollar Loan from such Bank and/or (B) request a Base Rate Loan be made by such Bank or (C) terminate the Commitment of such Bank, and at the end of the then current Interest Period for each outstanding Loan repay all such

Bank's Loans outstanding together with interest and facility fee accrued to the date of such payment on such amount (the aggregate Commitments shall be reduced by an amount equal to such Bank's Commitment) and any applicable utilization fee due to such Bank shall be paid in arrears on the next following Quarterly Date after the date such Bank's Commitment has been terminated, and (ii) in respect of any LIBOR Bid Loan, such Bank's obligation to make such LIBOR Bid Loan shall be terminated.

5.03 Illegality.

(a) Notwithstanding anything to the contrary contained elsewhere in this Agreement, if any change after the Closing Date in law or regulation or in the interpretation thereof by any governmental authority charged with the administration thereof shall make it unlawful for a Bank to make or maintain any Fixed Rate Loan or to give effect to its obligations as contemplated hereby with respect to a Eurodollar Loan, then, by notice to the Company with a copy to the Administrative Agent, such Bank may:

(i) declare that Eurodollar Loans will not thereafter be made by such Bank hereunder, whereupon such Bank's pro rata portion of any subsequent Eurodollar Loan shall instead be a Base Rate Loan, unless such declaration is subsequently withdrawn;

(ii) require that all outstanding Eurodollar Loans be Converted to Base Rate Loans, whereupon all of such Eurodollar Loans shall be automatically Converted to Base Rate Loans as of the effective date of such notice as provided in paragraph (b) below (notwithstanding the provisions of Section 2.09 hereof); and

(iii) refuse to make any LIBOR Bid Loan that it has agreed to make.

(b) For purposes of this Section 5.03, a notice to the Company by any Bank pursuant to paragraph (a) above shall be effective, if lawful, and if any Fixed Rate Loans shall then be outstanding, on the last day of the then current Interest Period; otherwise, such notice shall be effective on the date of receipt by the Company.

5.04 Compensation. The Company shall pay to the Administrative Agent for account of each Bank, upon the request of such Bank through the Administrative Agent, such amount or amounts as shall be sufficient (in the reasonable opinion of such Bank) to compensate it for any loss, cost or expense that such Bank determines is attributable to:

(a) any payment, mandatory or optional prepayment or Conversion of a Fixed Rate Loan or Absolute Rate Loan made by such Bank for any reason (including, without limitation, the acceleration of the Loans pursuant to Section 9 hereof) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by the Company for any reason (including, without limitation, the failure of any of the conditions precedent specified in Section 6 hereof to be satisfied) to borrow a Fixed Rate Loan or Absolute Rate Loan (with respect to which, in the case of a Competitive Bid Loan, the Company has accepted a Competitive Bid Quote) from such Bank on the date for such borrowing specified in the relevant notice of borrowing given pursuant to Section 2.02 or 2.03(b) hereof.

Without limiting the effect of the preceding sentence, such compensation shall include for each Bank on demand an amount equal to any loss incurred or to be incurred by it in the reemployment of the funds released by any (i) failure of the Company to accept a Loan following a request therefor; or (ii) prepayment of any Fixed Rate Loan (whether as a result of a reduction in Commitment or otherwise) permitted under Section 2.09 hereof or any prepayment or Conversion of such a Loan required or permitted by any other provision of this Agreement, in each case if such Loan is prepaid or Converted other than on the last day of the Interest Period for such Loan. Such loss shall be the excess, if any, as reasonably determined by each Bank of its cost of obtaining the funds for the Loan not accepted or being

prepaid or Converted over the amount realized by such Bank reemploying the funds received from the Company's failure to accept the Loan, in prepayment or realized from the Loan so Converted, in each case during the period from the date of such failure, prepayment or Conversion to the end of the Interest Period of the Loan being requested, prepaid or Converted. Each Bank shall deliver to the Company from time to time and upon demand by the Company one or more certificates setting forth the cost of obtaining the funds for the Loan not accepted or prepaid or Converted and the amount realized by such Bank in reemploying the funds, received in prepayment or realized from the Loan so not accepted or Converted.

5.05 U.S. Taxes. Prior to the date of the initial Loan hereunder, and from time to time thereafter if requested by the Company, each Bank, in each case if organized under the laws of a jurisdiction outside the United States, shall provide the Company with the forms prescribed by the Internal Revenue Service of the United States certifying such Bank's exemption from United States withholding taxes with respect to all payments to be made to such Bank hereunder and under the Notes. Unless the Company has received forms or other documents satisfactory to it indicating that payments hereunder or under any Note are not subject to United States withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Company may withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Bank organized under the laws of a jurisdiction outside the United States. Notwithstanding any provision in this Section 5.05 to the contrary, in the event the Company withholds such taxes from payments made by the Company, the Company shall not be required to increase the amount of such payment to such Bank in order to compensate such Bank for the amount withheld.

5.06 Replacement of Banks. So long as no Event of Default has occurred and is continuing, the Company, upon three Business Days' notice, may require that any Bank (a "**Replaced Bank**") transfer all of its right, title and interest under this Agreement and such Replaced Bank's Notes, if any, to any bank or other financial institution (which may be an existing Bank) (a "**Proposed Bank**") identified by the Company so long as (i) if the Proposed Bank is not an existing Bank, such Proposed Bank is satisfactory to the Administrative Agent in its reasonable determination, (ii) (y) such Proposed Bank agrees to assume all of the obligations of such Replaced Bank hereunder, and to purchase all of such Replaced Bank's Loans hereunder for consideration equal to the aggregate outstanding principal amount of such Replaced Bank's Loans, together with interest thereon to the date of such purchase, and arrangements satisfactory to such Replaced Bank in its reasonable determination are made for payment to such Replaced Bank of all other amounts payable hereunder to such Replaced Bank on or prior to the date of such transfer (including any fees accrued hereunder and any amounts that would be payable under Section 5.04 hereof as if all of such Replaced Bank's Loans were being prepaid in full on such date), or (z) other arrangements satisfactory to the Replaced Bank, the Proposed Bank and the Company are made and (iii) as a result of such replacement the Proposed Bank's Commitment is not greater than 20% of the aggregate amount of the Commitments. Subject to the provisions of Section 11.06(b) hereof, such Proposed Bank shall be a "Bank" for all purposes hereunder. Without prejudice to the survival of any other agreement of the Company hereunder, the agreements of the Company contained in Sections 5.01 and 11.03 hereof (without duplication of any payments made to such Replaced Bank by the Company or the Proposed Bank) shall survive for the benefit of such Replaced Bank under this Section 5.06 with respect to the time prior to such replacement.

Section 6. Conditions Precedent.

6.01 Initial Loan. The obligation of any Bank to make its initial Loan hereunder is subject to the conditions precedent that the Administrative Agent shall have received the following documents (with sufficient copies for each Bank), each of which shall be satisfactory to the Administrative Agent (and to the extent specified below, to each Bank) in form and substance (which conditions may be satisfied on the date of the execution and delivery of this Agreement):

(a) Corporate Documents. Certified copies of the charter and by-laws (or equivalent documents) of the Company, a long-form certificate of good standing for the Company from the office of the Secretary of State of the State of Delaware and certified copies of all corporate authority for the Company (including, without limitation, board

of director resolutions and evidence of the incumbency, including specimen signatures, of officers) with respect to the execution, delivery and performance of this Agreement and the Notes and each other document to be delivered by the Company from time to time in connection herewith and the Loans hereunder (and the Administrative Agent and each Bank may conclusively rely on such certificate until it receives notice in writing from the Company to the contrary).

(b) Opinion of Counsel to the Company. An opinion of Cahill Gordon & Reindel, counsel to the Company, substantially in the form of Exhibit A hereto (and the Company hereby instructs such counsel to deliver such opinion to the Banks and the Administrative Agent).

(c) Other Documents. Such other documents as the Administrative Agent or any Bank or Winston & Strawn, special counsel to JPMorgan Chase, may reasonably request.

(d) Payment of Fees. Receipt by each of the Banks of each of the fees which they are entitled to be paid on the Closing Date or prior to the initial extension of credit hereunder pursuant to the terms hereof or of any other agreement between the Company and the Banks.

6.02 Initial and Subsequent Loans. The obligation of any Bank to make any Loan (including any Competitive Bid Loan and such Bank's initial Syndicated Loan) to the Company upon the occasion of each borrowing hereunder is subject to the further conditions precedent that, both immediately prior to the making of such Loan and also after giving effect thereto and to the intended use thereof:

(a) subject to the right of the Company to Continue Loans during the occurrence and continuation of an Event of Default as provided in Section 2.09(c) hereof, no Event of Default (and, if such borrowing will increase the outstanding aggregate principal amount of the Loans of any Bank hereunder, no Default) shall have occurred and be continuing; and

(b) the representations and warranties made by the Company in Section 7 hereof (other than Section 7.07 hereof) shall be true and complete on and as of the date of the making of such Loan, with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date, provided that, notwithstanding the foregoing, the representation and warranty made by the Company in Section 7.05 hereof shall be required to be true and complete as of the Closing Date, but shall not be required to be true and complete on and as of the making of any Loan.

Each notice of borrowing by the Company hereunder shall constitute a certification by the Company to the effect set forth in the preceding sentence (both as of the date of such notice and as of the date of such borrowing).

Section 7. Representations and Warranties.

The Company represents and warrants to the Administrative Agent and the Banks that:

7.01 Organization, Corporate Powers. (a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (b) the Company (i) has the corporate power and authority to own its Property and to carry on its business as now conducted and (ii) is qualified to do business in every jurisdiction where such qualification is necessary in view of the properties owned or business transacted by it; and (c) the Company has the corporate power to execute, deliver and perform this Agreement, to borrow hereunder, to execute and deliver the Notes.

7.02 Authorization. The execution, delivery and performance of this Agreement, the borrowings hereunder and the execution and delivery of the Notes, (a) have been duly authorized by all requisite corporate action on the part of the Company and (b) will not (i) violate (A) any provision of law applicable to the Company, the certificate of incorporation or by-laws of the Company, (B) any applicable order of any court or other agency of government or (C)

any indenture, any agreement for borrowed money, any bond, note or other similar instrument or any other material agreement to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective Properties is bound, (ii) be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement, bond, note, instrument or other material agreement or (iii) result in the creation or imposition of any Lien upon any Property of the Company.

7.03 Governmental Approval. No action, consent or approval of, or registration or filing with, or any other action by any governmental agency, bureau, commission or court is required in connection with the execution, delivery and performance by the Company of this Agreement, the borrowings hereunder and the execution and delivery of the Notes.

7.04 Financial Statements. The Company has heretofore furnished to each Bank its audited consolidated financial statements as at December 31, 2001 and for the twelve-month period then ended. Such financial statements were prepared in accordance with GAAP and present fairly the consolidated financial condition and results of operations of the Company and its Subsidiaries as of the date and for the period indicated, and such balance sheet shows all known direct liabilities and all known contingent liabilities of a material nature of the Company and its Subsidiaries.

7.05 No Material Adverse Change. There has been no material adverse change in the business, assets, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries taken as a whole since December 31, 2001.

7.06 Title to Properties. All material assets of the Company and its Subsidiaries are free and clear of Liens, except such as are permitted by Section 8.07 hereof.

7.07 Litigation. There are no lawsuits in any court or other proceedings before any arbitrator or by or before any governmental commission, board, bureau or other administrative agency, pending, or, to the knowledge of the Company, threatened, the ultimate disposition of which should have a material adverse effect on the consolidated financial condition or business of the Company and its Subsidiaries taken as a whole; and neither the Company nor any of its Subsidiaries is in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court or Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which default would have a material adverse effect on the Company and its Subsidiaries taken as a whole.

7.08 Tax Returns. All material assessed deficiencies resulting from examinations of the Federal income tax returns of the Company and its Subsidiaries by the Internal Revenue Service have been discharged or reserved against in full. The Company and each of its Subsidiaries have filed or caused to be filed all Federal, state and local tax returns which, to the knowledge of the Company, are required to be filed and have paid or caused to be paid all taxes as shown on such returns or on any assessment received by it or by any of them to the extent that such taxes have become due, except taxes the validity of which is being contested in good faith by appropriate proceedings or the nonpayment of which would not have a material adverse effect on the financial condition of the Company and its Subsidiaries taken as a whole.

7.09 Agreements. Neither the Company nor any of its Principal Subsidiaries is in material default in the performance, observance or fulfillment of any obligation, covenant or condition contained in any material agreement or instrument to which it is a party.

7.10 Employee Benefit Plans. Each of the Company and its Subsidiaries is in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred with respect to any Plan administered by the Company or any of its Subsidiaries or any administrator designated by the Company or any of its Subsidiaries. As of the date of the most recent actuarial

valuation of each Plan administered by the Company, its Domestic Subsidiaries and administrators designated by the Company or any of its Subsidiaries, the aggregate present value of all vested accrued benefits under all such Plans (determined in accordance with the assumptions specified in such actuarial valuations) did not exceed the fair market value of the aggregate assets of such Plans by more than $10,000,000.

7.11 Federal Reserve Regulations. Neither the Company nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying any margin stock (within the meaning of Regulation U). Following application of the proceeds of each Loan, not more than 25 percent (or such greater or lesser percentage as provided in Regulation U in effect at the time of the making of such Loan) of the value of the Property (either of the Company only or of the Company and its Subsidiaries on a consolidated basis) subject to the provisions of Section 8.07 or 8.08 hereof will be margin stock (within the meaning of Regulation U).

7.12 Investment Company Act. Neither the Company nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

7.13 Public Utility Holding Company Act. Neither the Company nor any of its Subsidiaries is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 8. Covenants of the Company.

The Company covenants and agrees with the Administrative Agent and the Banks that, so long as any Commitment or Loan is outstanding or any amounts payable by the Company hereunder have not yet been paid in full:

8.01 Corporate Existence. The Company shall do, and shall cause each of its Principal Subsidiaries to do, all things necessary to preserve, renew and keep in full force and effect its corporate existence, material rights, licenses, permits and franchises and comply with all laws and regulations applicable to it; at all times maintain and preserve all Property used or useful in the conduct of its business and keep the same in good repair, working order and conditions, and from time to time make, or cause to be made, all needful and proper repairs, renewals and replacements thereto, so that the business carried on in connection therewith may be properly conducted at all times.

8.02 Insurance. The Company shall, and shall cause each of its Principal Subsidiaries to, (a) keep its insurable Properties adequately insured at all times; (b) maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses; (c) maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by the Company or any Principal Subsidiary, as the case may be, in such amount as the Company or such Principal Subsidiary, as the case may be, shall reasonably deem necessary; and (d) maintain such other insurance as may be required by law.

8.03 Obligations and Taxes. The Company shall pay, and shall cause each of its Principal Subsidiaries to pay, all its material indebtedness and obligations promptly and in accordance with their terms and pay and discharge promptly all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its Property, before the same shall become in default, as well as all material lawful claims for labor, materials and supplies or otherwise which, if unpaid, might become a Lien or charge upon such properties or any part thereof; provided, however, that neither the Company nor any of its Principal Subsidiaries shall be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and provided the Company

shall have set aside on its books reserves which the Company deems adequate with respect thereto.

8.04 Financial Statements, Reports, etc. The Company shall furnish to each Bank:

(a) within 95 days after the end of each fiscal year of the Company (being December 31 in each calendar year), an audited consolidated balance sheet of the Company and its Subsidiaries and the related audited consolidated statement of earnings showing the financial condition of the Company and its Subsidiaries as of the close of such fiscal year and the results of their operations during such year, and a consolidated statement of stockholders' equity and a consolidated statement of cash flows, as of the close of such fiscal year, all the foregoing consolidated financial statements to be reported on by, and to carry the report acceptable to the Majority Banks of, the Company's independent public accountants (which shall be Arthur Andersen LLP or another independent firm of nationally recognized certified public accountants), such financial statements to be in form acceptable to the Majority Banks in their reasonable determination;

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year, an unaudited consolidated balance sheet and unaudited consolidated statements of earnings and of cash flows showing the financial condition of the Company and its Subsidiaries as of the end of each such quarter and the results of operations for the then-elapsed portion of the fiscal year, certified by a Financial Officer of the Company as being correct and complete and as presenting fairly the financial position and results of operations of the Company and its Subsidiaries and as having been prepared in accordance with GAAP consistently applied, in each case subject to normal year-end audit adjustments;

(c) concurrently with (a) above, a certificate of the firm referred to therein (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations) certifying that to the best of its knowledge no Default has occurred and is continuing or, if such a Default has occurred and is continuing, specifying the nature and extent thereof;

(d) concurrently with (a) and (b) above, a certificate of the Company setting forth in reasonable detail the computations necessary to determine whether the Company is in compliance with Section 8.09 hereof as of the end of the respective quarterly fiscal period or fiscal year;

(e) promptly, from time to time, such other information regarding the financial condition of the Company and its Subsidiaries (and the identities, net income and assets of Principal Subsidiaries) as the Administrative Agent or any Bank may reasonably request; and

(f) concurrently with (a) above, a certificate of the Company setting forth a list of its Principal Subsidiaries as of the last day of such fiscal year.

8.05 Notices and Delivery of Certain Documents. The Company shall give the Administrative Agent and each Bank prompt notice of any Default and furnish each Bank with copies of all press releases issued by the Company, all filings made by the Company with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and all written communications from the Company to its shareholders generally.

8.06a ERISA. The Company shall, and shall cause each of its Subsidiaries to, (a) comply in all material respects with the applicable provisions of ERISA and (b) furnish to each Bank, (i) as soon as possible, and in any event within 30 days after any officer of the Company knows that any Reportable Event with respect to any Plan with vested unfunded liabilities in excess of $5,000,000 has occurred, a statement of a Financial Officer setting forth details as to such Reportable Event and the action, if any, that the Company proposes to take with respect thereto, together with a copy of the notice of such Reportable Event given to the PBGC, (ii) at the request of any Bank, promptly after the filing thereof with the United States Secretary of Labor or the PBGC, copies of each annual or other report, if any, with respect to any Plan, and (iii) promptly after receipt thereof, a copy of any notice the Company or any of its

Subsidiaries may receive from the PBGC relating to the intention of the PBGC to terminate any Plan with vested unfunded liabilities in excess of $5,000,000 or to appoint a trustee to administer any such Plan.

8.07 Liens. The Company shall not, and shall not permit any of its Subsidiaries to, incur, create or permit to exist any Lien on any of its Property now owned or hereafter acquired by the Company or any of its Subsidiaries, other than:

(a) Liens for taxes or assessments and similar charges either (i) not delinquent or (ii) being contested in good faith by appropriate proceedings and as to which the Company or such Subsidiary, as the case may be, shall have set aside on its books adequate reserves;

(b) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance, old-age pensions and social security benefits or securing the performance of bids, tenders, leases, Contracts, and statutory obligations of like nature, incurred as an incident to and in the ordinary course of business;

(c) materialmen's, mechanics', repairmen's, employees', operators' or other similar Liens or charges arising in the ordinary course of business incidental to construction, maintenance or operation of any Property of the Company or any of its Subsidiaries which have not at the time been filed pursuant to law and any such Liens and charges incidental to construction, maintenance or operation of any Property of the Company or any of its Subsidiaries, which, although filed, relate to obligations not yet due or the payment of which is being withheld as provided by law, or to obligations the validity of which is being contested in good faith by appropriate proceedings;

(d) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, Liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under or asserted by a landlord or owner of the leased property, with or without consent of the lessee), which will not individually or in the aggregate interfere materially with the use or operation by the Company or any of its Subsidiaries of the Property affected thereby for the purposes for which such Property was acquired or is held by the Company or any of its Subsidiaries;

(e) Liens created by or resulting from any litigation or proceeding which is currently being contested in good faith by appropriate proceedings and as to which levy and execution have been stayed and continue to be stayed;

(f) Liens consisting of, or arising in connection with, repurchase agreements, swaps or other obligations entered into in the ordinary course of business and not for the purpose of speculation relating to precious metals purchased, borrowed or otherwise held by the Company or any of its Subsidiaries;

(g) Liens incidental to the conduct of its business or the ownership of its Property which were not incurred in connection with the borrowing of money or the obtaining of advances or credit and which do not in the aggregate materially detract from the value of the Property subject thereto or materially impair the use thereof in the operation of its business;

(h) Liens on Property of a Subsidiary of the Company to secure obligations of such Subsidiary to the Company or another Subsidiary of the Company;

(i) Liens arising in connection with letter of credit trade transactions, provided that the Company or any of its Subsidiaries, as the case may be, discharges within 30 days its obligation to pay the indebtedness to banks arising from payments made by such banks under such letters of credit; and

(j) other Liens, provided that the aggregate of all Properties and assets of the Company and its Subsidiaries which are subject to or affected by such Liens and which would properly be classified as assets on a consolidated

balance sheet prepared in accordance with GAAP (including all leases (other than leases of office space and research and development facilities, if any) that would be required to be reflected as capital leases pursuant to such principles) does not at any time have a value on the books of the Company and its Subsidiaries in excess of 25% of the Consolidated Tangible Net Worth calculated for the quarter most recently ended.

8.08 Consolidations, Mergers and Sales of Assets. The Company shall not, and the Company shall not permit any of its Principal Subsidiaries to, merge or consolidate with or into any other Person or sell, lease, transfer or assign to any Person or otherwise dispose of (whether in one transaction or a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired), except that so long as immediately thereafter and after giving effect thereto no Default has occurred and is continuing, (a) the Company or a Principal Subsidiary may merge or consolidate with another corporation in a transaction in which the Company is the surviving entity or such Principal Subsidiary is the surviving entity and continues to be a Subsidiary of the Company, (b) the Company may merge or consolidate with another corporation in a transaction in which such other corporation is the surviving entity if such other corporation is acceptable to the Majority Banks in their reasonable determination and such other corporation effectively assumes and agrees to perform and discharge all the obligations of the Company under this Agreement and under the Notes pursuant to a written instrument or instruments satisfactory to the Banks and counsel for the Banks in their reasonable determination, and (c) any Principal Subsidiary may (i) merge or consolidate with the Company or into another Subsidiary of the Company which continues to be a Subsidiary after such transaction or (ii) sell, lease, transfer, assign or otherwise dispose of (whether in one transaction or series of transactions) all or substantially all of its Property (whether now owned or hereafter acquired) to the Company or to another Subsidiary of the Company which continues to be a Subsidiary after such transaction or transactions. For the purpose of this Section 8.08 only, "Principal Subsidiary" shall mean any Subsidiary of the Company having total assets as of the end of the most recent fiscal year equal to or greater than 25% of the consolidated total assets of the Company and its Subsidiaries as of the end of such fiscal year of the Company.

8.09 Debt to EBITDA. The Company shall not permit, as of the last day of each fiscal quarter of the Company, the ratio of Debt of the Company and its Consolidated Subsidiaries at such date to EBITDA for the preceding four fiscal quarters immediately preceding such date, including the fiscal quarter most recently ended to be greater than 3.0 to 1.0.

8.10 Use of Proceeds. The proceeds of the Loans shall be used for general corporate purposes, including, without limitation, to provide liquidity support for the issuance of commercial paper and acquisition financing: provided, however, that no Loan shall be available if the Majority Banks, in their sole discretion and upon notice to the Company explaining the basis, refuse to make any Loan the proceeds of which will be used by the Company in an acquisition which the Majority Banks have reasonable cause to believe is opposed by the acquired Person's board of directors or other governing body or is likely to be hostile or unfriendly; provided, further, that no Bank may refuse to make any Loan pursuant to this Section 8.10 if the Company presents a certified resolution of the board of directors or other governing body of the acquired entity approving, supporting or otherwise evidencing agreement with the proposed acquisition. None of the Administrative Agent, the Arranger, the Documentation Agents, the Syndication Agent nor any Bank shall have any responsibility as to the use of any of such proceeds.

Section 9. Events of Default.

If one or more of the following events (herein called "Events of Default") shall occur and be continuing:

(a) any representation or warranty made in connection with this Agreement or with the execution and delivery of the Notes, the borrowings hereunder or any statement or representation made in any report, certificate, financial statement or other instrument furnished by the Company to the Administrative Agent or the Banks pursuant to this Agreement shall prove to have been false or misleading in any material respect when made or delivered;

(b) default shall be made in the payment of any principal or interest hereunder or under any Note, or of any

fees or other amounts payable by the Company hereunder, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise, and, in the case of payments other than of any principal amounts hereunder, such default shall continue unremedied for three (3) Business Days;

(c) default shall be made with respect to any agreement or other evidence of indebtedness or liability for borrowed money in excess of $50,000,000 (other than hereunder) of the Company or any Principal Subsidiary if the effect of such default is to accelerate the maturity of such indebtedness or liability or to require the prepayment thereof or to permit the holder or holders thereof (or a trustee on behalf of the holder or holders thereof) to cause such indebtedness to become due prior to the stated maturity thereof, or any such indebtedness or liability shall become due and shall not be paid prior to the expiration of any period of grace;

(d) default shall be made in the due observance or performance of Section 8.09 hereof;

(e) default shall be made in the due observance or performance of any other covenant, condition or agreement to be observed or performed by the Company pursuant to the terms hereof and such default shall continue unremedied for 10 days after written notice thereof to the Company by any Bank;

(f) the Company or any Principal Subsidiary shall file one or more petitions or answers or consents seeking relief under Title 11 of the United States Code, as now or hereafter constituted, or any other applicable foreign, Federal or state bankruptcy, insolvency or similar law or laws, or shall consent to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking of possession of the Company or any Principal Subsidiary, as the case may be, or any Property of any of the same, by, one or more receivers, liquidators, assignees, trustees, custodians, sequestrator or other similar officials or the Company or any Principal Subsidiary shall make one or more assignments for the benefit of creditors, or shall become unable generally to pay its debts as they become due, or the Company or any Principal Subsidiary shall take action in furtherance of any such action;

(g) one or more decrees or orders shall be entered by one or more courts having jurisdiction in the premises for relief in respect of the Company or any Principal Subsidiary under Title 11 of the United States Code, as now or hereafter constituted, or any other applicable foreign, Federal or state bankruptcy, insolvency or similar law or laws, or appointing one or more receivers, liquidators, assignees, trustees, sequestrator or similar officials of the Company or any Principal Subsidiary, as the case may be, or of any Property of any of the same, or ordering the winding up or liquidation of the affairs of the Company or any Principal Subsidiary, and any one or more such decrees or orders shall continue unstayed and in effect for a period of 60 days;

(h) final judgment for the payment of money in excess of an aggregate of $50,000,000 and not fully covered by insurance shall be rendered against the Company or any Principal Subsidiary and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed;

(i) A Reportable Event shall have occurred with respect to any Plan with vested unfunded liabilities in excess of $5,000,000 which the Majority Banks determine constitutes reasonable grounds for the termination of such Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Plan or a trustee shall be appointed by a United States District Court to administer any Plan with vested unfunded liabilities in excess of $5,000,000; or the PBGC shall institute proceedings to terminate any Plan with vested unfunded liabilities in excess of $5,000,000; or the withdrawal by the Company or any Subsidiary from a Multiemployer Plan giving rise to Withdrawal Liability in excess of $5,000,000; or

(j) a Change in Control of the Company shall have occurred; for purposes of this paragraph (j), a "Change in Control" shall mean the acquisition by any Person (other than the Company) or group (as defined in the Securities Exchange Act of 1934) of twenty-five percent (25%) or more of the voting power of the Company entitled to vote in the election of directors;

THEREUPON: (1) in the case of an Event of Default other than one referred to in clause (f) or (g) of this Section 9 with respect to the Company, (A) the Administrative Agent, with the approval of the Majority Banks, may and, upon request of the Majority Banks, will, by notice to the Company, terminate the Commitments and they shall thereupon terminate, and (B) the Administrative Agent, with the approval of the Majority Banks, may and, upon request of the Majority Banks shall, by notice to the Company declare the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Company hereunder and under the Notes (including, without limitation, any amounts payable under Section 5.04 hereof) to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Company; and (2) in the case of the occurrence of an Event of Default referred to in clause (f) or (g) of this Section 9 with respect to the Company, the Commitments shall automatically be terminated and the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Company hereunder and under the Notes (including, without limitation, any amounts payable under Section 5.04 hereof) shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Company.

Section 10. The Administrative Agent.

10.01 Appointment, Powers and Immunities. Each Bank hereby appoints and authorizes the Administrative Agent to act as its agent hereunder with such powers as are specifically delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. The Administrative Agent (which term as used in this sentence and in Section 10.05 and the first sentence of Section 10.06 hereof shall include reference to its Related Parties):

(a) shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not by reason of this Agreement be a trustee for any Bank;

(b) shall not be responsible to the Banks for any recitals, statements, representations or warranties contained in this Agreement, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, any Note or any other document referred to or provided for herein or for any failure by the Company to perform any of its obligations hereunder or thereunder;

(c) shall not be required to initiate or conduct any litigation or collection proceedings hereunder; and

(d) shall not be responsible for any action taken or omitted to be taken by it hereunder or under any other document or instrument referred to or provided for herein or in connection herewith, except for its own gross negligence or willful misconduct.

The Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Administrative Agent may deem and treat the payee of a Note as the holder thereof for all purposes hereof unless and until a notice of the assignment or transfer thereof shall have been filed with the Administrative Agent, together with the consent of the Company to such assignment or transfer (to the extent required by Section 11.06(b) hereof).

10.02 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including, without limitation, any thereof by telephone, telecopy, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. As to any matters not expressly provided for by this Agreement, the

Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions given by the Majority Banks (or, if so provided in Section 11.04 hereof, all of the Banks), and such instructions of the Majority Banks (or all of the Banks, as the case may be) and any action taken or failure to act pursuant thereto shall be binding on all of the Banks.

10.03 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Administrative Agent has received notice from a Bank or the Company specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Banks. The Administrative Agent shall (subject to Section 10.07 hereof) take such action with respect to such Default as shall be directed by the Majority Banks provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Banks except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Majority Banks or all of the Banks.

10.04 Rights as a Bank. With respect to its Commitment and the Loans made by it, JPMorgan Chase (and any successor acting as Administrative Agent) in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as the Administrative Agent, and the term "Bank" or "Banks" shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. JPMorgan Chase (and any successor acting as Administrative Agent) and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to, make investments in and generally engage in any kind of banking, trust or other business with the Company (and any of its Subsidiaries or Affiliates) as if it were not acting as the Administrative Agent, and JPMorgan Chase (and any such successor) and its Affiliates may accept fees and other consideration from the Company for services in connection with this Agreement or otherwise without having to account for the same to the Banks.

10.05 Indemnification. The Banks agree to indemnify the Administrative Agent (to the extent not reimbursed under Section 11.03 hereof, but without limiting the obligations of the Company under said Section 11.03) ratably in accordance with their respective commitments (and, after the Commitments have been terminated, ratably in accordance with the aggregate principal amount of the Loans held by the Banks), for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Administrative Agent (including by any Bank) arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other documents contemplated by or referred to herein or the transactions contemplated hereby (including, without limitation, the costs and expenses that the Company is obligated to pay under Section 11.03 hereof but excluding, unless a Default has occurred and is continuing, normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or of any such other documents, provided that no Bank shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

10.06 Non-Reliance on Administrative Agent and Other Banks. Each Bank agrees that it has, independently and without reliance on the Administrative Agent, the Arranger or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Company and its Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon the Administrative Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by the Company of this Agreement or any other document referred to or provided for herein or to inspect the Properties or books of the Company or any of its Subsidiaries. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Administrative Agent hereunder, the Administrative Agent

shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition, operations, business, Properties, liabilities or prospects of the Company or any of its Subsidiaries (or any of their Affiliates) that may come into the possession of the Administrative Agent or any of its Affiliates.

10.07 Failure to Act. Except for action expressly required of the Administrative Agent hereunder, the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall receive further assurances to its satisfaction from the Banks of their indemnification obligations under Section 10.05 hereof against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

10.08 Resignation or Removal of Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Banks and the Company, and the Administrative Agent may be removed at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Banks and shall have accepted such appointment within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, that shall be a bank that has an office in New York, New York with a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Section 10 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent.

Section 11. Miscellaneous.

11.01 Waiver. No failure on the part of the Administrative Agent or any Bank to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement or any Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement or any Note preclude any other or future exercise thereof or the exercise of any right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

11.02 Notices. All notices, requests and other communications provided for herein (including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement) shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, or with respect to notices given pursuant to Section 2.03 hereof, by telephone, confirmed in writing by telecopier by the close of business on the day such notice is given, as follows:

(a) if to the Company, to it at Engelhard Corporation, 101 Wood Avenue, Iselin, New Jersey 08830, Attention of Peter Rapin, Treasurer (Telecopy No. (732) 205-9847) with a copy to the General Counsel (Telecopy No. (732) 548-7835);

(b) if to the Administrative Agent, to JPMorgan Chase Bank, Global Chemicals Group, 270 Park Avenue, New York, New York 10017, Attention: Lawrence Palumbo (Telecopy No. (212) 270-7939), with a copy to JPMorgan Chase Bank, Loan and Agency Services Group, One Chase Manhattan Plaza, New York, New York 10081 Attention: Lisa Pucciarelli (Telecopy No. (212) 552-5777);

(c) if to any other Bank (including the Documentation Agents or the Syndication Agent), to it at its address

(or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. Except as otherwise provided in this Agreement, all notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

11.03 Indemnification, Expenses, Etc. (a) The Company will indemnify each Bank, the Administrative Agent, the Arranger, and each Related Party (collectively, the "**Named Persons**") and hold such Named Persons harmless against any losses and related reasonable out-of-pocket expenses incurred by each such Named Person (i) in the enforcement or protection of its rights in connection with this Agreement, with the Loans made or the Notes issued hereunder, (ii) as a result of any transaction, action or failure to act arising from the foregoing, including, but not limited to, the reasonable fees and disbursements of counsel to such Named Persons, and (iii) with respect to any action which may be instituted by any Person against such Named Persons, (x) as a direct result of the execution and delivery of this Agreement or, (y) with respect to the Loans made, provided that with respect to each of the indemnities provided for in this subsection (a), such indemnities shall not, as to any Named Person, be available to the extent that such losses or related expenses are determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Named Person.

(b) The Company agrees that it shall indemnify each Named Person from and hold each of them harmless against any documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or the Notes. The obligations of the Company under this Section shall survive the termination of this Agreement and the payment of the Notes.

(c) The Company shall indemnify each Named Person, and hold each Named Person harmless from, any and all losses, damages, liabilities and reasonable related expenses, including the fees, charges and disbursements of any counsel for any Named Person, incurred by any Named Person arising out of or as a result of any claims pursuant to any Environmental Laws regarding (a) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries, or (b) any Environmental Liability, except to the extent attributable to actions of any Named Person.

(d) (i) If after any Named Person(s) shall have made a claim for indemnification hereunder and the Company shall have failed to agree to defend or settle the claim to which such claim for indemnification relates (a "**Third-Party Claim**") within fifteen (15) Business Days (the "**Notice Period**"), such Named Person(s) may defend or settle the Third-Party Claim as it or they deem appropriate without prejudice to any of their above rights to indemnity from the Company, and with no further obligation to inform the Company of the status of the Third-Party Claim and no right of the Company to approve or disapprove any actions taken in connection therewith by the Named Person(s). Notwithstanding the foregoing, in the event that the Company fails to agree to defend or settle a Third-Party Claim on behalf of the Named Person(s) within the Notice Period, the amount of any indemnity due hereunder shall bear interest calculated at the Base Rate, from the date upon which the Named Person(s) are required to make any payment(s) with respect to the Third-Party Claim and any related costs and expenses as provided herein, to the date of the Company's payment to the Named Person(s) as required hereby, calculated upon the actual number of days elapsed over a 365-day year.

(ii) If the Company agrees to defend or settle a Third-Party Claim on behalf of any Named Person(s) hereunder, it shall so notify the Named Person(s) within the Notice Period and elect either (a) to undertake the defense or settle such Third-Party Claim with counsel selected by the Company and approved by the Named Person(s), which approval shall not be unreasonably withheld, and the provisions of subclause (iii) of this Section 11.03(d) shall be applicable thereto, or (b) to instruct the Named Person(s) to defend or settle such Third-Party Claim, in which event the Named Person(s) may defend or settle the Third-Party Claim as it or they deem appropriate without prejudice to any of their above rights to indemnity from the Company, provided that, the Company shall not be liable under this

Section 11.03(d)(ii) to indemnify any Named Party in respect of any settlement effected without its consent, such consent not to be unreasonably withheld.

(iii) If the Company undertakes the defense or settlement of such Third-Party Claim, the Named Person(s) shall be entitled, at their own expense, to participate in such defense or settlement negotiation. If the Company undertakes such defense or settlement of a Third-Party Claim on behalf of the Named Person(s), no compromise or settlement of such Third-Party Claim shall be made by any Named Person without the prior written consent of the Company. In addition, no compromise or settlement of any Third-Party Claim shall be made by the Company without the prior written consent of the Named Person(s), such consent not to be unreasonably withheld, provided, that in the event that a Named Person shall not consent to such compromise or settlement (in connection with which the Company shall have agreed to indemnify such Named Person in full in respect of such compromise or settlement pursuant to the terms of this Section 11.03), the amount of indemnification to which such Named Person(s) is entitled pursuant to this Section 11.03(d)(iii) shall be limited to the amount of such proposed settlement, plus applicable out-of-pocket costs and expenses up to the date of the proposal of such settlement.

(iv) Notwithstanding the foregoing provisions of this subsection (d), in the event that the Company agrees to undertake the defense of or settlement of any Third-Party Claim, the Company agrees that its indemnity obligations hereunder shall include the payment of the reasonable fees and disbursements of separate counsel to the Named Person(s) if (x) in such Named Person(s)'s reasonable judgment and in the good faith judgment of its separate legal counsel, the use of counsel chosen by the Company would present such counsel with a conflict of interest; or (y) the Company shall authorize such Named Person(s) to employ separate counsel at the Company's expense, (it being agreed that the Company shall not, under any of the circumstances described in clauses (x) or (y) above, have the right to direct the defense of such action or proceeding on behalf of the Named Person(s)).

(v) Notwithstanding any other provision of this subsection (d) (but without affecting the limitation of the Company's liability set forth in subsection (iii) of this Section 11.03(d)), (x) the Company shall not, without the prior written consent of the relevant Named Person(s) agree to any settlement of any claim, litigation or proceeding in respect of which indemnity shall be sought hereunder if such settlement contains an admission of wrongdoing by such Named Person or if all claimants shall not have executed a full release in favor of such Named Person, and (y) each Named Person shall, subject to its reasonable business needs, use reasonable efforts to minimize the indemnification sought from the Company under this Section 11.03.

11.04 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be modified or supplemented only by an instrument in writing signed by the Company and the Majority Banks, or by the Company and the Administrative Agent acting with the consent of the Majority Banks and any provision of this Agreement may be waived by the Majority Banks or by the Administrative Agent acting with the consent of the Majority Banks; provided that (a) no modification, supplement or waiver shall, unless by an instrument signed by all of the Banks affected or by the Administrative Agent acting with the consent of all of the Banks affected: (i) increase, or extend the term of the Commitments, or extend the time or waive any requirement for the reduction or termination of the Commitments, (ii) extend the date fixed for the payment of principal of or interest on any Loan or the payment of any fee hereunder, (iii) reduce the amount of any such payment of principal, (iv) reduce the rate at which interest is payable thereon or any fee is payable hereunder, (v) alter the manner in which payments or prepayments of principal, interest, or other amounts hereunder shall be applied as between the Banks or Types or Classes of Loans, (vi) alter the terms of Section 4.02 or 4.07(a) hereof or of this Section 11.04, (vii) modify the definition of the term "Majority Banks" or modify in any other manner the number or percentage of the Banks required to make any determinations or waive any rights hereunder or to modify any provision hereof, or (viii) waive any of the conditions precedent set forth in Section 6.01 hereof; and (b) any modification or supplement of Sections 4.06 or 10 hereof, or of any of the rights or duties of the Administrative Agent hereunder, shall require the consent of the Administrative Agent.

11.05 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties

hereto and their respective successors and permitted assigns. Notwithstanding anything to the contrary contained herein, any Bank (a "Granting Lender") may grant to a special purpose funding vehicle (an "**SPC**") the option to fund all or any part of any Loan that such Granting Lender would otherwise be obligated to fund pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to fund all or any part of such Loan, the Granting Lender shall be obligated to fund such Loan pursuant to the terms hereof. The Granting Lender shall provide the Administrative Agent and the Company reasonable advance notice prior to the granting of an option to an SPC. The funding of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were funded by such Granting Lender. Each party hereto hereby agrees that a Granting Lender shall remain liable for any indemnity or payment under this Agreement for which a Granting Lender would otherwise be liable hereunder to the extent the granting Lender provides such indemnity or makes such payment. Notwithstanding anything to the contrary contained in this Agreement, any SPC may disclose on a confidential basis its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or guarantee to such SPC. The grant of an option pursuant to this Section shall not be deemed an assignment or a participation pursuant to Section 11.06 and shall not reduce the Commitment of the Granting Lender. This Section 11.05 may not be amended without the prior written consent of each Granting Lender, all or any part of whose Loan is being funded by an SPC at the time of such amendment.

11.06 Assignments and Participations.

(a) The Company may not assign any of its rights or obligations hereunder or under the Notes without the prior consent of all of the Banks and the Administrative Agent.

(b) Each Bank may assign any of its Loans, its Notes, if any, and its Commitment (but only with the consent of the Company unless an Event of Default referred to in clause (b) of Section 9 hereof shall have occurred and be continuing and the Administrative Agent, each of which consents will not be unreasonably withheld); provided that

(i) no such consent by the Company or the Administrative Agent shall be required in the case of any assignment to another Bank or an Affiliate of a Bank, and only the consent of the Company shall be required in the case of any assignment to a Lender Affiliate, such consent not to be unreasonably withheld;

(ii) except to the extent the Company and the Administrative Agent shall otherwise consent, any such partial assignment (other than to another Bank) shall be in an amount at least equal to $10,000,000;

(iii) each such assignment by a Bank of its Syndicated Loans, Syndicated Note, if any, and Commitment shall be made in such manner so that the same portion of its Syndicated Loans, Syndicated Note, if any, and Commitment is assigned to the respective assignee;

(iv) the assignee and assignor shall deliver to the Administrative Agent for its acceptance an Assignment and Acceptance for each such assignment; and

(v) each assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an Administrative Questionnaire.

Upon execution and delivery by the assignor and the assignee to the Administrative Agent of such Assignment and Acceptance, and upon consent thereto by the Company and the Administrative Agent to the extent required above, the assignee shall have, to the extent of such assignment (unless otherwise consented to by the Company and the Administrative Agent), the obligations, rights and benefits of a Bank hereunder holding the Commitment and Loans (or portions thereof) assigned to it and specified in such Assignment and Acceptance (in addition to the Commitment and Loans, if any, theretofore held by such assignee) and the assigning Bank shall, to the extent of such assignment, be released from the Commitment (or portion thereof) so assigned. Upon each such assignment the assigning Bank shall pay the Administrative Agent an assignment fee of $3,000.

(c) A Bank may sell or agree to sell to one or more other Persons (each a "**Participant**") a participation in all or any part of any Loans held by it or in its Commitment, provided that such Participant shall not have any rights or obligations under this Agreement or any Note (the Participant's rights against such Bank in respect of such participation to be those set forth in the agreements executed by such Bank in favor of the Participant). All amounts payable by the Company to any Bank under Section 5 hereof in respect of Loans held by it and its Commitment, shall be determined as if such Bank had not sold or agreed to sell any participations in such Loans and Commitment, and as if such Bank were funding each of such Loans and Commitment in the same way that it is funding the portion of such Loans and Commitment in which no participations have been sold. In no event shall a Bank that sells a participation agree with the Participant to take or refrain from taking any action hereunder except that such Bank may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase or extend the term of such Bank's Commitment, or extend the time or waive any requirement for the reduction or termination, of such Bank's Commitment, (ii) extend the date fixed for the payment of principal of or interest on the related Loan or Loans, or any portion of any fee hereunder payable to the Participant, (iii) reduce the amount of any such payment of principal or (iv) reduce the rate at which interest is payable thereon, or any fee hereunder payable to the Participant, to a level below the rate at which the Participant is entitled to receive such interest or fee.

(d) In addition to the assignments and participations permitted under the foregoing provisions of this Section 11.06, any Bank may (without notice to the Company, the Administrative Agent or any other Bank and without payment of any fee) (i) assign and pledge all or any portion of its Loans and its Notes, if any, to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank and (ii) assign all or any portion of its rights under this Agreement, its Loans and its Notes, if any, to an Affiliate. No such assignment shall release the assigning Bank from its obligations hereunder.

(e) A Bank may furnish any information concerning the Company or any of its Subsidiaries in the possession of such Bank from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 11.12(b) hereof.

(f) Anything in this Section 11.06 to the contrary notwithstanding, no Bank may assign or participate any interest in any Loan held by it hereunder to the Company or any of its Affiliates or Subsidiaries without the prior consent of each Bank.

11.07 Survival. The obligations of the Company under Sections 5.01, 5.04 and 11.03 hereof, and the obligations of the Banks under Sections 10.05 and 11.12 hereof, shall survive the repayment of the Loans, the termination of the Commitments and, in the case of any Bank that may assign any interest in its Commitment or Loans hereunder, shall survive the making of such assignment, notwithstanding that such assigning Bank may cease to be a "Bank" hereunder. In addition, each representation and warranty made, or deemed to be made by a notice of any Loan herein or pursuant hereto shall survive the making of such representation and warranty, and no Bank shall be deemed to have waived, by reason of making any Loan, any Default that may arise by reason of such representation or warranty proving to have been false or misleading when made or deemed to be made, notwithstanding that such Bank or the Administrative Agent may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such Loan was made.

11.08 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

11.09 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

11.10 Governing Law; Submission to Jurisdiction. This Agreement and the Notes shall be governed by, and

construed in accordance with, the law of the State of New York. The Company hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York County for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Company hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

11.11 Waiver of Jury Trial. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT, THE ARRANGER, THE DOCUMENTATION AGENTS, THE SYNDICATION AGENT AND THE BANKS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.12 Treatment of Certain Information; Confidentiality.

(a) The Company acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Company or one or more of its Subsidiaries (in connection with this Agreement or otherwise) by any Bank or by one or more Subsidiaries or Affiliates of such Bank and the Company hereby authorizes each Bank to share any information delivered to such Bank by the Company and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Bank to enter into this Agreement, with any such Subsidiary or Affiliate, it being understood that any such Subsidiary or Affiliate receiving such information shall be bound by the provisions of paragraph (b) below as if it were a Bank hereunder. Such authorization shall survive the repayment of the Loans and the termination of the Commitments.

(b) Each of the Banks and the Administrative Agent agrees (on behalf of itself and each of its Affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of the same nature and in accordance with safe and sound banking practices, any non-public information supplied to it by the Company pursuant to this Agreement that is identified by the Company as being confidential; provided that nothing herein shall limit the disclosure of any such information (i) after such information shall have become public (other than through a violation of this Section 11.12), (ii) to the extent required by statute, rule, regulation or judicial process, (iii) to counsel for any of the Banks or the Administrative Agent, (iv) to bank examiners (or any other regulatory authority having jurisdiction over any Bank or the Administrative Agent), or to auditors or accountants, (v) to the Administrative Agent or any other Bank (or to the Arranger), (vi) in connection with any litigation to which any one or more of the Banks or the Administrative Agent is a party, or in connection with the enforcement of rights or remedies hereunder, (vii) to a Subsidiary or Affiliate of such Bank as provided in paragraph (a) above or (viii) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first executes and delivers to the respective Bank a Confidentiality Agreement; provided further, that in no event shall any Bank or the Administrative Agent be obligated or required to return any materials furnished by the Company. The obligations of any assignee that has executed a Confidentiality Agreement shall be superseded by this Section 11.12 upon the date upon which such assignee becomes a Bank hereunder pursuant to Section 11.06(b) hereof.

11.13 The Syndication Agent, Arranger and Documentation Agents. Except as expressly set forth herein, the Syndication Agent, the Arranger and the Documentation Agents shall have (x) no obligations hereunder other than (in the case of the Syndication Agent and the Documentation Agents) those of a Bank, and (y) no liability to the Banks hereunder.

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

ENGELHARD CORPORATION

By: /s/ Peter R. Rapin
Title: Treasurer

JPMORGAN CHASE BANK
as Administrative Agent

By: /s/ Lawrence Palumbo, Jr.
Title: Vice President

J.P. MORGAN SECURITIES INC.,
as Lead Arranger and Book Manager

By: /s/ Jackson Dunckel
Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY,
as Documentation Agent

By: /s/ R.F. Kay
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Documentation Agent

By: /s/ Nathan R. Rantala
Title: Vice President

COMMERZBANK, AG-NEW YORK AND
GRAND CAYMAN BRANCHES,
as Syndication Agent

By: /s/ Robert Donohue
Title: Senior Vice President;

By: /s/ Peter Doyle
Title: Vice President

BANK OF AMERICA, N.A.
as Managing Agent

By: /s/ Wendy J. Gorman
Title: Principal

CITIBANK, N.A.,
as Managing Agent

By: /s/ Diane Pockaj
Title: Director

ALL FIRST BANK,
as a Bank

By: /s/ Corey Burgess
Title: Vice President

BANCA POPOLARE DI MILANO,
as a Bank

By:/s/ Robert P. Desantes
Title: Head of Corporate Banking

By: /s/ Giorgio Cuccolo
Title: Executive Vice President & General Manager

THE BANK OF NOVA SCOTIA,
as a Bank

By: /s/ Kevin Clark
Title: Unit Head

SUMITOMO MITSUI BANKING CORPORATION,
as a Bank

By: /s/ Edward D. Henderson
Title: Senior Vice President

BANK ONE, N.A. (Main Office-Chicago),
as a Bank

By: /s/ Mahua Thakurta
Title: Associate Director

BANK OF CHINA, NEW YORK BRANCH,
as a Bank

By: /s/ William Smith, Jr.
Title: Chief Lending Officer

NORDDEUTSCHE LANDESBANK,
GIROZENTRALE, New York and/or
Cayman Islands Branch,
as a Bank

By: /s/ Raimund Ferley
Title: Senior Vice President

By: /s/ Josef Haas
Title: Vice President

ING BANK N.V.,
as a Bank

By: /s/ Alan Duffy
Title: Director

By: /s/ Michael Fenlon
Title: Vice President

MELLON BANK, N.A.,
as Managing Agent

By: /s/ William M. Feathers

Title: Vice President

ABN AMRO BANK, N.V.,
as a Bank

By: /s/ James S. Kreitler
Title: Group Vice President

By: /s/ Henry Sosa
Title: Assistant Vice President

THE BANK OF NEW YORK,
as a Bank

By: /s/ Ernest Fung
Title: Vice President

FLEET NATIONAL BANK,
as a Bank

By: /s/ Wayne R. Trotman
Title: Executive Vice President

WESTDEUTSCHE LANDESBANK GIROZENTRALE,
NEW YORK BRANCH,
as a Bank

By: /s/ Andreas Schroter
Title: Director

By: /s/ Walter T. Duffy III
Title: Associate Director

INTESABCI, NEW YORK BRANCH,
as a Bank

By: /s/ Charles Dougherty
Title: Vice President

By: /s/ Frank Maffei
Title: Vice President

BANCA NAZIONALE DEL LAVORO S.p.A.,
NEW YORK BRANCH,
as a Bank

By: /s/ Francesco Di Mario
Title: Vice President

By: /s/ Leonardo Valentini
Title: First Vice President

WELLS FARGO BANK N.A.,
as a Bank

By: /s/ Peter M. Angelica
Title: Vice President

BANCA DI ROMA S.p.A.,
NEW YORK BRANCH,
as a Bank

By: /s/ Steven Paley
Title: First Vice President

By: /s/ A. Paoli
Title: Associate Treasurer

SUNTRUST BANK,
as a Bank

By: /s/ Karen C. Copeland
Title: Vice President

SCHEDULE I

ALLOCATIONS AND LENDERS

Title	Institution	Allocations
Administrative Agent	JPMorgan Chase Bank	$ 27,000,000
Documentation Agent	Bank of Tokyo-Mitsubishi Trust Company	$ 23,500,000
Documentation Agent	Wachovia Bank, National Association	$ 23,500,000
Syndication Agent	Commerzbank, AG	$ 23,500,000
Managing Agent	Bank of America, N.A.	$ 17,500,000

Managing Agent	Mellon Bank, N.A.	$ 17,500,000
Bank	Citibank, N.A.	$ 15,000,000
Bank	ABN Amro Bank, N.V.	$ 15,000,000
Bank	The Bank of New York	$ 15,000,000
Bank	The Bank of Nova Scotia	$ 15,000,000
Bank	Fleet National Bank	$ 15,000,000
Bank	Bank One, NA	$ 15,000,000
Bank	Bank of China	$ 15,000,000
Bank	Norddeutsche Landesbank	$ 15,000,000
Bank	ING Bank N.V.	$ 15,000,000
Bank	Allfirst Bank	$ 15,000,000
Bank	Banca Popolare di Milano	$ 15,000,000
Bank	Sumitomo Mitsui Banking Corporation	$ 15,000,000
Bank	West LB	$ 15,000,000
Bank	Banca Nazionale del Lavoro S.p.A.	$ 15,000,000
Bank	Banca Di Roma S.p.A.	$ 15,000,000
Bank	IntesaBci	$ 15,000,000
Bank	Wells Fargo Bank NA	$ 15,000,000
Bank	Suntrust Bank	$ 12,500,000
Total		$ 400,000,000

EXHIBIT (10)(n)

[Conformed Copy -- Includes amendments made in
June 1992, February 1995, March 1996,August 1997,
December 1997, September 1998, December 1999,
February 2001, March 2001 and March 2002]

ENGELHARD CORPORATION
STOCK OPTION PLAN OF 1991

1. Purposes. This Stock Option Plan (the "Plan") of Engelhard Corporation (the "Company") is established so that the Company may make available to essential executives the opportunity to acquire ownership of Company stock pursuant to options constituting incentive or non-qualified stock options under the Internal Revenue Code. It is

anticipated that such stock options will materially assist the Company in providing incentives to essential executives for future performance.

2. Administration. The Plan shall be administered by a committee (the "Committee") which shall be appointed from time to time by the Board of Directors of the Company (the "Board of Directors"), and shall consist of not less than two directors of the Company who qualify as "non-employee directors" under Rule 16b-3(b)(3) issued by the Securities and Exchange Commission. The Committee shall have full power and authority, subject to the terms and conditions of the Plan, to determine the essential executives to whom awards may be made under the Plan, the number of such shares to be awarded to each of such essential executives, the applicable terms and conditions of such awards and all other matters which may arise in the administration of the Plan. The determination of the Committee concerning any matter arising under or with respect to the Plan or any awards granted hereunder shall be final, binding and conclusive on all interested persons. The Committee may as to all questions of accounting rely conclusively upon any determinations made by the independent auditors of the Company. Notwithstanding any provision of the Plan to the contrary, the Chief Executive Officer of the Company shall have the power and authority, subject to the terms and conditions of the Plan, to make awards under the Plan to executives who are not officers or directors of the Company for purposes of Section 16(b) of the Securities Exchange Act of 1934, as amended; provided, however, that the authority of the Chief Executive Officer to make such awards shall be subject to limitations as may be imposed from time to time by the Committee.

3. Stock Available for Options. There shall be available for option under the Plan 5,000,000 shares of the Company's Common Stock (the "Stock"), subject to any adjustments which may be made pursuant to Section 5(f) hereof. Shares of Stock used for purposes of the Plan may be either authorized and unissued shares or treasury shares or both. Stock covered by options which have terminated or expired prior to exercise or have been surrendered and cancelled as contemplated by Section 7(b) hereof shall be available for further option hereunder. Subject to any adjustments which may be made pursuant to Section 5(f) hereof, the maximum number of shares of Stock with respect to which options may be granted during a calendar year to any employee under this Plan shall be 1,000,000 shares.

4. Eligibility. Essential managers and other key employees, including officers and directors of the Company, and of any subsidiary corporation, as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"), of the Company ("Subsidiary"), shall be eligible to receive options under the Plan, provided that no option may be granted to any director who is not also an employee of the Company or a Subsidiary.

5. Terms and Conditions of Options. Each option granted hereunder shall be in writing, shall specify its type (incentive stock option or non-qualified stock option) and shall contain such terms and conditions as the Committee may determine, which terms and conditions need not be the same in each case or within each type, subject to the following:

(a) Option Price. The price at which each share of Stock covered by an option granted hereunder may be purchased shall not be less than the greater of the par value of the Stock or the fair market value thereof at the time of grant, as determined by the Board of Directors.

(b) Option Period. The period for exercise of an option shall not exceed ten years from the date the option is granted. Options may be made exercisable in installments during the option period. Any shares not purchased on any applicable installment date, if so provided in the related options, may be purchased thereafter at any time prior to the expiration of the option period. Any option granted before March 7, 1996 which is exercisable in installments shall become immediately exercisable in full in the event of an "acquisition of a control interest" in the Company. For purposes of this Plan, an "acquisition of a control interest" shall occur if: (A) twenty-five percent (25%) or more of the Company's outstanding securities entitled to vote in elections of directors ("voting securities") shall be beneficially owned, directly or indirectly (including options, conversion rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the group owning the same (including their affiliates and

associates) on March 7, 1991; or (B) the majority of the Board of Directors ceases to consist of the existing membership or successors nominated by the existing membership or their similar successors. Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall, for the purposes of the foregoing definition of "acquisition of a control interest", be deemed to constitute each party to such agreement, arrangement or understanding as the owner of such securities.

In the case of options granted under the Plan on or after March 7, 1996 which are exercisable in installments, such options shall become immediately exercisable in full at the time of a "Change in Control" unless the Committee expressly provides in the applicable option agreement entered into pursuant to this Plan that an additional condition or conditions must be satisfied in order for exercisability of the option to be accelerated, in which event exercisability of any such options shall be accelerated upon satisfaction of such condition(s), if any, following the Change in Control. The provisions relating to acceleration of exercisability of such options need not be the same for all options granted under the Plan. For this purpose, a "Change in Control" shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof; or

(b) During any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board of Directors of the Company (the "Incumbent Board"), cease for any reason to constitute at least a majority of the Board of Directors of the Company; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect of which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of,

respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(d) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to the corporation, with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

(c) Exercise of Options. To exercise an option, the holder thereof shall give written notice to the Company specifying the number of shares to be purchased and accompanied by payment in full of the purchase price therefor. An option holder shall have none of the rights of a stockholder until the shares are paid for in full and issued to him. The purchase price may be paid in whole or in part with shares of Stock having a fair market value on the exercise date equal to the cash amount for which such shares are substituted; provided, however, that in no event may any portion of the purchase price be paid with shares of Stock acquired upon exercise of a stock option granted under this Plan unless such shares were acquired more than six months before the applicable date of exercise.

Notwithstanding any provision of this Plan to the contrary, the Committee shall have the authority at any time to accelerate the exercisability of all or any portion of any option granted under the Plan.

(d) Effect of Termination of Employment or Death. No option may be exercised after the termination of employment of an optionee, except that: (i) if such termination is by reason of disability or retirement at normal, deferred or early retirement age, under any retirement plan maintained by the Company or any Subsidiary, or for any other reason specifically approved in advance by the Committee, any options held by the optionee shall thereupon become exercisable in full, and (x) in the case of options granted before February 2, 1995, may be exercised by the optionee for a period of three months after such termination, and (y) in the case of options granted on or after February 2, 1995, may be exercised by the optionee during the period ending on the tenth anniversary of the date of grant of the option; (ii) if such termination is by action of the Company or a Subsidiary other than as provided in (i) above and other than discharge by reason of willful violation of the rules of the Company or instructions of superior(s), (x) in the case of options granted before August 7, 1997, any options held by the optionee which are exercisable at the time his employment terminates may be exercised by him for a period of three months after such termination, and (y) in the case of options granted on or after August 7, 1997, such options shall continue to become exercisable at the times set forth in the applicable stock option agreement notwithstanding such termination of employment and such options may be exercised during the period ending on the later of three months following the date the options become exercisable in full or such termination of employment; (iii) in the event of the death of an optionee after the termination of his employment pursuant to (i)or (ii) above, the person or persons to whom the optionee's rights are transferred by will or the laws of descent and distribution may exercise any options which the optionee could have exercised had he survived for the remainder of the period under (i) or (ii) above during which the optionee could have

exercised the option if he had survived; and (iv) in the event of the death of an optionee while employed, any options then held by the optionee shall thereupon become exercisable in full, and the person or persons to whom the optionee's rights are transferred by will or the laws of descent and distribution shall have (x) in the case of options granted before February 2, 1995, a period of one year thereafter to exercise such options, and (y) in the case of options granted on or after February 2, 1995, a period ending on the tenth anniversary of the date of grant of the option to exercise such options. In no event, however, shall any option be exercisable more than ten years from the date of grant thereof.

Notwithstanding any provision of this Plan to the contrary, the Committee shall have the authority (which may be exercised at any time) to extend the period during which any option granted under the Plan may be exercised; provided, however, that no option may be exercisable for more than ten years from the date of grant thereof.

Nothing contained in the Plan or any option granted hereunder shall confer on any employee any right to continue his employment or interfere in any way with the right of his employer to terminate his employment at any time.

(e) Nontransferability of the Options. During the optionee's lifetime his option shall be exercisable only by him. No option shall be transferable other than by will or the laws of descent and distribution.

(f) Adjustment for Change in Stock Subject to Plan. In the event of a stock split, stock dividend, combination of shares, recapitalization, reorganization, merger, consolidation, rights offering, or any other change in the corporate structure or shares of the Company, the Board of Directors shall make such adjustments, if any, as it deems appropriate for purposes hereof in the number and kind of shares subject to the Plan, in the number and kind of shares covered by outstanding options, or in the option prices.

(g) Registration, Listing and Qualification of Shares. Each option shall be subject to the requirement that if at any time the Board of Directors shall determine that the registration, listing or qualification of the shares covered thereby upon any securities exchange or under any federal or state law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the granting of such option or the purchase of shares thereunder, no such option may be exercised unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors. Any person exercising an option shall make such representations and agreements and furnish such information as the Board of Directors may request to assure compliance with the foregoing or any other applicable legal requirements.

(h) Incentive Stock Options. Unless otherwise designated by the Committee, options granted under the Plan shall be deemed to be options not intended to qualify as "Incentive Stock Options" within the meaning of Section 422 of the Code. However, the Committee may designate options granted to an employee as Incentive Stock Options to the extent that such options and all other incentive stock options (as defined in Section 422 of the Code) held by the employee and exercisable for the first time by such employee during any calendar year (under all plans of the Company and its parent and subsidiary corporations (as hereinafter defined)) cover shares of the Company having an aggregate fair market value (determined by the Committee as of the time the option is granted in such manner as will constitute an attempt in good faith to meet the applicable requirements of Section 422(b) of the Code) of not more than $100,000. Options deemed to be Incentive Stock Options hereunder shall comply with the following requirements in addition to the terms and conditions previously set forth in this Plan. Incentive Stock Options and other stock options granted under the Plan shall be clearly identified as such. (The terms "parent" or "subsidiary" corporation as used in this Section 5(h) shall have the respective meanings set forth in Section 424(e) and (f) of the Code.)

The additional requirements referred to are the following:

(A) Notwithstanding the provisions of this Plan for exercise of stock options after the death of the Optionee or any other provision of this Plan, an Incentive Stock Option may not in any event be exercised after the expiration of ten years from the date the Incentive Stock Option is granted. Each stock option agreement shall so provide with respect to any and all Incentive Stock Options covered by that agreement.

(B) No Incentive Stock Option shall be granted to an individual who, at the time the Incentive Stock Option is granted, owns (within the meaning of Section 422(b)(6) of the Code) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, if any (a "10-percent shareholder"), unless, at the time the Incentive Stock Option is granted, the option price is at least 110 percent of the fair market value of the shares subject to the Incentive Stock Option and the Incentive Stock Option by its terms is not exercisable after the expiration of five years from the date the Incentive Stock Option is granted to such 10-percent shareholder.

(i) Tax Withholding. The Committee may establish such rules and procedures as it considers desirable in order to satisfy any obligation of the Company or any Subsidiary to withhold Federal income taxes or other taxes with respect to the exercise of an option under the Plan, including without limitation rules and procedures permitting an optionee to elect that the Company withhold shares of Stock otherwise issuable upon exercise of such option in order to satisfy such withholding obligation; provided, however, that the amount of tax withholding to be satisfied by withholding shares of Stock from the option exercise shall be limited to the minimum amount of taxes, including employment taxes, required to be withheld under applicable Federal, state and local law.

6. Duration. Unless sooner terminated by the Board of Directors, the Plan shall terminate on, and no option shall be granted hereunder after June 30, 2003.

7. (a) Amendment. The Board of Directors may amend or terminate the Plan at any time; provided, however, that any such amendment or termination shall be subject to the approval of the Company's shareholders to the extent such shareholder approval is required (i) in order to insure that options granted under the Plan are exempt under Rule 16b-3 promulgated under the Securities Exchange Act of 1934 or (ii) under Section 422 of the Internal Revenue Code of 1986, as amended; provided, further, however, that, without the consent of an affected optionee, no amendment or termination of the Plan may impair the rights or, in any other manner, adversely affect the rights of such optionee under any option theretofore granted to him. Notwithstanding the foregoing, the Committee shall have the right to accept the surrender of and cancel options issued under the Plan and reissue those options and to amend the terms of outstanding options under the terms and conditions set forth herein.

(b) Surrender, Cancellation and Reissue of Options. The Committee, upon invitation by it during the term of this Plan to any holder(s) of options under the Plan to do so, may accept the surrender of outstanding options, cancel such options and issue in exchange therefor new options under this Plan, provided:

(1) the tender of options for surrender is in accordance with such conditions as the Committee may set forth in its invitation for that surrender;

(2) the number of shares covered by an option issued in exchange for a surrendered and cancelled option shall not exceed the number of shares covered by the option surrendered and cancelled;

(3) the exercise price and all other terms of each option issued in exchange shall comply with the requirements of this Plan for the issuance of options; and

(4) no such invitation for surrender of options shall be made by the Committee unless it first shall

have determined that it is in the interest of the Company to provide an opportunity for the surrender and cancellation of outstanding options and the issue of new options in exchange therefor upon more appropriate terms and conditions, including exercise price.

(c) Amendments of Outstanding Options. In the event that any options issued under this Plan shall remain outstanding after June 30, 2003, and if the Committee shall determine that it is in the interest of the Company to amend the terms and conditions, including exercise price or prices, of such options, the Committee shall have the right, by written notice to the holders thereof, to amend the terms and conditions of such options including exercise price or prices; provided, however, that (i) no such amendment shall be adverse to the holders of the options, and (ii) the amended terms of an option, including exercise price or prices, would have been permitted under this Plan had the Plan been outstanding at the time of such amendment.

8. Effectiveness of the Plan. This Plan will not be made effective unless approved by the holders of not less than a majority of the outstanding shares of voting stock of the Company represented and entitled to vote thereon at a meeting thereof duly called and held for such purpose, and no option granted hereunder shall be exercisable prior to such approval.

9. Other Actions. This Plan shall not restrict the authority of the Board of Directors, for proper corporate purposes, to grant or assume stock options, other than under the Plan, to or with respect to any employee or other person.

10. Name. This Plan shall be known as the Engelhard Corporation Stock Option Plan of 1991.

EXHIBIT (10)(o)

[Conformed Copy -- Includes amendments
made in February 2001 and March 2001]

ENGELHARD CORPORATION
STOCK OPTION PLAN OF 1999
FOR CERTAIN KEY EMPLOYEES

(Non Section 16(b) Officers)

1. Purposes. This Stock Option Plan (the "Plan") of Engelhard Corporation (the "Company") is established so that the Company may make available to key employees the opportunity to acquire ownership of Company stock pursuant to options constituting non-qualified stock options under the Internal Revenue Code. It is anticipated that such stock options will materially assist the Company in providing incentives to key employees for future performance.

2. Administration. The Plan shall be administered by a committee (the "Committee") which shall be appointed from time to time by the Board of Directors of the Company (the "Board of Directors"), and shall consist of not less than two directors of the Company who qualify as "non-employee directors" under Rule 16b-3(b)(3) issued by the Securities and Exchange Commission. The Committee shall have full power and authority, subject to the terms and conditions of the Plan, to determine the key employees (excluding key employees who are officers or directors of the Company for purposes of Section 16(b) of the Securities Exchange Act of 1934, as amended) to whom awards may be made under the Plan, the number of such shares to be awarded to each of such key employees, the applicable terms and conditions of such awards and all other matters which may arise in the administration of the Plan. The determination of the Committee concerning any matter arising under or with respect to the Plan or any awards granted hereunder shall be final, binding and conclusive on all interested persons. The Committee may as to all questions of accounting rely conclusively upon any determinations made by the independent auditors of the Company. Notwithstanding any provision of the Plan to the contrary, the Chief Executive Officer of the Company shall have the power and authority, subject to the terms and conditions of the Plan, to make awards under the Plan to key employees who are not officers or directors of the Company for purposes of Section 16(b) of the Securities Exchange Act of 1934, as amended; provided, however, that the authority of the Chief Executive Officer to make such awards shall be subject to limitations as may be imposed from time to time by the Committee.

3. Stock Available for Options. There shall be available for option under the Plan 5,500,000 shares of the Company's Common Stock (the "Stock"), subject to any adjustments which may be made pursuant to Section 5(f) hereof. Shares of Stock used for purposes of the Plan may be either authorized and unissued shares or treasury shares or both. Stock covered by options which have terminated or expired prior to exercise or have been surrendered and canceled as contemplated by Section 7(b) hereof shall be available for further option hereunder.

4. Eligibility. Key Employees of the Company and of any subsidiary corporation, as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"), of the Company ("Subsidiary") shall be eligible to receive options under the Plan, provided that no option may be granted to any employee of the Company or a Subsidiary who is an officer or director of the Company for purposes of Section 16(b) of the Securities Exchange Act of 1934, as amended.

5. Terms and Conditions of Options. Each option granted hereunder shall be in writing, shall be a non-qualified stock option and shall contain such terms and conditions as the Committee may determine, which terms and conditions need not be the same in each case or within each type, subject to the following:

(a) Option Price. The price at which each share of Stock covered by an option granted hereunder may be purchased shall not be less than the greater of the par value of the Stock or the fair market value thereof at the time of grant, as determined by the Board of Directors.

(b) Option Period. The period for exercise of an option shall not exceed ten years from the date the option is granted. Options may be made exercisable in installments during the option period. Any shares not purchased on any applicable installment date, if so provided in the related options, may be purchased thereafter at any time prior to the expiration of the option period.

In the case of options granted under the Plan which are exercisable in installments, such options shall become immediately exercisable in full at the time of a "Change in Control" unless the Committee expressly provides in the applicable option agreement entered into pursuant to this Plan that an additional condition or conditions must be satisfied in order for exercisability of the option to be accelerated, in which event exercisability of any such options shall be accelerated upon satisfaction of such condition(s), if any, following the Change in Control. The provisions relating to acceleration of exercisability of such options need not be the same for all options granted under the Plan. For this purpose, a "Change in Control" shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof; or

(b) During any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board of Directors of the Company (the "Incumbent Board"), cease for any reason to constitute at least a majority of the Board of Directors of the Company; provided, however, that any

individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect of which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(d) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to the corporation, with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

(c) Exercise of Options. To exercise an option, the holder thereof shall give notice to the Company specifying the number of shares to be purchased and accompanied by payment in full of the purchase price therefor. An option holder shall have none of the rights of a stockholder until the shares are paid for in full and issued to him. The purchase price may be paid in whole or in part with shares of Stock having a fair market value on the exercise date equal to the cash amount for which such shares are substituted; provided, however, that in no event may any portion of the purchase price be paid with shares of Stock acquired upon exercise of a stock option granted under this Plan unless such shares were acquired more than six months before the applicable date of exercise.

Notwithstanding any provision of this Plan to the contrary, the Committee shall have the authority at any time to accelerate the exercisability of all or any portion of any option granted under the Plan.

(d) Effect of Termination of Employment or Death. No option may be exercised after the termination of employment of an optionee, except that: (i) if such termination is by reason of disability or retirement at normal, deferred or early retirement age, under any retirement plan maintained by the Company or any Subsidiary, or for any other reason specifically approved in advance by the Committee, any options held by the optionee shall thereupon become exercisable in full, and may be exercised by the optionee during the period ending on the tenth anniversary of the date of grant of the option; (ii) if such termination is by action of the Company or a Subsidiary other than as provided in (i) above and other than discharge by reason of willful violation of the rules of the Company or instructions of superior(s), such options shall

continue to become exercisable at the times set forth in the applicable stock option agreement notwithstanding such termination of employment and such options may be exercised during the period ending on the later of three months following the date the options become exercisable in full or such termination of employment; (iii) in the event of the death of an optionee after the termination of his employment pursuant to (i) or (ii) above, the person or persons to whom the optionee's rights are transferred by will or the laws of descent and distribution may exercise any options which the optionee could have exercised had he survived for the remainder of the period under (i) or (ii) above during which the optionee could have exercised the option if he had survived; and (iv) in the event of the death of an optionee while employed, any options then held by the optionee shall thereupon become exercisable in full, and the person or persons to whom the optionee's rights are transferred by will or the laws of descent and distribution shall have a period ending on the tenth anniversary of the date of grant of the option to exercise such options. In no event, however, shall any option be exercisable more than ten years from the date of grant thereof.

Notwithstanding any provision of this Plan to the contrary, the Committee shall have the authority (which may be exercised at any time) to extend the period during which any option granted under the Plan may be exercised; provided, however, that no option may be exercisable for more than ten years from the date of grant thereof.

Nothing contained in the Plan or any option granted hereunder shall confer on any employee any right to continue his employment or interfere in any way with the right of his employer to terminate his employment at any time.

(e) Nontransferability of the Options. During the optionee's lifetime his option shall be exercisable only by him. No option shall be transferable other than by will or the laws of descent and distribution.

(f) Adjustment for Change in Stock Subject to Plan. In the event of a stock split, stock dividend, combination of shares, recapitalization, reorganization, merger, consolidation, rights offering, or any other change in the corporate structure or shares of the Company, the Board of Directors shall make such adjustments, if any, as it deems appropriate for purposes hereof in the number and kind of shares subject to the Plan, in the number and kind of shares covered by outstanding options, or in the option prices.

(g) Registration, Listing and Qualification of Shares. Each option shall be subject to the requirement that if at any time the Board of Directors shall determine that the registration, listing or qualification of the shares covered thereby upon any securities exchange or under any federal or state law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the granting of such option or the purchase of shares thereunder, no such option may be exercised unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors. Any person exercising an option shall make such representations and agreements and furnish such information as the Board of Directors may request to assure compliance with the foregoing or any other applicable legal requirements.

(h) Tax Withholding. The Committee may establish such rules and procedures as it considers desirable in order to satisfy any obligation of the Company or any Subsidiary to withhold Federal income taxes or other taxes with respect to the exercise of an option under the Plan, including without limitation rules and procedures permitting an optionee to elect that the Company withhold shares of Stock otherwise issuable upon exercise of such option in order to satisfy such withholding obligation; provided, however, that the amount of tax withholding to be satisfied by withholding shares of Stock from the option exercise shall be limited to the minimum amount of taxes, including employment taxes, required to be withheld under applicable Federal, state and local law.

6. Duration. Unless sooner terminated by the Board of Directors, the Plan shall terminate on, and no option shall be granted hereunder after December 16, 2009.

7. (a) Amendment. The Board of Directors may amend or terminate the Plan at any time; provided, however, that, without the consent of an affected optionee, no amendment or termination of the Plan may impair the rights or, in any other manner, adversely affect the rights of such optionee under any option theretofore granted to him. Notwithstanding the foregoing, the Committee shall have the right to accept the surrender of and cancel options issued under the Plan and reissue those options and to amend the terms of outstanding options under the terms and conditions set forth herein.

(b) Surrender, Cancellation and Reissue of Options. The Committee, upon invitation by it during the term of this Plan to any holder(s) of options under the Plan to do so, may accept the surrender of outstanding options, cancel such options and issue in exchange therefor new options under this Plan, provided:

(1) the tender of options for surrender is in accordance with such conditions as the Committee may set forth in its invitation for that surrender;

(2) the number of shares covered by an option issued in exchange for a surrendered and cancelled option shall not exceed the number of shares covered by the option surrendered and cancelled;

(3) the exercise price and all other terms of each option issued in exchange shall comply with the requirements of this Plan for the issuance of options; and

(4) no such invitation for surrender of options shall be made by the Committee unless it first shall have determined that it is in the interest of the Company to provide an opportunity for the surrender and cancellation of outstanding options and the issue of new options in exchange therefor upon more appropriate terms and conditions, including exercise price.

(c) Amendments of Outstanding Options. In the event that any options issued under this Plan shall remain outstanding after December 16, 2009, and if the Committee shall determine that it is in the interest of the Company to amend the terms and conditions, including exercise price or prices, of such options, the Committee shall have the right, by written notice to the holders thereof, to amend the terms and conditions of such options including exercise price or prices; provided, however, that (i) no such amendment shall be adverse to the holders of the options, and (ii) the amended terms of an option, including exercise price or prices, would have been permitted under this Plan had the Plan been outstanding at the time of such amendment.

8. Other Actions. This Plan shall not restrict the authority of the Board of Directors, for proper corporate purposes, to grant or assume stock options, other than under the Plan, to or with respect to any employee or other person.

9. Name. This Plan shall be known as the Engelhard Corporation Stock Option Plan of 1999 for Certain Key Employees.

EXHIBIT (10)(p)

[Conformed Copy -- Incorporating amendments made in
June 1992, November 1993, December 1993,
August 1995, March 1996, April 1997,
August 1998, October 1998,
December 2000, February 2001 and October 2001]

**DEFERRED COMPENSATION PLAN FOR
KEY EMPLOYEES OF ENGELHARD CORPORATION**

(Effective August 1, 1985)

The purpose of the Deferred Compensation Plan for Key Employees of Engelhard Corporation (the "Plan") is to provide a procedure whereby a key employee of Engelhard Corporation (the "Company") may defer the payment of a part of the future compensation payable to such key employee by the Company.

1. The persons eligible to participate in the Plan are those key employees of the Company employed in the United States who have at least 1,232 Hay points (the "Eligible Employees").

2. Each Eligible Employee shall have the option exercisable by written notice to the Company on or before November 30 of any calendar year to defer payment of (i) up to thirty percent (30%) of his base salary for the next succeeding calendar year and (ii) all or any portion of any regular or special bonus the amount of which has not been determined as of the date of the deferral election and which is to be paid in the next succeeding calendar year. Notwithstanding the foregoing, in the case of an individual who first becomes an Eligible Employee during a calendar year, such individual shall have the option exercisable by written notice to the Company to defer payment of up to thirty percent (30%) of his base salary for the period during such calendar year beginning on the date specified by the individual in his deferral election (which shall be at least one month after the date on which the deferral election is filed with the Company) and ending on the last day of such calendar year. An election made by an Eligible Employee pursuant to this paragraph 2 with respect to salary and bonuses for a calendar year shall become irrevocable as of the last day for making the election. Notwithstanding any provision of this Plan to the contrary, the payment of an installment of a Performance Award under the Company's Annual Restricted Cash Incentive Compensation Plan may be deferred under this Plan at the election of an Eligible Employee, provided such deferral election is made in writing by the Eligible Employee at least six months in advance of the date of vesting of the installment of the Performance Award. For purposes of this Plan, a deferral of an installment of a Performance Award shall be considered a deferral of bonus pursuant to paragraph 2 of this Plan.

3. In addition to the deferrals described in paragraph 2 above, each Eligible Employee shall have the option, exercisable not less than two months before any stock award vests under the Company's Key Employees Stock Bonus Plan, to defer delivery of said stock award for a period of at least one year. An election made by an Eligible Employee pursuant to this paragraph 3 with respect to a stock award shall become irrevocable as of the last day for making such election.

4. All salary and bonuses deferred pursuant to paragraph 2 above shall be held in the general funds of the Company and shall be credited to a bookkeeping account maintained by the Company in the name of the Eligible Employee, and shall bear the equivalent of interest from the end of the calendar month in which the compensation would have been paid if it had not been deferred. Interest equivalents shall be credited on December 31 of each year up to and including the year preceding that in which the last installment is paid, it being the intent that interest equivalents shall not cease to accrue upon payment of the first installment, but shall continue to accrue with respect to the balance undistributed at any time. The amount of interest equivalent credited to the Eligible Employee's account shall be determined by applying the interest equivalent rate established hereunder to the balance in the Eligible Employee's account (which balance shall include, for this purpose, interest equivalent accrued but not credited to the account) at the end of each month. For purposes of the foregoing, the interest equivalent rate shall be set monthly and shall be equal to 120% of the long-term federal rate, compounded monthly (within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended) as in effect for the month for which interest equivalent is being computed.*

5. All stock awards deferred by an Eligible Employee shall be transferred for the benefit of the Eligible

Employee to a trust ("Trust") established by the Company with such terms and conditions as shall be determined by the Committee described in Section 8 below. The assets of the Trust shall be subject to the claims of the general creditors of the Company in the event of bankruptcy or insolvency of the Company, and the Trust may be utilized to assist the Company in satisfying its other obligations under the Plan. Any dividends payable with respect to any deferred stock awards made for the benefit of the Eligible Employee shall be handled in one of the following ways, as irrevocably elected by the Eligible Employee in his deferral election:

(i) such dividends shall be added to the bookkeeping account described in paragraph 4 above, and shall be credited with interest equivalents pursuant to said paragraph 4;

(ii) such dividends shall be paid out currently to such Eligible Employee; or

(iii) such dividends shall be applied by the Company or the trustee of the Trust to provide the maximum number of whole shares of Common Stock of the Company obtainable at then prevailing prices with such shares being added to the deferred stock awards of the Eligible Employee (and any amount which is insufficient to add an additional whole share shall be added to the bookkeeping account described in paragraph 4 above, and shall be credited with interest equivalents pursuant to said paragraph 4).

The Eligible Employee's election of one of the above options with respect to the handling of dividends with respect to a stock award shall become irrevocable as of the last date for making the deferral election with respect to such stock award. In the case of an Eligible Employee who is subject to the limitations of Section 16 of the Securities Exchange Act of 1934, as amended, and who elects the option described in (iii) above, such election shall be effective only with respect to dividends that become payable on or after the date six months following the date such election becomes irrevocable. Depending on the terms and nature of the Trust established hereunder, the references to dividends in this paragraph 5 may instead refer to dividend equivalents equal to the dividends that would have been payable on the applicable deferred stock awards.

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* For periods prior to January 1, 1994 the last two sentences of paragraph 4 are as follows: "The amount of interest equivalents credited to the Eligible Employee's account annually shall be determined by applying the interest equivalent rate established hereunder to the average balance in the Eligible Employee's account during the year. For purposes of the foregoing, the annual interest equivalent rate shall be determined by averaging the rate of interest for 3-year U.S. Treasury notes as reported in the monthly Federal Reserve Bulletin for each calendar quarter of the year for which interest is being computed."

In addition, if any voting rights are exercisable with respect to any shares of Common Stock of the Company included in a deferred stock award for the benefit of an Eligible Employee under the Trust, the trustee of the Trust in exercising such voting rights shall follow the directions of such Eligible Employee (and shall not exercise such voting rights to the extent that directions are not received from the Eligible Employee); provided, however, that this sentence shall not apply unless and until the Company receives a letter ruling from the Internal Revenue Service or an attorney's opinion letter satisfactory to the Company to the effect that allowing Eligible Employees to exercise voting rights will not result in inclusion of the value of a deferred stock award in the income of the Eligible Employee for federal income tax purposes.

6. Except as hereinafter provided with respect to an "Immediate Payment Event" or an "Additional Deferral Election" (each as hereinafter defined), any amounts to which an Eligible Employee is entitled hereunder (including shares of the Company's Common Stock receivable under a deferred stock award) shall be paid or delivered either (i) in a lump sum on or about the date specified in the Eligible Employee's deferral election or (ii) in annual installments

over a period of up to ten years payable on or about January 1 of each payment year beginning with the January 1 specified in the Eligible Employee's deferral election. The Eligible Employee's deferral election with respect to the applicable deferred amounts shall designate the time and manner of payment or delivery of such deferred amounts, and such designation shall become irrevocable with respect to such deferred amounts as of the last date for making the deferral election.

An Eligible Employee shall have an option exercisable by written notice to the Company to further irrevocably defer payments previously deferred under paragraph 2 hereof or delivery of stock awards previously deferred under paragraph 3 hereof to a date or dates specified in the Eligible Employee's further deferral election (an "Additional Deferral Election"). An Additional Deferral Election shall specify such payment or delivery either (x) in the form of a lump sum on or about the date specified in the Additional Deferral Election or (y) in annual installments over a period of up to ten years payable on or about January 1 of each payment year beginning with the January 1 specified in the Additional Deferral Election. However, in order for an Additional Deferral Election to be effective (i) the Additional Deferral Election must be made at least twelve months prior to the date the payment would otherwise be due or the delivery is otherwise scheduled to be made, as the case may be, in accordance with a prior deferral election under this Plan, (ii) the Eligible Employee must agree with the Company to remain employed by the Company (on the same terms and conditions as in effect on the day preceding the additional period of employment, subject to any changes mutually agreed to by the parities and subject to the Company's right to terminate the Eligible Employee's employment at any time) for at least one additional year following the date of the Additional Deferral Election, (iii) the Additional Deferral Election may not specify any payment of amounts hereunder or any delivery of stock awards hereunder on a date prior to the date such payment or delivery was otherwise due under this Plan, and (iv) the further deferral of each payment or delivery specified in the Additional Deferral Election must be for a period of at least one year.

If payment or delivery is to be made in installments, the amount of each installment shall be determined by multiplying the "Accumulated Account" (as hereinafter defined) as of the December 31 preceding the installment payment date by a fraction, the numerator of which will be "1" and the denominator of which will be the number of annual installments elected by the Eligible Employee less the number of installments theretofore paid. If shares of Common Stock of the Company held in the Trust are to be distributed in installments, each installment payment shall consist of the appropriate number of whole shares (disregarding fractional shares).

If an "Immediate Payment Event" (as hereinafter defined) occurs prior to the date on which all deferred amounts have been paid or delivered, the Eligible Employee's "Accumulated Account" shall be paid or delivered to the Eligible Employee (or, in the event of his death, to his estate) as soon as practicable following such "Immediate Payment Event." If such payment or delivery by reason of an "Immediate Payment Event" is not made on or about January 1 of a calendar year, the distribution of the Eligible Employee's "Accumulated Account" shall include interest equivalents calculated by the Committee in a manner consistent with paragraph 4 hereof for the period from the preceding December 31 to the last day of the month preceding the date of such payment. Notwithstanding the other provisions of this Section 6, unless the Eligible Employee's deferral election specifically provides otherwise, payment of an Eligible Employee's "Accumulated Account" pursuant to an "Immediate Payment Event" specified by the Eligible Employee pursuant to clause (iv) of the fifth paragraph of this Section 6 as termination of employment of the Eligible Employee, shall be made in the same payment form (either lump sum or installments) selected, pursuant to the preceding provisions of this Section 6, by the Eligible Employee for the normal payment of his "Accumulated Account," but only if such termination of employment occurs after the Eligible Employee attains age 55. Payments pursuant to the preceding sentence shall commence as soon as practicable after the "Immediate Payment Event."

For purposes of this paragraph 6, the term "Accumulated Account" shall mean (i) the amount of the salary and bonuses deferred by the Eligible Employee pursuant to paragraph 2 hereof, and any dividends (or dividend equivalents) added pursuant to paragraph 5 hereof to the bookkeeping account described in paragraph 4, plus the interest equivalents accumulated thereon, less any portion thereof theretofore distributed to him, and (ii) the amount of the Company's Common Stock held for the benefit of the Eligible Employee pursuant to his election of deferral of a

stock award. For purposes of this paragraph 6, the term "Immediate Payment Event" shall mean:

(i) the death of the Eligible Employee;

(ii) a "Change of Control" (as defined below);

(iii) a "Hardship" (as defined below) of the Eligible Employee as determined by the Committee; or

(iv) such additional events as may be specified by the Eligible Employee in his deferral election with the approval of the Committee.

A "Change of Control" for the purpose of (ii) above shall occur if:

(A) twenty-five percent (25%) or more of the Company's outstanding securities entitled to vote in elections of directors ("voting securities") shall be beneficially owned, directly or indirectly (including options, conversion rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the group presently owning the same (including their affiliates and associates); or

(B) the majority of the Board of Directors of the Company ceases to consist of the existing membership or successors nominated by the existing membership or their similar successors.

Notwithstanding the foregoing, a Change of Control shall not be considered an Immediate Payment Event hereunder with respect to the Accumulated Account of an Eligible Employee if the Eligible Employee so elects (in a manner acceptable to the Committee) at least six months in advance of the Change of Control.

Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall for the purposes of this provision be deemed to constitute each party to such agreement, arrangement or understanding as the owner of such securities.

For the purpose of (iii) above a "Hardship" shall mean an immediate and heavy financial need of the Eligible Employee which cannot reasonably be expected to be satisfied from other resources available to the Eligible Employee.

At the time of an Immediate Payment Event resulting from a Change of Control, the Company shall also make to each Eligible Employee whose Accumulated Account is distributed on account of the Change of Control an immediate cash payment equal, on an after-tax basis (including combined federal, state and local income, employment and excise taxes), to the excess of (A) over (B), where (A) is equal to the present value (discounted at the Applicable Federal Rate (within the meaning of Section 1274 of the Code) in effect at the time of payment) of: (x) the Eligible Employee's Accumulated Account at the time of assumed payment (described below) as increased from the date of the Immediate Payment Event through the dates of assumed payment at a compound annual rate equal to the interest equivalent rate provided for under Section 4 of the Plan (as determined at the time of the Immediate Payment Event), multiplied by (y) one minus the federal income tax rate (expressed as a decimal) in effect at the time of the Immediate Payment Event; and (B) is the present value (discounted at the Applicable Federal Rate at the time of payment) of the Eligible Employee's Accumulated Account at the time of assumed payment, computed assuming that the Eligible Employee's Accumulated Account at the time of the Immediate Payment Event is reduced at such time by federal, state and local income taxes payable on a lump sum distribution of the entire Accumulated Account at such time and also assuming that such resulting amount is increased through the dates of assumed payment at a compound annual rate equal to (x) the interest equivalent rate provided for under Section 4 of the Plan at the time of the Immediate Payment Event, multiplied by (y) one minus the combined federal, state and local income tax rate at such time, expressed as a decimal. For purposes of this paragraph, it shall be assumed that the Eligible Employee's Accumulated Account will be distributed in ten annual installments commencing at the time the Eligible Employee reaches age 65, and it shall also be assumed that income taxes are payable at the top marginal rates and that state and local income

taxes are deductible for federal income tax purposes.

7. The right of an Eligible Employee to the amounts described hereunder (including shares of the Company's Common Stock receivable under a deferred stock award) shall not be subject to assignment or other disposition by him other than by will, or the laws of descent and distribution. In the event that, notwithstanding this provision, an Eligible Employee attempts to make a prohibited disposition, the Company may disregard the same and discharge its obligation hereunder by making payment or delivery thereof as though no such disposition had been attempted.

8. The Plan shall be administered by a committee (the "Committee") which shall be appointed from time to time by the Board of Directors of the Company, and shall consist of not less than two directors of the Company who qualify as "disinterested persons" under Rule 16b-3(c)(2) issued by the Securities and Exchange Commission. The decision of the Committee with respect to any questions arising as to the interpretation of this Plan, including the reconciliation of any inconsistent provisions, the supplying of omissions and the severability of any and all of the provisions hereof, shall be final, binding and conclusive on all interested persons. Notwithstanding the foregoing, with respect to any matter involving deferred stock awards, references to the "Committee" shall mean the Committee serving under the Company's Key Employees Stock Bonus Plan.

9. The Board of Directors of the Company may discontinue the Plan at any time and may from time to time amend the Plan; provided, however, that (a) no such discontinuance or amendment shall operate to annul an election already in effect for the current calendar year or any preceding year or adversely affect the right of an Eligible Employee to receive the amounts described herein, and (b) no such amendment affecting deferred stock awards, unless approved by the stockholders of the Company, shall materially: (i) increase the maximum number of shares of the Common Stock of the Company which may be issued under the Plan; (ii) modify the requirements as to eligibility to defer stock awards hereunder; or (iii) increase the benefits accruing to Eligible Employees hereunder.

10. Except as and to the extent expressly provided in this Plan or in the Trust, neither the Eligible Employee nor any other person shall have any interest in any fund or in any specific asset of the Company by reason of amounts credited to the Accumulated Account of an Eligible Employee, nor the right to receive any distribution under this Plan. Distributions hereunder shall be made from the general funds of the Company or from the Trust, and the rights of the Eligible Employee shall not be superior to those of an unsecured general creditor of the Company.

11. Nothing contained herein shall be deemed to give any Eligible Employee the right to be retained in the service of his employer or to interfere with the right of such employer to discharge or retire any Eligible Employee at any time.

EXHIBIT (10)(q)

[Conformed Copy -- Incorporates amendments made
in June 1992, November 1993, December 1993,
May 1998, October 1998, December 2001 and December 2002]

**DEFERRED COMPENSATION PLAN FOR
DIRECTORS OF ENGELHARD CORPORATION**

(As restated as of May 7, 1987)

The purpose of the Deferred Compensation Plan for Directors of Engelhard Corporation (the "Plan") is to provide a procedure whereby a member of the Board of Directors of Engelhard Corporation (the "Company") may defer the payment of all or a specified part of the future compensation payable to the Director for services as a Director (including compensation payable to a Director for future services as a member of a committee of the Board).

1. Each Director who is not an employee of the Company or any of its subsidiaries may elect, on or before December 31 of any calendar year by written notice to the Company, to defer payment of all or a designated portion of the compensation payable to him for service as a Director commencing at the beginning of the next calendar year (inclusive of fees paid for attendance at meetings of the Board and committees thereof).

Any person elected to fill a vacancy on the Board who was not a Director on the preceding December 31 may elect, within 31 days of the date of his election as a Director by written notice to the Company, to defer payment of all or a designated portion of the compensation payable to him for service as a Director from and after the date on which such election is made during the balance of the calendar year in which he was elected to the Board and thereafter.

Deferrals hereunder shall continue until the Director notifies the Company in writing, prior to the commencement of any calendar year, that he wishes his compensation for such calendar year and all succeeding periods to be paid on a current basis. Elections to defer payment of compensation, or to discontinue such deferrals, shall be irrevocable when made.

Any election to defer compensation pursuant to this paragraph 1 shall include an election as to whether the deferred compensation shall be credited to the Accumulated Account described in paragraph 4 or to the Stock Account described in paragraph 5; provided, however, that a Director's election to have deferred compensation credited to the Stock Account, or to discontinue having deferred compensation credited to the Stock Account, shall be effective only with respect to compensation that becomes payable on or after the date six months following the date such election is made (and during such period any compensation deferred by such Director shall be credited to the Accumulated Account).

2. In addition to the deferrals described in paragraph 1 above, each Director who is not an employee of the Company shall have the option, exercisable not less than two months before any stock award vests under the Company's Stock Bonus Plan for Non-Employee Directors, to defer delivery of said stock award for a period of at least one year. An election made by a Director pursuant to this paragraph 2 with respect to a stock award shall become irrevocable as of the last day for making such election.

3. For purposes of this Plan:

(a) The calendar year in which a Director ceases to serve as such shall be referred to as the "Retirement Year."

(b) The deferred compensation and dividend equivalents for any Director which are credited to the account described in paragraph 4, plus the equivalent of accumulated interest thereon, less any portion thereof theretofore distributed or transferred from such account, shall be referred to as the Director's "Accumulated Account."

(c) The deferred compensation, deferred stock awards and dividend equivalents for any Director which are credited in the form of units to the stock account described in paragraph 5, less any portion thereof theretofore distributed from such account, shall be referred to as the Director's "Stock Account."

(d) Shares of Common Stock of the Company shall be referred to as "Shares."

4. Except for amounts credited to the Stock Account described in paragraph 5, all deferred compensation hereunder shall be held in the general funds of the Company and shall be credited to a bookkeeping account ("Accumulated Account") maintained by the Company in the name of the Director, and shall bear the equivalent of interest from, the first day following the end of the calendar quarter to which the compensation is applicable. Interest equivalents shall be credited on December 31 of each year up to an including the year preceding that in which the last installment is paid, it being the intent that interest equivalents shall not cease to accrue upon payment of the first installment, but shall continue to accrue with respect to the balance undistributed at any time. The amount of interest equivalent credited to the Director's account shall be determined by applying the interest equivalent rate established hereunder to the balance in the Director's account (which balance shall include, for this purpose, interest equivalent accrued but not credited to the account) at the end of each month. For purposes of the foregoing, the interest equivalent rate shall be set monthly and shall be equal to 120% of the long-term federal rate, compounded monthly (within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended) as in effect for the month for which interest equivalent is being computed.*

5. All deferred compensation which a Director elects pursuant to paragraph 1 to have credited to the Stock Account shall be credited on the Crediting Date (as defined below) for the calendar quarter for which the applicable compensation would have otherwise been paid in the form of units to a bookkeeping account maintained by the Company in the name of the Director, and all stock awards deferred by a Director pursuant to paragraph 2 shall be credited in the form of units to a bookkeeping account maintained by the Company in the name of the Director. The number of units so credited shall

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* For periods prior to January 1, 1994 the last two sentences of paragraph 4 are as follows: "The amount of interest equivalent credited to the Director's account annually shall be determined by applying the interest equivalent rate established hereunder to the average balance in the Director's account during the year. For purposes of the foregoing, the annual interest equivalent rate shall be determined by averaging the rate of interest for 3-year U.S. Treasury notes as reported in the monthly Federal Reserve Bulletin for each calendar quarter of the year for which interest is being computed."

be equal to the sum of (i) the number of whole Shares (disregarding fractional shares) having a Fair Market Value Per Share (as defined below), determined as of the day which is two business days prior to the Crediting Date for the calendar quarter for which the compensation would have otherwise been paid, equal to the amount of such compensation deferred by the Director, and (ii) the number of Shares corresponding to the number of Director's deferred stock awards pursuant to paragraph 2. Each such unit shall represent the right to receive one Share at the time and in the manner determined pursuant to the Director's deferral election and the terms of this Plan. For purposes hereof, "Crediting Date" means the record date for the payment of dividends on Shares occurring in the last month of the applicable quarter or, if no such record date occurs during the quarter, then on the fifteenth day of the last month of the quarter (or if the fifteenth day is not a business day, the next succeeding business day), and "Fair Market Value Per Share" means the average of the daily closing prices of a Share as reported on the New York Stock Exchange for the twenty (20) trading days immediately prior to the date of determination, or if the Shares are not listed on such exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended on which the Shares are listed.

If any dividends are payable on Shares during the deferral period, dividend equivalents equal to the dividend that would have been payable on the units credited to a Director's Stock Account if such units had constituted Shares shall be handled in one of the following ways, as irrevocably elected by the Director in his deferral election:

(i) such dividend equivalents shall be added to the Accumulated Account described in paragraph 4 above, and shall be credited with interest equivalents pursuant to said paragraph 4;

(ii) such dividends shall be paid out currently to such Director; or

(iii) such dividend equivalents shall be credited to the Stock Account on the record date for the applicable dividend and applied to provide additional whole stock units (disregarding fractional shares) in an amount equal to the amount of such dividend equivalents divided by the Fair Market Value Per Share (as defined above), determined as of the day which is two business days prior to the record date.

The Director's election of one of the above options with respect to the handling of dividend equivalents shall become irrevocable as of the last date for making the deferral election with respect to such stock award; provided,

however, that an election by a Director of the option described in (iii) above shall be effective only with respect to dividend equivalents that become payable on or after the date six months following the date such election becomes irrevocable.

The Company in its discretion may establish a trust to assist it in satisfying its obligations under this Plan. The assets of the Trust shall be subject to the claims of the general creditors of the Company in the event of bankruptcy or insolvency of the Company. If such a trust is established, any voting rights which are exercisable with respect to a number of Shares held in such trust corresponding to the number of units credited to a Director's Stock Account shall be exercised by the trustee of such trust in accordance with the directions of such Director (and the trustee shall not exercise voting rights with respect to such Shares to the extent that directions are not received from the Director).

6. The amount to which a Director is entitled hereunder shall be paid to him in any number of annual installments, as initially elected by him, up to ten, payable in January of each payment year beginning with the calendar year designated by the Director in his initial deferral election. A Director may irrevocably elect by written notice to the Company to further defer payments previously deferred under paragraph 1 hereof or delivery of stock awards previously deferred under paragraph 2 hereof to a date or dates specified in the Director's further deferral election (an "Additional Deferral Election"). An Additional Deferral Election shall specify the calendar year in which such payments or deliveries will commence and the number of annual installment payments or deliveries (up to ten). Such annual installments shall be payable in January of each payment year beginning with the calendar year specified in the Additional Deferral Election. However, in order for an Additional Deferral Election to be effective (i) the Additional Deferral Election must be made at least twelve months prior to the date the payment would otherwise be due or the delivery is otherwise scheduled to be made, as the case may be, in accordance with a prior deferral election under this Plan, (ii) the Director must agree with the Company that, if nominated and elected, he will continue to serve as a Director of the Company for at least one year following the date of the Additional Deferral Election, (iii) the Additional Deferral Election may not specify any payment of amounts hereunder or any delivery of stock hereunder on a date prior to the date such payment or delivery was otherwise due under this Plan, and (iv) the further deferral of each payment or delivery specified in the Additional Deferral Election must be for a period of at least one year. A Director who has attained age 70 may make a one-time election to change his payment election with respect to all of his benefits payable hereunder (an "Age 70 Election"); provided, however, that the Age 70 Election shall not become effective prior to the first anniversary of the date the Age 70 Election is made (and prior to such time the Director's existing payment election shall remain in effect); and provided further, however, that the Age 70 Election shall be effective only if (i) the election is made after the Director has attained age 70, (ii) the Board has approved the Age 70 Election, (iii) no prior Age 70 Election has been made by the Director, and (iv) the Director has agreed with the Company that, if nominated and elected, he will continue to serve as a Director of the Company for at least one year following the date of the Age 70 Election. The Age 70 Election shall specify the calendar year in which payments (including delivery of previously deferred stock awards) will commence and the number of installment payments or deliveries, up to ten. Any such annual installment payments shall be payable in January of each payment year, beginning with the calendar year specified in the Age 70 Election. The amount of each installment shall be determined by multiplying the Accumulated Account amount and the units credited to the Director's Stock Account as of the December 31 preceding the installment payment date by a fraction, the numerator of which shall be "1" and the denominator of which shall be the number of annual installments initially elected by the Director less the number of installment payments theretofore made. If a Director should die before full payment of all amounts owning to the Director, the Director's Accumulated Account and the units credited to the Director's Stock Account as of December 31 of the year of death shall be paid to the Director's Beneficiary (designated in accordance with paragraph 12 below) in January of the calendar year following the year of death, or the Accumulated Account and the units credited to the Director's Stock Account as at such earlier date as the Board of Directors, in its discretion, may determine may be paid in lieu thereof. Any such in lieu payment from the Accumulated Account shall be adjusted for interim interest equivalent additions to such extent, if any, as the Board of Directors shall determine. Each installment payment of units credited to a Director's Stock Account shall be made through payment of a number of whole Shares equal to the number of units which are then payable (disregarding fractional units).

Notwithstanding the foregoing, each Director may elect (in a manner acceptable to the Company) to have his or her entire benefit under the Plan distributed to the Director in a single lump sum at the time of a Change in Control; provided, however, that such an election (or a revocation of such an election) must have been made at least six months in advance of the Change in Control.

At the time of a Change in Control, the Company shall also make to each Director whose benefits are distributed in a lump sum on account of the Change in Control an immediate cash payment equal, on an after-tax basis (including combined federal, state and local income, employment and excise taxes), to the excess of (A) over (B), where (A) is equal to the present value (discounted at the Applicable Federal Rate (within the meaning of Section 1274 of the Code) in effect at the time of payment) of: (x) the Director's entire benefit at the time of assumed payment (described below) as increased from the date of the Change in Control through the dates of assumed payment at a compound annual rate equal to the interest equivalent rate provided for under Section 4 of the Plan (as determined at the time of the Change in Control), multiplied by (y) one minus the federal income tax rate (expressed as a decimal) in effect at the time of the Change in Control; and (B) is the present value (discounted at the Applicable Federal Rate at the time of payment) of the Director's entire benefit at the time of assumed payment, computed assuming that the Director's benefits at the time of the Change in Control are reduced at such time by federal, state and local income taxes payable on a lump sum distribution of the entire benefit at such time and also assuming that such resulting amount is increased through the dates of assumed payment at a compound annual rate equal to (x) the interest equivalent rate provided for under Section 4 of the Plan at the time of the Change in Control, multiplied by (y) one minus the combined federal, state and local income tax rate at such time, expressed as a decimal. For purposes of this paragraph, it shall be assumed that the Director's benefits will be distributed in ten annual installments commencing at the later of the time the Director reaches age 65 or the date of the Change in Control, and it shall also be assumed that income taxes are payable at the top marginal rates and that state and local income taxes are deductible for federal income tax purposes.

For purposes hereof 'Change in Control' means:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof; or

(b) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though

such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(d) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportions as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

7. The right of a Director to the amounts described hereunder (including Shares) shall not be subject to assignment or other disposition by the Director other than pursuant to a Beneficiary designation in accordance with paragraph 12 below or by will or the laws of descent and distribution. In the event that, notwithstanding this provision, a Director makes a prohibited disposition, the Company may disregard the same and discharge its obligation hereunder by making payment or delivery thereof as though no such disposition had been made.

8. The Plan shall be administered by a committee appointed by the Board of Directors of the Company consisting entirely of members of such Board not eligible to participate in the Plan ("Committee"). The decision of the Committee with respect to any questions arising as to the interpretation of this Plan, including the severability of any and all of the provisions thereof, shall be final, conclusive and binding.

9. The Board of Directors of the Company may discontinue the Plan at any time and may from time to time amend the Plan; provided, however, that no such discontinuance or amendment shall operate to annul an election already in effect for the current calendar year or any preceding year or adversely affect the right of a Director to receive the amounts described herein, and no such amendment affecting Stock Accounts, unless approved by the stockholders of the Company, shall materially: (i) increase the maximum number of Shares which may be issued under the Plan; (ii) modify the requirements as to eligibility to defer compensation or stock awards hereunder; or (iii) increase the benefits accruing to Directors hereunder.

10. Except as and to the extent otherwise provided in this Plan or in any trust referred to in paragraph 5, neither the Director nor any other person shall have any interest in any fund or in any specific asset of the Company by reason

of amounts credited to the Accumulated Account or Stock Account of a Director hereunder, nor the right to receive any distribution under this Plan. Distributions hereunder shall be made from the general funds of the Company or from the trust referred to in paragraph 5, and the rights of the Director shall be those of an unsecured general creditor of the Company.

11. Nothing contained herein shall impose any obligation on the Company to continue the tenure of the Director beyond the term for which he may have been elected or retained.

12. Each Director who participates in the Plan may file with the Company a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under the Plan upon his or her death. A Director may, from time to time, revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Company. The last such designation received by the Company shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Director's death, and in no event shall it be effective as of a date prior to such receipt. If no such Beneficiary designation is in effect at the time of a Director's death, or if no designated Beneficiary survives the Director, or if such designation conflicts with law, the Director's estate shall be deemed to have been designated his or her Beneficiary and shall receive the payment of the amount, if any, payable under the Plan upon his or her death. If the Committee is in doubt as to the right of any person to receive such amount, the Committee may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Committee may pay such amount into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Plan and the Company therefor.

EXHIBIT (10)(r)

[Conformed Copy -- Includes amendments made in June 1991,
June 1992, March 1996, October 1998, December 1999,
August 2001 and March 2002]

**KEY EMPLOYEES STOCK BONUS PLAN OF
ENGELHARD CORPORATION**

(Effective July 1, 1986)

1. **Purpose**. The Purpose of this Key Employees Stock Bonus Plan (hereinafter referred to as the "Plan") is to provide for awards of shares of Common Stock of Engelhard Corporation (the "Company") to key employees for services which contribute in a substantial degree to the success of the Company. Key employees are those employees, including officers of the Company and its subsidiaries in managerial or other important positions selected by the Committee administering the Plan who, by virtue of their ability and qualifications, make important contributions to the Company. The Plan supercedes the prior Key Employee Stock Bonus Plan, and any shares awarded under said prior plan which have not vested as of June 30, 1986 shall be governed by the terms of this Plan.

2. **Duration**. The Plan will terminate on June 30, 2006 and no shares of the Company's Common Stock may be awarded to key employees after such date; however, shares awarded on or prior to such date may be subsequently delivered to key employees in accordance with the terms and conditions applicable to their awards.

3. **Administration**. The Plan shall be administered by a committee (the "Committee") which shall be appointed from time to time by the Board of Directors of the Company, and shall consist of not less than two directors of the Company who qualify as "non-employee directors" under Rule 16b-3(b)(3) issued by the Securities and Exchange Commission. The Committee shall have full power and authority, subject to the terms and conditions of the Plan, to determine the key employees to whom awards may be made under the Plan, the number of such shares to be awarded to each of such key employees, the applicable terms and conditions of such awards and all other matters which may arise in the administration of the Plan. The determination of the Committee concerning any matter arising under or with respect to the Plan or any awards granted hereunder shall be final, binding and conclusive on all interested persons. The Committee may as to all questions of accounting rely conclusively upon any determinations made by the independent auditors of the Company.

4. **Shares Available For Awards**. The total numbers of shares of Company's Common Stock which may be awarded under the Plan after March 7, 2002 shall not exceed 1,500,000 shares. Shares of the Company's Common Stock used for purposes of the Plan may be either authorized but unissued shares or treasury shares or both.

5. **Form of Awards and Related Matters**. The Company shall deliver (a) to each key employee to whom an award is made a written instrument signed by the Company setting forth the number of shares of the Company's Common Stock represented by such award and the number of shares which shall vest at the end of each anniversary date of such award, and (b) to the escrow agent a certificate or certificates registered in the name of such key employee representing the total number of shares of the Company's Common Stock represented by such award and a copy of such instrument. Such certificate or certificates shall be legended to indicate that the shares represented thereby are subject to the terms and provisions of the award and the Plan. The shares of the Company's Common Stock represented by the certificates held by the escrow agent shall constitute issued and outstanding shares of the Company's Common Stock for all corporate purposes, and the key employee shall receive all cash dividends thereon and have the right to vote such shares provided that the right to receive such dividends and to vote such shares shall

forthwith terminate with respect to unvested shares of any key employee whose award has been cancelled. While such shares are held in escrow and until such shares have vested, the key employees for whose account such shares are held shall not have the right to sell or otherwise dispose of such shares or any interest therein and such shares shall not be subject to attachment or any other legal or equitable process brought by or on behalf of any creditor of such employees. As shares of the Company's Common Stock from time to time vest in the key employees in accordance with their awards, the escrow agent shall deliver to the key employees or their respective beneficiary(ies) certificates representing such vested shares. As a condition precedent to delivering certificates representing shares covered by awards to the escrow agent, the Company may require a key employee to deliver to the escrow agent a duly executed irrevocable stock power or powers (in blank) covering the shares represented by such certificates. In addition, if the shares represented by an award are not registered under the Securities Act of 1933, as a condition precedent to delivering certificates representing such shares to the escrow agent and/or certificates representing vested shares to the key employees, the Company may require a key employee to agree in writing that such shares are being acquired for investment and without a view to the distribution thereof and may place an appropriate legend on any certificates representing such shares. Certificates representing unvested shares held by the escrow agent for the account of any key employee whose award has been cancelled and terminated shall be returned (together with the related stock power) by the escrow agent to the Company.

6. **Vesting of the Company Common Stock**.

(a) Unless otherwise provided by the Committee, an award of Company Common Stock shall vest in the key employee to whom it is made at the rate of 20% of the shares covered by such award in five annual installments, beginning on February 1 of the calendar year next following the date of grant and continuing on February 1 of each of the following four years, provided and only to the extent that the key employee remains in the service of the Company on such vesting dates.

(b) Upon termination of the service of the key employee with the Company, any award previously made to such key employee shall be automatically cancelled and terminated as of the date of such termination of service to the extent of any unvested shares subject to such award.

(c) Notwithstanding subparagraphs (a) and (b) above,

(i) In the case of termination of the key employee with the Company solely due to retirement at normal retirement age or permitted early retirement age as defined in the Retirement Plan of the Company of which such employee shall have been a member immediately before his retirement or as established by the Committee (and not due to discharge for cause even if occurring after attainment of retirement age) or in the case of such termination of service due to permanent disability, the shares of the Company's Common Stock held for his account by the escrow agent shall vest on the date of his termination of service.

(ii) In the case of the death of a key employee, including a key employee whose service with the Company has terminated but has not been deemed terminated pursuant to (c)(i) above, the shares held for his account by the escrow agent shall vest on the date of his death and the escrow agent shall deliver a certificate or certificates representing such shares to such person or persons as the employee shall theretofore have designated as beneficiary(ies) in a written instrument filed with the Committee and the escrow agent; provided, however,

(a) that the Committee may refuse to accept a designation of beneficiary(ies) if the Committee determines that there would be an unreasonable expense or difficulty to effect distribution to such beneficiary(ies), and

(b) the Committee may require such evidence of payment or provision for taxes, liens and claims and evidence of authority and other documentation as it shall determine to be necessary or appropriate in its sole and uncontrolled discretion.

(iii) In the case of an "acquisition of a control interest" in the Company, the shares of the Company's Common Stock awarded under the Plan before March 7, 1996 and held for the key employee's account by the escrow agent shall vest on the date of such "acquisition of a control interest." For this purpose, an acquisition of a control interest" shall occur if:

(a) twenty-five percent (25%) or more of the Company's outstanding securities entitled to vote in elections of directors ("voting securities") shall be beneficially owned, directly or indirectly (including options, conversions rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the groups presently owning of the same (including their affiliates and associates); or

(b) the majority of the Board of Directors of the Company ceases to consist of the existing membership or successors nominated by the existing membership or their similar successors.

Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall for the purposes of this provision be deemed to constitute each party to such agreement, or arrangement, or understanding as the owner of such securities.

(iv) In the case of shares of the Company's Common Stock awarded under the Plan on or after March 7, 1996, such shares shall vest on the date of a "Change in Control" unless the Committee expressly provides in the applicable resolution granting the award (or such other document as determined by the Committee) that an additional condition or conditions must be satisfied in order for vesting of the award to be accelerated, in which event vesting of any such award shall be accelerated upon satisfaction of such condition(s), if any, following the Change in Control. The provisions relating to acceleration of vesting of such shares need not be the same for all key employees who receive awards under the Plan. For this purpose, a "Change in Control" shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof; or

(b) During any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board of Directors of the Company (the "Incumbent Board"), cease for any reason to constitute at least a majority of the Board of Directors of the Company; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect of which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(d) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to the corporation, with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

(v) Notwithstanding any provision of this Plan to the contrary, the Committee shall have the authority at any time to accelerate the vesting of all or any portion of any award of Company Common Stock made under the Plan.

(d) At the time of a Change in Control or an acquisition of a control interest in the Company, the Company shall make an immediate cash payment to each key employee equal, on an after tax basis (including combined federal, state and local income, employment and excise taxes), to the excess of (A) over (B), where (A) is equal to the combined federal, state and local income and employment taxes payable by the key employee as a result of the accelerated vesting of Company Common Stock due to the Change in Control or acquisition of a control interest in the Company; and (B) is the present value (discounted at the Applicable Federal Rate (within the meaning of Section 1274 of the Code) at the time of payment) of the combined federal, state and local income and employment taxes which would be payable at the time such Company Common Stock vested if it had vested in accordance with its original vesting schedule, assuming the fair market value per share of Company Common Stock would then be equal to the actual fair market value per share on the date of the Change in Control or acquisition of a control interest, as the case may be. For purposes of this paragraph, it shall be assumed that all income taxes are payable at the top marginal rates in effect at the time of the payment hereunder and that state and local income taxes

are deductible for federal income tax purposes.

7. **Effect of Recapitalization**. In case of a stock split, stock dividends or other change in the Common Stock of the Company, the Committee, subject to the approval of the Board of Directors of the Company, shall make such adjustment, if any, as it deems appropriate in the number or kind of shares which remain available under the Plan for further awards. Unvested shares held by the escrow agent for the account of key employees shall participate in any of such events to the same extent as any other issued and outstanding shares of the Company's Common Stock, but appropriate adjustments, if required, shall be made by the Committee, subject to the approval of the Board of Directors of the Company, so that after giving effect to the occurrence of any such events the escrow agent shall continue to hold such unvested shares and/or any other securities delivered in respect thereof for the account of such key employees to the extent practicable upon the terms and conditions of the Plan and of awards granted hereunder.

8. **Escrow Agent**. The escrow agent shall be appointed by the Committee for such period and upon such terms and conditions as the Committee deems appropriate. The Committee shall have the power to remove any person from the position of escrow agent and to appoint substitute or successor escrow agents. The fees and expenses of the escrow agent shall be paid by the Company. The escrow agent shall not incur liability for any action taken pursuant to the Plan or any award granted thereunder so long as the escrow agent acts in good faith in accordance with the instructions of the Committee, and the Company, at the request of the escrow agent, may enter into an agreement indemnifying the escrow agent against any such liability and costs and expenses related thereto.

9. **Limitations**.

(a) Except as specifically approved in writing by the Committee, no employee or other person shall have any claim or right (legal, equitable or other) to be granted an award under the Plan, and, except as specifically so approved, no director, officer or employee of the Company shall be authorized to enter into any agreement with any person for the making of an award or to make any representation or warranty with respect thereto.

(b) The key employee to whom an award is made shall have a right to receive the shares of Common Stock (or other stock or securities in such award) only in accordance with the terms and conditions of the Plan and such award and the determination of the Committee and not otherwise and such key employee may not assign or transfer such award or any shares or securities not distributed to him or any interest therein.

(c) Neither the action of the Company in establishing the Plan, nor any action taken under it by the Committee, nor any provision of the Plan or any award granted thereunder shall be construed as giving to any employee a right to be retained in the service of the Company.

10. **Amendments**. The Board of Directors of the Company may discontinue the Plan at any time and may from time to time amend the Plan; provided, however, that no such discontinuance or amendment shall materially affect adversely any right or obligation with respect to any award theretofore made, and any such amendment shall be subject to the approval of the Company's shareholders to the extent that such approval is required in order to insure that awards made under the Plan are exempt under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.

11. **Expenses**. All expenses to the Plan, including the fees and expenses of the escrow agent, shall be borne by the Company.

12. **Deferred Compensation Plan**. Anything in this Plan to the contrary notwithstanding, if a key employee elects to defer receipt of any stock awards under this Plan pursuant to the terms of the Deferred Compensation Plan for Key Employees of Engelhard Corporation (hereinafter referred to as the "Deferred Compensation Plan"), the terms of the Deferred Compensation Plan rather than this Plan will govern the vehicle in which the deferred stock awards

will be held and the key employee's rights to such stock awards. The terms of the Deferred Compensation Plan affecting such deferred stock awards are hereby incorporated by this reference into and made a part of this Plan.

EXHIBIT (10)(s)

[Conformed Copy -- Includes amendments made in
June, 1991, June, 1992, March, 1996 and October 1998]

STOCK BONUS PLAN
FOR NON-EMPLOYEE DIRECTORS
OF
ENGELHARD CORPORATION

(Effective July 1, 1986)

1. Purpose. The purpose of this Stock Bonus Plan for Non-Employee Directors of Engelhard Corporation (the "Plan") is to encourage the highest level of performance of non-employee directors of Engelhard Corporation (the "Company") by providing such directors with a proprietary interest in the Company's success and progress by awarding them shares of the Company's Common Stock ("Common Stock"), subject to the terms and conditions set forth below.

2. Effective Date and Duration. Subject to Section 13, the effective date of the Plan is July 1, 1986. The Plan will terminate on June 30, 2006 and no shares of the Company's Common Stock may be awarded after such date; however, shares awarded on or prior to such date may be subsequently delivered to the persons entitled thereto in accordance with the terms and conditions applicable to such awards.

3. Administration. The Plan shall be administered by a committee (the "Committee") which shall be appointed from time to time by the Board of Directors of the Company, and shall consist of not less than two directors of the Company who qualify as "disinterested persons" under Rule 16b-3(c)(2) issued by the Securities and Exchange Commission. The Committee shall have full power and authority, subject to the terms and conditions of the Plan, to determine the persons entitled to awards under the Plan, the applicable terms and conditions of such awards and all other matters which may arise in the administration of the Plan. The determination of the Committee concerning any matter arising under or with respect to the Plan or any awards granted hereunder shall be final, binding and conclusive on all interested persons. The Committee may as to all questions of accounting rely conclusively upon any determinations made by the independent auditors of the Company.

4. Shares Available for Awards. The total number of shares of the Company's Common Stock which may be awarded under the Plan shall not exceed 136,696 shares. Shares of the Company's Common Stock used for purposes of the Plan may be either authorized but unissued shares or treasury shares or both. Shares of the Company's Common Stock returned to the Company upon the forfeiture of such shares pursuant to the Plan shall not be available for further awards under the Plan unless the forfeiting Non-Employee Director received no benefits of ownership (such as dividends) with respect to such shares.

5. Eligibility and Awards. To be eligible to participate in the Plan, a person must be a director of the Company who is not an officer or employee of the Company or any of its subsidiaries or affiliates ("Non-Employee Director"). Each Non-Employee Director on the effective date of the Plan shall be awarded 1,500 [7,593 after taking into account stock splits] shares of Common Stock, effective as of such effective date. In addition, each person who becomes a Non-Employee Director after the effective date of the Plan shall be awarded 1,500 [7,593 after taking into account stock splits] shares of Common Stock, effective as of such Non-Employee Director's election to the Board of Directors (subject to the limitation set forth in Section 4).

6. Form of Awards and Related Matters. The Company shall deliver (a) to each Non-Employee Director to whom an award is made a written instrument signed by the Company setting forth the number of shares of the Company's Common Stock represented by such award, and (b) to the escrow agent a certificate or certificates representing the total number of shares of the Company's Common Stock represented by such award and a copy of such instrument. Such certificate or certificates shall be legended to indicate that shares represented thereby are subject to the terms and provisions of the award and the Plan. The shares of the Company's Common Stock represented by the certificates held by the escrow agent shall constitute issued and outstanding shares of the Company's Common Stock for all corporate purposes, and the Non-Employee Director shall receive all cash dividends thereon and have the right to vote such shares provided that the right to receive such dividends and to vote such shares shall forthwith terminate with respect to shares of any Non-Employee Director which are forfeited pursuant to the Plan. While such shares are held in escrow and until such shares have been delivered to the applicable Non-Employee Director pursuant to the Plan, the Non-Employee Director for whose account such shares are held shall not have the right to sell or otherwise dispose of such shares or any interest therein and such shares shall not be subject to attachment or any other legal or equitable process brought by or on behalf of any creditor of such Non-Employee Director. At such time as the Non-Employee Director's service as a non-employee director terminates (or, in the case of awards made before March 7, 1996, following an "acquisition of a control interest" as described in subparagraph (c)(iii) of Section 7, and, in the case of awards made on or after March 7, 1996, following a "Change in Control" as described in subparagraph (c)(iv) of Section 7), the escrow agent shall deliver to the Non-Employee Director or his or her beneficiary(ies) certificates representing such shares held by the escrow agent for the Non-Employee Director's account as are not forfeited pursuant to Section 7. As a condition precedent to delivering certificates representing shares covered by awards to the escrow agent, the Company may require a Non-Employee Director to deliver to the

escrow agent a duly executed irrevocable stock power or powers (in blank) covering the shares represented by such certificates. In addition, if the shares represented by an award are not registered under the Securities Act of 1933, as a condition precedent to delivering certificates representing such shares to the escrow agent and/or certificates representing shares to Non-Employee Directors, the Company may require a Non-Employee Director to agree in writing that such shares are being acquired for investment and without a view to the distribution thereof and may place an appropriate legend on any certificates representing such shares. Certificates representing shares held by the escrow agent for the account of any Non-Employee Director which are forfeited pursuant to the Plan shall be returned (together with the related stock power) by the escrow agent to the Company.

7. Vesting of the Company Common Stock. (a) An award of the Company's Common Stock shall tentatively vest in the Non-Employee Director to whom it is made at the rate of 10% of the shares covered by such award for each full year of the Non-Employee Director's service as a non-employee director of the Company (including service prior to the date of the award); provided, however, that in no event shall any shares tentatively vest prior to the expiration of the six-month period immediately following the date of their award.

(b) Upon termination of the service of the Non-Employee Director as a non-employee director of the Company, any award previously made to such Non-Employee Director shall automatically be forfeited as of the date of such termination of service to the extent of (i) any shares subject to such award which have not tentatively vested pursuant to subparagraph (a) above, and (ii) any shares subject to such award as to which the Committee has not made a determination that receipt of such shares by the Non-Employee Director is warranted in light of the Non-Employee Director's services to the Company and the circumstances of the Non-Employee Director's termination of service.

(c) Notwithstanding subparagraphs (a) and (b) above,

(i) In the case of termination of the Non-Employee Director's service as a non-employee director of the Company due to permanent disability after the expiration of the six-month period immediately following the date of the award to the Non-Employee Director hereunder, all of the shares of the Company's Common Stock held for his account by the escrow agent shall become fully vested on the date of such termination of service, and the escrow agent shall (in accordance with Section 6) deliver a certificate or certificates representing such shares to the Non-Employee Director.

(ii) In the case of the death of a Non-Employee Director after the expiration of the six-month period immediately following the date of the award to the Non-Employee Director hereunder, all of the shares held for his account by the escrow agent shall become fully vested on the date of his death and the escrow agent shall (in accordance with Section 6) deliver a certificate or certificates representing such shares to such person or persons as the Non-Employee Director shall theretofore have designated as beneficiary(ies) in a written instrument filed with the Committee and the escrow agent; provided, however,

(A) that the Committee may refuse to accept a designation of beneficiary(ies) if the Committee determines that there would be an unreasonable expense or difficulty to effect distribution to such beneficiary(ies), and

(B) the Committee may require such evidence of payment or provision for taxes, liens and claims and evidence of authority and other documentation as it shall determine to be necessary or appropriate in its sole and uncontrolled discretion.

(iii) In the event of an "acquisition of a control interest" in the Company after the expiration of the six-month period immediately following the date of an award made to a Non-Employee Director before March 7, 1996 hereunder, all of the shares of the Company's Common Stock held for the Non-Employee

Director's account by the escrow agent pursuant to such award shall become fully vested on the date of such "acquisition of a control interest", and the escrow agent shall (in accordance with Section 6) deliver a certificate or certificates representing such shares to the Non-Employee Director as soon as practicable following such "acquisition of a control interest." For the purpose of this subparagraph (c)(iii), an "acquisition of a control interest" shall occur if:

(A) twenty-five percent (25%) or more of the Company's outstanding securities entitled to vote in elections of directors ("voting securities") shall be beneficially owned, directly or indirectly (including options, conversion rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the group presently owning the same (including their affiliates and associates); or

(B) the majority of the Board of Directors of the Company ceases to consist of the existing membership or successors nominated by the existing membership or their similar successors.

Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall for the purposes of this provision be deemed to constitute each party to such agreement, arrangement or understanding as the owner of such securities.

(iv) In the event of a "Change in Control" of the Company after the expiration of the six-month period immediately following the date of an award made to a Non-Employee Director on or after March 7, 1996 hereunder, all of the shares of the Company's Common Stock held for the Non-Employee Director's account by the escrow agent pursuant to such award shall become fully vested on the date of such "Change in Control", and the escrow agent shall (in accordance with Section 6) deliver a certificate or certificates representing such shares to the Non-Employee Director as soon as practicable following such "Change in Control." For this purpose, a "Change in Control" shall mean:

(A) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof; or

(B) During any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board of Directors of the Company (the "Incumbent Board"), cease for any reason to constitute at least a majority of the Board of Directors of the Company; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors

then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(C) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect of which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(D) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to the corporation, with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

(d) At the time of a Change in Control or an acquisition of a control interest in the Company, the Company shall make an immediate cash payment to each Non-Employee Director equal, on an after tax basis (including combined federal, state and local income, employment and excise taxes), to the excess of (A) over (B), where (A) is equal to the combined federal, state and local income and employment taxes payable by the Non-Employee Director as a result of the accelerated distribution of Company Common Stock due to the Change in Control or acquisition of a control interest in the Company; and (B) is the present value (discounted at the Applicable Federal Rate (within the meaning of Section 1274 of the Code) at the time of payment) of the combined federal, state and local income and employment taxes which would be payable at the time such Company Common Stock was distributed if it had been distributed on the date the Non-Employee Director reached age 70, assuming the fair market value per share of Company Common Stock would then be equal to the actual fair market value per share on the date of the Change in Control or acquisition of a control interest, as the case may be. For purposes of this paragraph, it shall be assumed that all income taxes are payable at the top marginal rates in effect at the time of the payment hereunder and that state and local income taxes are deductible for federal income tax purposes.

8. Effect of Recapitalization. In case of a stock split, stock dividends or other change in the Common Stock of the Company, the Committee shall make such adjustment, if any, as it deems appropriate in the number or kind of shares which remain available under the Plan for further awards and which are to be awarded to persons becoming Non-Employee Directors. Shares held by the escrow agent for the account of Non-Employee Directors which have not been forfeited pursuant to the Plan shall participate in any of such events to the same extent as any other issued and outstanding shares of the Company's Common Stock, but appropriate adjustments, if required, shall be made by the Committee, so that after giving effect to the occurrence of any of such events the escrow agent shall continue to hold

such shares and/or any other securities delivered in respect thereof for the account of such Non-Employee Directors to the extent practicable upon the terms and conditions of the Plan and of awards granted hereunder.

9. Escrow Agent. The escrow agent shall be appointed by the Committee for such period and upon such terms and conditions as the Committee deems appropriate. The Committee shall have the power to remove any person from the position of escrow agent and to appoint substitute or successor escrow agents. The fees and expenses of the escrow agent shall be paid by the Company. The escrow agent shall not incur liability for any action taken pursuant to the Plan or any award granted thereunder so long as the escrow agent acts in good faith in accordance with the instructions of the Committee, and the Company, at the request of the escrow agent, may enter into an agreement indemnifying the escrow agent against any such liability and costs and expenses related hereto.

10. Limitations. (a) Nothing in the Plan shall be deemed to create any obligation on the part of the Company to continue any person as a director.

(b) The Non-Employee Director to whom an award is made shall have a right to receive the shares of Common Stock (or other stock or securities in such award) only in accordance with the terms and conditions of the Plan and such award and the determination of the Committee and not otherwise and such Non-Employee Director may not assign or transfer such award or any shares or securities not distributed to him or any interest therein.

11. Termination or Amendment of Plan. The Board of Directors of the Company may discontinue the Plan at any time and may from time to time amend the Plan; provided, however, that no such discontinuance or amendment shall materially affect adversely any right or obligation with respect to any award theretofore made, and any such amendment shall be subject to the approval of the Company's shareholders to the extent that such approval is required in order to insure that awards made under the Plan are exempt under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.

12. Expenses. All expenses to the Plan, including the fees and expenses of the escrow agent, shall be borne by the Company.

13. Effectiveness of the Plan. This Plan shall not be effective unless approved by the holders of not less than a majority of the outstanding shares of voting stock of the Company present, or represented, and entitled to vote thereon at a meeting thereof duly called and held for such purpose, and no shares awarded hereunder shall be delivered to any Non-Employee Director or beneficiary prior to such approval.

EXHIBIT (10)(t)

[Conformed Copy -- Includes amendments made in
November 1993, October 1998 and December 2001]

**ENGELHARD CORPORATION DIRECTORS AND EXECUTIVES
DEFERRED COMPENSATION PLAN**

[1986 - 1989]

1. **Eligibility**

Participation in this Plan is limited to (a) nonemployee directors of Engelhard Corporation and (b) those key executive employees of Engelhard Corporation or its subsidiary corporations ("Engelhard") who have been approved for participation in this Plan by the Compensation Committee of the Board of Directors of Engelhard ("the Committee") or, if the Committee so resolves, by the chief executive officer of Engelhard.

As a condition of Eligibility, each person invited to participate may be required to take a physical examination prescribed by Engelhard. The Committee may exclude from participation anyone whose life, based on such examination, is not medically insurable by an insurer of Engelhard's choice at standard premium rates.

2. **Deferral of Compensation**

During such period or periods as may from time to time be selected by the Committee each person eligible to participate in the Plan shall be given the opportunity to elect irrevocably to defer a portion of the compensation that otherwise would be payable to such person by Engelhard for services rendered following the making of such election as a director or employee, as the case may be. The length of the period of deferral shall be four years, all deferrals shall be in multiples of $1,000, the minimum amount deferred shall be $8,000 ($2,000 per year), and the maximum, amount deferred shall be 15 percent of an employee's Compensation and 100% of a nonemployee director's Compensation. "Compensation" for employees is the sum of (i) annualized base salary approved as of December 5, 1985 and (ii) regular or special bonus which was paid in February, 1985. For nonemployee directors, "Compensation" means annualized director's fees, attendance fees and Chairman's fees expected to be paid in or payable for 1986. The amount deferred by an employee participant shall be deferred by means of reductions in the employee's (i) base salary, (ii) bonus or (iii) a combination of both base salary and bonus, as the participant shall elect, in four equal annual amounts. The amount deferred by a nonemployee director shall be deferred by means of reductions in the director's quarterly fees, in an equal amount each quarter, over the four-year deferral period.

The opportunity to make the foregoing deferral election shall be given to those persons initially selected to participate in this Plan during the period December 6, 1985 through December 31, 1985, with respect to Compensation that would otherwise be payable (i) to each nonemployee director for services rendered after receipt by Engelhard during the above referenced election period of the director's irrevocable election to defer and (ii) to each employee for services rendered and bonus paid during the period January 1, 1986 through December 31, 1989. Thereafter, such

opportunity shall be given (a) to a person initially eligible to participate only with respect to Compensation that would otherwise be payable to him during the balance of the four-year period commencing in a calendar year following the year in which the election is made, and (b) to a person later selected to participate in this Plan with respect to Compensation that would otherwise be payable to him for services rendered after the end of the calendar month in which Engelhard receives his irrevocable election to defer.

3. **Supplemental Retirement Benefit**

If a nonemployee director participant continues to serve upon the Engelhard Board of Directors for a period of four years following the commencement of the deferral referred to in Section 2 hereof, or if an employee participant continues in employment or to serve upon the Engelhard Board of Directors throughout the designated four-year amount elected by him, then the participant shall be entitled to receive from Engelhard 180 equal monthly payments in the amount specified as a Supplemental Retirement Benefit in the Participation Agreement. Unless the participant elects otherwise, such payments shall begin on the first day of the month following the participant's 65th birthday or, if later, the end of the four-year deferral period. If the commencement of payments hereunder is subsequent to the first day of the month following a participant's 65th birthday, the participant shall elect, at the time of his deferral election, to have Supplemental Retirement Benefits paid for (a) 180 months or (b) the number of months between the commencement of Supplemental Retirement Benefits and the month in which occurs the participant's 80th birthday. If the participant's election results in payments of less than 180 months' duration, the amount of each monthly payment shall be increased to provide an actuarially equivalent benefit.

If the commencement of payments hereunder is prior to the participant's 65th birthday, but in no case before attaining age 60, the participant shall elect, at the time of his deferral election, to have Supplemental Retirement Benefits paid for (a) 180 months or (b) the number of months between the commencement of Supplemental Retirement Benefits and the month in which occurs the participant's 80th birthday. If the participant's election results in payments of greater than 180 months' duration, the amount of each monthly payment shall be decreased to provide an actuarially equivalent benefit.

A participant may elect by written notice to Engelhard to irrevocably defer the date on which Supplemental Retirement Benefits will commence to be paid to a date specified in the deferral election (the "Additional Deferral Election"). The number of Supplemental Retirement Benefit payments to a participant shall not change as a result of the Additional Deferral Election. However, the amount of the Supplemental Retirement Benefit payments shall be adjusted to provide an actuarially equivalent benefit. In order for an Additional Deferral Election to be effective (i) the Additional Deferral Election must be made at least twelve months prior to the date payments would otherwise commence in accordance with a prior deferral election under this Plan, (ii) a participant who is an employee must agree with Engelhard to remain employed by Engelhard (on the same terms and conditions as in effect on the day preceding the additional period of employment, subject to any changes mutually agreed to by the parties and subject to the Company's right to terminate the participant's employment at any time) for at least one additional year following the date of the Additional Deferral Election, (iii) a participant who is a nonemployee director must agree with Engelhard that, if nominated and elected, he will continue to serve as a director of Engelhard for at least one year following the date of the Additional Deferral Election, (iv) the Additional Deferral Election may not specify any payment of amounts hereunder on a date prior to the date such payment or delivery was otherwise due under this Plan, and (v) the deferral of commencement of payments specified in the Additional Deferral Election must be for a period of at least one year.

A participant who has attained age 70 and whose deferrals under this Plan were made as a nonemployee director of the Company may elect by written election to Engelhard (an "Age 70 Election") to irrevocably change the date of commencement of payments hereunder; provided, however, that the Age 70 Election shall not become effective prior to the first anniversary of the date the Age 70 Election is made (and prior to such time the nonemployee director's existing payment election shall remain in effect); and provided further, however, that the Age 70 Election shall be effective only if (i) the election is made after the nonemployee director has attained age 70, (ii) the Board has

approved the Age 70 Election, (iii) no prior Age 70 Election has been made by the nonemployee director, and (iv) the nonemployee director has agreed with the Company that, if nominated and elected, he will continue to serve as a director of the Company for at least one year following the date of the Age 70 Election. The number of Supplemental Retirement Benefit payments to a nonemployee director shall not change as a result of the Age 70 Election. However, the amount of the Supplemental Retirement Benefit payments shall be adjusted to provide an actuarially equivalent benefit.

If a participant does not cause the deferral of the full amount elected by him because the compensation payable to such participant has proved insufficient to accommodate such full deferral, of if such participant retires under the Retirement Income Plan for Salaried Employees of Engelhard Corporation ("Retirement Plan") prior to the end of such four-year period, or if such participant ceases to be a participant within such four-year period because his employment terminates or he ceases to be a nonemployee director then the Supplemental Retirement Benefit shall be paid but the amount payable shall be reduced by multiplying such Benefit by a fraction (i) the numerator of which shall be the aggregate amount actually deferred prior to termination and (ii) the denominator of which shall be the full amount elected for deferral. A participant whose employer ceases to be a subsidiary of Engelhard shall be considered to have terminated his or her employment on the date such employer ceases to be a subsidiary.

If a participant should die after payment of such Supplemental Retirement Benefit begins but before receipt of the last of such payments, the amounts unpaid shall be paid on their due dates to the participant's beneficiary designated in the Participation Agreement or, failing such designation, to the participant's legal representatives.

4. **Survivor Benefit**

If a participant should die prior to commencement of payment of the Supplemental Retirement Benefit provided under Section 3 hereof, no Supplemental Retirement Benefit shall become payable, but in lieu thereof the Survivor Benefit specified in the Participation Agreement shall be paid to the participant's designated beneficiary or, failing such designation, to the participant's legal representatives. Such Survivor Benefit shall be paid in 180 equal monthly installments beginning on the first day of the month following the month in which the participant's death occurs.

5. **Amount of Supplemental Retirement and Survivor Benefits**

The amount of Supplemental Retirement and Survivor Benefits to be included in the Participation Agreements are set forth in the Schedule attached to this Plan. However, if a participant makes an effective Additional Deferral Election or Age 70 Election pursuant to Section 3 hereof, his Supplemental Retirement Benefits shall be adjusted in order to provide an actuarially equivalent benefit.

6. **Financing**

Engelhard proposes to finance its obligations under this Plan by the purchase of one or more policies of life insurance upon the lives of participants, with Engelhard to be the owner of and beneficiary under such policies. No participant shall have any right or interest in any such policy or the proceeds thereof and all payments provided for under the Plan shall be paid in cash from the general funds of the Company; provided, however, that such payments shall be reduced by the amount of any payments made to the participant or his or her beneficiary from any trust or special or separate fund established by the Company to assure such payments. The Company may establish and maintain a trust, the assets of which shall be subject to the claims of the Company's creditors in the event of the Company's bankruptcy or insolvency, in order to provide a source of funds to assist it in the meeting of its liabilities hereunder. The rights of participants to benefit payments hereunder shall be no greater than those of an unsecured creditor. Each participant shall cooperate fully in the application by Engelhard for, and in the maintenance of, any policy or policies of insurance upon such participant's life.

7. **Amendment or Termination**

The Board of Directors of Engelhard or the Committee may terminate or amend this Plan at any time. The rights of any participant under a Participation Agreement shall not be impaired by such termination or amendment except that, if the reason therefor is a change in the tax laws adversely affecting the financing of the Supplemental Retirement Benefit or Survivor Benefit under the Plan, then Engelhard may terminate all (but not less than all) of the then existing Participation Agreements (except any under which benefits are then being paid), and shall pay to each participant who is then a party to a terminated Participation Agreement, in lieu of any and all other benefits hereunder, an amount equal to the amount actually deferred under such Agreement plus interest on each installment thereof from the date of deferral to the date of termination at a rate or rates of interest (not less than 6 percent per annum compounded annually) determined by the Board of Directors of Engelhard or the Committee to be fair and equitable. Such amount may be paid in a lump sum within 60 days of the date of such termination or in such other manner and at such other time or times as the Committee may reasonably determine.

8. **Administration**

The Plan shall be administered by such person or persons as may be appointed from time to time by the Committee. The Committee shall be responsible for any interpretation of the Plan or the Participation Agreement that may be required.

9. **Change in Control**

Notwithstanding anything contained in this Plan to the contrary, upon the occurrence of a "Change In Control" (as hereinafter defined) neither the Board of Directors of Engelhard, nor the Committee, nor any other party shall be entitled to terminate or amend this Plan, or otherwise to impair the rights of any participant hereunder even if there occurs a change in the tax laws adversely affecting the financing of the benefits payable under the Plan. Engelhard or its successor hereby agrees to reimburse participants for any expense incurred by them (including attorneys fees and costs) to enforce their rights under this Section 9.

At the time a participant makes a deferral election pursuant to Section 2 hereof, he shall be required to make an irrevocable election as to whether, upon the occurrence of a Change In Control, he wishes to receive a "lump sum payment" (as hereinafter defined) or to remain subject to the deferral election so made hereunder; provided, however, that a participant may change his election with respect to a Change In Control provided such change is made at least six months in advance of the date of the Change In Control. If a participant elects a "lump sum payment" he shall also be required to elect whether to receive such payment (a) immediately (i.e., within 90 days) following a Change In Control regardless of whether or not his employment with Engelhard continues or (b) only upon termination of his employment with Engelhard, prior to the date at which Supplemental Retirement Benefits are to commence hereunder, following such Change In Control. "Lump sum payment" shall mean a return of all principal amounts deferred by the participant plus credited interest at the rate of 12.5% per annum, compounded annually.

A "Change In Control" for the purpose of the preceding paragraphs shall occur if:

(A) twenty-five percent (25%) or more of Engelhard's outstanding securities entitled to vote in elections of directors ("voting securities") shall be beneficially owned, directly or indirectly (including options, conversion rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the group presently owning the same (including their affiliates and associates); or

(B) the majority of the Board of Directors of Engelhard ceases to consist of the membership or successors nominated by the existing membership or their similar successor.

Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall for the purposes of this provision be deemed to constitute each party to such agreement, arrangement or understanding as the owner of such securities.

If a participant has elected, pursuant to this Section 9, to receive a lump sum payment either upon a Change In Control or upon termination of his employment following a Change In Control, then at the time such lump sum payment is made the Company shall also make an immediate cash payment to such participant equal, on an after-tax basis (including combined federal, state and local income, employment and excise taxes), to the excess of (A) over (B), where (A) is equal to the present value (discounted at the Applicable Federal Rate (within the meaning of Section 1274 of the Code) in effect at the time of payment) of: (x) the participant's benefit payments assuming they would have been paid in accordance with the Plan and the participant's elections thereunder, without regard to the Change In Control, multiplied by (y) one minus the federal income tax rate (expressed as a decimal) in effect at the time of the payment; and (B) is the amount of the participant's lump sum payment hereunder, as reduced by federal, state and local income taxes payable on such lump sum payment. For purposes of this paragraph, it shall be assumed that income taxes are payable at the top marginal rates and that state and local income taxes are deductible for federal income tax purposes.

10. **Miscellaneous**

The term "subsidiary" as used herein shall include any corporation, partnership or joint venture controlled directly or indirectly by Engelhard and the term "participating subsidiary" shall mean any subsidiary that adopts the Plan for its subsidiaries with the consent of the Committee.

No amount payable under the Plan or any Participation Agreement shall be subject to assignment, transfer, sale, pledge, encumbrance, alienation or charge by a participant or the beneficiary of a participant except as may be required by law.

"Actuarial equivalent" or "actuarially equivalent", as used herein, shall mean the present value of benefits determined at a rate of interest of 12.5% per annum, compounded annually.

11. **Termination For Cause**

Notwithstanding any other provision of the Plan or any Participation Agreement, if an employee-participant is terminated by Engelhard "For Cause" (as hereinafter defined), then the Supplemental Retirement Benefit to which such participant is otherwise entitled pursuant to Section 3 hereof shall be paid in an actuarially equivalent lump sum as soon as practicable following his termination of employment; provided, however, that interest equivalents credited to the amounts actually deferred by the participant shall be determined at a rate of 6 percent per annum, compounded annually.

For the purpose of the preceding paragraph, a termination of employment shall be "For Cause" if (a) the participant has been convicted of a felony by a court of competent jurisdiction and such conviction is no longer subject to direct appeal, or (b) the participant has been adjudicated by a court of competent jurisdiction to be liable for a willful and material breach of the participant's duties resulting in material injury to Engelhard and such adjudication is no longer subject to direct appeal.

EXHIBIT (10)(u)

[Conformed Copy -- Includes amendments made in
November 1993, October 1998 and December 2001]

**ENGELHARD CORPORATION DIRECTORS AND EXECUTIVES
DEFERRED COMPENSATION PLAN**

[1990 - 1993]

1. **Eligibility**

Participation in this Plan is limited to (a) nonemployee directors of Engelhard Corporation and (b) those key executive employees of Engelhard Corporation or its subsidiary corporations ("Engelhard") who have been approved for participation in this Plan by the Compensation Committee of the Board of Directors of Engelhard ("the Committee") or, if the Committee so resolves, by the Chief Executive Officer of Engelhard.

As a condition of eligibility, each person invited to participate may be required to take a physical examination prescribed by Engelhard. The Committee may exclude from participation anyone whose life, based on such examination, is not medically insurable by an insurer of Engelhard's choice at standard premium rates.

2. **Deferral of Compensation**

During such period or periods as may from time to time be selected by the Committee each person eligible to participate in the Plan shall be given the opportunity to elect irrevocably to defer a portion of the compensation that otherwise would be payable to such person by Engelhard for services rendered following the making of such election as a director or employee, as the case may be. The period of deferral shall be four years, all deferrals shall be in multiples of $1,000, the minimum amount deferred shall be $8,000 ($2,000 per year), and the maximum amount deferred shall be 15 percent of an employee's Compensation and 100% of an nonemployee director's Compensation. "Compensation" for employees is the sum of (i) annualized base salary approved as of December 13, 1989 and (ii) regular or special bonus which was paid in February 1989. For nonemployee directors, "Compensation" means annualized Director's fees, attendance fees and Chairman's fees expected to be paid in or payable for 1990. The amount deferred by an employee participant shall be deferred by means of reductions in the employee's (i) base salary, (ii) bonus or (iii) a combination of both base salary and bonus, as the participant shall elect, in four equal annual amounts. The amount deferred by a nonemployee director shall be deferred by means of reductions in the director's quarterly fees, in equal annual amounts to the maximum extent possible, over the four-year deferral period.

The opportunity to make the foregoing deferral election shall be given to those persons initially selected to participate in this Plan during the month of December 1989, with respect of Compensation that would otherwise be payable (i) to each nonemployee director for services rendered after receipt by Engelhard during the above referenced election period of the director's irrevocable election to defer and (ii) to each employee for services rendered and bonus paid during the period February 1, 1990 through December 31, 1993. Thereafter, such opportunity shall be given (a) to a person initially eligible to participate only with respect to Compensation that would otherwise be payable to him during the balance of the four-year period commencing in a calendar year following the year in which the election is made, and (b) to a person later selected to participate in this Plan with respect to Compensation that would otherwise be payable to him for services rendered after the end of the calendar month in which Engelhard receives his irrevocable election to defer.

3. **Supplemental Retirement Benefit**

If a nonemployee director participant continues to serve upon the Engelhard Board of Directors for a period of four years following the commencement of the deferral referred to in Section 2 hereof, or if an employee participant continues in employment or to serve upon the Engelhard Board of Directors throughout the designated four-year amount elected by him, then the participant shall be entitled to receive from Engelhard 180 equal monthly payments in the amount specified as a Supplemental Retirement Benefit in the Participation Agreement. Unless the participant elects otherwise, such payments shall begin on the first day of the month following the participant's 65th birthday or, if later, the end of the four-year deferral period. If the commencement of payments hereunder is subsequent to the first day of the month following a participant's 65th birthday, the participant shall elect, at the time of his deferral election, to have Supplemental Retirement Benefits paid for (a) 180 months or (b) the number of months between the commencement of Supplemental Retirement Benefits and the month in which occurs the participant's 80th birthday. If the participant's election results in payments of less than 180 months' duration, the amount of each monthly payment

shall be increased to provide an actuarially equivalent benefit.

If the commencement of payments hereunder is prior to the participant's 65th birthday, but in no case before attaining age 60, the participant shall elect, at the time of his deferral election, to have Supplemental Retirement Benefits paid for (a) 180 months or (b) the number of months between the commencement of Supplemental Retirement Benefits and the month in which occurs the participant's 80th birthday. If the participant's election results in payments of greater than 180 months' duration, the amount of each monthly payment shall be decreased to provide an actuarially equivalent benefit.

A participant may elect by written notice to Engelhard to irrevocably defer the date on which Supplemental Retirement Benefits will commence to be paid to a date specified in the deferral election (the "Additional Deferral Election"). The number of Supplemental Retirement Benefit payments to a participant shall not change as a result of the Additional Deferral Election. However, the amount of the Supplemental Retirement Benefit payments shall be adjusted to provide an actuarially equivalent benefit. In order for an Additional Deferral Election to be effective (i) the Additional Deferral Election must be made at least twelve months prior to the date payments would otherwise commence in accordance with a prior deferral election under this Plan, (ii) a participant who is an employee must agree with Engelhard to remain employed by Engelhard (on the same terms and conditions as in effect on the day preceding the additional period of employment, subject to any changes mutually agreed to by the parties and subject to the Company's right to terminate the participant's employment at any time) for at least one additional year following the date of the Additional Deferral Election, (iii) a participant who is a nonemployee director must agree with Engelhard that, if nominated and elected, he will continue to serve as a director of Engelhard for at least one year following the date of the Additional Deferral Election, (iv) the Additional Deferral Election may not specify any payment of amounts hereunder on a date prior to the date such payment or delivery was otherwise due under this Plan, and (v) the deferral of commencement of payments specified in the Additional Deferral Election must be for a period of at least one year.

A participant who has attained age 70 and whose deferrals under this Plan were made as a nonemployee director of the Company may elect by written election to Engelhard (an "Age 70 Election") to irrevocably change the date of commencement of payments hereunder; provided, however, that the Age 70 Election shall not become effective prior to the first anniversary of the date the Age 70 Election is made (and prior to such time the nonemployee director's existing payment election shall remain in effect); and provided further, however, that the Age 70 Election shall be effective only if (i) the election is made after the nonemployee director has attained age 70, (ii) the Board has approved the Age 70 Election, (iii) no prior Age 70 Election has been made by the nonemployee director, and (iv) the nonemployee director has agreed with the Company that, if nominated and elected, he will continue to serve as a director of the Company for at least one year following the date of the Age 70 Election. The number of Supplemental Retirement Benefit payments to a nonemployee director shall not change as a result of the Age 70 Election. However, the amount of the Supplemental Retirement Benefit payments shall be adjusted to provide an actuarially equivalent benefit.

If a participant does not cause the deferral of the full amount elected by him because the compensation payable to such participant has proved insufficient to accommodate such full deferral, of if such participant retires under the Retirement Income Plan for Salaried Employees of Engelhard Corporation ("Retirement Plan") prior to the end of such four-year period, or if such participant ceases to be a participant within such four-year period because his employment terminated or he ceases to be a nonemployee director, the amount payable shall be reduced by multiplying such Benefit by a fraction (i) the numerator of which shall be the aggregate amount actually deferred prior to termination and (ii) the denominator of which shall be the full amount elected for deferral. A participant whose employer ceases to be a subsidiary of Engelhard shall be considered to have terminated his or her employment on the date such employer ceases to be a subsidiary.

If a participant should die after payment of such Supplemental Retirement Benefit begins but before receipt of the last of such payments, the amounts unpaid shall be paid on their due dates to the participant's beneficiary designated in the

Participation Agreement or, failing such designation, to the participant's legal representatives.

4. **Survivor Benefit**

If a participant should die prior to commencement of payment of the Supplemental Retirement Benefit provided under Section 3 hereof, no Supplemental Retirement Benefit shall become payable, but in lieu thereof the Survivor Benefit specified in the Participation Agreement shall be paid to the participant's designated legal representatives. Such Survivor Benefit shall be paid in 180 equal monthly installments beginning on the first day of the month following the month in which the participant's death occurs.

5. **Amount of Supplemental Retirement and Survivor Benefits**

The amount of Supplemental Retirement and Survivor Benefits to be included in the Participation Agreements are set forth in the Schedule attached to this Plan, but may be amended as specified in Section 7. However, if a participant makes an effective Additional Deferral Election or Age 70 Election pursuant to Section 3 hereof, his Supplemental Retirement Benefits shall be adjusted in order to provide an actuarially equivalent benefit.

6. **Financing**

Engelhard proposes to finance its obligations under this Plan by the purchase of one or more policies of life insurance upon the lives of participants, with Engelhard to be the owner of and beneficiary under such policies. No participant shall have any right or interest in any such policy or the proceeds thereof and all payments provided for under the Plan shall be paid in cash from the general funds of the Company; provided, however, that such payments shall be reduced by the amount of any payments made to the participant or his or her beneficiary from any trust or special or separate fund established by the Company to assure such payments. The Company may establish and maintain a trust, the assets of which shall be subject to the claims of the Company's creditors in the event of the Company's bankruptcy or insolvency, in order to provide a source of funds to assist it in the meeting of its liabilities hereunder. The rights of participants to benefit payments hereunder shall be no greater than those of an unsecured creditor. Each participant shall cooperate fully in the application by Engelhard for, and in the maintenance of, any policy or policies of insurance upon such participant's life.

7. **Amendment or Termination**

Subject to Section 9, the Board of Directors of Engelhard or the Committee may terminate or amend this Plan at any time. The rights of any participant under a Participation Agreement shall not be impaired by such termination or amendment except that the Board of Directors may amend the amounts of Supplemental Retirement and Survivor Benefits payable under the Plan to reflect any adjustment to the assumed rate of earnings accrued on deferred amounts which the Board of Directors in its sole judgement may deem necessary for Engelhard to provide the plan benefits and cover its cost of borrowed money, in response to changes in the tax laws or insurance policy dividend levels.

8. **Administration**

The Plan shall be administered by such person or persons as may be appointed from time to time by the Committee. The Committee shall be responsible for any interpretation of the Plan or the Participation Agreement that may be required. The Committee shall have discretionary authority to determine eligibility to participate and the amount of benefits to which participants may be entitled under the Plan.

9. **Change in Control**

Notwithstanding anything contained in this Plan to the contrary, upon the occurrence of a "Change In Control" (as hereinafter defined) neither the Board of Directors of Engelhard, nor the Committee, nor any other party shall be

entitled to terminate or amend this Plan, or otherwise to impair the rights of any participant hereunder even if there occurs a change in the tax laws or other events adversely affecting the financing of the benefits payable under the Plan. Engelhard or its successor hereby agrees to reimburse participants for any expense incurred by them (including attorneys fees and costs) to enforce their rights under this Section 9.

At the time a participant makes a deferral election pursuant to Section 2 hereof, he shall be required to make an irrevocable election as to whether, upon the occurrence of a Change In Control, he wishes to receive a "lump sum payment" (as hereinafter defined) or to remain subject to the deferral election so made hereunder; provided, however, that a participant may change his election with respect to a Change In Control provided such change is made at least six months in advance of the date of the Change In Control. If a participant elects a "lump sum payment" he shall also be required to elect whether to receive such payment (a) immediately (i.e., within 90 days) following a Change In Control regardless of whether or not his employment with Engelhard continues or (b) only upon termination of his employment with Engelhard, prior to the date at which Supplemental Retirement Benefits are to commence hereunder, following such Change In Control. "Lump sum payment" shall mean a return of all principal amounts deferred by the participant plus earnings accrued at a per annum rate of 11.0% (compounded annually) to the elected Benefit Commencement Date.

A "Change In Control" for the purpose of the preceding paragraphs shall occur if:

(A) twenty-five percent (25%) or more of Engelhard's outstanding securities entitled to vote in election of directors ("voting securities") shall be beneficially owned, directly or indirectly (including options, conversion rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the groups owning of the same on January 1, 1990 (including their affiliates and associates); or

(B) the majority of the Board of Directors of Engelhard ceases to consist of the membership in existence on January 1, 1990 or successors nominated by said existing membership or their similar successor; or

(C) any other event or transaction occurs as a result of which any payment made pursuant to this Agreement could be treated as contingent on such event or transaction for the purposes of Section 280G of the Code.

Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall for the purposes of this Section 9 be deemed to constitute each party to such agreement, arrangement or understanding as the owner of such securities.

References to sections of the Code set forth in this Section 9 shall be deemed to include references to successor sections of the Code or of any successor code or statute.

If a participant has elected, pursuant to this Section 9, to receive a lump sum payment either upon a Change In Control or upon termination of his employment following a Change In Control, then at the time such lump sum payment is made the Company shall also make an immediate cash payment to such participant equal, on an after-tax basis (including combined federal, state and local income, employment and excise taxes), to the excess of (A) over (B), where (A) is equal to the present value (discounted at the Applicable Federal Rate (within the meaning of Section 1274 of the Code) in effect at the time of payment) of: (x) the participant's benefit payments assuming they would have been paid in accordance with the Plan and the participant's elections thereunder, without regard to the Change In Control, multiplied by (y) one minus the federal income tax rate (expressed as a decimal) in effect at the time of the payment; and (B) is the amount of the participant's lump sum payment hereunder, as reduced by federal, state and local income taxes payable on such lump sum payment. For purposes of this paragraph, it shall be assumed that income taxes are payable at the top marginal rates and that state and local income taxes are deductible for federal income tax purposes.

10. **Miscellaneous**

The term "subsidiary" as used herein shall include any corporation, partnership or joint venture controlled directly or indirectly by Engelhard and the term "participating subsidiary" shall mean any subsidiary that adopts the Plan for its subsidiaries with the consent of the Committee.

No amount payable under the Plan or any Participation Agreement shall be subject to assignment, transfer, sale, pledge, encumbrance, alienation or charge by a participant or the beneficiary of a participant except as may be required by law.

"Actuarial equivalent" or "actuarially equivalent", as used herein, shall mean the present value of benefits determined at a rate of interest of 11.0% per annum, compounded annually.

11. **Termination For Cause**

Notwithstanding any other provision of the Plan or any Participation Agreement, if an employee-participant is terminated by Engelhard "For Cause" (as hereinafter defined), then the Supplemental Retirement Benefit to which such participant is otherwise entitled pursuant to Section 3 hereof shall be paid in an actuarially equivalent lump sum as soon as practicable following his termination of employment; provided, however, that interest equivalents credited to the amounts actually deferred by the participant shall be determined at a rate of 6 percent per annum, compounded annually.

For the purpose of the preceding paragraph, a termination of employment shall be "For Cause" if (a) the participant has been convicted of a felony by a court of competent jurisdiction and such conviction is no longer subject to direct appeal, or (b) the participant has been adjudicated by a court of competent jurisdiction to be liable for a willful and material breach of the participant's duties resulting in material injury to Engelhard and such adjudication is no longer subject to direct appeal.

EXHIBIT (10)(v)

[Conformed Copy -- Includes
amendments made in June 1991, October
1998, December 1998 and April 2000]

RETIREMENT PLAN FOR DIRECTORS OF ENGELHARD CORPORATION

Effective January 1, 1985

1. Purpose. Engelhard Corporation (the "Corporation") has adopted this Retirement Plan for Directors of Engelhard Corporation (the "Plan") in order to enhance its ability to attract and retain competent and experienced persons to serve as Directors and to recognize the service of Directors to the Corporation by providing such Directors with retirement benefits.

2. Definitions. Except as otherwise specified or as the context may otherwise require, the following terms have the meanings indicated below for all purposes of this Plan:

(a) Director means any person who is serving on the Effective Date of the Plan, or who in the future serves, as a member of the Board of Directors of the Corporation (the "Board") or as a Director Emeritus.

(b) Service means service as a Director; provided, however, that Service shall not include any period during which the Director was a salaried employee of the Corporation or any subsidiary of the Corporation.

(c) Compensation means the annual Board retainer fee (excluding meeting and committee fees) established by the Board as in effect on the date of the Director's termination of Service (disregarding any increase or

decrease in such fee that may be approved after such termination of Service).

(d) Retirement Date means the first day of the calendar month coinciding with or next following the latest of: (i) the date of the Director's 65th birthday or (ii) the date on which the Director's Service terminates.

(e) Effective Date means January 1, 1985.

3. Eligibility. Any Director who has completed six or more years of Service or whose age and Service at termination equals 65 shall be eligible for retirement benefits as provided herein.

4. Benefits. The retirement benefits payable hereunder to a Director who meets the eligibility requirements shall be an annual amount equal to the Director's Compensation. Benefits shall commence on a Director's Retirement Date and shall be payable in equal monthly installments. Payments shall cease upon the earlier of (i) the date of Director's death or (ii) the completion of payments for a period of time equal to the period of the Director's Service; provided, however, that the Service shall be defined as not less than six years for any person who is a Director on the Effective Date.

5. Provision of Benefits. All payments provided for under the Plan shall be paid from the general assets of the Corporation; provided, however, that such payments shall be reduced by the amount of any payments made to the Director or his or her beneficiary from any trust or special or separate fund established by the Corporation to assure such payments. The Corporation may establish and maintain a trust, the assets of which shall be subject to the claims of the Corporation's creditors in the event of the Corporation's bankruptcy or insolvency, in order to provide a source of funds to assist it in the meeting of its liabilities hereunder. A Director shall have the status of an unsecured general creditor of the Corporation with respect to any benefits which become payable pursuant to this Plan.

6. Amendment and Termination. The Corporation reserves the right to terminate this Plan or amend this Plan in any respect at any time; provided, however, that no such termination or amendment may reduce the retirement benefits then being paid to any retired Director or the retirement benefits then accrued by any Director who has completed at least six years of Service.

7. Administration. This Plan shall be administered by the Compensation Committee of the Board. Such Committee's decision, in making any determination or construction under this Plan and in exercising any discretionary power, shall in all instances be final and binding on all persons having or claiming any rights under this Plan.

8. Miscellaneous. The adoption and maintenance of this Plan shall not constitute a contract between the Corporation and any Director. Nothing herein contained shall be deemed to give any Director the right to be retained as a Director, nor shall it interfere with the Director's right to resign as a Director at any time.

No benefit payable hereunder shall be subject to alienation or assignment. The retirement benefits herein contained are in addition to all other awards, arrangements, contracts or benefits, if any, that any Director may have by virtue of service for the Corporation, unless and to the extent that any such award, arrangement, contract or benefit otherwise provides.

9. Replacement of Retirement Plan. Notwithstanding any provision of the Plan to the contrary, (i) each person who becomes a member of the Board of Directors after the effective date of the Engelhard Corporation Deferred Stock Plan for Nonemployee Directors (the "Director Stock Plan") shall not be eligible to participate in this Plan, and (ii) each Director who on or prior to the effective date of the Directors Stock Plan has made an irrevocable election not to continue to participate in this Plan shall no longer be eligible to participate in this Plan, and such Directors shall not be entitled to receive any benefits under this Plan (all such Directors' accrued benefits under this Plan shall have been converted into benefits under the Directors Stock Plan in accordance with the terms thereof).

March 7, 1985

EXHIBIT (10)(w)

[Conformed Copy -- Includes amendments made in June 1992,
December 1993, April 1994, November 1994,
December 1996, June 1998, October 1998
and February 2001]

**SUPPLEMENTAL RETIREMENT PROGRAM
OF ENGELHARD CORPORATION**

(as amended and restated effective January 1, 1989)

1. Purpose. The Supplemental Retirement Program of Engelhard Corporation consists of two separate plans, the terms of which are set forth herein: (i) the Excess Benefit Plan and (ii) the Supplemental Executive Retirement Plan. The purpose of the Excess Benefit Plan is to provide certain salaried employees with a pension benefit payable from employer funds, notwithstanding the limitations of Section 415 of the Internal Revenue Code of 1986, as amended (the "Code") as from time to time in effect, having an actuarial value equivalent to the excess of the amount of benefits which would have been payable to such employees under the Retirement Income Plan for Salaried Employees of Engelhard Corporation ("Pension Plan") were it not for Section 415 of the Code over the amount thereof in fact payable under the Pension Plan. The purposes of the Supplemental Executive Retirement Plan are (i) to provide certain other salaried employees with a pension benefit payable from employer funds, notwithstanding the limitations of Section 401(a)(17) and 415 of the Code as from time to time in effect (or of any similar provision of the Code or any other law or regulations that may now or hereafter limit benefits payable under qualified pension or retirement plans (all of which are herein referred to as "IRC limitations")), having an actuarial value equivalent to the excess of the amount of benefits which would have been payable to such employees under the Pension Plan were it not for the IRC limitations and any election by the employees to defer salary or bonus under the Company's Deferred Compensation Plan for Key Employees over the amount thereof in fact payable under the Pension Plan and (ii) to assist the Company in attracting and retaining executives who will make a significant contribution to its business by providing certain executives with retirement benefits in addition to those provided under the Pension Plan and, if applicable, the Excess Benefit Plan.

2. Eligibility.

(a) Excess Benefit Plan.

An employee shall be eligible to receive payment under the Excess Benefit Plan provided that, as of his Severance From Service Date as defined in Section 3.7 of the Pension Plan (the "Severance From Service Date"), such employee:

(i) is a Participant as defined in Section 2.1(dd) of the Pension Plan;

(ii) is credited under the Pension Plan with no less than 5 years of Vesting Service, as defined in Section 3.5 of the Pension Plan, except that an employee whose Vesting Service is less than 5 years will be eligible to receive payment hereunder if the sum of (A) his age in whole and fractional years, and (B) his Vesting Service, equals or exceeds 65; and

(iii) is not affected under Section 2.1(ee) of the Pension Plan by the Internal Revenue Code Section 401(a)(17) annual limitation on Pay that can be taken into account for benefit calculation purposes under the Pension Plan.

(b) Supplemental Executive Retirement Plan.

An employee shall be eligible to receive payment under Part A of the Supplemental Executive Retirement Plan provided that, as of his Severance From Service Date, such employee:

(i) is a Participant as defined in Section 2.1(dd) of the Pension Plan;

(ii) is credited under the Pension Plan with no less than 5 years of Vesting Service, except that an employee whose Vesting Service is less than 5 years will be eligible to receive payment hereunder if the sum of (A) his age in whole and fractional years, and (B) his Vesting Service, equals or exceeds 65; and

(iii) is affected (or would be affected if the Pension Plan were to take into account Deferred Compensation (as defined below) in determining Pay) under Section 2.1(ee) of the Pension Plan by the Internal Revenue Code Section 401(a)(17) annual limitation on Pay that can be taken into account for benefit calculation purposes under the Pension Plan.

An employee shall be eligible to receive payment under Part B of the Supplemental Executive Retirement Plan provided that such employee:

(i) is a Participant as defined in Section 2.1(dd) of the Pension Plan as of his Severance From Service Date;

(ii) had completed less than 10 years of Credited Service, as defined in Section 3.6 of the Pension Plan, as of January 5, 1984;

(iii) is an elected officer of Engelhard Corporation (the "Company") and designated by the Board of Directors of the Company to participate in Part B of the Supplemental Executive Retirement Plan, and is listed on Schedule A attached hereto; and

(iv) had completed more than 10 years of Credited Service, as defined in Section 3.6 of the Pension Plan,

as of his Severance From Service Date.

An employee shall be eligible to receive payment under Part C of the Supplemental Executive Retirement Plan ("Part C") only upon selection and designation as a "Part C Participant" by the Pension and Employment Benefit Plans Committee of the Company's Board of Directors (the "Committee"). The participation of any Part C Participant may be suspended or terminated by the Committee at any time, but no such suspension or termination shall operate to reduce any vested benefits accrued by the Part C Participant under Part C prior to the date of suspension or termination.

3. Benefit.

(a) Excess Benefit Plan.

An eligible employee's annual benefit under the Excess Benefit Plan shall be the difference between (i) and (ii) following:

(i) the annualized Normal Retirement Benefit, Early Retirement Benefit or Disability Benefit, as determined under Sections 4.1, 4.2 and 6.1, respectively, of the Pension Plan (determined before application of Section 415 of the Code); and

(ii) the benefit payable to him under the Pension Plan after application of Section 415 of the Code, including any required adjustments for retirement before social security retirement age, and other such actuarial adjustments thereto, in effect as of the date benefit payments commence under the Pension Plan.

In no event shall an eligible employee be entitled to receive an aggregate benefit, from the Pension Plan and the Excess Benefit Plan, greater than that which he would have received under the Pension Plan but for Section 415 of the Code.

(b) Part A of Supplemental Executive Retirement Plan.

An eligible employee's annual benefit under Part A of the Supplemental Executive Retirement Plan shall be the difference between (i) and (ii) following:

(i) the annualized Normal Retirement Benefit, Early Retirement Benefit or Disability Benefit, as determined under Section 4.1, 4.2 and 6.1, respectively, of the Pension Plan, determined before application of the IRC limitations, and determined as if the employee's Pay (as defined in Section 2.1(ee) of the Pension Plan), for Plan Years beginning on or after January 1, 1994, for a Plan Year included salary and bonus that he elected to defer under the Deferred Compensation Plan for Key Employees of the Company ("Deferred Compensation") and which would otherwise have been paid for the Plan Year; and

(ii) the benefit payable to him under the Pension Plan after application of the IRC limitations (and without modifying the definition of Pay in the Pension Plan to include Deferred Compensation), including any required adjustment for retirement before social security retirement age, and other such actuarial adjustments thereto, in effect as of the date benefit payments commence under the Pension Plan.

In no event shall an eligible employee be entitled to receive an aggregate benefit, from the Pension Plan, the Excess Benefit Plan and Part A of the Supplemental Executive Retirement Plan, greater than that which he would have received under the Pension Plan but for the IRC limitations and, for periods beginning on or after January 1,

1994, his elective deferral of Deferred Compensation.

(c) Part B of Supplemental Executive Retirement Plan.

An eligible employee's annual benefit under Part B of the Supplemental Executive Retirement Plan shall be the difference between (i) and (ii) following:

(i) the annualized Normal Retirement Benefit, Early Retirement Benefit or Disability Benefit, as determined under Section 4.1, 4.2 and 6.1, respectively, of the Pension Plan (determined before application of the IRC limitations) as if the employee's number of years of Credited Service were equal to the sum of (A) the employee's actual number of year of Credited Service as of his Severance From Service Date plus (B) the lesser of 5 years of Credited Service or one-half of the employee's actual number of years of Credited Service in excess of 10 as of his Severance From Service Date and as if the employee's Pay, for Plan Years beginning on or after January 1, 1994, for a Plan Year included Deferred Compensation which, but for the employee's deferral election, would have been paid for the Plan Year; and

(ii) the annualized Normal Retirement Benefit, Early Retirement Benefit or Disability Benefit, as determined under Section 4.1, 4.2 and 6.1, respectively, of the Pension Plan (determined before application of the IRC limitations and by including Deferred Compensation in Pay for Plan Years beginning on or after January 1, 1994 as provided in Section 3(b)(i) hereof) based on the employee's actual number of years of Credited Service as of his Severance From Service Date.

(d) Part C of Supplemental Executive Retirement Plan.

A Part C Participant's annual benefit under Part C shall be the amount determined in (i) below, offset as provided in (ii) below.

(i) The annualized Normal Retirement Benefit, Early Retirement Benefit or Disability Benefit, as determined under Section 4.1, 4.2 and 6.1, respectively, of the Pension Plan determined:

(A) as if the benefit formula in Section 4.1 was 2.4% of Average Monthly Pay multiplied by years of Credited Service (not in excess of 30 years);

(B) without applying the IRC limitations;

(C) as if the Part C Participant's Pay for a Plan Year included Deferred Compensation which, but for his deferral election, would have been paid for the Plan Year;

(D) by substituting "Part C Early Retirement Age" (as defined in Schedule C hereto) for Early Retirement Age;

(E) by applying the vesting provisions of Section 6 below; and

(F) as if the number of years of Credited Service of any Part C Participant listed on Schedule B hereto were equal to the sum of (x) his actual number of years of Credited Service as of his Severance From Service Date, plus (y) the number of years set forth on Schedule B for such Part C Participant.

(ii) Notwithstanding any other provision of this Part C to the contrary, the amount of retirement benefit otherwise payable to or in respect of a Part C Participant under this Part C shall be reduced by the Actuarial Equivalent of any benefit payable to or in respect of the same Part C Participant (A) under any other tax-qualified defined benefit plan to which contributions have been made by the Company or any of its Affiliates, or any predecessor thereof, and which benefit is attributable to a period of service taken into account in determining Credited Service under this Part C; and (B) under the Excess Benefit Plan and Parts A and B of the Supplemental Executive Retirement Plan of the Company. In addition, the benefit payable under Part C shall be reduced by 50% of the amount of the Participant's Social Security benefits which would be payable commencing at age 65 assuming the Participant has no further earnings following his termination of employment with the Company and its Affiliates. Such reduction shall be in an amount determined by converting the benefit payable under the other plans to or in respect of the Part C Participant to a benefit payable in the form of an annuity payable for the life of the Part C Participant commencing at age 65. Such conversion shall be effectuated by utilizing the actuarial methods, factors and assumptions in use for the purpose of determining Actuarial Equivalency under Part C at the date as of which payment of the retirement benefit under Part C commences. The reduction so determined shall apply to all benefit payments under Part C to or in respect of such Part C Participant.

4. Administration. The Excess Benefit Plan and the Supplemental Executive Retirement Plan shall be administered by the Pension and Employee Benefit Plans Committee (the "Committee") which, in so doing, shall be entitled to exercise with respect to each such Plan all the powers and authorities with respect to the Pension Plan vested in the Committee under the Pension Plan. The Committee shall have full discretionary authority and responsibility to construe the terms of the Excess Benefit Plan and the Supplemental Executive Retirement Plan and to determine entitlement to benefits hereunder.

5. Payment Form. (a) Except as provided in Paragraph (b), (c), (e) and (f) of this Section 5, an eligible employee's benefit under the Excess Benefit Plan and/or the Supplemental Executive Retirement Plan shall be subject to the same terms, conditions and adjustments as the benefit such employee receives from the Pension Plan, and an employee's elections under the Pension Plan as to retirement date, form of payment, beneficiary, etc., shall be deemed elections under the Excess Benefit Plan and the Supplemental Executive Retirement Plan as well.

(b) Notwithstanding Paragraph (a) of this Section 5, (i) an employee may elect pursuant to this Paragraph (b) that the benefit payable under the Excess Benefit Plan and/or Parts A or B of the Supplemental Executive Retirement Plan with respect to him be paid to such employee or, following the employee's death, to his beneficiary or beneficiaries in accordance with the following provisions of this Paragraph (b) by filing a written application with the Committee not less than 60 days prior to the date benefits payable to the employee and his beneficiaries under the Pension Plan commence to be paid, (ii) an employee who elects a lump sum option under Section 7.5(e) of the Pension Plan shall not receive his benefit under the Excess Benefit Plan or Parts A or B of the Supplemental Executive Retirement Plan in a lump sum but shall instead be deemed to have elected to receive such benefit in accordance with the following provisions of this Paragraph (b) unless the employee elects another form of distribution pursuant to Paragraph (c) of this Section 5 or unless the employee has made an election to receive his benefit in a lump sum pursuant to Paragraph (e) of this Section 5 and (iii) benefits under Part C can be paid in a lump sum only as provided in Section 5(e) below. Notwithstanding the foregoing, an employee who is subject to the limitations of Section 16 of the Securities Exchange Act of 1934, as amended, shall not be entitled to elect (and shall not be deemed to have elected) to have his benefit under the Excess Benefit Plan and/or the Supplemental Executive Retirement Plan paid in accordance with the provisions of this Paragraph (b) until after his Severance From Service Date. In the event such an employee does make (or is deemed to have made) such an election following his Severance From Service Date, the "Pension Distribution Date" defined in subparagraph (i) below applicable to such employee shall not occur earlier than the date on which the employee makes (or is deemed to have made) such election.

(i) If an employee elects, or is deemed to have elected, to receive his benefit under the Excess Benefit Plan and/or the Supplemental Executive Retirement Plan pursuant to this Paragraph (b), the Committee shall determine the lump sum value of the employee's benefit as of the date benefits payable to the employee and his beneficiaries under the Pension Plan commence to be paid (the "Pension Distribution Date"). Said lump sum value shall be equal to the sum of (A) the present value of the benefits otherwise payable to the employee under the Excess Benefit Plan and/or the Supplemental Executive Retirement Plan in the form of a straight life annuity determined in accordance with the factors, methods and assumptions used for determining actuarial equivalence under the Pension Plan as in effect on such Pension Distribution Date plus (B) the present value of the benefit derived by the Company from the deferral of payments to the four succeeding anniversaries of such Pension Distribution Date in accordance with subparagraph (iii) below as measured on the basis of the excess (if any) of the prime rate prevailing in New York City (as determined by the Committee) on such Pension Distribution Date over the annual dividend rate on the Company's common stock on such date grossed up to a pre-tax figure, determined by dividing the amount of taxable dividends paid per share of Company common stock during the 12-month period ending on the Pension Distribution Date by an amount equal to the mean between the highest and lowest quoted selling prices of a share of such stock on the New York Stock Exchange - Composite Transactions on the Pension Distribution Date and then dividing the result by the difference between 1.00 and the effective federal income tax rate applicable in determining the Company's net after-tax income for its annual accounting period next preceding (or ending on) such Pension Distribution Date.

(ii) The Committee shall determine the number of shares of the Company's common stock equivalent in value to the lump sum value determined pursuant to subparagraph (i) above by dividing an amount equal to the mean between the highest and lowest quoted selling prices of a share of such stock on the New York Stock Exchange - Composite Transactions on the Pension Distribution Date into the lump sum value determined pursuant to subparagraph (i) above, and rounding to the nearest whole number of shares.

(iii) Subject to subparagraphs (iv) and (v) below, the number of shares determined pursuant subparagraph (ii) above shall be paid in installments to the employee or, following his death, to his beneficiary or beneficiaries, as follows: (A) a number of shares of the Company's common stock equal to 20% of the number of such shares determined pursuant to subparagraph (ii) above, rounded to the nearest whole number, shall be paid as soon as practicable following the employee's Pension Distribution Date and on each of the three succeeding anniversaries of such Pension Distribution Date and (B) the balance of the number of such shares determined pursuant to subparagraph (ii) above shall be paid on the fourth anniversary of such Pension Distribution Date.

(iv) As a condition to receiving benefits pursuant to this Paragraph (b), the employee shall agree that for a period of five years following such Pension Distribution Date, he shall not (on his own behalf, either as an officer, shareholder, partner, employee or otherwise or on behalf of any significant competitor of the Company), in any manner, directly or indirectly without the express prior written consent of the Company, or except on behalf of the Company, engage in any activity, accept employment with, render any service in any capacity to or have any interest in (including investment in the equity securities of) any business or enterprise or other activity (x) which will conflict with the significant interests of the Company or its business or (y) which is a significant competitor of or is in significant competition with the Company; provided, however, that the employee may acquire or hold (beneficially and of record) up to but not more than 1% of the equity securities of any such significant competitor or entity without the consent of the Company if such equity securities are listed on the New York Stock Exchange or the American Stock Exchange or are quoted on NASDAQ. If the employee shall violate such agreement, he shall forfeit his right to any remaining installments to which he would otherwise have been entitled pursuant to this Paragraph (b) and shall be entitled to no further benefits under the Excess Benefit Plan or the Supplemental Executive Retirement Plan.

(v) The Company may in its sole discretion establish a revocable trust as the Company's agent for payment of the installments described in subparagraph (iii) above and transfer to the trustee thereof all or any part of the stock payable pursuant to said subparagraph (iii). If the Company establishes such a trust, the Company shall retain the right to revoke such trust at any time and for any reason. Such trust may provide that any dividends paid on any shares of the Company's common stock held by the trustee shall be paid out to the person or persons to whom the stock is tentatively distributable as an additional benefit and may also provide that the trustee in exercising voting rights with respect to shares held by it shall follow any directions that the trustee may receive from the person or persons to whom the stock is tentatively distributable; provided, however, that the Company shall have the right at any time to eliminate any such provisions from the trust instrument. Neither the employee nor his spouse, child, beneficiary or any other party (other than the Company) shall have any interest in the assets of such trust until amounts are actually distributed, and the employee and his beneficiaries shall have the status of an unsecured general creditor of the employee's employer with respect to any benefits which become payable hereunder. If the necessary shares of the Company's common stock are not held in a trust described in this subparagraph (v) at the time that the employee or his beneficiary or beneficiaries becomes entitled to receive an installment pursuant to subparagraph (iii) above, such installment shall not be paid in the form of shares of the Company's common stock, but the employee or his beneficiary or beneficiaries shall instead receive a cash payment of an amount equal to the value of the shares that would otherwise have been paid (with the value of each such share being based on the mean between the highest and lowest quoted selling prices on the New York Stock Exchange - Composite Transactions for the Company's common stock on the date on which the installment would otherwise have been paid).

(vi) For the purposes of this Paragraph (b), an employee's beneficiary or beneficiaries shall be the person or persons so designated by the employee on a form filed with the Committee specifically referring to this Paragraph (b). If no such effective designation is on file with the Committee at the time of the employee's death, the employee's beneficiary shall be his estate.

(c) An employee may elect pursuant to this Paragraph (c) that the benefit payable under the Excess Benefit Plan and/or the Supplemental Executive Retirement Plan with respect to him be payable in a form (other than in a lump sum) differing from that in which the benefit with respect to him shall be paid under the Pension Plan if such form of benefit under the Excess Benefit Plan and/or the Supplemental Executive Retirement Plan is (i) selected by the employee in a written application filed with the Committee not less than 60 days prior to the date benefits payable to the employee and his beneficiaries under the Pension Plan commence to be paid, (ii) permissible under the Pension Plan and (iii) approved by the Committee, and shall be subject to the same terms and conditions as would apply to such benefit had it been paid under the Pension Plan except for any term or condition limiting pursuant to the IRC limitations the benefits that may be paid to any individual.

(d) Benefits under the Excess Benefit Plan and the Supplemental Executive Retirement Plan shall be paid from the general assets of the employee's employer and shall not be separately funded. No trust shall be established in connection herewith except for any revocable trust established pursuant to Paragraph (b) of this Section 5; and no assets of any employee's employer shall be set aside, other than tentatively, for the purpose of paying benefits under the Excess Benefit Plan or the Supplemental Executive Retirement Plan.

(e) Anything in this Supplemental Retirement Program to the contrary notwithstanding, an employee may elect pursuant to this Paragraph (e) that the benefits payable under the Excess Benefit Plan and the Supplemental Executive Retirement Plan be payable in the form of a lump sum as soon as practicable following his Severance From Service Date, or in monthly installments payable to the employee (or his Beneficiary) over a period of up to ten years, commencing as soon as practicable following his Severance From Service Date. A written irrevocable election pursuant to this Paragraph (e) may be made by an employee at any time which is at least 6 months prior to the employee's Severance From Service Date, except that the election shall not be effective until 6 months shall have

elapsed from the date of the election. As a condition to receiving benefits pursuant to this Paragraph (e), the employee shall enter into, or be deemed to enter into, the noncompetition agreement with the Company set forth in Paragraph (b)(iv) of this Section 5. Except as set forth above, the availability of an election under this Paragraph (e) to an employee shall be subject to the same terms and conditions as would apply to a lump sum benefit had it been paid under the Pension Plan, and the amount of the lump sum benefit (or installment benefit) shall be determined using the same actuarial assumptions as would be used in determining a lump sum benefit under the Pension Plan. An election made under this Paragraph (e) may be revoked in writing, except that such revocation shall not be effective until six months have elapsed from the date of the revocation. Anything in this Supplemental Retirement Program to the contrary notwithstanding, in no event may the benefits hereunder be paid in the form of a lump sum distribution other than as provided in this Paragraph (e) or, in the absence of a lump sum election pursuant to this Paragraph (e), as provided in Paragraph (b) of this Section 5.

(f) Notwithstanding any provision of the Excess Benefit Plan or Supplemental Executive Retirement Plan to the contrary, any election by an employee to commence early retirement benefits hereunder at a time after his Severance From Service Date must be made at least six months in advance of such date.

(g) As a condition to receiving benefits pursuant to Part C, each Part C Participant shall agree that for a period of five years following his termination of employment with the Company and its Affiliates he shall not (on his own behalf, either as an officer, shareholder, partner, employee or otherwise or on behalf of any significant competitor of the Company), in any manner, directly or indirectly, without the express prior written consent of the Company, or except on behalf of the Company, engage in any activity, accept employment with, render any service in any capacity to or have any interest in (including investment in the equity securities of) any business or enterprise or other activity (i) which will conflict with the significant interests of the Company or its Affiliates or their business, or (ii) which is a significant competitor of or is in significant competition with the Company or its Affiliates; provided, however, that a Part C Participant may acquire or hold (beneficially and of record) up to, but not more than, 1% of the equity securities of any such significant competitor or entity without the consent of the Company if such equity securities are listed on the New York Stock Exchange or the American Stock Exchange or are quoted on NASDAQ. If a Part C Participant shall breach such agreement, then, as liquidated damages for the Part C Participant's breach, (x) no further benefits shall be payable to the Part C Participant (or his Beneficiaries) under Part C, and (y) any benefits previously paid to the Part C Participant (or his Beneficiaries) under Part C shall be immediately returned by the Part C Participant (or his Beneficiaries) to the Company, together with interest at the "applicable federal rate" (within the meaning of Section 1274(d) of the Code), as in effect from time to time; provided, however, that this Paragraph (g) shall not apply to a Part C Participant (or his Beneficiaries) whose employment with the Company and its Affiliates terminates for any reason following a Change in Control of the Company.

(h) Anything in this Supplemental Retirement Program to the contrary notwithstanding, if the present value of the benefits payable to the employee under the Excess Benefit Plan and the Supplemental Executive Retirement Plan, determined in accordance with the actuarial assumptions used for determining lump sum benefits under the Pension Plan as in effect on the Pension Distribution Date (as defined in subparagraph (i) of paragraph (b) above), shall be less than $10,000, the present value of such benefits shall be paid in a single sum as soon as practicable following the employee's Severance from Service Date.

6. Part C Vesting. A Part C Participant's benefits under Part C will vest in full upon the earliest of the following:

(a) the Participant's attainment of his Part C Early Retirement Age (as defined in Schedule C hereto);

(b) the involuntary termination of the Part C Participant's employment by the Company not for Cause (as defined in Schedule C hereto) after the Part C Participant has completed at least 5 years of Vesting Service;

(c) a Change in Control (as defined in Schedule C hereto) of the Company; or

(d) such other time as determined by the Committee in its discretion, which determination need not be uniform as to all Part C Participants.

If a Part C Participant's employment with the Company and its Affiliates terminates prior to the time his benefits have vested in full, as set forth above, then (unless otherwise determined by the Committee in its discretion, which determination need not be uniform as to all Part C Participants) the Part C Participant's entire benefit under Part C shall be forfeited.

7. Committee Determinations. Any determination of the Committee with respect to (a) any employee's eligibility for a benefit under the Excess Benefit Plan or the Supplemental Executive Retirement Plan, (b) the amount of such benefit, (c) the form, duration, terms and conditions of payment thereof, and (d) any other question or matter arising under the Excess Benefit Plan or the Supplemental Executive Retirement Plan, shall be final and binding on the employers, employees, beneficiaries and all other persons.

8. Interest of Employees and Others. No employee, spouse, child, beneficiary or other party shall have any interest in amounts due and payable under the Excess Benefit Plan or the Supplemental Executive Retirement Plan until such amounts are actually distributed and the employee and his beneficiaries shall have the status of an unsecured general creditor of the employee's employer with respect to any benefits which become payable under the Excess Benefit Plan or the Supplemental Executive Retirement Plan. All payments provided for under the Plan shall be paid from the general assets of the Company; provided, however, that such payments shall be reduced by the amount of any payments made to the participant or his or her beneficiary from any trust or special or separate fund established by the Company to assure such payments. The Company may establish and maintain a trust, the assets of which shall be subject to the claims of the Company's creditors in the event of the Company's bankruptcy or insolvency, in order to provide a source of funds to assist it in the meeting of its liabilities hereunder.

9. Non-Qualified Plan. The Excess Benefit Plan and the Supplemental Executive Retirement Plan are not intended to qualify under Section 401 of the Internal Revenue Code. The protections, obligations, rights and duties described in the Internal Revenue Code and applicable to employee pension plans qualifying under said Section 401 of the Code have no application to either the Excess Benefit Plan or the Supplemental Executive Retirement Plan. The provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") relating to employee pension benefit plans and/or employee welfare benefit plans shall have no application to the Excess Benefit Plan. In the case of the Supplemental Executive Retirement Plan, the only provisions of ERISA that are applicable are certain reporting and disclosure provisions of Part 1 of Subtitle B of Title I of ERISA and certain provisions relating to administration and enforcement set forth in Part 5 of Subtitle B of Title I of ERISA.

10. No Enlargement of Employee Rights. Nothing contained in the Excess Benefit Plan or the Supplemental Executive Retirement Plan shall be deemed to give any employee the right to be retained in the service of his employer or to interfere with the right of such employer to discharge or retire any employee at any time.

11. Amendment and Termination. The Company, by action of its Board of Directors, reserves the right to amend or terminate the Excess Benefit Plan or the Supplemental Executive Retirement Plan, or both, at any time. No amendment or termination of the Excess Benefit Plan or the Supplemental Executive Retirement Plan shall have the effect of reducing or forfeiting the benefit of any employee which had accrued and was vested under the terms of the Excess Benefit Plan or the Supplemental Executive Retirement Plan, as the case may be, as of the date of such amendment or termination. References to provisions of the Pension Plan contained herein relate to the Pension Plan as amended and restated effective as of January 1, 1994. Any subsequent amendment to the Pension Plan, to the extent it affects any reference thereto contained in the Excess Benefit Plan and the Supplemental Executive Retirement Plan, shall be deemed to concurrently amend and shall be given full force and effect under the Excess Benefit Plan and the Supplemental Executive Retirement Plan, as if such amendment were separately adopted hereunder.

12. Non-Alienation of Benefits. No Participant or Beneficiary shall have any power or right to transfer, assign, anticipate, hypothecate, mortgage, commute, or otherwise encumber in advance any of the benefits payable hereunder. None of said benefits shall be subject to seizure for the payment of any debts, judgments, alimony or separate maintenance owed by the employee or Beneficiary or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise, except that the Company may set off any amounts payable hereunder against any amounts owed by the employee or Beneficiary to the Company.

13. Withholding. The Company may provide for the withholding from any benefits payable under the Excess Benefit Plan and the Supplemental Executive Retirement Plan all Federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

14. Applicable Law. To the extent not superseded by ERISA or other applicable federal law, the Excess Benefit Plan and the Supplemental Executive Retirement Plan shall be construed and interpreted under the laws of the State of New Jersey.

SCHEDULE B

Name	Number of Years
Orin R. Smith	5
Barry W. Perry	5

SCHEDULE C

The following terms shall have the following meanings for purposes of Part C.

"Cause" means termination of a Part C Participant's employment by the Company due to the Part C Participant's willful engagement in conduct which involves dishonesty or moral turpitude in connection with his employment and which is demonstrably and materially injurious to the financial condition or reputation of the Company and its Affiliates.

"Change in Control" means:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the

meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof;

(b) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Company's Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(d) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportions as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

"Part C Early Retirement Age" means a Part C Participant's age when he has attained at least age 55 and has at least 5 years of Vesting Service.

EXHIBIT (10)(x)

SUPPLEMENTAL RETIREMENT TRUST AGREEMENT

This Agreement made this 12th day of April, 2002, by and between Engelhard Corporation (the "Company") and Wachovia Bank, N.A. (the "Trustee");

WHEREAS, the Company has adopted the Deferred Compensation Plan for Directors of Engelhard Corporation, the Retirement Plan for Directors of Engelhard Corporation, the Deferred Compensation Plan for Key Employees of Engelhard Corporation, the Engelhard Corporation Directors and Executives Deferred Compensation Plan (1986-1989), the Engelhard Corporation Directors and Executives Deferred Compensation Plan (1990-1993), and the Supplemental Retirement Program of Engelhard Corporation (collectively the "Plans") benefiting certain of its directors and employees (the "Participants");

WHEREAS, the Company has incurred or expects to incur liability under the terms of such Plans with respect to the Participants;

WHEREAS, the Company wishes to establish a trust (hereinafter called the "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's Insolvency, as herein defined, until paid to the Participants and their beneficiaries in such manner and at such times as specified in the Plans;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plans as unfunded arrangements maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended;

WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plans;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

Section 1. Establishment of Trust

(a) The Company hereby deposits with the Trustee in trust one hundred dollars ($100), which shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. The Company also hereby deposits with the Trustee in trust the amount of $150,000 as an expense reserve for the Trustee hereunder.

(b) The Trust hereby established shall be irrevocable.

(c) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be construed accordingly.

(d) The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of the Participants and general creditors as herein set forth. The Participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plans and this Trust Agreement shall be mere unsecured contractual rights of the Participants and their beneficiaries against the Company. Any assets held by the Trust will be subject to the claims of the Company's general creditors under applicable law in the event of Insolvency, as defined in Section 3(a) herein.

(e) Immediately upon a Potential Change in Control (as defined in Section 13(e) below), a Change in Control (as defined in Section 13(d) below), and within 30 days following the end of each calendar year after a Change in Control, the Company shall be required to irrevocably deposit additional cash or other property (which may be held in the Trust consistent with Section 5(d) hereof) to the Trust such that the Trust has an amount sufficient to pay each Participant or beneficiary the vested benefits payable pursuant to the terms of the Plans plus projected fees and expenses of the Trust as of the date of the Potential Change in Control, Change in Control or the close of the calendar year, as the case may be. Following a Change in Control, the Trustee shall have the right to compel contributions from the Company to make up for any shortfall.

(f) The Chief Executive Officer of the Company and any one of the General Counsel, Chief Financial Officer or Treasurer of the Company shall be required to give the Trustee written notice of the occurrence of a Potential Change in Control and any Change in Control, in each case under this Agreement. The Trustee shall be entitled to rely upon such written notice received from both the Chief Executive Officer and any one of the General Counsel, Chief Financial Officer or Treasurer of the Company, but if the Trustee receives notice of a Potential Change in Control or a

Change in Control from another source, the Trustee shall make its own independent determination.

Section 2. Payments to the Participants and Their Beneficiaries.

(a) The Company shall deliver to the Trustee a schedule at least annually and upon a Potential Change in Control and a Change in Control (the "Payment Schedule") that indicates the amounts payable in respect of each Participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plans), the rate of income and employment tax withholding applicable to such payments, and the time of commencement for payment of such amounts. Except as otherwise provided herein, the Trustee shall make payments to the Participants and their beneficiaries in accordance with such Payment Schedule. The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plans at the rates indicated on the Payment Schedule and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by the Company.

(b) Prior to a Change in Control, the Company shall be responsible for determining a Participant's eligibility for benefits under the Plans and the amount and duration thereof, and shall instruct the Trustee accordingly. The Trustee shall observe the Company's instructions unless the Participant or beneficiary objects thereto and pursues resolution of the dispute through legal proceedings or arbitration, in which case the Trustee shall observe the court decree or arbitrator's award in paying benefits (if any are awarded) to the Participant or beneficiary.

(c) After a Change in Control, Participants or their beneficiaries may make application to the Trustee for an independent decision as to the amount or form of their benefits due under the Plans. In making any determination required or permitted to be made by the Trustee under this Section 2(c), the Trustee shall, in each such case, reach its own independent determination, in its absolute and sole discretion, as to the Participant's or beneficiary's entitlement to a payment hereunder. In making its determination, the Trustee may consult with and make such inquiries of such persons, including the Participant or his or her beneficiaries, the Company, legal counsel, actuaries or other persons, as the Trustee may reasonably deem necessary. Any reasonable costs incurred by the Trustee in arriving at its determination shall be reimbursed by the Company and, to the extent not paid by the Company within a reasonable time, shall be charged to the Trust. The Company waives any right to contest any amount paid by the Trustee hereunder pursuant to a good faith determination made by the Trustee notwithstanding any claim by or on behalf of the Company (absent a manifest error by the Trustee) that such payments should not be made.

(d) A Participant or beneficiary may apply in writing directly to the Trustee for payment of a benefit that (i) has been awarded to the Participant or beneficiary by a final court decree or arbitration award, and (ii) has not been paid by the Company. Such application shall be accompanied by a certified copy of such court decree or arbitration award. Upon receiving an application for payment of a benefit accompanied by a certified copy of a court decree or arbitration award, the Trustee shall notify the Company of the application, including the amount of the benefit payable, and the Trustee shall make such payments as required by the court decree or arbitration award, after providing the Company with an opportunity to prove to the satisfaction of the Trustee that the Company has paid the benefit to the Participant or beneficiary.

(e) The Company may make payment of benefits directly to the Participants or their beneficiaries as they become due under the terms of the Plans. The Company shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to the Participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plans, the Company shall make the balance of each such payment as it falls due. The Trustee shall notify the Company where principal and earnings are not sufficient.

Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary

When the Company Is Insolvent.

(a) The Trustee shall cease payment of benefits to the Participants and their beneficiaries if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, or (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Company under applicable law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing of the Company's Insolvency. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to the Participants or their beneficiaries.

(2) Unless the Trustee has actual knowledge of the Company's Insolvency, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning the Company's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to the Participants or their beneficiaries and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of the Participants or their beneficiaries to pursue their rights as general creditors of the Company with respect to benefits due under the Plans or otherwise.

(4) The Trustee shall resume the payment of benefits to the Participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after the Trustee has determined that the Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to the Participants or their beneficiaries under the terms of the Plans for the period of such discontinuance, less the aggregate amount of any payments made to the Participants or their beneficiaries by the Company in lieu of the payments provided for hereunder during any such period of discontinuance plus earnings on such difference based on the "applicable federal rate" (as defined in Section 1274(d) of the Code) over such period of discontinuance.

Section 4. Payments to the Company.

(a) Except as provided in Section 3 and Section 4(b) hereof, the Company shall have no right or power to direct the Trustee to return to the Company or to divert to others any of the Trust assets before all payment of benefits have been made to the Participants and their beneficiaries pursuant to the terms of the Plans and all fees and expenses of the Trust have been paid.

(b) If a Potential Change in Control has occurred, six months have elapsed since the Potential Change in Control without a Change in Control occurring, and the Board of Directors of the Company (the "Board") determines in good faith that a Change in Control is unlikely to occur, then following the date of adoption of a resolution by the Board to that effect, amounts contributed to the Trust upon the Potential Change in Control, together with any

earnings on such amounts, shall be returned to the Company upon the written request therefor by the Company accompanied by a copy of such Board resolution.

Section 5. Investment Authority.

(a) The Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by the Company. All rights associated with assets of the Trust shall be exercised by the Trustee or the person designated by the Trustee, and shall in no event be exercisable by or rest with the Participants.

(b) The Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets permitted to be held at such time by the Trust of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(c) Except as otherwise provided in Section 5(d) below, subject to investment guidelines agreed in writing from time to time by the Company and the Trustee prior to a Change in Control, the Trustee shall have the following powers, rights and duties in addition to those provided elsewhere in this Trust Agreement or by law.

(i) To have the exclusive authority and discretion to invest and reinvest the Trust assets in property of any kind, real or personal.

(ii) To engage in the writing, sale, purchase and exercise of covered call option contracts as an investment for the Trust.

(iii) To manage, operate, sell, contract to sell, grant options with respect to, convey, exchange, partition, transfer, abandon, improve, repair, insure, lease for any term (although commencing in the future or extending beyond the term of this Trust) and otherwise deal with all property, real and personal, in such manner, for such considerations, and on such terms and conditions as the Trustee shall decide.

(iv) To borrow from anyone such amount or amounts of money as the Trustee considers desirable to carry out the purpose of this Trust and for that purpose to mortgage or pledge all or any part of the Trust assets.

(v) To retain in cash (pending investment, reinvestment or payment of benefits) any portion of the Trust assets and to deposit cash in any depository, including the banking department of the bank acting as Trustee.

(vi) To begin, maintain or defend any litigation necessary in connection with the investment, reinvestment and administration of the Trust.

(vii) To have all rights of an individual owner, including the power to give proxies to vote stocks, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, recapitalizations or liquidations, and to exercise or sell stock subscription or conversion rights.

(viii) To hold securities or other property in the name of the Trustee or its nominee, nominees, or in such other form as it determines best, with or without disclosing the Trustee relationship, provided the records of the Trustee shall indicate the actual ownership of such securities or other property.

(ix) To enter into letter of credit agreements under which the Trustee may draw down and under which the Company shall have the reimbursement obligation.

(d) During the 90 day period following a Change in Control, the Trustee may only invest the assets of the Trust in (i) short term United States government obligations, (ii) mutual funds consisting solely of short term United States government obligations, or (iii) shares of Company common stock not exceeding the number of Company common

stock units held in Participants' accounts under the Plans from time to time. Thereafter, the Trustee may only invest the assets of the Trust in accordance with the investment guidelines attached hereto as Exhibit A, and Exhibit A may not be amended after a Change in Control.

Section 6. Disposition of Income.

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

Section 7. Accounting by the Trustee.

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within 90 days following the close of each calendar year and within 90 days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being separately stated), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

Section 8. Responsibility of the Trustee.

(a) The Trustee shall act with the care, skill, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of the Plans or this Trust and is given in writing by the Company. In the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) If the Trustee incurs any liability in its capacity as Trustee hereunder or undertakes or defends any litigation, claim or proceeding arising in connection with this Trust, the Company agrees to indemnify the Trustee against the Trustee's costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to be primarily liable for such payments, except for liabilities, costs and expenses resulting from the willful misconduct or negligence of the Trustee or its agents or employees. If the Company does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.

(c) The Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

(d) The Trustee may hire and rely on advice given by agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e) The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the

gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code of 1986, as amended.

Section 9. Compensation and Expenses of the Trustees.

The Company shall pay all administrative and Trustee's fees and expenses. If not so paid, the fees and expenses shall be paid from the Trust.

Section 10. Resignation and Removal of the Trustee.

(a) The Trustee may resign at any time by written notice to the Company, which shall be effective 30 days after receipt of such notice unless the Company and the Trustee agree otherwise.

(b) Except as set forth in paragraph (c) below, the Trustee may be removed by the Company on 30 days notice or upon shorter notice accepted by the Trustee.

(c) Upon a Change in Control, as defined herein, the Trustee may not be removed by the Company for 6 years.

(d) If the Trustee resigns or is removed after a Change in Control, as defined herein, the Company shall select a successor Trustee in accordance with the provisions of Section 11(b) hereof prior to the effective date of the Trustee's resignation or removal.

(e) Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within 30 days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.

(f) If the Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of this section. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

Section 11. Appointment of Successor.

(a) If the Trustee resigns or is removed in accordance with Section 10(a) or (b) hereof, the Company may appoint any third party with a market capitalization in excess of $10 billion that may be granted corporate trustee powers under applicable law (such as a bank) as a successor to replace the Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the Company or the successor trustee to evidence the transfer.

(b) If the Trustee resigns or is removed pursuant to the provisions of Section 10(d) hereof, the Company may appoint any third party with a market capitalization in excess of $10 billion that may be granted corporate trustee powers under applicable law (such as a bank), but only if a majority in number of Participants who have unpaid benefits under the Plans approve such successor trustee in writing. The appointment of a successor Trustee shall be effective when so approved by Participants and accepted in writing by the new Trustee. The new Trustee shall have all the rights and powers of the former Trustee, including ownership rights in Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the successor Trustee to evidence the transfer.

(c) A successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8 hereof. The successor Trustee shall not be responsible for and the

Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

Section 12. Amendment or Termination.

(a) Except as set forth in paragraph (d) below, this Trust Agreement may be amended by a written instrument executed by the Trustee and the Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plans or shall make the Trust revocable.

(b) The Trust shall not terminate until the date on which the Participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plans and all fees and expenses of the Trust have been paid. Upon termination of the Trust any assets remaining in the Trust shall be returned to the Company.

(c) Upon written approval of all of the Participants or beneficiaries entitled to payment of benefits pursuant to the terms of the Plans, the Company may terminate this Trust prior to the time all benefit payments under the Plans have been made. All assets in the Trust at termination shall be returned to the Company.

(d) This Trust Agreement may not be amended by the Company following a Change in Control except with the consent in writing of a majority in number of Participants who have unpaid benefits under the Plans or except if the amendment is solely to comply with legal or regulatory requirements, including any requirement associated with deferral of recognition, for tax purposes, of compensation deferred pursuant to the Plans.

Section 13. Miscellaneous.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to the Participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the principles of conflict of laws.

(d) For purposes of this Trust, a "Change in Control" shall mean:

(A) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding

Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof;

(B) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(C) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(D) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportions as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

(e) For purposes of this Trust, a "Potential Change in Control" shall be deemed to have occurred if:

(A) the Company enters into an agreement the consummation of which, or the approval of shareholders of which, would constitute a Change in Control;

(B) proxies for the election of members of the Board are solicited by anyone other than the Company;

(C) any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control; or

(D) any other event occurs which is deemed to be a Potential Change in Control by the Board for purposes of this Agreement and the Board adopts a resolution to the effect that a Potential Change in Control has occurred for purposes hereof.

Section 14. Effective Date.

The effective date of this Trust Agreement shall be the date first written above.

Engelhard Corporation

Attest:

By: /s/ John C. Hess
Vice President, Human Resources

Wachovia Bank, N.A.

Attest:

By: /s/ John N. Smith
Senior Vice President

Exhibit A

After the 90 day period following a Change in Control, the Trustee may only invest the assets of the Trust in the following: (i) United States government obligations, (ii) mutual funds consisting solely of United States government obligations, or (iii) shares of Company common stock not exceeding the number of Company common stock units held in Participants' accounts under the Plans from time to time.

EXHIBIT (10)(y)

[Conformed Copy -- Includes amendment
made in March 2001]

ENGELHARD CORPORATION
DIRECTORS STOCK OPTION PLAN

1. Purposes. The purposes of the Directors Stock Option Plan are to advance the interests of Engelhard Corporation and its shareholders by providing a means to attract, retain, and motivate non-employee directors of the Company upon whose judgment, initiative and efforts the continued success, growth and development of the Company is dependent.

2. Definitions. For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to any provision of the Code shall be deemed to include successor provisions thereto and regulations thereunder.

(c) "Company" means Engelhard Corporation, a corporation organized under the laws of Delaware, or any successor corporation.

(d) "Director" means a non-employee member of the Board.

(e) "Fair Market Value" means, with respect to Shares on any day, the following:

(i) If the Shares are at the time listed or admitted to trading on any stock exchange, then the Fair Market Value shall be the mean between the high and low selling prices per Share on the day in question on the stock exchange which is the primary market for the Shares, as such prices are officially quoted on such exchange. If there is no reported sale of Shares on such exchange on such date, then the Fair Market Value shall be the mean between the high and low selling prices per Share on the exchange on the last preceding date for which such quotations exist; and

(ii) If the Shares are not at the time listed or admitted to trading on any stock exchange but are traded in the over-the-counter market, the Fair Market Value shall be the mean between the high and low selling prices per Share on the day in question, as such prices are reported by the National Association of Securities Dealers through the NASDAQ National Market System or any successor system. If there is no reported selling price for Shares on such date, then the mean between the high and low selling prices per Share on the last preceding date for which such quotations exist shall be determinative of Fair Market Value.

(f) "Option" means a right, granted under Section 5, to purchase Shares.

(g) "Participant" means a Director who has been granted a Director's Option.

(h) "Plan" means this Directors Stock Option Plan.

(i) "Rule 16b-3" means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, as amended.

(j) "Shares" means common stock, $1.00 par value per share, of the Company.

3. Administration. This Plan is intended to operate automatically and not require administration. However, to the extent that administration is necessary, the Plan shall be administered by a committee consisting of directors of the Company who are not eligible to participate in this Plan (the "Committee"). Since the Director's Options are awarded

automatically, this function will be limited to ministerial matters. The Committee will have no discretion with respect to the selection of Director optionees, the determination of the exercise price of Director's Options, the timing of such grants or number of Shares covered by the Director's Options.

4. Shares Subject to the Plan.

(a) Subject to adjustment as provided in Section 5(f), the total number of Shares reserved for issuance under the Plan shall be 250,000. If any Option granted hereunder is forfeited, canceled, terminated, exchanged or surrendered, any Shares counted against the number of Shares reserved and available under the Plan with respect to such Option shall, to the extent of any such forfeiture, cancellation, termination, exchange or surrender, again be available under the Plan.

(b) Any Shares distributed pursuant to an Option may consist, in whole or in part, of authorized and unissued Shares or treasury Shares including Shares acquired by purchase in the open market or in private transactions.

5. Director's Options.

(a) Annual Grant. On the date of the regular meeting of the Board in December of each year (or if the Board does not meet in December, the date of the next regular Board meeting), beginning with the date of the regular meeting in December of 1995, each Director in office on such date shall automatically be granted an Option to purchase 2,000 Shares with an exercise price per Share equal to 100 percent of the Fair Market Value of one Share at the date of grant; provided, however, that such price shall be at least equal to the par value of a Share.

(b) Option Period. Except as provided under Section 5(c) hereof in the event of the earlier termination of service of a Director, each Option shall expire on the tenth anniversary of its date of grant. Each Option granted hereunder shall become exercisable in four equal installments, commencing on the first anniversary of the date of grant and annually thereafter. Notwithstanding the foregoing, each Option held by a Director which was granted more than one year before his or her termination of service as a Director shall become fully exercisable upon the termination of service of the Director if such termination is as a result of his or her disability, death or retirement after attaining age 65, and each Option held by a Director shall become fully exercisable upon an "acquisition of a control interest" in the Company. For purposes of this Plan, an "acquisition of a control interest" shall occur if: (A) twenty-five percent (25%) or more of the Company's outstanding securities entitled to vote in elections of directors ("voting securities") shall be beneficially owned, directly or indirectly (including options, conversion rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the group owning the same (including their affiliates and associates) on May 4, 1995; or (B) the majority of the Board ceases to consist of the existing membership or successors nominated by the existing membership or their similar successors. Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall, for the purposes of the foregoing definition of "acquisition of a control interest", be deemed to constitute each party to such agreement, arrangement or understanding as the owner of such securities.

(c) Effect of Termination of Service or Death. Each Option held by a Participant, to the extent it is exercisable under Section 5(b) hereof at the time of termination of the Participant's service as a Director, may be exercised by the Participant for a period of three months after termination of the Participant's service as a Director, except that: (i) if such termination is by reason of disability or retirement after attainment of age 65, any Options held by the Participant which are exercisable under Section 5(b) hereof at the time of his or her termination may be exercised by the Participant for the period ending on the tenth anniversary of the date of grant of the Option; (ii) in the event of the death of a Participant after the termination of his or her service as a Director, the person or persons to whom the Participant's rights are transferred by will or the laws of descent and distribution may exercise any Options which the Participant could have exercised at the time of his or her death for the remainder of the period under this Section 5(c) during which the Participant could have exercised the Option if the Participant had survived; and (iii) in the event of the death of a Participant while serving as a Director, the person or persons to whom the Participant's rights are

transferred by will or the laws of descent and distribution shall have a period ending on the tenth anniversary of the date of grant to exercise any Options which are exercisable under Section 5(b) hereof at the time of his or her death. In no event, however, shall any Option be exercisable more than ten years from the date of grant thereof.

(d) Exercise of Options. To exercise an Option, the holder thereof shall give written notice to the Company specifying the number of Shares to be purchased and accompanied by payment in full of the purchase price therefor. An Option holder shall have none of the rights of a stockholder until the Shares are paid for in full and issued to him or her. The purchase price may be paid in whole or in part with Shares having a Fair Market Value on the exercise date equal to the cash amount for which such Shares are substituted; provided, however, that in no event may any portion of the purchase price be paid with Shares acquired upon exercise of an Option granted under this Plan unless the Shares are acquired more than six months before the applicable date of exercise.

(e) Nontransferability. The Options granted hereunder shall be transferable only to the extent allowed under Rule 16b-3.

(f) Adjustments. In the event that subsequent to the Effective Date any dividend in Shares, recapitalization, Share split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other such change, affects the Shares such that they are increased or decreased or changed into or exchanged for a different number or kind of shares, other securities of the Company or of another corporation, or other consideration, then in order to maintain the proportionate interest of the Directors and preserve the value of the Director's Options, (i) there shall automatically be substituted for each Share subject to an unexercised Option and each Share to be issued under this Section 5 subsequent to such event the number and kind of shares, other securities or consideration into which each outstanding Share shall be changed or for which each such Share shall be exchanged, (ii) the exercise price shall be increased or decreased proportionately so that the aggregate purchase price for the Shares subject to any unexercised Option shall remain the same as immediately prior to such event, and (iii) the number and kind of Shares available for issuance under the Plan shall be equitably adjusted in order to take into account such transaction or other change.

(g) Nonqualified Options. All Options granted under the Plan shall be nonqualified options, not entitled to special tax treatment under Section 422 of the Code.

6. General Provisions.

(a) Compliance with Legal and Trading Requirements. The Plan shall be subject to all applicable laws, rules and regulations, including, but not limited to, federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company, in its discretion, may postpone the issuance or delivery of Shares under the Plan and under any Option until completion of such stock exchange or market system listing or registration or qualification of such Shares or other required action under any state or federal law, rule or regulation or under laws, rules or regulations of other jurisdictions as the Company may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. No provisions of the Plan shall be interpreted or construed to obligate the Company to register any Shares under federal or state law or under the laws of other jurisdictions.

(b) No Right to Continued Service. Neither the Plan nor any action taken thereunder shall be construed as giving any Director the right to be retained in the service of the Company.

(c) Taxes. The Company is authorized to withhold from any Shares delivered under this Plan on exercise of an Option, any amounts of withholding and other taxes due in connection therewith, and to take such other action as the Company may deem advisable to enable the Company and a Participant to satisfy obligations for the payment of any withholding taxes and other tax obligations relating thereto. This authority shall include authority to withhold or

receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations; provided, however, that the amount of tax withholding to be satisfied by withholding Shares delivered under this Plan on exercise of an Option shall be limited to the minimum amount of taxes, if any, required to be withheld under applicable Federal, state and local law.

(d) Amendment. The Board may amend, alter, suspend, discontinue, or terminate the Plan without the consent of shareholders of the Company or Participants, except that any such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Company's shareholders if such shareholder approval is required by any federal law or regulation (including Rule 16b-3, if applicable); provided, however, that, without the consent of an affected Participant, no amendment, alteration, suspension, discontinuation, or termination of the Plan may impair the rights or, in any other manner, adversely affect the rights of such Participant under any Option theretofore granted to him or her hereunder. Notwithstanding the other provisions of this paragraph, the Plan may not be amended more than once every six months other than to comport with changes in the Code or the rules thereunder.

(e) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other compensation arrangements as it may deem desirable, including, without limitation, the granting of options on Shares and other awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(f) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Option. Cash shall be paid in lieu of such fractional Shares.

(g) Governing Law. The validity, construction, and effect of the Plan and any Option shall be determined in accordance with the laws of the State of New York without giving effect to principles of conflict of laws.

(h) Effective Date; Plan Termination. The Plan shall become effective as of May 4, 1995, (the "Effective Date") upon approval by the affirmative votes of the holders of a majority of the securities of the Company present, or represented, and entitled to vote thereon at a meeting duly held. The Plan shall terminate as to future awards on the date which is ten (10) years after the Effective Date.

(i) Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

EXHIBIT (10)(z)

ENGELHARD CORPORATION

EMPLOYEE STOCK OPTION PLAN
(as amended and restated effective May 4, 1995)

1. Purposes. The Engelhard Corporation Employee Stock Option Plan (the "Plan") was established by Engelhard Corporation (the "Company") so that the Company could make available to its eligible employees the opportunity to acquire ownership of Company stock pursuant to options constituting non-qualified stock options under the Internal Revenue Code of 1986, as amended. The Plan is hereby amended and restated, effective for all options granted under the Plan which are outstanding on May 4, 1995.

2. Administration. The Plan shall be administered by a committee (the "Committee") which shall be appointed, from time to time, by the Board of Directors of the Company (the "Board of Directors"). The Committee shall have full power and authority, subject to the terms and conditions of the Plan, to determine the employees to whom awards may be made under the Plan, the number of such shares to be awarded to each of such employees, the applicable terms and conditions of such awards and all other matters which may arise in the administration of the Plan. The determination of the Committee concerning any matter arising under or with respect to the Plan or any awards granted hereunder shall be final, binding and conclusive on all interested persons. The Committee may as to all questions of accounting rely conclusively upon any determinations made by the independent auditors of the Company.

3. Stock Available for Options. There shall be available for option under the Plan 1,250,000 shares of the

Company's Common Stock (the "Stock"), subject to any adjustments which may be made pursuant to Section 5(f) hereof. Shares of Stock used for purposes of the Plan may be either authorized and unissued shares or treasury shares or both. Stock covered by options which have terminated or expired prior to exercise or have been surrendered and cancelled shall be available for further option grants hereunder.

4. (a) Eligibility. Each employee of the Company (or any subsidiary corporation, partnership or joint venture of the Company ("Subsidiary")), other than an officer or director of the Company or any other key employee eligible to participate under the Company's Stock Option Plan of 1991, shall be eligible to participate in this Plan.

(b) Grant of Options. An option to purchase the number of shares set forth in Section 4(c) hereof shall be granted to each eligible employee who is designated (which designation may be by employee group or otherwise as determined by the Committee) to receive an option by the Committee at the following time:

(i) in the case of a designated eligible employee who is employed by the Company or a Subsidiary on the effective date hereof, the option will be granted on March 9, 1993; provided, however, that the date of grant may be delayed to such other date established by the Committee if all legal and other requirements deemed by the Committee to be necessary or appropriate have not been satisfied by that time; and

(ii) in the case of a designated eligible employee who commences employment with the Company or a Subsidiary after the effective date hereof (a "New Employee"), the option will be granted on the last day for which quotes are listed for the Stock on the New York Stock Exchange composite tape (a "Trading Day") of the month which includes such eligible employee's date of hire; provided, however, that the date of grant may be delayed to such other date established by the Committee if all legal and other requirements deemed by the Committee to be necessary or appropriate have not been satisfied by that time.

(c) Amount of Award. The number of shares of Stock subject to an option granted to an eligible employee shall be the number (rounded to the nearest whole number of shares) obtained by dividing (i) twenty percent (20%) of the employee's rate of annual base salary on March 9, 1993 (or, in the case of a New Employee, the last Trading Day of the month in which such New Employee was hired) (the "Option Date") by (ii) the fair market value of a share of Stock on the Option Date (or, in the case of a New Employee who commences employment with the Company or a Subsidiary on or after May 19, 1993, the greater of the fair market value on the Option Date and $42.875). For purposes of this Plan, the fair market value of a share of Stock will be the average of the highest and lowest sale prices quoted on the New York Stock Exchange composite tape for the relevant date.

5. Terms and Conditions of Options. Each option granted hereunder shall contain such terms and conditions as the Committee may determine, which terms and conditions need not be the same in each case, subject to the following:

(a) Option Price. The price at which each share of Stock covered by an option granted hereunder may be purchased shall be the greater of the par value of the Stock or the fair market value thereof on the Option Date (or, in the case of a New Employee who commences employment with the Company or a Subsidiary on or after May 19, 1993, the greater of the fair market value on the Option Date and $42.875).

(b) Option Period. The period for exercise of an option shall be from the date of grant until March 9, 2003 (or ten years from the last Trading Day of the month which includes the date of hire in the case of a New Employee). Options may be made exercisable in installments during the option period, however, options must be exercised for full shares of Stock. Any shares not purchased on any applicable installment date, if so provided in the related options, may be purchased thereafter at the times specified in the option grant, which may be limited to specified dates or periods, and prior to the expiration of the option period. Any option exercisable in installments shall become immediately exercisable in full in the event of an "acquisition of control interest" in the Company. For purposes of this Plan, an "acquisition of a control interest" shall occur if: (A) twenty-five percent (25%) or more of the Company's outstanding securities entitled to vote in elections of directors ("voting securities") shall be beneficially owned,

directly or indirectly (including options, conversion rights, warrants, and the like, considered as if exercised), by any person or group of persons, other than the group owning the same (including their affiliates and associates) on November 5, 1992; or (B) the majority of the Board of Directors ceases to consist of the existing membership or successors nominated by the existing membership or their similar successors. Any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of voting securities owned by other holders shall, for the purposes of the foregoing definition of "acquisition of a control interest", be deemed to constitute each party to such agreement, arrangement or understanding as the owner of such securities.

(c) Exercise of Options. Unless the Committee determines otherwise, no option shall be exercisable until the expiration of at least one year from the Option Date; provided, however, that an option shall become immediately exercisable in full in the event of an "acquisition of a control interest" in the Company (as such term is defined in Section 5(b) hereof), whether or not such "acquisition of a control interest" in the Company occurs prior to the expiration of such period. The exercise price for an option must be paid in full prior to the issuance of shares in connection with the exercise of an option. From time to time, the Committee may establish additional procedures relating to effecting such exercises. The minimum number of shares for which a holder can exercise an option shall be the lesser of (i) the number of shares which can be obtained upon exercise of the holder's option and (ii) an amount determined from time to time by the Committee. An option holder shall have none of the rights of a stockholder until the shares are paid for in full and issued to him.

Notwithstanding any provision of this Plan to the contrary, the Committee shall have the authority at any time to accelerate the exercisability of all or any portion of any option granted under the Plan.

(d) Effect of Termination of Employment or Death. No option may be exercised after the termination of employment of an optionee with the Company and its Subsidiaries and such option shall be deemed surrendered and cancelled at such time, except that: (i) if such termination is by reason of disability or retirement, at normal, deferred or early retirement age, under any retirement plan maintained by the Company or any Subsidiary, or for any other reason specifically approved in advance by the Committee, any option held by the optionee which was granted more than one year before such termination shall thereupon become exercisable in full, and may be exercised by the optionee during the period ending on March 9, 2003 (or ten years from the last Trading Day of the month which includes the date of hire in the case of a New Employee); (ii) if such termination is by action of the Company or a Subsidiary other than as provided in (i) above and other than discharge by reason of willful violation of the rules of the Company or a Subsidiary or instructions of superior(s), any option held by the optionee which is exercisable at the time his employment terminates may be exercised by him for a period of three months after such termination; (iii) in the event of the death of an optionee after the termination of his employment pursuant to (i) or (ii) above, the person or persons to whom the optionee's rights are transferred by will or the laws of descent and distribution may exercise any options which the optionee could have exercised at the time of his death for the remainder of the period under (i) or (ii) above during which the optionee could have exercised the option if he had survived; and (iv) in the event of the death of an optionee while employed, any option then held by the optionee, which was granted more than one year before his death, shall thereupon become exercisable in full, and the person or persons to whom the optionee's rights are transferred by will or the laws of descent and distribution may exercise such option during the period ending on March 9, 2003 (or ten years from the last Trading Day of the month which includes the date of hire in the case of a New Employee). In no event, however, shall any option be exercisable after the expiration of the option period set forth in Section 5(b) hereof.

Notwithstanding any provision of this Plan to the contrary, the Committee shall have the authority (which may be exercised at any time) to extend the period during which any option granted under the Plan may be exercised; provided, however, that no option may be exercisable after the expiration of the option period set forth in Section 5(b) hereof.

Nothing contained in the Plan or any option granted hereunder shall confer on any employee any right to continue his employment or interfere in any way with the right of his employer to terminate his employment at any

time.

(e) Nontransferability of the Options. During an optionee's lifetime his option shall be exercisable only by him. No option shall be transferable other than by will or the laws of descent and distribution.

(f) Adjustment for Change in Stock Subject to Plan. In the event of a stock split, stock dividend, combination of shares, recapitalization, reorganization, merger, consolidation, rights offering, or any other change in the corporate structure or shares of the Company, the Committee shall make such adjustments, if any, as it deems appropriate for purposes hereof in the number and kind of shares subject to the Plan, in the number and kind of shares covered by any outstanding option, in the option prices or in the minimum number of shares which may be obtained upon exercise.

(g) Registration, Listing and Qualification of Shares. Each option shall be subject to the requirement that if at any time the Committee shall determine that the registration, listing or qualification of the options or the shares covered thereby upon any securities exchange or under any federal, state or foreign law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the granting of such option or the purchase of shares thereunder, no such option may be granted or exercised unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee. Any person receiving a grant or exercising an option shall make such representations and agreements and furnish such information as the Committee may request to assure compliance with the foregoing or any other applicable legal requirements.

(h) Tax Withholding. The Committee may establish such rules and procedures as it considers desirable in order to satisfy any obligation of the Company or any Subsidiary to withhold Federal income taxes or other taxes with respect to the exercise of an option under the Plan.

Notwithstanding the foregoing, the Committee shall have the authority to set such other terms and conditions of options to the extent necessary to comply with legal requirements.

6. Duration. Unless sooner terminated by the Board of Directors, the Plan shall terminate on, and no option shall be granted hereunder after December 31, 1994.

7. Amendment. The Board of Directors or the Committee may amend or terminate the Plan at any time and from time to time, in whole or in part.

8. Other Actions. This Plan shall not restrict the authority of the Board of Directors, for proper corporate purposes, to grant or assume stock options, other than under the Plan, to or with respect to any employee or other person.

9. Name. This Plan shall be known as the Engelhard Corporation Employee Stock Option Plan.

EXHIBIT (10)(aa)

[Conformed Copy -- Includes amendments made in December 2002]

ENGELHARD CORPORATION DEFERRED STOCK PLAN FOR NONEMPLOYEE DIRECTORS

1. Definitions.

As used herein, the following terms shall have the meanings hereinafter set forth:

(a) "Annual Meeting" means the Annual Meeting of the shareholders of the Company.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Company" shall mean Engelhard Corporation, a Delaware corporation.

(d) "Deferred Stock Unit" means the equivalent of one Share, as established pursuant to this Plan.

(e) "Directors Retirement Plan" means the Retirement Plan for Directors of Engelhard Corporation.

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(g) "Fair Market Value Per Share" means the average of the daily closing prices of a Share as reported on the New York Stock Exchange for the twenty (20) trading days prior to the date of determination, or if the Shares are not listed on such exchange, on the principal United States securities exchange registered under the Exchange Act on which the Shares are listed.

(h) "Nonemployee Director" means any person who is a member of the Board and who is not, as of the date of an award under this Plan, an employee of the Company or any of its subsidiaries.

(i) "Plan" means this Engelhard Corporation Deferred Stock Plan for Nonemployee Directors, as it may be amended from time to time.

(j) "Share" means a share of the Company's Common Stock, $1.00 par value per share.

2. Purpose and Effective Date.

The primary purpose of the Plan is to advance the interests of the Company and its shareholders by providing for the payment of a greater portion of the compensation of Nonemployee Directors in the form of equity by the grant to

such directors of Deferred Stock Units under the terms set forth herein. By thus compensating Nonemployee Directors and increasing Nonemployee Directors' equity position in the Company, the Company seeks to attract, retain, compensate, and motivate those highly competent individuals upon whose judgment, initiative, leadership, and continued efforts the success of the Company in large measure depends and to align more closely the interests of the Nonemployee Directors with those of the shareholders of the Company.

This Plan is designed to replace the Directors Retirement Plan. The Directors Retirement Plan shall be phased out after adoption of this Plan as set forth below. New Nonemployee Directors shall not be permitted to participate in the Directors Retirement Plan, and shall instead be permitted to participate in this Plan. Furthermore, current Nonemployee Directors who elect to terminate participation in the Directors Retirement Plan after the adoption of this Plan shall be entitled to a larger annual grant pursuant to paragraph 6 below.

The Plan shall be deemed adopted and shall become effective as of the date of its approval by the affirmative vote of the holders of a majority of the Shares of the Company voted in person or by proxy at the next Annual Meeting (the "Effective Date"). Except as provided in Section 6(c) below, no grants of Deferred Stock Units shall be made unless and until such shareholder approval is obtained.

3. Eligibility.

Each director who as of the date of any award made pursuant to the Plan is not an employee of the Company or any of its subsidiaries shall be eligible to participate in the Plan.

4. Shares of Common Stock Available.

The number of Shares that may be issued pursuant to the Plan shall not exceed 200,000, subject to proportionate adjustment in the event of any stock split, reverse stock split, reorganization or recapitalization.

5. Deferred Stock Account.

The Company shall establish a deferred stock account (an "Account") for each Nonemployee Director participating in the Plan. On each Award Date (as defined below) and on each Dividend Date (as defined below), as the case may be, the Company shall credit the Account with the number of Deferred Stock Units determined in accordance with paragraph 6 below. Distributions from a Nonemployee Director's Account shall be made in Shares at the time set forth in paragraphs 7 and 8 below. The value of the Deferred Stock Units is dependent upon the fair market value of the Shares on the date the Shares are distributed to the Nonemployee Director, and is therefore subject to market fluctuations in value until such distribution.

6. Annual Awards.

(a) On or prior to December 31, 1998, each Nonemployee Director shall make an irrevocable election to continue or discontinue participation in the Company's Directors Retirement Plan.

(b) On the Effective Date and on May 31 of each year thereafter prior to calender year 2003 (an "Award Date"), the Company shall credit to the Account of (i) each Nonemployee Director who on or prior to December 31, 1998 has made an irrevocable election not to continue to participate in the Directors Retirement Plan and (ii) each person who becomes a Nonemployee Director after such date, the number of Deferred Stock Units calculated by dividing an amount equal to forty percent (40%) of the annual retainer payable to Nonemployee Directors then in effect by the Fair Market Value Per Share as of the applicable Award Date. On the Crediting Date (as defined below) of each year, beginning on the Crediting Date for calendar year 2003, (also referred to as an "Award Date") the Company shall credit to the Account of (i)

each Nonemployee Director serving on the May 31 immediately preceding the Crediting Date who on or prior to December 31, 1998 has made an irrevocable election not to continue to participate in the Directors Retirement Plan and (ii) each person who becomes a Nonemployee Director after such date and is serving on the May 31 immediately preceding the Crediting Date, the number of Deferred Stock Units calculated by dividing an amount equal to forty percent (40%) of the annual retainer payable to Nonemployee Directors then in effect by the Fair Market Value Per Share as of the day two business days prior to the applicable Award Date. For purposes hereof, "Crediting Date" means the record date for the payment of dividends on Shares occurring in the last month of the second calendar quarter of each year or, if no such record date occurs during such quarter, then on the fifteenth day of the last month of such quarter (or if the fifteenth day is not a business day, the next succeeding business day). The Account of each Nonemployee Director who does not irrevocably elect on or prior to December 31, 1998 to discontinue his or her participation in the Directors Retirement Plan shall be credited on each Award Date with the number of Deferred Stock Units calculated by dividing an amount equal to fifteen percent (15%) of the annual retainer payable to Nonemployee Directors then in effect by the Fair Market Value Per Share as of the applicable Award Date (or, in the case of Award Dates after the end of calendar year 2002, by the Fair Market Value Per Share as of the date two business days prior to the applicable Award Date).

(c) Subject to and contingent upon approval of this Plan by shareholders of the Company as set forth in Section 2 above, on December 31, 1998 the present value of the accrued benefit under the Directors Retirement Plan of each Nonemployee Director who on or prior to such date has made an irrevocable election not to continue to participate in the Directors Retirement Plan shall be converted into a number of Deferred Stock Units in such Nonemployee Director's Account under this Plan. The number of Deferred Stock Units shall be an amount determined by dividing the present value, as of December 31, 1998, of the Nonemployee Director's accrued benefit under the Directors Retirement Plan by the Fair Market Value of a Share on such date. For this purpose the present value of a Nonemployee director's accrued benefit shall be determined, as of December 31, 1998, by (i) assuming payment of benefits under the Director's Retirement Plan would begin on the later of December 31, 1998 or the date on which the Nonemployee Director attains age 65; (ii) using a discount rate of 6.75%, compounded annually; and (iii) assuming that the Nonemployee Director's death will occur after all benefit payments to which the Nonemployee Director is entitled under the Director's Retirement Plan have been made. After the Effective Date, no benefits shall be payable to such Nonemployee Directors under the Director's Retirement Plan.

(d) At any time a balance is maintained in a Nonemployee Director's Account, there shall be credited to the Account of such Nonemployee Director additional Deferred Stock Units on the record date for each regular cash dividend payment (a "Dividend Date"). The number of such additional Deferred Stock Units shall be determined by (i) multiplying the total number of Deferred Stock Units (including fractional Deferred Stock Units) credited to the Account immediately prior to the Dividend Date by the amount of the dividend, and (ii) dividing the product by the Fair Market Value Per Share as of the day two business days prior to the Dividend Date.

(e) In the event of any change in the outstanding Shares upon which the stock equivalency hereunder is based, by reason of a merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, or any other change in corporate structure or in the event of any dividend that is paid in Shares or other property, the number of Deferred Stock Units credited to the Account shall be adjusted in such a manner as the Board shall determine to be fair under the circumstances; provided, however, that if a Change in Control shall have occurred, then such determination shall be made by the Incumbent Board.

7. Distribution.

(a) Except as otherwise provided herein, the balance of each Nonemployee Director's Account shall be paid to the Nonemployee Director, in a lump sum or in installments, as determined by the Nonemployee Director in accordance with paragraph 7(d) below, commencing within 120 days following the date on which the Nonemployee Director's service on the Board terminates.

(b) In the event of the death of the Nonemployee Director prior to such director's retirement or prior to the distribution of the entire balance in such director's Account, the entire balance in the Account as of the date of the Nonemployee Director's death shall be paid in Shares in a lump sum or in installments, as determined by the Nonemployee Director in accordance with paragraph 7(d) below, to the surviving beneficiary or beneficiaries as the Nonemployee Director may have designated by notice in writing to the Company or by will, or, if no beneficiaries are so designated, the legal representative of such director's estate.

(c) All distributions of Deferred Stock Units made pursuant to this Plan shall be in Shares in an amount equal to the number of Deferred Stock Units held in the Account. On the date of any such distribution, the Company shall cause to be issued and delivered to such Nonemployee Director a stock certificate evidencing the Shares registered in the name of such Nonemployee Director, or such other person as the Nonemployee Director may designate.

(d) All distributions of Shares in accordance with this paragraph 7 shall be made, at such director's election, either in a lump sum or in monthly, quarterly, semiannual or annual installments, provided, however, that such director shall have delivered to the Secretary of the Company a form specifying the director's election at least six (6) months prior to the date payments are to commence. In the event that such director fails to make a timely election, the distribution of Shares shall be made in a lump sum. Deferred Stock Units representing fractional Shares shall be paid in cash.

(e) The provisions of this Plan shall apply to and be binding upon the beneficiaries, distributees, and personal representatives, and any other successors in interest of the Nonemployee Director.

(f) The Company shall deduct from all distributions hereunder any taxes required to be withheld by the federal, state or local law.

8. Acceleration of Distribution.

(a) "Change in Control" means:

i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (other than by exercise of a conversion privilege); (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; (iv) any acquisition by any corporation with respect to which, following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities

immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (v) any acquisition by a Person owning more than 25% of the Outstanding Company Common Stock on the date hereof; or

ii) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

iii) approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

iv) approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) a sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation with respect to which following such sale or other disposition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportions as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

(b) Notwithstanding any other provision of the Plan, if a Change in Control occurs and at any time after the occurrence of such Change in Control either of the following events occurs:

i) the Nonemployee Director ceases for any reason to be a director of the Company; or

ii) the Plan is terminated;

then the entire balance of the Account shall be payable in a lump sum to the director in Shares. Such payment shall be made by the Company as promptly as practicable, but not more than thirty (30) days following the date on which the right to such payment arose.

(c) The Company shall promptly reimburse the director for all legal fees and expenses reasonably incurred in successfully seeking to obtain or enforce any right or benefit provided under this paragraph 8.

(d) This paragraph 8 may not be amended or modified after the occurrence of a Change in Control.

9. Nontransferability of Deferred Stock Units.

No Deferred Stock Units shall be transferred by a Nonemployee Director other than by will or the laws of descent and distribution.

10. Amendment and Termination.

The Board may amend, suspend, discontinue or terminate the Plan at any time without the consent of shareholders of the Company; provided, however, that no amendment to the Plan shall materially and adversely affect any right of any Nonemployee Director with respect to any Deferred Stock Units theretofore credited without such Nonemployee Director's written consent.

11. Term.

The Plan shall continue in effect without limit unless and until the Board otherwise determines.

12. Miscellaneous.

(a) Neither the Plan nor any action taken hereunder shall be construed as giving any Nonemployee Director any right to continue to serve as a director of the Company or otherwise to be retained in the service of the Company.

(b) No Shares shall be issued hereunder unless and until counsel for the Company shall be satisfied such issuance will be in compliance with applicable federal, state and other securities laws and regulations.

(c) The expenses of the Plan shall be borne by the Company,

(d) Neither the Nonemployee Director nor any other person shall have any interest in any fund or in any specific asset of the Company by reason of amounts credited to the Account of such director, nor the right to exercise any of the rights or privileges of a shareholder with respect to any Deferred Stock Unit credited to such Account, nor the right to receive any distribution under the Plan except as expressly provided herein. Distributions hereunder shall be made from the general funds of the Company, and the rights of the director shall be those of an unsecured general creditor of the Company.

(e) The Plan, the grant of Deferred Stock Units thereunder, and the obligation of the Company to deliver Shares, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any governmental or regulatory agency or national securities exchange as may be required. The Company shall not be required to issue or deliver any certificates for Shares prior to the completion of any registration or qualification of such Shares under any federal or state law or any ruling or regulation of any governmental body or national securities exchange which the Company shall, in its sole discretion, determine to be necessary or advisable.

(f) This Plan shall be interpreted by and all questions arising in connection therewith shall be determined by the Board, whose interpretation or determination, when made in good faith, shall be conclusive and binding, except in the event of a Change in Control, in which case such interpretation and determination shall be made by

the Incumbent Board.

EXHIBIT (12)

ENGELHARD CORPORATION
COMPUTATION OF THE RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in Thousands)

Years Ended December 31,

	Years Ended December 31,				
	2002	**2001**	**2000**	**1999**	**1998**
Earnings from continuing operations before provision for income taxes	$ 237,924	$ 305,224	$ 245,687	$ 284,118	$ 260,563
Add/(deduct)					
Portion of rents representative of the interest factor	11,600	8,400	8,800	7,000	3,500
Interest on indebtedness	25,410	43,994	62,649	56,555	58,887
Equity dividends	3,928	4,158	4,363	2,431	2,022
Equity in (earnings) losses of affiliates	(16,207)	(29,095)	(24,187)	(16,266)	(10,077)
Earnings, as adjusted	$ 262,655	$ 332,681	$ 297,312	$ 333,838	$ 314,895
Fixed Charges					
Portion of rents representative of the interest factor	$ 11,600	$ 8,400	$ 8,800	$ 7,000	$ 3,500
Interest on indebtedness	25,410	43,994	62,649	56,555	58,887
Capitalized interest	3,000	3,000	3,880	2,580	1,897
Fixed charges	$ 40,010	$ 55,394	$ 75,329	$ 66,135	$ 64,284
Ratio of Earnings to Fixed Charges	6.56(a)	6.01	3.95(b)	5.05	4.90

(a) Earnings in 2002 were impacted by an insurance settlement gain of $11.0 million, an investment impairment of $6.7 million, a manufacturing consolidation charge of $3.1 million and an equity investment impairment of $57.7 million. Excluding these items, the ratio of earnings to fixed charges would have been 7.98.

(b) Earnings in 2000 were negatively impacted by special and other charges of $134.2 million for a variety of events. Excluding these charges, the ratio of earnings to fixed charges would have been 5.73.

EXHIBIT (21)

Subsidiaries of the Registrant

Name of Subsidiary/Affiliate	Jurisdiction Under Which Incorporated or Organized
Engelhard Industries De Argentina S.A.	Argentina
Engelhard Belgium BVBA	Belgium
Engelhard Industries S.A.	Belgium
Engelhard Do Brasil Industria E Commercio LTDA	Brazil
Engelhard Canada, Ltd.	Canada
Engelhard Industries International, Ltd.	Canada
Shanghai Engelhard Sinopec Environmental Technologies Ltd	China
Engelhard (Shanghai) Co. Ltd.	China
Engelhard Performance Technologies (Shanxi) Co., Ltd.	China
Engelhard Industries A/S	Denmark
Engelhard Industries OY	Finland
Engelhard Pigments OY	Finland
Engelhard-CLAL SAS	France
Engelhard S.A.	France
Mearl International France S.A.R.L.	France
Engelhard Holdings GmbH	Germany
Engelhard Process Chemicals GmbH	Germany
Engelhard Technologies GmbH	Germany
Engelhard Asia Pacific (China) Ltd.	Hong Kong
Engelhard Industries (Asia) Limited	Hong Kong
Engelhard Asia Pacific Mauritius Limited	India
Engelhard Asia Pacific Enterprises India Private Limited	India
Engelhard Highland Private Limited	India
Engelhard Environmental Systems India Ltd	India
Engelhard Italiana S.P.A.	Italy
Engelhard Metals Japan, Ltd.	Japan
NE Chemcat Corporation	Japan
Engelhard Asia Pacific (Korea) Ltd.	Korea
Engelhard Mexicana S.A. de C.V.	Mexico
Engelhard Industries De Mexico S.A.	Mexico
Engelhard Demeern, B.V.	The Netherlands
Engelhard Investment Europe B.V.	The Netherlands
Engelhard Netherlands, B.V.	The Netherlands
Engelhard Pigments and Additives Europe, B.V.	The Netherlands
Engelhard Terneuzen, B.V.	The Netherlands
Engelhard Peru S.A.	Peru
Engelhard South Africa Proprietary, Ltd.	South Africa
Heesung-Engelhard	South Korea
Catalyst Center - Tarragona, S.L.	Spain
Engelhard Arganda SL	Spain
ECT Environmental Technologies AB	Sweden
Engelhard Metals A.G.	Switzerland

Subsidiaries of the Registrant

Name of Subsidiary/Affiliate	Jurisdiction Under Which Incorporated or Organized
Engelhard Chemcat (Thailand) Ltd.	Thailand

Mearl Uluslarakasi Kimyevi	Turkey
Engelhard Europe Finance Limited	United Kingdom
Engelhard International, Ltd.	United Kingdom
Engelhard Limited	United Kingdom
Engelhard Metals, Ltd.	United Kingdom
Engelhard Pension Trustees Limited	United Kingdom
Engelhard Sales, Ltd.	United Kingdom
Engelhard Technologies, Ltd.	United Kingdom
Engelhard Trustee Co. Ltd.	United Kingdom
The Sheffield Smelting Co., Ltd.	United Kingdom
Engelhard Export Corporation	U.S. Virgin Islands
Corporacion Engelhard De Venezuela, C.A.	Venezuela
Engelhard West, Inc.	California
Engelhard Metals Holding Corp.	California
EC Delaware Incorporated	Delaware
Engelhard Asia Pacific, Inc.	Delaware
Engelhard C Cubed Corporation	Delaware
Engelhard DT, Inc.	Delaware
Engelhard EM Holding Company	Delaware
Engelhard Energy Corporation	Delaware
Engelhard Equity Corporation	Delaware
Engelhard Financial Corporation	Delaware
Engelhard Metal Plating Inc.	Delaware
Engelhard Pollution Control, Inc.	Delaware
Engelhard Power Marketing, Inc.	Delaware
Engelhard Strategic Investments Incorporated	Delaware
Engelhard Supply Corporation	Delaware
Mustang Property Corporation	Delaware
Mearl, LLC	Delaware
Engelhard-CLAL, L.P.	Delaware
Engelhard Hexcore, L.P.	Delaware
Engelhard PM, L.P.	Delaware
Prodrive-Engelhard, LLC.	Michigan
Harshaw Chemical Company	New Jersey
CTN Assurance Company	Vermont

The names of other subsidiaries have been omitted since such subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as that term is defined in Rule 12b-2 (17 CFR 240.12b-2) promulgated under the Securities Exchange Act of 1934.

EXHIBIT (23)

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement Form S-3 (File No. 333-59719) and Form S-8 (File Nos. 2-72830, 2-81559, 2-84477, 2-89747, 33-28540, 33-37724, 33-40365, 33-40338, 33-43934, 33-65990, 333-02643, 333-71439, 333-39570, 333-71856 and 333-88424) of Engelhard Corporation and Subsidiaries of our report dated February 4, 2003, except for the February 11 and March 2003 events disclosed in Notes 10 and 21, as to which the date is March 21, 2003, with respect to the consolidated financial statements of Engelhard Corporation and Subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 2002.

/s/ Ernst & Young LLP

Ernst & Young LLP

MetroPark, New Jersey
March 21, 2003

EXHIBIT (24)

ENGELHARD CORPORATION COMPUTATION OF THE RATIO OF EARNINGS TO FIXED CHARGES (Dollars in

ENGELHARD CORPORATION

Form 10-K
Power of Attorney

WHEREAS, ENGELHARD CORPORATION intends to file with the Securities and Exchange Commission under the Securities Act of 1934 an Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

NOW, THEREFORE, the undersigned in his/her capacity as a director of ENGELHARD CORPORATION hereby appoints Arthur A. Dornbusch, II and Barry W. Perry, or either of them individually, his/her true and lawful attorney to execute in his/her name, place and stead, in his/her capacity as a director of ENGELHARD CORPORATION, said Form 10-K and any and all amendments to said Form 10-K and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Said attorney shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person. The undersigned hereby ratifies and approves the acts of said attorney.

IN WITNESS WHEREOF, the undersigned has executed this instrument on March 5, 2003.

/s/ Marion H. Antonini

Marion H. Antonini

ENGELHARD CORPORATION

Form 10-K
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 5, 2003.

/s/ James V. Napier

James V. Napier

ENGELHARD CORPORATION

Form 10-K
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 5, 2003.

/s/ Norma T. Pace

Norma T. Pace

ENGELHARD CORPORATION

Form 10-K
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 5, 2003.

/s/ Henry R. Slack

Henry R. Slack

ENGELHARD CORPORATION

Form 10-K
Power of Attorney

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 7, 2003.

/s/ Louis J. Giuliano

Louis J. Giuliano

ENGELHARD CORPORATION

Form 10-K
Power of Attorney

WHEREAS, ENGELHARD CORPORATION intends to file with the Securities and Exchange Commission under the Securities Act of 1934 an Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 5, 2003.

/s/ Douglas G. Watson

Douglas G. Watson

EXHIBIT (99)

Certification Accompanying Periodic Report
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

The undersigned, Barry W. Perry, Chairman and Chief Executive Officer of Engelhard Corporation (the "Company"), and Michael A. Sperduto, Vice President and Chief Financial Officer of the Company, each hereby certifies that the Annual Report of the Company on Form 10-K for the period ended December 31, 2002 (the "Report") (1) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and the results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Engelhard Corporation and will be retained by Engelhard Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 25, 2003

/s/ Barry W. Perry

Barry W. Perry
Chairman and Chief
Executive Officer

Date: March 25, 2003

/s/ Michael A. Sperduto

Michael A. Sperduto
Vice President and Chief
Financial Officer