
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
TO
FORM S-8
REGISTRATION STATEMENT
Under
The Securities Act of 1933

ASHLAND GLOBAL HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

81-2587835
(IRS Employer
Identification No.)

50 E. RiverCenter Boulevard
Covington, Kentucky 41011
(Address of principal registered offices) (Zip Code)

HERCULES INCORPORATED AMENDED AND RESTATED LONG TERM INCENTIVE COMPENSATION PLAN
HERCULES INCORPORATED OMNIBUS EQUITY COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS
HERCULES INCORPORATED 1993 NON-EMPLOYEE DIRECTOR STOCK ACCUMULATION DEFERRED COMPENSATION PLAN
(Full title of the Plan)

Peter J. Ganz, Esq.
Senior Vice President, General Counsel and Secretary
50 E. RiverCenter Boulevard
Covington, Kentucky 41011
(Name and address of agent for service)

(859) 815-3333
(Telephone number, including area code, of agent for service)

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

EXPLANATORY NOTE

This Post-Effective Amendment No. 1 (the “**Amendment**”) to the registration statement on Form S-8, Registration No. 333-155386 of Ashland Inc., a Kentucky corporation (“**Predecessor Registrant**”) relating to 1,000,000 shares of the Predecessor Registrant’s common stock (the “**Registration Statement**”), is being filed pursuant to Rule 414 under the Securities Act of 1933, as amended (the “**Securities Act**”) by Ashland Global Holdings Inc., a Delaware corporation, as the successor registrant (the “**Successor Registrant**”) to the Predecessor Registrant. Such succession has occurred as part of the planned internal reorganization of the Predecessor Registrant by which a wholly-owned subsidiary of the Successor Registrant was merged into the Predecessor Registrant. The merger (the “**Merger**”) was effected on September 20, 2016 in accordance with the Agreement and Plan of Merger, dated May 31, 2016 by and between the Predecessor Registrant, the Successor Registrant and Ashland Merger Sub Corp. (the “**Merger Agreement**”). As a result of the Merger, the Successor Registrant has become the parent holding company of the Predecessor Registrant.

The Merger was approved by the shareholders of the Predecessor Registrant at a special meeting of the Predecessor Registrant’s shareholders held on September 7, 2016. Pursuant to the Merger, the outstanding shares of the Predecessor Registrant’s common stock were exchanged on a one-for-one basis for shares of the Successor Registrant’s common stock. As a result, the shares of common stock of the Successor Registrant were owned, immediately after the Merger, by the Predecessor Registrant’s shareholders in the same proportion as their ownership of the Predecessor Registrant’s shares of common stock immediately prior to the Merger. Each person that held rights to purchase or otherwise acquire shares of common stock of the Predecessor Registrant under any stock appreciation right, performance share award, restricted share award, restricted stock unit, common stock unit, deferred stock unit, option or other incentive award or deferral covering shares of the common stock of the Predecessor Registrant, whether vested or not vested, that are outstanding under each equity incentive or deferred compensation plan of the Predecessor Registrant immediately prior to the Merger holds rights to purchase or otherwise acquire a corresponding number of shares of common stock of the Successor Registrant.

The Successor Registrant is a publicly traded company with reporting obligations under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and is the successor issuer to the Predecessor Registrant pursuant to Rule 12g-3(a) thereunder. The Successor Registrant’s common stock is listed on the New York Stock Exchange under the same ticker symbol formerly used by the Predecessor Registrant, “ASH”. The Merger did not result in any material changes in the business, offices, assets, liabilities, obligations, net worth, directors, officers or employees of the Successor Registrant as compared to the Predecessor Registrant. The Successor Registrant continues to maintain its principal executive offices at 50 E. RiverCenter Boulevard, Covington, Kentucky 41011. In connection with the Merger, the Successor Registrant assumed the Predecessor Registrant’s obligations under the Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan, the Hercules Incorporated Omnibus Equity Compensation Plan For Non-Employee Directors and the Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan.

In accordance with paragraph (d) of Rule 414 under the Securities Act, the Successor Registrant hereby expressly adopts the Registration Statement as its own registration statement except to the extent amended by this Amendment, for all purposes of the Securities Act and the Exchange Act.

This Post-Effective Amendment No. 1 to the Registration Statement shall hereafter become effective in accordance with the provisions of Section 8(c) of the Securities Act.

PART II

Information Required in the Registration Statement

Item 3. Incorporation of Documents by Reference

The following documents, which have been filed with the Securities and Exchange Commission (the “SEC”) by the Successor Registrant or the Predecessor Registrant are incorporated by reference in this registration statement:

- (a) The Predecessor Registrant’s Annual Report on Form 10-K filed on November 20, 2015, which contains audited financial statements for the Predecessor Registrant’s fiscal year ended September 30, 2015;
- (b) All other reports filed by the Predecessor Registrant or the Successor Registrant pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Predecessor Registrant’s Annual Report referred to in (a) above; and
- (c) The Successor Registrant’s Amended and Restated Certificate of Incorporation filed on August 3, 2016 as Annex II to the Successor Registrant’s Registration Statement on Form S-4 (the “*Certificate*”), in which are described the terms, rights and provisions applicable to the Successor Registrant’s outstanding Common Stock.

All reports and definitive proxy or information statements filed by Successor Registrant pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which de-registers all securities then remaining unsold shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents. Notwithstanding the foregoing, a report furnished on Form 8-K shall not be incorporated by reference herein unless expressly done so. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

Item 4. Description of Securities

Not Applicable.

Item 5. Interests of Named Experts and Counsel

Not Applicable.

Item 6. Indemnification of Directors and Officers

A. Indemnification

The General Corporation Law of the State of Delaware (the “DGCL”) provides that a corporation may indemnify any individual made, or threatened to be made, a party to any type of proceeding because he or she is or was an officer, director, employee or agent of the corporation, or was serving at the request of the corporation as an officer, director, employee or agent of another corporation or entity, against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or, in the case of a criminal proceeding, he or she had no reasonable cause to believe that his or her conduct was unlawful. In the case of an action brought by or in the right of the corporation, known as a derivative action, indemnification will be denied if the individual is liable to the corporation, unless otherwise determined by a court.

A corporation must indemnify a present or former director or officer who successfully defends himself or herself in a proceeding to which he or she was a party because he or she was a director or officer of the corporation against expenses actually and reasonably incurred by him or her. Expenses incurred by an officer or director, or any employees or agents as deemed appropriate by the board of directors, in defending civil or criminal proceedings may be paid by the corporation in advance of the final disposition of such proceedings upon receipt of an undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified.

In general, the Successor Registrant's Certificate permits, and Successor Registrant's Amended and Restated By-laws (the "By-laws") require, such indemnification with respect to directors and officers, to the fullest extent permitted under Delaware or other applicable law. The Successor Registrant is required by its By-laws to advance expenses that will be incurred by a director or officer of the Successor Registrant.

B. Limitations on Directors' Liability

The DGCL permits a corporation to adopt a provision in its certificate of incorporation eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except that such provision may not limit the liability of a director for (i) any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) unlawful payment of dividends or stock purchases or redemptions or (iv) any transaction from which the director derived an improper personal benefit.

The Successor Registrant's Certificate provides that, to the fullest extent that the DGCL or any other law of the State of Delaware permits the limitation or elimination of the liability of directors, no director of the Successor Registrant shall be liable to the Successor Registrant or its shareholders for monetary damages for breach of fiduciary duty as a director.

C. Contracts

The Successor Registrant expects to enter into indemnification agreements with each of its directors that require indemnification to the fullest extent permitted by law (as described above), subject to certain exceptions and limitations.

D. Insurance

Section 145 of the DGCL permits a corporation to purchase and maintain insurance on behalf of directors, officers, employees or agents of the corporation, who are or were serving in that capacity, against liability asserted against or incurred in that capacity or arising from that status, whether or not the corporation would have power to indemnify against the same liability.

The Successor Registrant expects to purchase insurance substantially concurrently with or shortly after the Merger which insures (subject to certain terms and conditions, exclusions and deductibles) the Successor Registrant against certain costs that it might be required to pay by way of indemnification to directors or officers under the Successor Registrant's organizational documents, indemnification agreements or otherwise, and protects individual directors and officers from certain losses for which they might not be indemnified by the Successor Registrant. In addition, the Successor Registrant has purchased insurance that provides liability coverage (subject to certain terms and conditions, exclusion and deductibles) for amounts that the Successor Registrant or the fiduciaries under their employee benefit plans, which may include its respective directors, officers and employees, might be required to pay as a result of a breach of fiduciary duty.

Item 7. Exemption from Registration Claimed

Not Applicable.

Item 8. Exhibits

<u>Exhibit Number</u>	<u>Exhibit</u>
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2.1	Agreement and Plan of Merger, dated May 31, 2016, by and between Ashland Global Holdings Inc., Ashland Inc. and Ashland Merger Sub Corp. (incorporated by reference to Exhibit 2.1 to the Predecessor Registrant's Current Report on Form 8-K filed on May 31, 2016 (SEC File No. 001-32532)).
3.1	Amended and Restated Articles of Incorporation of Ashland Global Holdings Inc. (filed as Exhibit 3.1 to the Successor Registrant's Form 8-K filed on September 20, 2016 (SEC File No. 001-32532), and incorporated by reference herein).
3.2	Amended and Restated By-laws of Ashland Global Holdings Inc. (filed as Exhibit 3.2 to the Successor Registrant's Form 8-K filed on September 20, 2016 (SEC File No. 001-32532), and incorporated by reference herein).
4.1	Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan (as assumed by Ashland Global Holdings Inc.).
4.2	Amendment 2002-1 to Amended and Restated Long Term Incentive Compensation Plan (as assumed by Ashland Global Holdings Inc.).

- 4.3 Hercules Incorporated Omnibus Equity Compensation Plan For Non-Employee Directors (as assumed by Ashland Global Holdings Inc.).
 - 4.4 Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan (as assumed by Ashland Global Holdings Inc.).
 - 4.5 Amendment 2002-1 to Non-Employee Director Stock Accumulation Plan (as assumed by Ashland Global Holdings Inc.).
 - 5.1 Opinion and consent of Cravath, Swaine & Moore LLP.
 - 10.1 Assumption Agreement dated September 20, 2016 by and between Ashland Global Holdings Inc. and Ashland Inc.
 - 23.1 Consent of Ernst & Young LLP.
 - 23.2 Consent of PricewaterhouseCoopers LLP.
 - 23.3 Consent of Hamilton, Rabinovitz & Associates, Inc.
 - 23.4 Consent of Cravath, Swaine & Moore LLP is contained in Exhibit 5.1.
 - 24.1 Power of Attorney.
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Item 9. Undertakings

A. The Successor Registrant hereby undertakes: (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act, (ii) to reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offered range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement, and (iii) to include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement; *provided, however*, that clauses (1)(i) and (1)(ii) shall not apply if the information required to be included in a post-effective amendment by those clauses is contained in periodic reports filed with or furnished to the Commission by the Successor Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference into this registration statement; (2) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; and (3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the plan.

B. The Successor Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Successor Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Successor Registrant pursuant to the indemnification provisions summarized in Item 6 above, or otherwise, the Successor Registrant has been advised that, in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Successor Registrant of expenses incurred or paid by a director, officer or controlling person of the Successor Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered,

the Successor Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Successor Registrant has duly caused this Post-Effective Amendment No. 1 to Registration Statement No. 333-155386 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Covington, Commonwealth of Kentucky, on September 20, 2016.

ASHLAND GLOBAL HOLDINGS INC.

By: /s/ Peter J. Ganz

Peter J. Ganz

Senior Vice President, General Counsel and Secretary

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
* _____ William A. Wulfsohn	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	September 20, 2016
* _____ J. Kevin Willis	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	September 20, 2016
* _____ J. William Heitman	Vice President and Controller (Principal Accounting Officer)	September 20, 2016
* _____ Brendan M. Cummins	Director	September 20, 2016
* _____ William G. Dempsey	Director	September 20, 2016
* _____ Stephen F. Kirk	Director	September 20, 2016
* _____ Vada O. Manager	Director	September 20, 2016
* _____ Barry W. Perry	Director	September 20, 2016
* _____ Mark C. Rohr	Director	September 20, 2016
* _____ George A. Schaefer, Jr.	Director	September 20, 2016

* _____ Director September 20, 2016

Janice J. Teal

* _____ Director September 20, 2016

Michael J. Ward

* The undersigned, by signing his name hereto, executes this Post-Effective Amendment No. 1 pursuant to a power of attorney executed by the above-named persons and filed with the Securities and Exchange Commission as an Exhibit to this Post-Effective Amendment No. 1.

*By: /s/ Peter J. Ganz
Peter J. Ganz
Attorney-in-Fact
September 20, 2016

EXHIBIT INDEX

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*4.4	Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan (as assumed by Ashland Global Holdings Inc.).
*4.5	Amendment 2002-1 to Non-Employee Director Stock Accumulation Plan (as assumed by Ashland Global Holdings Inc.).
*5.1	Opinion and consent of Cravath, Swaine & Moore LLP.
*10.1	Assumption Agreement dated September 20, 2016 by and between Ashland Global Holdings Inc. and Ashland Inc.
*23.1	Consent of Ernst & Young LLP.
*23.2	Consent of PricewaterhouseCoopers LLP.
*23.3	Consent of Hamilton, Rabinovitz & Associates, Inc.
*23.4	Consent of Cravath, Swaine & Moore LLP is contained in Exhibit 5.1.
*24.1	Power of Attorney.

* Filed Herewith.

HERCULES INCORPORATED
LONG TERM INCENTIVE COMPENSATION PLAN
(AS AMENDED AND RESTATED)

[HERCULES LOGO]
Hercules Plaza
Wilmington, DE 19894-0001
April 29, 1999

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I PURPOSE	1
ARTICLE II DEFINITIONS AND CONSTRUCTION	1
Section 2.1 Definitions	1
(1) Accelerated Date	1
(2) Act	1
(3) APD Election	1
(4) Attributable Shares	1
(5) Award	1
(6) Award Commitment	1
(7) Award Items	2
(8) Base Salary	2
(9) Beneficiary	2
(10) Board	2
(11) Bonus	2
(12) Cash Value Award or CVA	2
(13) CEO	2
(14) Change in Control	2
(15) Code	2
(16) Committee	2
(17) Common Stock	2
(18) Company	2
(19) Date of Grant	2
(20) Designated Retirement Date	2
(21) Disability	2
(22) Fair Market Value	3
(23) Grantee	3
(24) Grantor	3
(25) Hercules Incorporated Deferred Compensation Plan	3
(26) Hercules Incorporated Non-Qualified Savings Plan	3
(27) Hercules Pension Plan	3
(28) Hercules Pension Restoration Plan	3
(29) Incentive Stock Option or ISO	3
(30) Management Incentive Compensation Plan	3
(31) Maximum Award	3
(32) Minimum Award	3
(33) Nonqualified Option	4
(34) Nonreporting Person	4
(35) Normal Retirement Date	4
(36) Normal Vesting Date	4
(37) Option or Stock Option	4
(38) Optionee	4
(39) Option Period	4
(40) Option Price	4
(41) Other Market-Based Awards	4
(42) Other Performance-Based Awards	4
(43) Participating Subsidiary	4
(44) PASO Period	4

(45) Payout Schedule	4
(46) Performance Accelerated Stock Option or "PASO"	4
(47) Performance Goal	4
(48) Performance Period	4
(49) Performance Share	4
(50) Performance Share Award	5
(51) Performance Share Fair Market Value	5
(52) Phantom Unit	5
(53) Phantom Unit Award	5
(54) Phantom Unit Fair Market Value	5
(55) Reduction in Force	5
(56) Related Entity	5
(57) Reporting Person	5
(58) Restricted Stock	5
(59) Restricted Stock Award	5
(60) Restricted Stock Unit	5
(61) Restricted Stock Unit Award	5
(62) Restricted Period	5
(63) Restriction Range	5
(64) Retirement	5
(65) Rule 16b-3	5
(66) SAR	6
(67) SAR Fair Market Value	6
(68) Stock Appreciation Right	6
(69) Stock Appreciation Right Award	6
(70) Stock Option Award	6
(71) Subsidiary	6
(72) Substitution Awards	6
(73) Suspension Period	6
(74) Target Award	6

Section 2.2 Construction	6
--------------------------	---

ARTICLE III STOCK AVAILABLE FOR AWARDS	7
-----------------------------------------------	---

Section 3.1 Common Stock	7
Section 3.2 Number of Shares Deliverable	7
Section 3.3 Reusable Shares	7
Section 3.4 Shares Not Charged Against Available Shares	7

ARTICLE IV AWARDS AND AWARD AGREEMENTS	7
-----------------------------------------------	---

Section 4.1 General	7
Section 4.2 Eligibility	8
Section 4.3 Terms and Conditions; Award Commitments	8
4.3.1 Terms And Conditions	8
4.3.2 Award Commitments	8

ARTICLE V OPTIONS AND STOCK APPRECIATION RIGHTS	8
--------------------------------------------------------	---

Section 5.1 Award of Options	8
5.1.1 Grants	8
5.1.2 Types of Options	9
5.1.3 Substantial Stockholder	9
5.1.4 Maximum Award	9
Section 5.2 Option Price	9
Section 5.3 Option Periods	9
Section 5.4 Exercise of Options	9
5.4.1 Exercisability	9

5.4.2	Certain Limitations	9
5.4.3	Method of Exercise	9
Section 5.5	Time and Method	10
5.5.1	Form of Payment	10
5.5.2	Time of Payment	10
5.5.3	Methods for Tendering Shares	10
5.5.4	ISO Limitation	10
Section 5.6	Delivery of Shares	10
Section 5.7	Stockholder Rights	10
Section 5.8	Incentive Stock Options	10
5.8.1	Individual Limitation	10
5.8.2	Code Qualification	10
5.8.3	Notice of Disposition	11
Section 5.9	Stock Appreciation Rights Awards	11
5.9.1	Grants	11
5.9.2	SAR Exercise	11
5.9.3	Value of SAR Payment	11
5.9.4	Time and Method of Payment	11
5.9.5	Effect of SAR and Option Exercises	12
5.9.6	Nature of SARs	12
Section 5.10	Performance Accelerated Stock Options Awards	12
5.10.1	Grants	12
5.10.2	Accelerated Date	12
5.10.3	PASO Period	12
5.10.4	Exercisability	13
5.10.5	Corporate or Business Goals	13
5.10.6	PASOs Treated Like Options	13
ARTICLE VI	PERFORMANCE SHARE AWARDS	13
Section 6.1	Grants	13
Section 6.2	Performance Period	13
Section 6.3	Performance Goals	13
Section 6.4	Payout Schedule	14
Section 6.5	Issuance of Stock and Stock Certificates	14
6.5.1	Issuance	14
6.5.2	Custody and Legends	14
Section 6.6	Restrictions and Forfeitures	14
Section 6.7	Stockholder Rights	15
Section 6.8	Delivery of Shares and Cash Payments	15
6.8.1	Determination of Performance Results and Award Settlement	15
6.8.2	Delivery of Shares and Payment of Cash	15
6.8.3	Revisions for Significant Events	16
6.8.4	Conditions Precedent	16
6.8.5	Performance Share Fair Market Value	16
ARTICLE VII	RESTRICTED STOCK AWARDS	17
Section 7.1	Grants	17
Section 7.2	Restricted Period	17
Section 7.3	Restrictions and Forfeiture	17
Section 7.4	Issuance of Stock and Stock Certificate	17
7.4.1	Issuance	17
7.4.2	Custody and Legends	18
Section 7.5	Stockholder Rights	18
Section 7.6	Delivery of Shares	18

ARTICLE VIII	PHANTOM UNIT AWARDS	18
Section 8.1	Grants	18
Section 8.2	Vesting of Awards	19
Section 8.3	Value of Phantom Units Payments	19
Section 8.4	Time and Method of Payment	19
Section 8.5	Forfeiture of Phantom Units	19
Section 8.6	Nature of Phantom Units	19
ARTICLE IX	CASH VALUE AWARDS	20
Section 9.1	Grants	20
Section 9.2	Performance Period	20
Section 9.3	Performance Goals	20
Section 9.4	Payout Schedule	20
Section 9.5	Form Of Payout	20
Section 9.6	Calculation Of Payout	20
ARTICLE X	OTHER AWARDS	21
Section 10.1	Other Market-Based Awards	21
Section 10.2	Other Performance-Based Awards	21
Section 10.3	Terms of Other Awards	21
Section 10.4	Stock Option Dividend Equivalents	21
10.4.1	Grants	21
10.4.2	Interest	22
10.4.3	Forfeiture	22
ARTICLE XI	SUBSTITUTION AWARDS	22
Section 11.1	Substitution of Performance Shares	22
Section 11.2	Substitution of Restricted Stock	22
Section 11.3	Substitution Procedures	22
Section 11.4	Substitutions in Contemplation of Retirement	22
ARTICLE XII	TERMINATION OF EMPLOYMENT	23
Section 12.1	Retirement	23
12.1.1	Stock Options and SARs	23
12.1.2	Performance Share, Restricted Stock, Phantom Unit, and Cash Value Awards	23
12.1.3	Performance Accelerated Stock Options	23
12.1.4	Restricted Stock Unit	23
Section 12.2	Reduction in Force	23
12.2.1	Stock Options and SARs	23
12.2.2	Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards	24
12.2.3	Performance Accelerated Stock Options	24
Section 12.3	Transfers to Certain Related Entities	24
12.3.1	Stock Options and SARs	24
12.3.2	Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards	24
12.3.3	Performance Accelerated Stock Options	24
Section 12.4	Disability or Death	24
12.4.1	Stock Options and SARs	24
12.4.2	Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards	25
12.4.3	Performance Accelerated Stock Options	25

Section 12.5	Resignation	25
12.5.1	Stock Options, SARs and Performance Accelerated Stock Options	25
12.5.2	Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards	25
Section 12.6	Decrease in Company Ownership	26
12.6.1	Stock Options and SARs	26
12.6.2	Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards	26
12.6.3	Performance Accelerated Stock Options	26
Section 12.7	Termination of Employment for Other Reasons	26
12.7.1	Stock Options, SARs and Performance Accelerated Stock Options	26
12.7.2	Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards	26
Section 12.8	Termination Date	26
Section 12.9	Reporting Person Limitation	27
ARTICLE XIII	EXCHANGE AWARDS; ABOVE TARGET MICP AWARDS	27
Section 13.1	Salary/Bonus Reductions	27
13.1.1	Restricted Stock	27
13.1.2	Options	27
Section 13.2	Deferred Accounts	28
13.2.1	Deferred Compensation Plan Accounts	28
13.2.2	Non-Qualified Savings Plan Accounts	28
Section 13.3	Termination of Employment	28
13.3.1	Death, Disability and Reduction in Force	28
13.3.2	Retirement	29
13.3.3	Resignation or Termination for Cause	29
Section 13.4	Avoidance of Pension Diminution	29
13.4.1	Governing Provisions	29
13.4.2	Exchange Awards	29
13.4.3	Designated Retirement Date	30
Section 13.5	Irrevocability	30
Section 13.6	Equivalency	30
Section 13.7	MICP Awards	30
Section 13.8	Definition	30
ARTICLE XIV	CERTAIN TERMS APPLICABLE TO ALL AWARDS	31
Section 14.1	Withholding Taxes	31
Section 14.2	Adjustments to Reflect Capital Changes	31
14.2.1	Recapitalization	31
14.2.2	Sale or Reorganization	32
14.2.3	Options to Purchase Stock of Acquired Companies	32
Section 14.3	Failure to Comply With Terms and Conditions	32
Section 14.4	Forfeiture Upon Occurrence of Certain Events	32
Section 14.5	Regulatory Approvals and Listing	32
Section 14.6	Restrictions Upon Resale of Stock	33
Section 14.7	Reporting Person Limitation	33
ARTICLE XV	DISPUTES	33
ARTICLE XVI	ADMINISTRATION OF THE PLAN	34
Section 16.1	Committee	34
Section 16.2	Committee Actions	34
Section 16.3	No Liability of Committee Members	34

ARTICLE XVII	EFFECTIVE DATE, TERM OF THE PLAN AND STOCKHOLDER APPROVAL	34
ARTICLE XVIII	CHANGE IN CORPORATE CONTROL	34
Section 18.1	Options	34
Section 18.2	SARs	35
Section 18.3	All Other Awards	35
Section 18.4	Definitions	35
ARTICLE XIX	AMENDMENT AND TERMINATION	35
Section 19.1	Amendment	35
Section 19.2	Suspension or Termination	36
Section 19.3	No Repricing of Options	36
ARTICLE XX	MISCELLANEOUS	37
Section 20.1	Deferral Election	37
Section 20.2	Designation of Beneficiary	37
Section 20.3	No Right to an Award or to Continued Employment	37
Section 20.4	Discretion of the Committee and the CEO	37
Section 20.5	Indemnification and Exculpation	38
20.5.1	Indemnification	38
20.5.2	Exculpation	38
Section 20.6	Unfunded Plan	38
Section 20.7	Inalienability of Rights and Interests	38
Section 20.8	Awards Not Includable for Benefit Purposes	39
Section 20.9	No Issuance of Fractional Shares	39
Section 20.10	Modification for Overseas Grantees	39
Section 20.11	Leaves of Absence	39
Section 20.12	Communications	39
20.12.1	Communications by the Committee	39
20.12.2	Communications by the Participants and Others	39
Section 20.13	Parties in Interest	39
Section 20.14	Severability	40
Section 20.15	Compliance with Laws	40
Section 20.16	No Strict Construction	40
Section 20.17	Modification	40
Section 20.18	Governing Law	40

HERCULES INCORPORATED
LONG TERM INCENTIVE COMPENSATION PLAN

ARTICLE I
PURPOSE

The Hercules Incorporated Long Term Incentive Compensation Plan, the terms of which are herein set forth (as the same is now in effect or as hereafter amended from time to time, the "Plan"), is intended to advance the interests of Hercules Incorporated, a Delaware corporation (the "Company"), and its stockholders by providing a means by which the Company and its participating subsidiaries and affiliates shall be able to motivate selected key employees (including officers and directors who are employees) to direct their efforts to those activities that will contribute materially to the Company's success. The Plan is also intended to serve the best interests of the stockholders by linking remunerative benefits paid to employees who have substantial responsibility for the successful operation, administration and management of the Company and/or its participating subsidiaries and affiliates with the enhancement of stockholder value while such key employees increase their proprietary interest in the Company. Finally, the Plan is intended to enable the Company to attract and retain in its employ highly qualified persons for the successful conduct of its business.

The Plan became effective as of April 1, 1991, and was amended and restated as of June 30, 1993, April 27, 1995, April 24, 1997, and is hereby further amended and restated as of April 29, 1999. Notwithstanding anything to the contrary, the said amended and restated Plan shall not terminate or adversely affect any Awards granted prior hereto.

ARTICLE II
DEFINITIONS AND CONSTRUCTION

SECTION 2.1 DEFINITIONS

The following words and phrases when used in the Plan with an initial capital letter, unless their context clearly indicates to the contrary, shall have the respective meanings set forth below in this Section 2.1:

(1) Accelerated Date. As defined in Subsection 5.10.2.

(2) Act. The Securities Exchange Act of 1934, as now in effect or as hereafter amended from time to time. References to any section or subsection of the Act are to such section or subsection as the same may from time to time be amended or renumbered and/or any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

(3) APD Election. As defined in Subsection 13.4.2

(4) Attributable Shares. As defined in Subsection 9.6.

(5) Award. A grant of Award Items in accordance with the provisions of the Plan. A grant of a particular Award Item may sometimes be referred to as follows: "Stock Option Award" for a grant of Stock Options; "Stock Appreciation Right Award" for Stock Appreciation Rights; "PASO Award" for Performance Accelerated Stock Options; "CVA Award" for Cash Value Awards; "Performance Shares Award" for Performance Shares; "Restricted Stock Award" for Restricted Stock; and "Phantom Unit Award" for Phantom Units.

(6) Award Commitment. The written commitment delivered by the Company to the Grantee evidencing an Award and setting forth such terms and conditions of the Award as may be deemed appropriate by the Committee. The Award Commitment shall be in a form approved by the Committee, and shall be deemed amended from time to time to include such additional terms and conditions as the Committee may specify after the execution in the exercise of its powers under the Plan.

(7) Award Items. Individually and collectively, as the case may be, the items awarded to any Grantee in accordance with the provisions of the Plan in the form of Options, Stock Appreciation Rights, Performance Accelerated Stock Options, Cash Value Awards, Performance Shares, Restricted Stock, Phantom Units or other award, or any combination of the foregoing.

(8) Base Salary. The regular salary paid to an employee. Base salary shall not include bonuses or other forms of compensation which are not considered regular earnings by the Committee.

(9) Beneficiary. Any individual, estate or trust who or which by designation of the Grantee pursuant to Section 20.2 or operation of law succeeds to the rights and obligations of the Grantee under the Plan and Award Commitment upon the Grantee's death.

(10) Board. The Board of Directors of the Company.

(11) Bonus. An amount payable pursuant to the Management Incentive Compensation Plan or any other short term incentive compensation plan approved by the Committee.

(12) Cash Value Award or CVA. A grant in accordance with the provisions of the Plan in the form of a designated cash value payable in cash, Common Stock or Restricted Stock, or a combination thereof, all as determined by the Grantor at the Payout Date.

(13) CEO. The Chief Executive Officer of the Company.

(14) Change in Control. The occurrence of an event defined in Section 18.4, which event is of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A promulgated under the Act as in effect on the date hereof or, if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the Act which serves similar purposes.

(15) Code. The Internal Revenue Code of 1986, as now in effect or as hereafter amended from time to time, and as construed and interpreted by valid regulations issued by the United States Internal Revenue Service thereunder. References to any section or subsection of the Code are to such section or subsection as the same may from time to time be amended or renumbered and/or any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

(16) Committee. The Compensation Committee of the Board or such other committee as may be designated by the Board to administer the Plan.

(17) Common Stock. Voting common stock authorized for issuance by the Company and issued and outstanding.

(18) Company. Hercules Incorporated and its successors and assigns.

(19) Date of Grant. The date designated by the Grantor as the date as of which the Grantor grants an Award, which shall not be earlier than the date on which the Grantor approves the granting of such Award.

(20) Designated Retirement Date. As defined in Section 13.4.3.

(21) Disability. A physical or mental impairment sufficient to make the individual eligible for benefits under the Long-Term Disability Plan of Hercules Incorporated or under a disability plan of one of the Participating Subsidiaries (whether or not a participant in such disability plan), so long as for Incentive Stock Options such impairment also constitutes a disability within the meaning of Section 22(e)(3) of the Code.

(22) Fair Market Value. Unless otherwise indicated in the provisions of the Plan, as of any date the closing price for one share of Common Stock as reported on the Composite Tape for New York Stock Exchange Listed Companies and published in the Eastern Edition of The Wall Street Journal, or, if there is no trading on the date in question, the closing price of the Common Stock, as so reported and published, on the next preceding date on which there was trading in Common Stock.

(23) Grantee. An employee of the Company or any Participating Subsidiary to whom an Award is granted. At the time of award, such employee (including any director or officer who is also an employee) must be in the regular full-time employment of the Company or any Participating Subsidiary, without limitation as to length of service.

(24) Grantor. The Committee or the CEO, as the case may be, who grants an Award. The Committee shall (i) grant Awards to Reporting Persons and (ii) establish the maximum aggregate amount of particular Award Items to be granted to Nonreporting Persons as a group and (iii) establish the guidelines and oversight under which, pursuant to authorities granted by the Committee, the CEO may grant Awards to Nonreporting Persons. Notwithstanding anything to the contrary, the CEO is not intended to be nor shall be construed as a member of the Committee. In making awards to Nonreporting Persons, the CEO is acting as a delegatee of the Committee and is at all times accountable to the Committee and authorized to act only in accordance with the provisions of the Plan and the guidelines and direction provided by the Committee from time to time.

(25) Hercules Incorporated Deferred Compensation Plan. The Hercules Incorporated Deferred Compensation Plan as the same is now in effect or as hereafter amended from time to time.

(26) Hercules Incorporated Non-Qualified Savings Plan. The Hercules Incorporated Non-Qualified Savings Plan (a portion of the Hercules Incorporated Deferred Compensation Plan) as the same is now in effect or as hereafter amended from time to time.

(27) Hercules Pension Plan. The Hercules Pension Plan as the same is now in effect or as hereafter amended from time to time.

(28) Hercules Pension Restoration Plan. The Hercules Employee Pension Restoration Plan as the same is now in effect or as hereafter amended from time to time.

(29) Incentive Stock Option or ISO. An Option granted pursuant to Section 5.1 which is intended to meet, and structured with a view to satisfying, the requirements of Section 422 of the Code and is designated by the Committee as an Incentive Stock Option. The Award of an Incentive Stock Option shall contain such provisions as are necessary to comply with such Section 422.

(30) Management Incentive Compensation Plan. The Hercules Incorporated Annual Management Incentive Compensation Plan as the same is now in effect or as hereafter amended from time to time.

(31) Maximum Award. The number or amount of Performance Accelerated Stock Options, Cash Value Awards, or Performance Shares, as the case may be, which vest when the maximum performance in the relevant Performance Range is achieved.

(32) Minimum Award. The number or amount of Performance Accelerated Stock Options, Cash Value Awards, or Performance Shares, as the case may be, which vest when the minimum performance in the relevant Performance Range is achieved.

(33) Nonqualified Option. An Option granted pursuant to Section 5.1 which does not qualify as, and is not designated by the Committee as, an Incentive Stock Option and is designated as a Nonqualified Option.

(34) Nonreporting Person. A Grantee who is not subject to Section 16 of the Act.

(35) Normal Retirement Date. Age 65.

(36) Normal Vesting Date. As defined in Subsection 5.10.1.

(37) Option or Stock Option. A right granted pursuant to Article V that for a specified period of time entitles the holder thereof to purchase full shares of Common Stock at a stated price. At the discretion of the Committee, an Option may be an Incentive Stock Option or a Nonqualified Stock Option.

(38) Optionee. A Grantee to whom an Option or Stock Appreciation Right or Performance Accelerated Stock Option, as the case may be, is granted pursuant to Article V.

(39) Option Period. As defined in Section 5.3.

(40) Option Price. The per share price at which shares of Common Stock may be purchased upon exercise of a particular Option or Performance Accelerated Stock Option.

(41) Other Market-Based Awards. Awards granted in accordance with Section 9.1.

(42) Other Performance-Based Awards. Awards granted in accordance with Section 9.2.

(43) Participating Subsidiary. Any Subsidiary (existing from time to time) designated by the Board as a Participating Subsidiary; provided, however, for Incentive Stock Options only, "Participating Subsidiary" means any such Subsidiary which at the time such Option is granted qualifies as a "Subsidiary" of the Company under Section 424(b) of the Code.

(44) PASO Period. As defined in Subsection 5.10.3.

(45) Payout Schedule. The distribution scheme for applicable Award Items for a given Plan Year upon performance of varying goals, all as established by either the Committee with respect to the Company, or by the CEO (or his designee or designees) with respect to a given subsidiary, business unit, corporate staff group or individual.

(46) Performance Accelerated Stock Option or "PASO". Stock Option with a normal vesting date established by the Committee; provided, however, that under certain circumstances such vesting date may be accelerated by the Committee to an earlier date if the Committee determines that the applicable Performance Goal has been met.

(47) Performance Goal. The level of performance established by the Grantor, which must be achieved in order to earn or vest the applicable Minimum Award, Target Award, Maximum Award or intermediate level of Award Items.

(48) Performance Period. The period of time selected by the Committee during which the achievement of Performance Goals is measured for purposes of determining the extent to which an applicable Award Item has been earned or will vest.

(49) Performance Share. A contingent right to receive, when certain performance criteria have been attained, without payment to the Company, the amounts of Common Stock and cash determined under Article VI. Such rights are subject to forfeiture or reduction if the applicable Performance Goals are not met within the applicable Performance Period.

(50) Performance Share Award. A Performance Share Award under Article VI, settlement of which is contingent upon attainment during a Performance Period of Performance Goals.

(51) Performance Share Fair Market Value. As defined in Subsection 6.8.5.

(52) Phantom Unit. A right to receive, without payment to the Company, an amount of cash equal to the value of a share of Common Stock as of a future date, plus dividend equivalents and interest payments provided for in Article VIII. A “unit” of phantom units does not represent or entitle the recipient to any equity securities of the Company, but instead involves the creation of an unfunded account for the recipient, the value of which is measured by reference to the value of Common Stock.

(53) Phantom Unit Award. An Award of Phantom Units under Article VIII, subject to such forfeiture provisions as are set forth in the Award Commitment.

(54) Phantom Unit Fair Market Value. As defined in Section 8.3.

(55) Reduction in Force. Termination of employment by the Company or a Participating Subsidiary in such a manner that the employee so terminated is eligible to receive benefits under the Company or a Participating Subsidiary dismissal salary plan.

(56) Related Entity. A corporation, partnership, joint venture or other entity not more than 50% but at least 20% of whose outstanding voting stock or voting power for the election of directors is beneficially owned directly or indirectly by the Company.

(57) Reporting Person. A Grantee who is subject to Section 16 of the Act.

(58) Restricted Stock. Shares of Common Stock issued, without payment to the Company, pursuant to a Restricted Stock Award granted under Article VII. For a specific period of time such shares are subject to a substantial risk of forfeiture and to such restrictions against sale, transfer or other disposition, as determined by the Committee at the time of grant.

(59) Restricted Stock Award. An Award of Restricted Stock under Article VII.

(60) Restricted Stock Unit. A right to receive, without payment to the Company, a number of shares of Common Stock as of a future date, plus dividend equivalents and interest payments provided for in Article VIII. A unit of a Restricted Stock Unit does not represent or entitle the recipient to any equity securities of the Company until such future date. In the interim, the unit represents an unfunded account for the recipient, the value which is measured by reference to the value of Common Stock.

(61) Restricted Stock Unit Award. An award of Restricted Stock Units under Article VIII, subject to such forfeiture provisions as are set forth in the Award Commitment.

(62) Restricted Period. As defined in Section 7.2.

(63) Restriction Range. As defined in Section 7.2.

(64) Retirement. Termination of employment at Normal Retirement Date or with consent of the Company with immediate eligibility for retirement benefits under a retirement or pension plan maintained by the Company, a Participating Subsidiary or Related Entity.

(65) Rule 16b-3. Rule 16b-3 of the General Rules and Regulations under the Act, or any law, rule, regulation or other provision that may hereafter replace such Rule.

(66) SAR. A Stock Appreciation Right, as defined below.

(67) SAR Fair Market Value. As defined in Subsection 5.9.3.

(68) Stock Appreciation Right. A right granted pursuant to Article V pursuant to which the holder of a related Option, upon exercise of the Stock Appreciation Right and in lieu of exercising the related Option, is entitled to surrender the related Option, or any applicable portion thereof, to the extent unexercised, and to receive an amount equal to the appreciation in market value of a fixed number of shares of Common Stock from the Date of Grant. Stock Appreciation Rights may be payable in shares of Common Stock or cash, or a combination of both. Under the Plan, Stock Appreciation Rights are granted in tandem with Options.

(69) Stock Appreciation Right Award. An Award of Stock Appreciation Rights under Article V.

(70) Stock Option Award. An Award of Options under Article V.

(71) Subsidiary. Any corporation, partnership, joint venture or other entity in which the Company owns, directly or indirectly through one or more intermediaries, at least 50% of the outstanding voting stock or voting power for the election of directors or equivalent governing body. In the case of Incentive Stock Options, Subsidiary shall mean any corporation that qualifies as a "subsidiary corporation" of the Company under Section 424(f) of the Code.

(72) Substitution Awards. As defined in Section 11.

(73) Suspension Period. As defined in Article XIII.

(74) Target Award. The number or amount of Performance Accelerated Stock Options, Cash Value Awards or Performance Shares, as the case may be, which vest when the target performance in the relevant Performance Range is achieved.

SECTION 2.2 CONSTRUCTION

Whenever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply. Headings of sections and subsections of this Plan are inserted for convenience of reference, are not a part of this Plan, and are not to be considered in the construction hereof. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, and not to any particular provision or section. The words "includes", "including" and other similar compounds of the word "include" shall mean and refer to including without limitation. All references herein to specific Articles, Sections or Subsections shall mean Articles, Sections or Subsections of this document unless otherwise qualified.

ARTICLE III
STOCK AVAILABLE FOR AWARDS

SECTION 3.1 COMMON STOCK

Only Common Stock may be delivered under this Plan, such shares to be made available from authorized but unissued shares or from shares reacquired by the Company, including shares purchased in the open market.

SECTION 3.2 NUMBER OF SHARES DELIVERABLE

Subject to adjustments as provided in Section 14.2: (i) during the period of October 1, 1996, through April 30, 2002, the maximum aggregate number of shares for all Award Items shall be 15,000,000; and (ii) of the maximum 15,000,000 shares available, no more than 8,200,000 shares may be granted for Award Items which are other than Options.

SECTION 3.3 REUSABLE SHARES

In the event that shares of Common Stock underlying an Award are returned to the Company for any reason (including forfeited or unexercised items) other than the surrender of Options upon the exercise of a Stock Appreciation Rights, the shares so affected shall be available for use under this Plan to the same Grantee or other Grantee by way of any type or form of Option or Award authorized under the Plan; provided, however, that shares received by the Company upon the exercise of an ISO and shares subject to an ISO surrendered upon exercise of a SAR shall not be available for the subsequent award of ISOs under this Plan, and that shares received by the Company upon the return (whether due to forfeiture or otherwise) of Restricted Stock or Performance Shares shall not be available for a subsequent Award under this Plan.

SECTION 3.4 SHARES NOT CHARGED AGAINST AVAILABLE SHARES

Shares of Common Stock issued in payment of Stock Appreciation Rights shall not be charged against the number of shares of Common Stock available for subsequent Awards. Shares of Common Stock substituted in accordance with Article XI for shares previously awarded under this Plan or the Hercules Incorporated Restricted Stock Plan of 1986 shall not be counted against the authorized aggregate number of shares which may be issued under the Plan.

ARTICLE IV
AWARDS AND AWARD COMMITMENTS

SECTION 4.1 GENERAL

4.1.1 Subject to the provisions of this Plan, the Committee may (i) determine and designate at any time and from time to time those Reporting Persons to whom Awards are to be granted; (ii) determine the time or times when Awards shall be granted; (iii) determine the form or forms of Awards to be granted to any Reporting Person or to Nonreporting Persons, as a group; (iv) determine the number of Award Items subject to each Award to be granted to any Reporting Person; (v) determine the maximum aggregate number of shares of Award Items subject to Awards to be granted to Nonreporting Persons, as a group; (vi) determine the terms and conditions of each Award; (vii) determine the number of shares of Restricted Stock a Reporting Person may acquire by exchange pursuant to Section 13.1 and the time or times of such acquisition; and (viii) determine the number of Options a Reporting or Nonreporting Person may acquire by exchange pursuant to Section 13.1 and the time or times of acquisition.

4.1.2 The CEO shall, subject to the provisions of the Plan, (i) determine and designate at any time and from time to time those Nonreporting Persons to whom Awards are to be granted; (ii) determine the form or forms of Award to be granted any Nonreporting Person and (iii) determine the number of Award Items subject to each

Award to be granted to any Nonreporting Person. Awards may be granted singly, in combination or in tandem and may be made in combination or in tandem with or in replacement of, or as alternatives to awards or grants under any other employee plan maintained by the Company or its present or future Participating Subsidiaries. Unless this Plan is extended, no Awards shall be granted or exchanges effected under the Plan after April 30, 2002, but any then-current restrictions applicable to any Awards theretofore granted or exchanges theretofore effected shall extend beyond that date in accordance with their provisions and any shares of Common Stock used in payment of Cash Value Awards and/or Performance Shares originally granted before April 30, 2002, may be delivered after April 30, 2002, in accordance with the provisions of the applicable Award. Notwithstanding the later delivery of such shares of Common Stock, the number of such shares shall be credited against the maximum aggregate number in effect under Section 3.2 at the date of such original grant.

SECTION 4.2 ELIGIBILITY

The persons who shall be eligible to receive Awards granted pursuant to this Plan shall be such employees (including directors and officers who are also employees) of the Company or any of the Participating Subsidiaries as the relevant Grantor shall select from time to time from among those who contribute or may be expected to contribute to the successful performance of the Company or any Participating Subsidiary. Employees eligible for Phantom Unit Awards shall include, in addition to employees of the Company or any of the Participating Subsidiaries, any employees of any other Subsidiary or Related Entity.

SECTION 4.3 TERMS AND CONDITIONS; AWARD COMMITMENTS

4.3.1 Terms And Conditions. Each Award granted pursuant to this Plan shall be subject to all of the terms, conditions and restrictions provided in this Plan and such other terms, conditions and restrictions, if any, as may be specified by the Committee with respect to the Award in question at the time of the making of the Award or as may be specified thereafter by the Committee in the exercise of its powers under the Plan. Without limiting the foregoing, it is understood that the Committee may, at any time and from time to time after the granting of an Award hereunder, specify such additional terms, conditions and restrictions with respect to such Award as may be deemed necessary or appropriate to ensure compliance with any and all applicable laws, including, but not limited to, terms and conditions for compliance with Federal and state securities laws and methods of withholding or providing for the payment of required taxes. The terms, conditions and restrictions with respect to any Award, Grantee or Award Commitment need not be identical with the terms, conditions and restrictions with respect to any other Award, Grantee or Award Commitment.

4.3.2 Award Commitments. Each Award granted pursuant to the Plan shall be subject to all the terms, conditions and restrictions provided in the Plan and such other terms, conditions and restrictions, if any, as may be specified by the Committee with respect to the Award in question at the time of the making of the Award or as may be specified thereafter by the Committee in the exercise of its powers under the Plan. Each Award granted pursuant to the Plan shall be evidenced by an Award Commitment and shall comply with, and be subject to, the provisions of the Plan. The Award Commitment shall not be a precondition to the granting of Awards; however, no person shall have any rights under any Award granted under the Plan unless and until the Company shall have executed and delivered an Award Commitment to the Grantee to whom such Award shall have been granted. An executed original of the Award Commitment shall be provided to both the Company and the Grantee.

ARTICLE V OPTIONS AND STOCK APPRECIATION RIGHTS

SECTION 5.1 AWARD OF OPTIONS

5.1.1 Grants. From time to time and upon the recommendation of the CEO, the Committee may grant Stock Option Awards in such number as it may determine to such Reporting Persons as the Committee may select. From time to time, the CEO may grant Stock Option Awards in such number as he may determine to such Nonreporting Persons as he may select; provided, however, each and all such grants shall be subject to any maximum

aggregate amount of Options established by the Committee for grants under the Plan for Nonreporting Persons as a group. The Committee shall determine the number of shares of Common Stock to which each Option relates; provided, however, such number of shares of Common Stock shall automatically be reduced on a share for share basis to the extent that shares are issued pursuant to the exercise of the Option or shares subject to the Option are the basis for the exercise of the related Stock Appreciation Right.

5.1.2 Types of Options. Options granted pursuant to the Plan may be either in the form of Incentive Stock Options or in the form of Nonqualified Options. Incentive Stock Options and Nonqualified Options shall be granted separately hereunder. The Committee shall determine whether and to what extent Options granted under the Plan shall be Incentive Stock Options or Nonqualified Options and the Option shall be so designated.

5.1.3 Substantial Stockholder. No Option shall be granted hereunder to any person who, at the time such Option is to be granted, owns stock of the Company or of any of its Subsidiaries possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any such Subsidiary. For purposes of the preceding sentence, the attribution rules of stock ownership set forth in Section 424(d) of the Code shall apply.

5.1.4 Maximum Award To An Individual. During the period from April 29, 1999, through April 30, 2002, no person shall be granted or receive more than 1,500,000 Options and/or Performance Accelerated Stock Options in the aggregate.

SECTION 5.2 OPTION PRICE

The Option Price of Common Stock covered by each Option shall be determined by the Committee but shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant.

SECTION 5.3 OPTION PERIODS

The Committee shall determine the term of each Option. Subject to earlier termination as provided in Articles XI, XII and XIII, the term shall not exceed ten (10) years from the Date of Grant.

SECTION 5.4 EXERCISE OF OPTIONS

5.4.1 Exercisability. Subject to Subsection 5.4.2 and Articles XII and XIII, each Option shall be exercisable at any time or times during the Option Period and in such amount or amounts as the Committee may prescribe and specify in the applicable Award Commitment (subject further in the case of Incentive Stock Options, to such restrictions as may be imposed from time to time by the Code).

5.4.2 Certain Limitations. The Committee may provide that an Option may not be exercised in whole or in part for any period or periods of time, from zero to nine and one-half (9.5) years as specified in the Award Commitment. Except as provided in Article XII, or as otherwise determined by the Committee, an Option may be exercised only during the continuance of the Grantee's employment with the Company or any of its Subsidiaries. Options granted to a Reporting Person shall not be exercisable until at least six (6) months have elapsed from the Date of Grant of the Option. No Option may be exercised after the expiration of the applicable Option Period. No Option may be exercised for a fractional share.

5.4.3 Method of Exercise. A Grantee may exercise an Option, in whole or from time to time in part, by giving written notice of exercise to the Company. The notice of exercise shall be on a form approved by the Committee and shall state the number of shares with respect to which the Option is being exercised. Such notice must be received by the office of the Company designated in the Award Commitment on or before the expiration date of the Option.

SECTION 5.5 TIME AND METHOD OF PAYMENT

5.5.1 Form of Payment. The Optionee shall pay the Option Price in cash or, with the Committee's permission and according to such rules as they may prescribe, by delivering shares of Common Stock already owned by the Optionee for at least six months prior to the date of exercise and having a Fair Market Value on the date of exercise equal to the Option Price, or a combination of cash and shares. The Committee may also permit payment in accordance with a cashless exercise program under which, if so instructed by the Optionee, shares of Common Stock may be issued directly to the Optionee's broker or dealer upon receipt of the purchase price in cash from the broker or dealer.

5.5.2 Time of Payment. The Optionee shall pay the Option Price not later than ten (10) days after the date of a statement from the Company following exercise setting forth the Option Price, Fair Market Value of Common Stock on the exercise date, the number of shares of Common Stock that may be delivered in payment of the Option Price (if applicable) and the amount of withholding tax due, if any. If the Optionee fails to pay the Option Price within the ten (10) day period, the Committee shall have the right to take whatever action it deems appropriate, including voiding the Option exercise.

5.5.3 Methods for Tendering Shares. The Committee shall determine acceptable methods for tendering shares of Common Stock as payment upon exercise of an Option and may impose such limitations and restrictions on the use of shares of Common stock to exercise an Option as it deems appropriate.

5.5.4 ISO Limitation. Common Stock acquired by the Grantee which is identified as having been obtained through an Incentive Stock Option under the Plan and still subject to Incentive Stock Option holding requirements as defined in the Code, may not be tendered in payment of the Option Price.

SECTION 5.6 DELIVERY OF SHARES

No shares of Common Stock shall be delivered pursuant to the exercise, in whole or in part, of any Option, unless and until (i) payment in full of the Option Price therefor is received by the Company and (ii) compliance with all applicable requirements and conditions of this Plan, the Award Commitment and such rules and regulations as may be established by the Committee that are preconditions to delivery, including, but not limited to, the requirements and conditions of Section 14.5. Promptly after exercise of the Option, payment in full of the Option Price and compliance with the conditions described in the preceding sentence, the Company shall effect the issuance to the Optionee of such number of shares of Common Stock as are subject to the Option exercise.

SECTION 5.7 STOCKHOLDER RIGHTS

An Optionee shall have none of the rights or privileges of a stockholder with respect to any shares of Common Stock covered by an Option unless and until the Optionee has given written notice of exercise of the Option, has paid in full the Option Price for such shares of Common Stock and has otherwise complied with this Plan, the Award Commitment and such rules and regulations as may be established by the Committee, and the shares are issued to him. No adjustment shall be made for dividends in cash or property or other distributions or rights with respect to any such shares of Common Stock for which the record date is prior to the date on which the Optionee or a transferee of the Option shall have become the holder of record of any such shares covered by the Option. Notwithstanding anything to the contrary, an Option may include dividend equivalents as described in Section 10.4.

SECTION 5.8 INCENTIVE STOCK OPTIONS

5.8.1 Individual Limitation. No Grantee may be granted an ISO under this Plan (or any other plans of the Company or any Participating Subsidiary) which would result in Common Stock with an aggregate Fair Market Value (measured as of the Date of Grant) of more than \$100,000 first becoming exercisable in any one calendar year, or which would entitle such Grantee to purchase a number of shares greater than the maximum number permitted by Section 422(d)(1) of the Code as in effect on the Date of Grant.

5.8.2 Code Qualification. Whenever possible, each provision in the Plan and in every Option granted under this Plan which is designated by the Committee as an ISO shall be interpreted in such a manner as to entitle the Option to the tax treatment afforded by Section 422 of the Code. If any provision of the Plan or any Option designated by the Committee as an ISO shall be held not to comply with requirements necessary to entitle such Option to such tax treatment, then (i) such provision shall be deemed to have contained from the outset such language as shall be

necessary to entitle such Option to the tax treatment afforded under Section 422 of the Code, and (ii) all other provisions of this Plan and the Award Commitment shall remain in full force and effect. If any Award Commitment covering an Option designated by the Committee to be an ISO under the Plan shall not explicitly include any terms required to entitle such ISO to the tax treatment afforded by Section 422 of the Code, all such terms shall be deemed implicit in the designation of such Option and such Option shall be deemed to have been granted subject to all such terms.

5.8.3 Notice of Disposition. An Optionee shall give prompt notice to the Company of any disposition of shares of Common Stock acquired upon exercise of an ISO if such disposition occurs within either two (2) years after grant or one year after receipt of such shares by such Optionee. Such Optionee shall also comply with any applicable withholding requirements.

SECTION 5.9 STOCK APPRECIATION RIGHTS AWARDS

5.9.1 Grants. The Committee may grant SARs at the same time as Optionees are awarded Options under the Plan. Each SAR shall be in tandem with and relate to a specific Option under the Plan and shall specify that the number of Option Shares subject to the SAR shall be equal to the number of shares of Common Stock that the Optionee is entitled to receive pursuant to the related Option.

5.9.2 SAR Exercise. A SAR may be exercised, in whole or in part, within the period specified for the exercise of the Option in the related Option grant only upon surrender of the related Option (or portion thereof) by the Optionee. Each SAR shall be exercisable at such time or times, on the conditions and to the extent, but only to the extent, that the related Option is exercisable, provided that no such SAR (except in the case of death or physical or mental incapacity) shall be exercisable prior to the expiration of six (6) months following the Date of Grant and, provided further, that any SAR granted hereunder may provide, at the election of the Committee, that the SAR may be exercised only at a time when the Optionee to whom the SAR has been granted is subject to the provisions of Section 16(b) of the Act. Each SAR and all rights and obligations thereunder shall terminate and may no longer be exercised upon the termination or exercise of the related Option. An Optionee may exercise a SAR by giving written notice of exercise to the Company stating the number of shares of Common Stock subject to exercisable Options with respect to which the SARs are being exercised. The date upon which such written notice is received by the Company shall be the exercise date for the SARs.

An Option and SAR covering the same share of Common Stock may not be exercised simultaneously.

5.9.3 Value of SAR Payment. If an Optionee exercises a SAR, he shall receive an amount equal to the product of (i) the amount by which the SAR Fair Market Value on the exercise date of one share of Common Stock exceeds the Option Price of the related Option, times (ii) the number of shares covered by the Option, or portion thereof, which is surrendered. For purposes of this Article V, "SAR Fair Market Value" of a SAR or share of Common Stock on any date shall be the average of the daily closing prices of a share of Common Stock for five (5) consecutive business days immediately preceding the day in question as reported on the Composite Tape for New York Stock Exchange Listed Companies and published in the Eastern Edition of The Wall Street Journal, subject to the provisions of Section 5.9.4.

5.9.4 Time and Method of Payment

5.9.4.1 Any payment which may become due from the Company by reason of an Optionee's exercise of a SAR may be paid to the Optionee all in cash, all in shares of Common Stock or partly in shares and partly in cash, as determined by the Committee. The Committee shall determine the timing of any payment made.

5.9.4.2 If paid in cash, the amount thereof shall be the amount of appreciation determined under Subsection 5.9.3. The payments to be made, in whole or in part, in cash upon the exercise of SARs by any Reporting Person shall be made in accordance with the provisions relating to the exercise of SARs of Rule 16b-3 of the General Rules and Regulations under the Act, as in effect at the time of such exercise, or any law, rule, regulation or other provision that may hereafter replace such Rule.

5.9.4.3 In the event that all or a portion of the payment is made in shares of Common Stock, the number of shares of Common Stock received shall be determined by dividing the amount of the appreciation determined under Subsection 5.9.3 by the SAR Fair Market Value of a share of Common Stock on the exercise date of the SAR. Cash will be paid in lieu of any fractional share of Common Stock or, if the Committee should so determine, the number of shares of Common Stock will be rounded downward to the next whole share of Common Stock. All shares shall be valued at their SAR Fair Market Value as of the date of such exercise; provided, however, that with respect to exercises of SARs by an employee who is subject to the provisions of Section 16(b) of the Act during any period commencing on the third business day following the date of release for publication of the quarterly or annual summary statements of the Company's sales and earnings and ending on the twelfth business day following such date (a "window period"), the Committee may prescribe, by rule of general application, such other measure of fair market value per share as the Committee may, in its discretion, determine, but not in excess of the highest sale price of the Common Stock reported on the Composite Tape for New York Stock Exchange Listed Companies and published in the Eastern Edition of The Wall Street Journal during such window period. Notwithstanding the foregoing, the fair market value (or SAR Fair Market Value, if applicable) of SARs that relate to an ISO, shall not be in excess of the maximum amount that would be permissible under Section 422 of the Code without disqualifying such option as an ISO under such Section 422.

5.9.5 Effect of SAR and Option Exercises. Upon exercise of a SAR, the number of shares of Common Stock subject to exercise under the related Option shall automatically be reduced by the number of shares of Common Stock represented by the Option or portion thereof surrendered, as provided in Subsection 5.1.1. Shares of Common Stock subject to Options or portions thereof surrendered upon the exercise of SARs shall not be available for subsequent awards under the Plan. The exercise of any number of Options shall result in an equivalent reduction in the number of shares of Common Stock covered by the related SAR and such shares may not again be subject to a SAR under this Plan.

5.9.6 Nature of SARs. SARs shall be used solely as a device for the measurement and determination of the amount to be paid to Grantees as provided in the Plan. SARs shall not constitute or be treated as property or as a trust fund of any kind. All amounts at any time attributable to the SARs shall be and remain the sole property of the Company and all Grantees' rights hereunder are limited to the rights to receive cash and shares of Common Stock as provided in the Plan.

SECTION 5.10 PERFORMANCE ACCELERATED STOCK OPTIONS AWARDS

5.10.1 Grants. From time to time and upon the recommendation of the CEO, the Committee may grant PASOs in such number as it may determine to such Reporting Persons as the Committee may select. From time to time, the CEO may grant PASOs in such number as he may determine to such Nonreporting Persons as he may select; provided, however, each and all such grants shall be subject to Subsection 5.1.4 and any maximum aggregate amount of PASOs established by the Committee for grants under the Plan for Nonreporting Persons as a group. The Committee shall determine the number of PASOs to be awarded; provided, however, such number of PASOs shall automatically be reduced on a share for share basis to the extent that shares are issued pursuant to the exercise of the PASO. Subject to Subsection 5.10.2, each PASO shall specify a normal vesting date ("Normal Vesting Date") (which shall be less than the PASO Period).

5.10.2 Accelerated Date. The date or event designated by the Grantor (which shall be earlier than the Normal Vesting Date) at which the vesting of some or all PASOs shall occur if the Grantor determines that the applicable Performance Goals have been met.

5.10.3 PASO Period. The Committee shall determine the term of each PASO. Subject to earlier termination as provided in Article XII, the term shall not exceed ten (10) years.

5.10.4 Exercisability. Subject to Subsection 5.10.2 and Article XII, or as otherwise determined by the Committee, each PASO shall be exercisable at any time or times during the PASO Period and in such amount or amounts as the Committee may prescribe and specify in the applicable Award Commitment.

5.10.5 Corporate or Business Goals. From time to time, the Grantor shall determine Performance Goals to be used for, among other things, purposes of determining the Accelerated Date. If the Grantor shall determine minimum target and/or maximum performance goals and (i) if the minimum performance goal is not reached, then the Normal Vesting Date of the affected PASOs shall not be accelerated, and the Grantor may either determine new goals on the PASOs or allow the PASOs to vest at the Normal Vesting Date; (ii) if the minimum performance goal is reached but the target performance goal is not reached, then the Grantor may accelerate the Normal Vesting Date to an Accelerated Date for part of the affected PASOs (as specified in the applicable Award Commitment), and for the remainder of the PASOs, the Grantor may determine new goals or allow the PASOs to vest at the Normal Vesting Date; (iii) if the performance goal is reached and the maximum performance goal is not reached, then the Grantor may accelerate the Normal Vesting Date to an Accelerated Date for part of the affected PASOs, and for the remainder of the PASOs, the Grantor may determine new goals or allow the PASOs to vest at the Normal Vesting Date; and (iv) if the maximum performance goal is reached, then the Normal Vesting Date for all affected PASOs shall be accelerated to the Accelerated Date.

5.10.6 PASOs Treated Like Options. Except as otherwise provided in the Plan, PASOs shall be treated identical to Options; provided, however, that if there is a conflict between a provision specifically covering PASOs and one generally covering Options, then the specific provision shall control as to PASOs.

ARTICLE VI PERFORMANCE SHARE AWARDS

SECTION 6.1 GRANTS

From time to time and upon the recommendation of the CEO, the Committee may grant Performance Share Awards in such number as it may determine to such Reporting Persons as the Committee may select. From time to time, the CEO may grant in such number as he may determine Performance Share Awards to such Nonreporting Persons as he may select; provided, however, each and all such grants shall be subject to any maximum aggregate number of Performance Shares established by the Committee for grants under the Plan for Nonreporting Persons as a group.

SECTION 6.2 PERFORMANCE PERIOD

At the time of a Performance Share Award grant, the Committee shall establish a Performance Period of not less than one year nor more than five (5) years, commencing the Date of Grant of the Award.

SECTION 6.3 PERFORMANCE GOALS

At the time of each grant, the Committee shall establish for all Performance Share Awards the Performance Goals for the Company and any Participating Subsidiary, while the CEO (or his designee or designees) shall establish for each individual Performance Share Award the business unit, corporate staff group and individual Performance Goals (other than his own which will be the same as the Performance Goals for the Company), if any. All of the designated Performance Goals must be met as a precondition to any distribution or payment being made with respect to the Performance Share Award following the end of the Performance Period. Except as provided in Article XII, these Performance Goals (although their measurement, including adjustments, if any, as permitted under Subsection 6.8.3, will not occur until after the expiration of the applicable Performance Period) must be met during the continuance of the Grantee's employment with the Company or any Participating Subsidiary, prior to the expiration of the applicable Performance Period and prior to the lapse of restrictions and delivery of any shares of Common Stock and/or the making of any payment with respect to the Performance Share Award. Performance Goals may vary among Grantees and among Awards to a Grantee. Performance Goals shall be based upon such performance criteria

or combination of factors as the Grantor may deem appropriate, including, but not limited to, specified levels of earnings per share, return on investment, return on stockholders' equity and such other goals related to the Company's performance as are deemed appropriate by the Committee.

SECTION 6.4 PAYOUT SCHEDULE

In tandem with the establishment of the Performance Goals, the Grantor shall establish a Payout Schedule for that Performance Period for each Performance Share Award. Each Payout Schedule shall establish for each Performance Period minimum, target, maximum and intermediate performance and distribution levels for determining the shares of Common Stock deliverable and/or cash payable, if any, upon settlement of the Performance Share Award at the conclusion of the Performance Period.

SECTION 6.5 ISSUANCE OF STOCK AND STOCK CERTIFICATES

6.5.1 Issuance. As soon as possible after the Date of Grant of a Performance Share Award, the Company shall cause to be issued to the Grantee such number of shares of Common Stock as prescribed by the applicable Payout Schedule for attainment of target level of performance, that is, the Target Award. Concurrently, the Company shall cause to be issued a stock certificate or certificates, registered in the name of the Grantee and dated the Date of Grant, evidencing such shares. Each such issuance (of shares and of a stock certificate or certificates) shall be subject throughout the Performance Period to the terms, conditions and restrictions (including forfeiture and restrictions against transfer provisions of Section 6.6) contained in this Plan and/or the Award Commitment entered into between the registered owner of such shares and the Company, except as otherwise provided in this Plan. Although not a precondition to the granting of a Performance Share Award, each such issuance shall be subject to forfeiture to the Company as of the date of issuance if an Award Commitment and a stock power endorsed by the Grantee in blank with respect to the shares of Common Stock covered by the Performance Share Award under this Article VI are not duly executed by the Grantee and timely returned to the Company.

6.5.2 Custody and Legends. Each certificate for shares of Common Stock issued in respect of the Performance Share Award awarded under Subsection 6.5.1 shall be held in custody by the Company for the Grantee's account until the expiration or termination of the applicable Performance Period (except as provided in Article XII) and the satisfaction of any and all other conditions of the Award Commitment applicable to Performance Shares covered by the Performance Share Award. Such certificate shall be imprinted with a legend to indicate that the transferability thereof and the shares of stock represented thereby are subject to the terms, conditions and restrictions (including forfeiture and restrictions against transfer) contained in this Plan and/or an Award Commitment entered into between the registered owner of such shares and the Company, a copy of which Plan and Award Commitment is on file in the office of the Company's Corporate Secretary. Such legend shall not be removed from any stock certificate evidencing Performance Shares until the lapse or release of the restrictions as described in Section 6.8. Each certificate also shall be subject to appropriate stop-transfer orders.

SECTION 6.6 RESTRICTIONS AND FORFEITURES

The shares of Common Stock issued to a Grantee pursuant to Section 6.5 shall be subject to the following restrictions until the expiration or termination of the Performance Period established pursuant to Section 6.2: (i) a Grantee shall not be entitled to delivery of a certificate evidencing the shares of Common Stock covered by the Performance Share Award until the expiration or termination of the Performance Period; (ii) none of such shares of Common Stock may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Performance Period and until the satisfaction of any and all other conditions; and (iii) all such Common Stock shall be forfeited and returned to the Company and all rights of the Grantee with respect to such Common Stock (including, but not limited to, those specified in Section 6.7) shall terminate without further obligation on the part of the Company unless (x) the Grantee has remained a regular full time employee of the Company or any Participating Subsidiary until the expiration or termination of the Performance Period (except as provided in Article XII) and (y) the satisfaction of any and all other conditions of the Award Commitment applicable to such Common Stock covered by the Performance Share Award is completed. Upon the forfeiture of any shares of Common Stock, ownership of such forfeited shares shall be transferred to the Company without further acts by the Grantee.

SECTION 6.7 STOCKHOLDER RIGHTS

Following registration in the Grantee's name, and subject to execution of the documents provided for in Section 6.5, during the Performance Period the Grantee shall have the entire beneficial interest in, and all rights and privileges of a stockholder as to, such shares of Common Stock awarded to him with respect to the target level performance, including, but not limited to, the right to vote and receive dividends, subject to the restrictions and forfeiture risks set forth in Section 6.6. Any shares of Common Stock distributed as a dividend or otherwise with respect to any shares issued under a Performance Share Award as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such shares.

SECTION 6.8 DELIVERY OF SHARES AND CASH PAYMENTS

6.8.1 Determination of Performance Results and Award Settlement. As soon as practicable after the Performance Period expires or otherwise terminates with respect to each Performance Share Award, the Committee shall determine whether and the extent to which any corporate Performance Goals were achieved during the Performance Period; and the Grantor shall determine whether and the extent to which applicable business unit, corporate staff and individual Performance Goals, if any, were achieved during the Performance Period. Following such determinations, a calculation shall be made of the number of shares of Common Stock whose restrictions shall lapse and shall be deliverable and the cash payable, if any, upon settlement of the Performance Share Award. The computation shall be made by application of the Payout Schedule to the degree of actual performance achieved against Performance Goals (determined as provided in the preceding sentence).

6.8.2 Delivery of Shares and Payment of Cash

6.8.2.1 In the event the minimum level of performance established by the Payout Schedule is not achieved, the entire Performance Share Award is forfeited, including, without limitation, the shares of Common Stock held in custody pursuant to Section 6.5.

6.8.2.2 Should the minimum level of performance established by the Payout Schedule be achieved, the Grantee shall have earned (subject to adjustments as provided by Subsection 6.8.3) the applicable Minimum Award and in settlement thereof the Section 6.6 restrictions on that number of shares of Common Stock held in custody pursuant to Section 6.5 equal to the share number specified by the Payout Schedule for performance at the minimum level shall lapse and as promptly as administratively feasible thereafter, the Company shall deliver to the Grantee a stock certificate or certificates for the number of shares of Common Stock earned. Upon such delivery, shares remaining in custody (which are the difference between the applicable Minimum Award and the applicable Target Award) shall be forfeited and ownership transferred to the Company without further acts by the Grantee.

6.8.2.3 In the event the target level of the Payout Schedule is achieved, the Grantee shall have earned (subject to adjustments as provided by Subsection 6.8.3) the applicable Target Award and in settlement thereof the Section 6.6 restrictions on all of the shares held in custody pursuant to Section 6.5 shall lapse and as soon as administratively feasible thereafter the Company shall deliver to the Grantee a stock certificate or certificates for the number of shares of Common Stock earned.

6.8.2.4 For performance at a level between the minimum performance level of the Payout Schedule and the target level of the Payout Schedule the Section 6.6 restrictions on that number of shares of Common Stock held in custody pursuant to Section 6.5 equal to the share number specified by the Payout Schedule for performance at the applicable intermediate level shall lapse and as promptly as administratively feasible thereafter, the Company shall deliver to the Grantee a stock certificate or certificates for the number of shares of Common Stock earned. Upon such delivery, shares remaining in custody (which are the difference between the number of shares prescribed for the level of performance achieved and the Target Award) shall be forfeited and ownership transferred to the Company without further acts by the Grantee.

6.8.2.5 Should the maximum level of performance established by the Payout Schedule be attained or exceeded, the Grantee shall have earned (subject to adjustments as provided by Subsection 6.8.3) the applicable Maximum Award and in settlement thereof (i) the restrictions on that number of shares of Common Stock held in

custody pursuant to Section 6.5 equal to the share number specified by the Payout Schedule for performance at the target level shall lapse and as promptly as administratively feasible thereafter the Company shall deliver to the Grantee a stock certificate or certificates for the number of shares of Common Stock earned at the target level, and (ii) the share differential between the number of shares specified by the Payout Schedule for performance at the target level and the number of shares specified in the Payout Schedule for performance at the maximum level of performance shall be paid in cash, shares of Common Stock or a combination thereof, as determined by the Committee. Such share differential shall have a value which is the product of the number of shares constituting the share differential times the Performance Share Fair Market Value on the vesting date.

6.8.2.6 For performance between the target level and the maximum level of performance specified in the Payout Schedule (i) the Section 6.6 restrictions on that number of shares of Common Stock held in custody pursuant to Section 6.5 equal to the share number specified by the Payout Schedule for performance at the target level shall lapse and as promptly as administratively feasible thereafter, the Company shall deliver to the Grantee a stock certificate or certificates for the number of shares of Common Stock earned at the target level, and (ii) the share differential between the share number specified by the Payout Schedule for performance at the target level and the share number specified by the Payout Schedule for performance at the applicable intermediate level shall be paid in cash, shares of Common Stock or a combination thereof, as determined by the Committee. Such share differential shall have a value which is the product of the number of shares constituting the share differential times the Performance Share Fair Market Value on the vesting date.

6.8.2.7 Cash payments normally will be made as soon as practicable following the end of the Performance Period. All shares delivered to a Grantee pursuant to this Subsection 6.8.2 shall be without the legend described in Subsection 6.5.2 and shall be free of all restrictions and forfeitures, except as otherwise provided by Article XII or imposed by law. No payment will be required from the Grantee upon the delivery of any shares of Common Stock, except that the amount necessary to satisfy applicable Federal, state or local tax requirements shall be paid by the Grantee in accordance with the requirements of Section 14.1.

6.8.3 Revisions for Significant Events. When circumstances occur (including, but not limited to, unusual or nonrecurring events, changes in tax laws or accounting principles or practices) that cause any Performance Goal, Payout Schedule and/or level of performance or distribution specified in a Payout Schedule to be inappropriate in the judgment of the party initially responsible for establishing the Performance Goal, Payout Schedule and/or performance or distribution level, such party may make such changes as said party deems equitable in recognition of any unforeseen events or changes in circumstances or changed business or economic conditions.

6.8.4 Conditions Precedent. Incentives shall be paid to the Grantee only upon compliance by the Grantee with all obligations of such Grantee under the Plan and/or the Award Commitment with respect to such Performance Share Awards, including the requirement that, except as provided in Article XII, the Performance Goals (although their measurement, including adjustments, if any, required by the Committee or the CEO, as provided herein, will not occur until after the expiration of the applicable Performance Period) must be met during the continuance of the Grantee's employment with the Company or any of the Participating Subsidiaries, prior to the expiration of the applicable Performance Period and prior to the lapse of restrictions and delivery of any shares of Common Stock and/or the making of any payment with respect to the Performance Share Award.

6.8.5 Performance Share Fair Market Value. As used in this Article VI, "Performance Share Fair Market Value" of a Performance Share Unit or a share of Common Stock on any date shall be the average of the daily closing prices for a share of Common Stock for the five (5) consecutive trading days immediately preceding the day in question as reported on the Composite Tape for New York Stock Exchange Listed Companies and published in the Eastern Edition of The Wall Street Journal.

ARTICLE VII
RESTRICTED STOCK AWARDS

SECTION 7.1 GRANTS

From time to time and upon the recommendation of the CEO, the Committee may grant Restricted Stock Awards in such number as it may determine to such Reporting Persons as the Committee may select. From time to time, the CEO may grant in such number as he may determine Restricted Stock Awards to such Nonreporting Persons as he may select; provided, however, each and all such grants shall be subject to any maximum aggregate number of shares of Restricted Stock established by the Committee for grants under the Plan for Nonreporting Persons as a group.

SECTION 7.2 RESTRICTED PERIOD

At the time of a Restricted Stock Award grant, the Committee shall establish (for all Restricted Stock shares which are then being awarded to a Participant or, if it is the intent that the total of such shares shall be divided into separate parts, for each part of such total) a Restricted Period of not less than one year or more than five (5) years (the "Restriction Range"), commencing with the Date of Grant of the Award. Different Restricted Periods may be fixed within the Restriction Range for different parts of the shares of Restricted Stock which are being awarded to a Grantee.

SECTION 7.3 RESTRICTIONS AND FORFEITURE

The shares of Restricted Stock covered by the Restricted Stock Award granted to a Grantee pursuant to Section 7.1 shall be subject to the following restrictions until the expiration or termination of the Restricted Period established pursuant to Section 7.2: (i) a Grantee shall not be entitled to delivery of a certificate evidencing the shares of Restricted Stock covered by the Restricted Stock Award until the expiration or termination of the Restricted Period and the satisfaction of any and all other conditions specified in the Award Commitment applicable to such Restricted Stock shares; (ii) none of the shares of Restricted Stock may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restriction Period and until the satisfaction of any and all other conditions specified in the Award Commitment applicable to such Restricted Stock; and (iii) all of the shares of Restricted Stock shall be forfeited and returned to the Company and all rights of the Grantee with respect to such Restricted Stock shares (including, but not limited to, those specified in Section 7.5) shall terminate without further obligation on the part of the Company unless (x) the Grantee has remained a regular full time employee of the Company or any Participating Subsidiary until the expiration or termination of the Restricted Period or Periods and (y) the satisfaction of any and all other conditions of the Award Commitment applicable to such Restricted Stock shares. Upon the forfeiture of any shares of Restricted Stock, such forfeited shares shall be transferred to the Company without further acts by the Grantee.

SECTION 7.4 ISSUANCE OF STOCK AND STOCK CERTIFICATE

7.4.1 Issuance. As soon as practicable after the Date of Grant of a Restricted Stock Award, the Company shall cause to be issued to the Grantee such number of shares of Common Stock as constitutes the Restricted Stock shares awarded under the Restricted Stock Award. Concurrently, the Company shall cause to be issued a stock certificate or certificates, registered in the name of the Grantee and dated as of the Date of Grant, evidencing such shares. Each such issuance (of shares and of a stock certificate or certificates) shall be subject throughout the Performance Period to the terms, conditions and restrictions (including forfeiture and restrictions against transfer provisions of Section 7.3) contained in this Plan and/or the Award Commitment entered into between the registered owner of such shares and the Company, except as otherwise provided in this Plan. Although not a precondition to the granting of a Performance Share Award, each such issuance shall be subject to forfeiture to the Company as of the Date of Grant if an Award Commitment and a stock power endorsed by the Grantee in blank with respect to the shares of Restricted Stock covered by the Award under this Article VII are not duly exercised by the Grantee and timely returned to the Company.

7.4.2 Custody and Legends. Each certificate for shares of Common Stock issued in respect of the Restricted Stock Award granted under Section 7.1 shall be held in custody by the Company for the Grantee's account until the expiration or termination of the applicable Restricted Period (except as provided in Article XII) and the satisfaction of any and all other conditions of the Award Commitment applicable to such shares of Restricted Stock covered by the Restricted Stock Award. Such certificate shall be imprinted with a legend to indicate that the transferability thereof and the shares of Common Stock represented thereby are subject to the terms, conditions and restrictions (including forfeiture and restrictions against transfer) contained in this Plan and/or an Award Commitment entered into between the registered owner of such shares and the Company, a copy of which Plan and Award Commitment is on file in the office of the Company's Corporate Secretary. Such legend shall not be removed from any stock certificate evidencing such Restricted Stock shares until the lapse or release of the restrictions as described in Section 7.3. Each certificate also shall be subject to appropriate stop-transfer orders.

SECTION 7.5 STOCKHOLDER RIGHTS

Following registration in the Grantee's name and subject to execution of the documents provided for in Section 7.4, during the Restricted Period the Grantee shall have the entire beneficial interest in, and all rights and privileges of a stockholder as to, such shares of Common Stock covered by the Restricted Stock Award, including, but not limited to, the right to vote such shares and the right to receive dividends, subject to the restrictions and forfeitures set forth in Section 7.3. Any shares of Common Stock distributed as a dividend or otherwise with respect to any shares of Restricted Stock as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Restricted Stock shares.

SECTION 7.6 DELIVERY OF SHARES

Upon the expiration (without a forfeiture) or earlier termination of the Restriction Period and the satisfaction of or release from any other conditions by the Grantee under the Plan and/or the Award Commitment with respect to such shares of Restricted Stock, or at such earlier time as provided under the provisions of Article XII and/or Article XIII, all of such shares shall be released from all restrictions and forfeiture provisions under Section 7.3, any similar restrictions and forfeiture provisions under the Award Commitment applicable to such shares and all other restrictions and forfeiture provisions of this Plan or such Award Commitment. As promptly as administratively feasible thereafter the Company shall deliver or cause to be delivered to such Grantee a stock certificate or certificates for the appropriate number of shares of Common Stock, free of such restrictions and forfeitures, except as otherwise provided by Article XIV or imposed by law. No payment will be required from the Grantee upon the delivery of any shares of Restricted Stock, except that amount necessary to satisfy applicable Federal, state or local tax requirements shall be paid by the Grantee in accordance with the requirements of Section 14.1.

ARTICLE VIII PHANTOM UNIT AWARDS

SECTION 8.1 GRANTS

From time to time and upon the recommendation of the CEO, the Committee may grant Phantom Unit Awards in such number as it may determine to such Reporting Persons as the Committee may select. From time to time, the CEO may grant Phantom Unit Awards in such number as he may determine to such Nonreporting Persons as he may select; provided, however, each and all such grants shall be subject to any maximum aggregate number of Phantom Units established by the Committee for grants under the Plan for Nonreporting Persons as a group.

Notwithstanding the above paragraph, the Committee may at its discretion grant Phantom Units payable in one share of Hercules Common Stock for each unit at the time of vesting pursuant to Section 8.2. In these cases, such Phantom Units are referred to as Restricted Stock Units and during the period that such Restricted Stock Units are awarded, shall be subject to all the provisions of Section 8.2 except, however, such payment shall be made in shares of Hercules Common Stock as contrasted to cash as provided above.

SECTION 8.2 VESTING OF AWARDS

The amounts credited with respect to each Phantom Unit shall become vested on the date or dates determined and set forth in the applicable Award Commitment at the time of grant unless vested sooner as described in Article XII of the Plan. The vesting period shall be determined by the Committee, but in no case shall such period be less than one year or more than five (5) years. Vesting shall be subject to the terms, conditions and provisions hereinafter with respect to forfeiture and termination of Awards or early vesting or forfeiture of Awards in accordance with the provisions of Article XII.

SECTION 8.3 VALUE OF PHANTOM UNITS PAYMENTS

The amount payable with respect to each vested Phantom Unit Award shall be the sum of (i) the dividends and interest credited to such account and (ii) an amount determined by multiplying the number of Phantom Units posted to such account by the Phantom Unit Fair Market Value on the date of vesting. For the purpose of determining such amount the Company shall establish and maintain a separate memorandum account for each Grantee granted a Phantom Unit Award pursuant to Section 8.1. As of the Date of Grant of each grant of a Phantom Unit Award the Company shall credit to the account of each Grantee who has been granted a Phantom Unit Award such number of Phantom Units as is specified in the Award. From the Date of Grant until the date that payments under the Plan commence the account of each Grantee shall be credited quarterly with an amount determined by multiplying the amount of Phantom Units credited to each account by the per share dividend paid quarterly by the Company on its Common Stock. In addition, each account (representing dividends and credited interest) shall be credited quarterly with an amount determined by multiplying the account balance at the close of each quarter by an amount representing one-fourth of the average per annum rate of interest established by Morgan Guaranty Trust Company (or by such other major New York commercial bank as the Committee shall designate) in New York from time to time during such quarter as its prime lending rate. As used in this Article VIII, "Phantom Unit Fair Market Value" of a Phantom Unit or a share of Common Stock on any date shall be the average of the daily closing prices for a share of Common Stock for the five (5) consecutive trading days immediately preceding the day in question as reported on the Composite Tape for New York Stock Exchange Listed Companies and published in the Eastern Edition of The Wall Street Journal.

SECTION 8.4 TIME AND METHOD OF PAYMENT

Any payment which may become due from the Company upon the vesting of a Phantom Unit shall be paid to the Grantee in cash. The date or dates upon which amounts determined pursuant to Section 8.3 shall be paid to the Grantee shall be determined by the Committee prior to the Date of Grant and set forth in the applicable Award Commitment or in accord with such rules and regulations as may be adopted by the Committee.

SECTION 8.5 FORFEITURE OF PHANTOM UNITS

Except as otherwise provided in Article XII, all of the Phantom Units credited to a Grantee's account (including all dividend equivalents and interest credited thereto) shall be forfeited and all rights of the Grantee with respect to such Phantom Units (including any dividend equivalents and interest related thereto) shall terminate without further obligation on the part of the Company unless and until (i) the Grantee has remained a regular full time employee of the Company or any Participating Subsidiary until vesting as described in Section 8.2 and (ii) the satisfaction of any other conditions specified in the Plan and/or Award Commitment applicable to such Phantom Units, except as may otherwise be determined by the Committee.

SECTION 8.6 NATURE OF PHANTOM UNITS

Phantom Units shall be used solely as a device for the measurement and determination of the amount to be paid to Grantees as provided in the Plan. Phantom Units shall not constitute or be treated as property or as a trust fund of any kind. All amounts at any time attributable to the Phantom Units shall be and remain the sole property of the Company and all Grantees' rights hereunder are limited to the rights to receive cash and shares of Common Stock as provided in the Plan.

ARTICLE IX
CASH VALUE AWARDS

SECTION 9.1 GRANTS

From time to time and upon the recommendation of the CEO, the Committee may grant Cash Value Awards in such number as it may determine to such Reporting Persons as the Committee may select. From time to time, the CEO may grant Cash Value Awards in such number as he may determine to such Nonreporting Persons as he may select; provided, however, each and all such grants shall be subject to any maximum dollar value established by the Committee for grants under the Plan for Nonreporting Persons as a group.

SECTION 9.2 PERFORMANCE PERIOD

At the time of a Cash Value Award grant, the Committee shall establish a Performance Period of not less than one year nor more than five (5) years, commencing on the Date of Grant of the Award.

SECTION 9.3 PERFORMANCE GOALS

At the time of each grant, the Committee shall establish for all Cash Value Awards the Performance Goals for the Company and any Participating Subsidiary, while the CEO (or his designee or designees) shall establish for each individual Cash Value Award the business unit, corporate staff group and individual Performance Goals (other than his own which will be the same as the Performance Goals for the Company), if any. All of the designated Performance Goals must be met as a precondition to any distribution or payment being made with respect to the Cash Value Award following the end of the Performance Period. Except as provided in Article XII, these Performance Goals (although their measurement, including adjustments, if any, will not occur until after the expiration of the applicable Performance Period) must be met during the continuance of the Grantee's employment with the Company or any Participating Subsidiary, prior to the expiration of the applicable Performance Period and prior to the making of any payment with respect to the Cash Value Award. Performance Goals may vary among Grantees and among Awards to a Grantee. Performance Goals shall be based upon such performance criteria or combination of factors as the Grantor may deem appropriate, including, but not limited to, specified levels of earnings per share, return on investment, return on stockholders' equity and such other goals related to the Company's performance as are deemed appropriate by the Committee.

SECTION 9.4 PAYOUT SCHEDULE

In tandem with the establishment of the Performance Goals, the Grantor shall establish a Payout Schedule for that Performance Period for each Cash Value Award. Each Payout Schedule shall establish for each Performance Period minimum, target, maximum and intermediate performance and distribution levels for determining the payout of the Common Stock, if any, of the Cash Value Award at the conclusion of the Performance Period.

SECTION 9.5 FORM OF PAYOUT

Payment of a Cash Value Award shall be made in cash, Common Stock, Restricted Stock or any combination thereof as determined by the Grantor at the time of the Payout. Restricted Stock shall be governed by Articles VII and XII; provided, however, that Restricted Stock granted at less than Fair Market Value shall also be governed by Section 9.6 and the Attributable Shares (defined below) shall be governed by Section 13.3.

SECTION 9.6 CALCULATION OF PAYOUT

As soon as practicable after the Performance Period expires with respect to the Cash Value Award, the Grantor shall determine whether and the extent to which any Performance Goals were achieved during the Performance Period. The Grantor may also determine the amount and form of the Payout. If the Payout is to be paid in Restricted Stock, then the number of shares calculated by the Grantor may be determined by using either 100% or 85% (as determined by the Committee) of the Fair Market Value on the date of issue. If the Grantor uses 85% of the Fair Market Value, then those shares attributable to the discount (i.e., 100% minus 85%) (the "Attributable Shares") shall be subject to the forfeiture provisions under Section 13.3; and otherwise, the Restricted Stock shall be subject to forfeiture under Article XII.

ARTICLE X
OTHER AWARDS

SECTION 10.1 OTHER MARKET-BASED AWARDS

The Grantor may grant other Market-Based Awards, provided that the purchase price or base price for the equity securities of the Company shall in no event be less than 100% of the Fair Market Value of such security on the Date of Grant. Such Other Market-Based Awards shall be in a form determined by the Committee, and the Committee shall have complete authority to determine the terms, conditions and restrictions of the awards, not inconsistent with the terms of the Plan. The Committee, upon recommendation of the CEO, shall determine the time or times at which such Other Market-Based Awards shall be made. Any such Other Market-Based Award shall be confirmed by an Award Commitment executed by the Company and the Grantee, which Agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of the Plan with respect to such Award.

SECTION 10.2 OTHER PERFORMANCE-BASED AWARDS

The Grantor may grant Other Performance-Based Awards. Such Other Performance-Based Awards shall be in a form determined by the Committee, and the Committee shall have complete authority to determine the terms, conditions and restrictions of the awards, not inconsistent with the terms of the Plan. The Committee, upon recommendation of the CEO, shall determine the time or times at which such Other Performance-Based Awards shall be made. Any such Other Performance-Based Award shall be confirmed by an Award Commitment executed by the Company and the Grantee, which Agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of the Plan with respect to such Award.

SECTION 10.3 TERMS OF OTHER AWARDS

In addition to the terms and conditions specified in the Award Commitment, awards made pursuant to this Article X shall be subject to the following:

- (a) Any shares of Common Stock subject to Awards made under this Article X may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction or performance period lapses; and
- (b) If specified by the Committee in the Award Commitment, the recipient of an Award under this Article X shall be entitled to receive, currently or on a deferred basis, interest or dividends or dividend equivalents with respect to the Common Stock covered by the Award; and
- (c) The Award Commitment with respect to any Award shall contain provisions dealing with the disposition of such Award in the event of a termination of employment prior to the exercise, realization or payment of such Award, whether such termination occurs because of retirement, disability, death or other reason, with such provisions to take account of the specific nature and purpose of the Award.

SECTION 10.4 STOCK OPTION DIVIDEND EQUIVALENTS.

10.4.1 Grants. The Grantor may provide that a Grantee to whom an Option has been granted which is exercisable in whole or in part at a future time for shares of Common Stock (referred to in this subsection as "Share" or "Shares") shall be entitled to receive an amount per Share equal in value to the cash dividends, if any, paid per Share on issued and outstanding Shares, as of the dividend record dates occurring during the period between the Date of Grant and the time each such Share is delivered pursuant to exercise of such Stock Option or the related Stock Appreciation Right. Such amounts (herein called "Dividend Equivalents") shall be paid in cash at the time of the delivery of such Shares.

10.4.2 Interest. The Grantor may authorize payment of interest on Dividend Equivalents. The interest will be payable in cash at the same time the related Dividend Equivalents are paid.

10.4.3 Forfeiture. To the extent the Stock Options to which Dividend Equivalents and interest are related shall be forfeited all accrued Dividend Equivalents and interest thereon shall also be forfeited.

ARTICLE XI SUBSTITUTION AWARDS

SECTION 11.1 SUBSTITUTION OF PERFORMANCE SHARES

Upon the request of the Grantee, the Committee may grant Restricted Stock Awards in substitution for such numbers of shares of Common Stock of equal value held in custody pursuant to Section 6.5 whose restrictions shall lapse upon expiration or other termination of a Performance Period. The number of Performance Shares available for substitution shall be determined by the method described in Section 11.3. Such Substitution Awards shall be subject to such Restricted Periods and other terms, conditions and restrictions as the Committee may from time to time determine. No substitution shall be permitted after termination of employment, regardless of the reason for termination. Once substitution has been approved by the Committee, no payment will be made with respect to an original Award.

SECTION 11.2 SUBSTITUTION OF RESTRICTED STOCK

Upon request of the Grantee, the Committee may grant Restricted Stock Awards in substitution for shares of Restricted Stock previously awarded either under this Plan or under the Hercules Incorporated Restricted Stock Plan of 1986. Such Awards shall be subject to such Restricted Periods and other terms, conditions and restrictions as the Committee may from time to time determine. No substitution shall be permitted after termination of employment, regardless of the reason for termination.

SECTION 11.3 SUBSTITUTION PROCEDURES

Any request of a Grantee pursuant to Section 11.1 or 11.2 shall be filed in writing with the Committee in accordance with such rules and regulations, including any deadline for the making of such request, as the Committee may provide. No substitution shall be permitted past any termination of employment described in Article XII or past the occurrence of any of the events specified in clauses (i), (ii) and (iii) of Section 14.4.

SECTION 11.4 SUBSTITUTIONS IN CONTEMPLATION OF RETIREMENT

Prior to the expiration of the Performance Period or Restricted Period applicable to any Performance Shares or Restricted Stock Awards granted to a Grantee prior to January 1, 1995, such Grantee may, with the consent of the Committee, surrender all or a portion of his Award in substitution for Phantom Unit Awards subject to the terms and conditions of Article VIII, and provided that: (i) such surrender shall be treated as a forfeiture under the Plan; (ii) such substitution shall be made for retirement planning purposes; (iii) such substitution shall be made prior to December 31 of the year preceding the Grantee's Normal Retirement Date but not more than one year prior to the Grantee's Normal Retirement Date; or, in cases where Retirement with consent occurs prior to the Grantee's Normal Retirement Date, not less than sixty (60) nor more than three hundred and sixty (360) days before an announced Retirement approved by the Company; and (iv) any Phantom Units shall be substituted as of the expiration date of the applicable Performance Period in an amount consistent with the number of shares calculated for each Award being substituted.

ARTICLE XII
TERMINATION OF EMPLOYMENT

12.1 RETIREMENT

12.1.1 Stock Options and SARs. If prior to the expiration of the Option Period a Grantee who has been given an Option or SAR under the Plan shall cease to be employed by the Company, any Participating Subsidiary or Related Entity because of his Retirement, (i) in the case of Nonqualified Options (except PASOs) and their related SARs, each Option and SAR shall become immediately exercisable and shall remain exercisable for a period of five (5) years from the date of cessation of employment (with respect to options granted prior to May 1, 1994, the period shall be three (3) years from the date of cessation of employment), but not beyond the end of the Option Period, and (ii) in the case of ISOs and their related SARs, each Option and SAR shall, at such time as it becomes exercisable under the Award Commitment covering such Option, remain exercisable for a period of three (3) months from the cessation of employment, but not beyond the end of the Option Period.

12.1.2 Performance Share, Restricted Stock, Phantom Unit, and Cash Value Awards. If prior to the expiration of the Performance or Restricted Period a Grantee who has been given a Performance Share, Restricted Stock, Phantom Unit or Cash Value Award under the Plan shall cease to be employed by the Company, any Participating Subsidiary or Related Entity because of his Retirement, (i) that Grantee shall be entitled to Performance Shares or Cash Value at the end of the Performance Period based upon the extent to which the Performance Goals were satisfied at the end of such period (provided, however, the Committee may provide for an earlier payment in settlement of such Performance Shares in such amount and under such terms and conditions as the Committee deems appropriate or desirable); and (ii) all remaining restrictions with respect to such Grantee's Restricted Stock and Phantom Unit Awards shall lapse as of the date of termination.

12.1.3 Performance Accelerated Stock Options. If prior to the expiration of the PASO Period a Grantee who has been given a PASO Award under the Plan shall cease to be employed by the Company, any Participating Subsidiary or Related Entity because of his Retirement, that Grantee shall be entitled to PASOs as follows: If the PASOs are exercisable on the date of Retirement, then the PASOs will remain exercisable until the earlier of five (5) years or the end of the PASO period; if the PASOs are not yet exercisable, then they shall become exercisable at the earlier of (i) such time as the PASOs become exercisable through acceleration due to performance, or (ii) four and one-half (4.5) years after Retirement regardless of performance, or (iii) the end of nine and one-half (9.5) years from the award date. Once the PASOs become exercisable, they shall remain exercisable until the earlier of five (5) years after Retirement or the end of the PASO period, provided, however, the Grantor may provide for acceleration of the vesting date and/or an earlier settlement of such PASOs under such terms and conditions as the Grantor deems appropriate or desirable.

12.1.4 Restricted Stock Unit. If prior to the expiration of the restriction period for a Restricted Stock Unit, a grantee who has been granted a Restricted Stock Unit under the Plan, shall cease to be employed by the Company, any participating subsidiary or related entity because of his retirement, that grantee at his election no less than 60 days prior to his designated retirement date, be entitled to defer the payout of such Restricted Stock Units to a future designated date and on such date all remaining restrictions with respect to such grantee's Restricted Stock shall lapse as of such designated date and shares shall be distributed to such grantee plus accrued dividend equivalents, plus interest thereon, or if no such election is filed, all remaining restrictions with respect to such grantee's Restricted Stock shall lapse on the date of termination and such shares shall be distributed along with accrued dividend equivalents, plus interest thereon.

SECTION 12.2 REDUCTION IN FORCE

12.2.1 Stock Options and SARs. If prior to the expiration of the Option Period a Grantee who has been given an Option or SAR under the Plan shall cease to be employed by the Company or any Participating Subsidiary because of a Reduction in Force, (i) in the case of Nonqualified Options (except PASOs) and their related SARs, each Option and SAR shall become immediately exercisable and shall remain exercisable for a period of one year from the date of cessation of employment, but not beyond the end of the Option Period, and (ii) in the case of an ISO, each Option and SAR shall, at such time as it becomes exercisable under the Award Commitment covering such Option, remain exercisable for a period of three (3) months from the cessation of employment, but not beyond the end of the Option Period.

12.2.2 Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards. If prior to the expiration of the Performance or Restricted Period a Grantee who has been given a Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit or Cash Value Award under the Plan shall cease to be employed by the Company or any Participating Subsidiary because of a Reduction in Force, (i) that Grantee shall be entitled to a Minimum Award of Performance Shares or Cash Value at the end of the Performance Period prorated for the portion of the Performance Period during which the Grantee was employed by the Company, any Participating Subsidiary (provided, however, the Committee may provide for an earlier payment in settlement of such Performance Shares or Cash Value in such amount and under such terms and conditions as the Committee deems appropriate or desirable); and (ii) all remaining restrictions with respect to such Grantee's Restricted Stock, Restricted Stock Unit and Phantom Unit Awards shall lapse, in an amount prorated for the amount of time such Awards have remained under restriction, as of the date of termination.

12.2.3 Performance Accelerated Stock Options. If prior to the expiration of the PASO Period a Grantee who has been given a PASO Award under the Plan shall cease to be employed by the Company or any Participating Subsidiary because of a Reduction in Force, the Grantor shall determine the timing, terms and conditions of the exercise of the Award as the Grantor deems appropriate or desirable except that no PASO may be exercised beyond the end of the PASO Period.

SECTION 12.3 TRANSFERS TO CERTAIN RELATED ENTITIES

12.3.1 Stock Options and SARs. If prior to the expiration of the Option Period a Grantee who has been given a Option or SAR under the Plan shall cease to be employed by the Company or any Participating Subsidiary because of a transfer to a Related Entity, (i) in the case of Nonqualified Options (except PASOs) and their related SARs, each Option and SAR shall become immediately exercisable and shall remain exercisable for a period of three (3) years from the date of cessation of employment, but not beyond the end of the Option Period, and (ii) in the case of an ISO, each Option and SAR shall, at such time as it becomes exercisable under the Award Commitment covering such Option, remain exercisable for a period of three (3) months from the cessation of employment, but not beyond the end of the Option Period.

12.3.2 Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards. If prior to the expiration of the Performance or Restricted Period a Grantee who has been given a Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit or Cash Value Award under the Plan shall cease to be employed by the Company or any Participating Subsidiary because of a transfer to a Related Entity, then all restrictions with respect to such Performance Shares, Restricted Stock, Restricted Stock Unit or Phantom Units shall remain in effect until the end of the Performance or Restricted Period; provided, however, the Grantor may provide as the case may be for an earlier payment in settlement of such Performance Shares, Restricted Stock, Restricted Stock Units or Phantom Units and for payment of Cash Value Awards, all in such amount and under such terms and conditions as the Grantor deems appropriate or desirable.

12.3.3 Performance Accelerated Stock Options. If prior to the expiration of the PASO Period a Grantee who has been given a PASO Award under the Plan shall cease to be employed by the Company or any Participating Subsidiary because of a transfer to a Related Entity, the Grantor shall determine the timing, terms and conditions of the exercise of the Award as the Grantor deems appropriate or desirable except that no PASO may be exercised beyond the end of the PASO Period.

SECTION 12.4 DISABILITY OR DEATH

12.4.1 Stock Options and SARs. If prior to the end of the Option Period a Grantee who has been granted a Option shall cease to be employed by the Company, any Participating Subsidiary or Related Entity by reason of Death or Disability, (i) in the case of Nonqualified Options (excluding PASOs) and their related SARs, each Option and SAR shall become immediately exercisable and shall remain exercisable for a period of one year from the date

of cessation of employment, but not beyond the end of the Option Period, and (ii) in the case of an ISO, each Option and SAR shall, at such time as it becomes exercisable under the Award Commitment covering such Option, remain exercisable for a period of one year from the cessation of employment, but not beyond the end of the Option Period. Notwithstanding the foregoing, the Committee may, in its sole discretion, on a case-by-case basis, determine for new Options, or extend for outstanding Options, the period during which the Options may be exercised after the Grantee dies or suffers a Disability, provided that such post-termination exercise period may not extend beyond the expiration of the stated Option Period.

12.4.2 Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards. If prior to the expiration of the Performance or Restricted Period a Grantee who has been given a Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Award under the Plan shall cease to be employed by the Company, any Participating Subsidiary or Related Entity by reason of Death or Disability, (i) that Grantee shall be entitled to Performance Shares or Cash Value (paid in cash) at the Target Award level on the date of termination; and (ii) all remaining restrictions with respect to such Grantee's Restricted Stock, Restricted Stock Unit, and Phantom Unit Awards shall lapse as of the date of termination.

12.4.3 Performance Accelerated Stock Options. If prior to the expiration of the PASO Period, a Grantee who has been given a PASO Award under the Plan shall cease to be employed by the Company, any Participating Subsidiary or Related Entity because of Disability or Death, then such Grantee (or the Beneficiary of such Grantee) shall be entitled to PASOs as follows: if the PASOs are exercisable on the date of such Disability or Death, then the PASOs will remain exercisable until the earlier of one (1) year or the end of the PASO Period; if the PASOs are not yet exercisable, then they shall become exercisable at the earlier of (i) such time as the PASOs become exercisable through acceleration due to performance, or (ii) six (6) months after such Disability or Death, or (iii) nine and one-half (9.5) years from the award date. Once the PASOs become exercisable, they shall remain exercisable until the earlier of one (1) year after or the end of the PASO Period. Notwithstanding the foregoing, the Committee may, in its sole discretion, on a case-by-case basis, determine for new PASOs, or extend for outstanding PASOs, the period during which the PASOs may be exercised after the Grantee dies or suffers a Disability, provided that such post-termination exercise period may not extend beyond the expiration of the stated PASO Period.

SECTION 12.5 RESIGNATION

12.5.1 Stock Options, SARs and Performance Accelerated Stock Options. If the Grantee shall voluntarily resign before eligibility for Retirement (except for Retirement with approval of the Company), the Options (including PASOs) and SARs granted in tandem shall be canceled coincident with the effective date of the termination of employment.

12.5.2 Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards. If prior to the expiration of the Performance or Restricted Period a Grantee who has been given a Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit or Cash Value Award under the Plan shall voluntarily resign (except for Retirement with approval of the Company), then all Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards theretofore awarded to such Grantee as to which there still remains an unexpired portion of the Performance or Restricted Period or the vesting period shall, upon such termination of employment, be forfeited by such Grantee to the Company, without the payment of any consideration by the Company. Thereafter, neither the Grantee nor any heirs, assigns or personal representatives of such Grantee shall have any further rights or interest in such Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit or Cash Value Awards, and the Grantee's name shall thereupon be deleted from the list of the Company's stockholders with respect to such Performance Shares, Restricted Stock, Restricted Stock Units, Phantom Units or Cash Value Award. Notwithstanding any other provisions of this Subsection 12.5.2, the value of any vested and deferred Phantom Units shall be paid to the Grantee as soon as practicable.

SECTION 12.6 DECREASE IN COMPANY OWNERSHIP

12.6.1 Stock Options and SARs. If prior to the expiration of the Option Period a Grantee who has been given an Option or SAR under the Plan shall cease to be employed by any Participating Subsidiary because of a decrease in the Company's ownership interest in a Participating Subsidiary to below 50% but at or above 20%, (i) in the case of Nonqualified Options (except PASOs) and their related SARs, each Option and SAR shall become immediately exercisable and shall remain exercisable for a period of three (3) years from the date of cessation of employment, but not beyond the end of the Option Period, and (ii) in the case of an ISO, each Option and SAR shall, at such time as it becomes exercisable under the Award Commitment covering such Option, remain exercisable for a period of three (3) months from the cessation of employment, but not beyond the end of the Option Period.

12.6.2 Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards. If prior to the expiration of the Performance or Restricted Period a Grantee who has been given a Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit or Cash Value Award under the Plan shall cease to be employed by any Participating Subsidiary because of a decrease in the Company's ownership interest in a Participating Subsidiary to below 50% but at or above 20%, then all restrictions with respect to such Performance Shares, Restricted Stock, Restricted Stock Units or Phantom Units shall remain in effect until the end of the Performance Period or Restricted Period; provided, however, the Committee may provide, as the case may be, for an earlier payment in settlement of such Performance Shares, Restricted Stock, Restricted Stock Units or Phantom Units and for payment of Cash Value Awards, all in such amount and under such terms and conditions as the Committee deems appropriate or desirable or make any other adjustment deemed appropriate due to the decrease in Company ownership.

12.6.3 Performance Accelerated Stock Options. If prior to the expiration of the PASO Period a Grantee who has been given a PASO Award under the Plan shall cease to be employed by the Company or any Participating Subsidiary because of a decrease in company ownership, the Grantor shall determine the timing, terms and conditions of the exercise of the Award as the Grantor deems appropriate or desirable except that no PASO may be exercised beyond the end of the PASO Period.

SECTION 12.7 TERMINATION OF EMPLOYMENT FOR OTHER REASONS

12.7.1 Stock Options, SARs and Performance Accelerated Stock Options. If the Grantee's employment terminates for any reason other than specified in Sections 12.1, 12.2, 12.3, 12.4, 12.5 or 12.6, each Option, SAR and PASO shall terminate; provided, however, the Grantor may provide for acceleration of the vesting date and/or an earlier settlement of such PASOs in such amount and under such terms and conditions as the Grantor deems appropriate or desirable.

12.7.2 Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards. If prior to the expiration of the Performance or Restricted Period a Grantee who has been given a Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit or Cash Value Award under the Plan shall cease to be employed by the Company, any Participating Subsidiary or Related Entity because of any reason other than specified in Sections 12.1, 12.2, 12.3, 12.4, 12.5 or 12.6, then all Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit and Cash Value Awards theretofore awarded to such Grantee as to which there still remains an unexpired portion of the Performance or Restricted Period shall, upon such termination of employment, be forfeited by such Grantee to the Company, without the payment of any consideration by the Company; provided, however, the Grantor may provide for settlement of a Cash Value Award in such amount, at such time and under such terms and conditions as the Grantor deems appropriate or desirable. Thereafter, neither the Grantee nor any heirs, assigns or personal representatives of such Grantee shall have any further rights or interest in such Performance Share, Restricted Stock, Restricted Stock Unit, Phantom Unit or Cash Value Awards, and the Grantee's name shall thereupon be deleted from the list of the Company's stockholders with respect to such Performance Shares or Restricted Stock. Notwithstanding any other provisions of this Subsection 12.7.2, the value of any vested and deferred Phantom Units shall be paid to the Grantee as soon as practicable.

SECTION 12.8 TERMINATION DATE

Termination of employment of a Grantee for any of the reasons enumerated in this Article XII shall, for purposes of the Plan, be deemed to have occurred as of the date which is recorded in the ordinary course in the Company books and records in accordance with the then-prevailing procedures and practices of the Company.

SECTION 12.9 REPORTING PERSON LIMITATION

Notwithstanding any other provision of this Article XII, a Grantee who ceases to be a Reporting Person through retirement or any other termination of employment shall not be entitled to exercise a SAR.

ARTICLE XIII EXCHANGE AWARDS; ABOVE TARGET MICP AWARDS

SECTION 13.1 SALARY/BONUS REDUCTIONS

13.1.1 Restricted Stock. A Grantee (including those described in Section 13.8) may elect to reduce and defer his or her current or future Base Salary and/or earned Bonus and, thereafter, exchange such deferred amounts for Restricted Stock. Such elections shall direct deferrals and exchanges on a one-time (annual) basis or, in the alternative in the case of Base Salary, on an ongoing basis covering a period not exceeding five (5) years. Should a Grantee elect a one-time (annual) exchange, the deferred amounts shall be credited to his or her deferred compensation account under this Plan and, thereafter, on the third (3rd) business day following the public announcement of the Company's annual earnings, the deferred amounts shall be exchanged for that number of shares of Restricted Stock that equals the number of whole shares determined by dividing the deferred amount forgone by 85% of the Fair Market Value of one share of Common Stock on the date of the exchange. Should a Grantee elect an exchange of Base Salary on an ongoing basis for a period of one year or less, the number of shares of Restricted Stock he or she shall acquire through such exchanges, which shall be effected on the third (3rd) business day following the public announcement of the Company's annual earnings, shall be determined by dividing the total projected deferred amounts forgone for the designated period by 85% of the Fair Market Value of one share of Common Stock on the date of the exchange. When the elected period extends beyond one year, the number of shares of Restricted Stock acquired through such exchanges, which shall be effected on the third (3rd) business day following the public announcement of the Company's annual earnings, shall equal that number of whole shares of Restricted Stock determined by dividing the discounted present value of the total projected deferred amounts forgone for the designated period (using the appropriate Treasury Bill rates for the applicable period) by 85% of the Fair Market Value of one share of Common Stock on the date of the exchange. Restricted Stock acquired pursuant to exchanges under this Subsection 13.1.1 shall have a Restricted Period of not less than three (3) years (such Restricted Period to be extended up to five (5) years to coincide with a deferral election that extends beyond three (3) years), as determined by the Committee, and shall be subject to all of the terms, conditions and provisions of Article VII, except as may otherwise be determined by the Committee prior to their acquisition.

13.1.2 Options. A Grantee may elect to reduce and defer his or her current or future Base Salary and/or earned Bonus and, thereafter, exchange such deferred amounts for Nonqualified Options. Such elections shall direct deferrals and exchanges on a one-time (annual) basis or, in the alternative in the case of Base Salary, on an ongoing basis covering a period not exceeding five (5) years. Should a Grantee elect a one-time (annual) exchange, the deferred amounts shall be credited to his or her deferred compensation account under this Plan and, thereafter, on the third (3rd) business day following the public announcement of the Company's annual earnings, the deferred amounts shall be exchanged for that number of Options as is determined by the Committee, in its discretion, to be the equivalent in value of that number of whole shares of Restricted Stock determined by dividing the deferred amount forgone by 85% of the Fair Market Value of one share of the Common Stock on the date of the exchange. Should a Grantee elect an exchange of Base Salary on an ongoing basis for a period of one year or less, the number of Options he or she shall acquire through such exchanges is that number of Options as is determined by the Committee, in its discretion, to be the equivalent in value of that number of whole shares of Restricted Stock determined by dividing the total projected deferred amount forgone for the designated period by 85% of the Fair Market Value of one share of Common Stock on the date of the exchange. When the elected period extends beyond one year, the Options acquired through such exchanges, which shall be effected on the third (3rd) business day following the public announcement of the Company's annual earnings, shall be that number of Options determined by the Committee, in its discretion, to be the equivalent in value of that number of whole shares of Restricted Stock determined by dividing the discounted present value of the total projected deferred amounts forgone for the designated period (using the appropriate Treasury Bill rates for the applicable period) by 85% of the Fair Market Value of one share of the Common Stock on the date of the exchange. Options acquired pursuant to this Subsection 13.1.2 shall be exercisable according to the following three (3)-year schedule (unless the Grantee's employment with the Company or a Participating Subsidiary is terminated, in which case the provisions of Section 13.3 or Article XII, as apposite, shall govern):

40% of the Options will be exercisable beginning one year after the exchange, a second 40% of the Options will be exercisable beginning two (2) years after the exchange, and the final 20% of the Options will be exercisable beginning three (3) years after the exchange;

and shall be subject to all of the terms, conditions and provisions of Article V (as modified as to exercisability by this Subsection 13.1.2), except as may otherwise be determined by the Committee prior to their acquisition.

SECTION 13.2 DEFERRED ACCOUNTS

13.2.1 Deferred Compensation Plan Accounts. Subject to the Company's approval, amounts accrued under the Hercules Incorporated Deferred Compensation Plan (other than under the Hercules Incorporated Non-qualified Savings Plan portion thereof) may, upon the Grantee's request for a one-time (annual) exchange, be surrendered in exchange for Restricted Stock and/or Nonqualified Options. The number of shares of Restricted Stock and Options acquired in this manner shall be determined in the same manner as is specified in Subsections 13.1.1 and 13.1.2, respectively, and all Restricted Stock and Options so acquired shall be subject to all of the terms, conditions and provisions of Subsections 13.1.1 and 13.1.2, respectively. Exchanges under this Subsection 13.2.1 shall be effected the third (3rd) business day after the first public announcement of the Company's annual earnings.

13.2.2 Non-Qualified Savings Plan Accounts. Subject to the Company's approval, amounts accrued under the Hercules Incorporated Non-Qualified Savings Plan portion of the Hercules Deferred Compensation Plan may, upon the Grantee's request for a one-time (annual) exchange, be surrendered in exchange for Restricted Stock and/or Nonqualified Options. The number of shares of Restricted Stock and Options acquired in this manner shall be determined in the same manner as is specified in Subsections 13.1.1 and 13.1.2, respectively, except that the computation in each case shall be based on 100% of the Fair Market Value of one share of Common Stock rather than the 85% of the Fair Market Value specified in Subsections 13.1.1 and 13.1.2. All Restricted Stock and Options so acquired shall be subject to all of the terms, conditions and provisions of Subsections 13.1.1 and 13.1.2, respectively. Exchanges under this Subsection 13.2.2 shall be effected the third (3rd) business day after the first public announcement of the Company's annual earnings.

SECTION 13.3 TERMINATION OF EMPLOYMENT

13.3.1 Death, Disability and Reduction in Force. Notwithstanding any provisions of Sections 12.2 and 12.4 to the contrary:

(a) If prior to the expiration of an applicable Restricted Period a Grantee who has received Restricted Stock pursuant to Subsections 13.1.1, 13.2.1 and/or 13.2.2 shall cease to be employed by the Company by reason of Death, Disability, Reduction in Force or Retirement directly attributable to a Reduction in Force, all restrictions and forfeiture provisions under this Plan with respect to the Restricted Stock exchanged pursuant to this Article XIII shall lapse as of the date of termination of employment and delivery of such shares shall be governed by the provisions of Section 7.6.

(b) If prior to the expiration of an applicable Option Period a Grantee who has received Options pursuant to Subsections 13.1.2, 13.2.1 and/or 13.2.2 shall cease to be employed by the Company by reason of Death, Disability, Reduction in Force or Retirement directly attributable to a Reduction in Force, the Option Period shall be adjusted to the lesser of the remaining Option Period or one year from the date of employment termination. Notwithstanding the foregoing, the Committee may, in its sole discretion, on a case-by-case basis, determine for new Options, or extend for outstanding Options, the period during which the Options may be exercised after the Grantee dies or suffers a Disability, provided that such post-termination exercise period may not extend beyond the expiration of the stated Option Period.

13.3.2 Retirement. Notwithstanding any provisions of Section 12.1 to the contrary:

(a) In the event of Retirement (not directly attributable to a Reduction in Force) by a Grantee who has received Restricted Stock pursuant to Subsections 13.1.1, 13.2.1 and/or 13.2.2 prior to the expiration of an applicable Restricted Period, that number of shares of Restricted Stock equal to the amount attributable to the 15% discount made available under this Article XIII, and prorated for the length of time remaining in the Restricted Period, shall be forfeited and returned to the Company.

(b) If prior to the expiration of an applicable Option Period a Grantee who has received Options pursuant to Subsections 13.1.2, 13.2.1 and/or 13.2.2 shall cease to be employed by the Company by reason of his or her Retirement (not directly related to a Reduction in Force), the Option Period shall be adjusted to the lesser of the remaining Option Period or five (5) years from the date of termination. In the event of Retirement (not directly attributable to a Reduction in Force) by a Grantee who has received Options pursuant to Subsections 13.1.2, 13.2.1 and/or 13.2.2, a number of Options equal to the amount attributable to the 15% discount and prorated for the length of time remaining in the period during which Options may not be exercised shall be forfeited.

13.3.3 Resignation or Termination for Cause. Notwithstanding any provisions of Sections 12.5 and 12.7 to the contrary:

(a) In the event a Grantee who has received Restricted Shares pursuant to Subsections 13.1.1, 13.2.1 and/or 13.2.2 voluntarily resigns (except for retirement with approval of the Company) or terminates employment for reasons other than any of those specified in Sections 12.1, 12.2, 12.3, 12.4 and 12.6 prior to the expiration of an applicable Restricted Period, all shares of Restricted Stock shall be forfeited and returned to the Company and such Grantee shall receive a payment equal to the lower of the Fair Market Value of the Restricted Shares forfeited or the original amount exchanged.

(b) In the event a Grantee who has received Options pursuant to Subsections 13.1.2, 13.2.1 and/or 13.2.2 voluntarily resigns (except for retirement with approval of the Company) or terminates employment for reasons other than any of those specified in Sections 12.1, 12.2, 12.3, 12.4 and 12.6 prior to the expiration of the applicable Option Period, all Options shall be forfeited and returned to the Company and such Grantee shall receive a payment equal to the lower of a value (as determined by the Committee) of the Options forfeited or the original amount exchanged.

SECTION 13.4 AVOIDANCE OF PENSION DIMINUTION

13.4.1 Governing Provisions. Grantees electing Base Salary and/or Bonus reductions under Section 13.1 may suffer a permanent diminution of their qualified pension entitlement under the Hercules Pension Plan. To offset this diminution in part, exchange awards in respect of pensions otherwise payable as nonqualified pensions (as measured from the date of the APD Election defined next below) may be requested within five (5) years of anticipated retirement. Subject to the Committee's approval of such a request, all such exchanges shall be effected in accordance with the provisions of this Section 13.4.

13.4.2 Exchange Awards. A Grantee who is within five (5) years (but not less than one year) of his or her anticipated retirement date may elect ("APD Election") to exchange the present value (as of the date of the APD Election) of his or her projected benefits payable as of the Designated Retirement Date (as defined below) under the Hercules Pension Restoration Plan (utilizing the method and assumptions used to convert a pension to a partial cash payment under the Hercules Pension Plan) for Restricted Stock issuable under Subsection 13.1.1 and/or Options granted under Subsection 13.1.2. Restricted Stock and/or Options received in such an exchange shall be in substitution of any pension entitlements under the Hercules Pension Restoration Plan, the rights to such entitlements being forfeited and canceled in consideration of such exchange.

13.4.3 Designated Retirement Date. As a part of his or her APD Election, a Grantee shall designate a retirement date (“Designated Retirement Date”). In the event of any termination of employment prior to the Designated Retirement Date, the following will apply:

(a) If the Grantee elected Restricted Stock, that number of Restricted Stock shares shall be forfeited as has a value (on the date of his or her APD Election) equivalent to the present value determined for purposes of Subsection 13.4.2 minus the present value (as of the APD Election date) of the amount due under the Hercules Pension Restoration Plan as of the date of actual retirement, utilizing the method and assumptions used to convert a pension to a partial cash payment under the Hercules Pension Plan. Further, in the event that the Grantee’s actual retirement date occurs within three (3) years of the APD Election, the Grantee shall forfeit that number of Restricted Stock shares (adjusted by the preceding sentence) attributable to the 15% discount made available under Subsection 13.1.1 and prorated for the length of time remaining in the three (3)-year period commencing with the date of the APD Election.

(b) If the Grantee elected Nonqualified Options, that number of Options shall be forfeited as the Committee in its discretion shall determine has a value (on the date of his or her APD Election) equivalent to the present value determined for purposes of Subsection 13.4.2 minus the present value (as of the date of his or her APD Election) of the amount due under the Hercules Pension Restoration Plan as of the date of actual retirement, utilizing the method and assumptions used to convert a pension to a partial cash payment under the Hercules Pension Plan. Further, in the event that the Grantee’s actual retirement date occurs within three (3) years of the APD Election, the Grantee shall forfeit that number of Options as the Committee in its discretion shall determine has a value equal to that number of Restricted Stock shares (adjusted by the preceding sentence) attributable to the 15% discount made available under Subsection 13.1.2 and prorated for the length of time remaining in the period commencing with the date of the APD Election.

(c) Notwithstanding (a) and (b) next above, in the event of the Grantee’s death, Disability or termination of employment with the consent of the Company, the Committee may, in its discretion, waive any forfeitures otherwise applicable under this Subsection 13.4.3.

SECTION 13.5 IRREVOCABILITY

Any election under Sections 13.1, 13.2 or 13.4 shall be irrevocable.

SECTION 13.6 EQUIVALENCY

Notwithstanding any provision in this Article XIII to the contrary, all elections under this Article XIII that involve an exchange of future compensation or pension benefit entitlement shall in each instance be equalized (that is, recalculated using actual numbers) at the expiration of the period elected or termination of employment and forfeiture shall be applied, if appropriate.

SECTION 13.7 MICP AWARDS

Any payout under the Management Incentive Compensation Plan for performance above the target level Performance Goals for any Performance Period shall be in that number of whole shares of Restricted Stock obtained by dividing the dollar value of the payout by 85% of the Fair Market Value of one share of Common Stock on the date of such award. Restricted Stock acquired pursuant to this Section 13.7 shall be subject to all of the terms, conditions and provisions of Article VII and Article XIII, except as may otherwise be determined by the Committee prior to the Date of Award.

SECTION 13.8 DEFINITION

For purposes of this Article XIII, the term “Grantee” includes all employees of the Company or any Participating Subsidiary who are designated by the CEO to be eligible for purposes of this Article XIII.

ARTICLE XIV
CERTAIN TERMS APPLICABLE TO ALL AWARDS

SECTION 14.1 WITHHOLDING TAXES

The Company shall withhold (or secure payment from the Grantee in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any amount payable and/or shares issuable under such Grantee's Award, or with respect to any income recognized upon a disqualifying disposition of shares received pursuant to the exercise of an ISO, and the Company may defer payment or issuance of the cash or stock upon exercise or vesting of an Award unless indemnified to its satisfaction against any liability for any such tax. The amount of such withholding or tax payment shall be determined by the Committee and shall be payable by the Grantee at the time of delivery or when payment is made [except as otherwise payable under Section 14.1(c)] in accordance with the following rules:

(a) With respect to Awards payable in cash, the Company will withhold an amount sufficient to satisfy applicable Federal, state and local tax withholding requirements and remit the net award to the Grantee;

(b) With respect to Awards payable in stock, the Company will notify the Grantee of the amount due from such Grantee to satisfy the tax withholding requirements with respect to the stock. The Grantee shall pay the amount due to satisfy the tax withholding requirements in cash; provided, however, that the Grantee may elect to meet the tax withholding requirement by requesting the Company, in writing, to withhold from such Award and sell through a brokerage firm the appropriate number of shares of Common Stock, rounded up to the next whole number, which would result in proceeds equal to the tax withholding requirement. Any election by a Grantee to have shares withheld under this Section 14.1 shall be subject to such terms and conditions as the Committee may specify, which may include that the election shall be irrevocable and in the case of a Reporting Person, the election to have shares withheld under this Section 14.1 must be made either (i) not less than six (6) months prior to the date that the tax is to be withheld by the Company, or (ii) during the period beginning on the third business day following the date of the release for publication of the Company's quarterly or annual summary statements of earnings and ending on the twelfth business day following such date. If the cash required (whether paid directly or indirectly through the sale of stock election described above) is not received by the Company within sixty (60) days of notification by the Company of the tax withholding due, the Committee shall have the right to take whatever action it deems appropriate, including voiding the Award. The Company shall not deliver or pay the Award (net of the tax withholding) until the tax withholding obligation is satisfied. At the time that all other restrictions lapse (other than being subject to Section 16 of the Act) a Reporting Person shall make the election described in Subsection (c) below.

(c) If permitted under applicable Federal income tax laws, a Grantee may elect to include in gross income for Federal income tax purposes in the year in which a stock Award is made, an amount equal to the Fair Market Value of the Award on the Date of Grant. If the Grantee makes such an election, the Grantee shall promptly notify the Company in writing and shall provide the Company with a copy of the executed election form as filed with the Internal Revenue Service by no later than thirty (30) days from the Date of the Grant. Promptly following such notification, the Grantee shall pay directly to the Company, or make arrangements satisfactory to the Committee, the cash amount determined by the Company to be sufficient to satisfy applicable Federal, state or local withholding tax requirements. If the Grantee shall fail to make such payments, the Company and its Subsidiaries shall, to the extent permissible by law, have the right to deduct from any payment of any kind otherwise due to the Grantee any Federal, state or local taxes of any kind required by law to be withheld with respect to such Restricted Stock.

SECTION 14.2 ADJUSTMENTS TO REFLECT CAPITAL CHANGES

14.2.1 Recapitalization. In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the Plan or the Awards granted under the Plan, such adjustments shall be made in the number and kind of shares subject to outstanding Awards, the Option Price for such shares and the number and kind of shares available for Awards subsequently granted under the Plan as may be determined appropriate by the Committee.

14.2.2 Sale or Reorganization. After any reorganization, merger or consolidation in which the Company is the surviving corporation, each Grantee shall, at no additional cost, be entitled upon any exercise of an Option or receipt of other Award to receive (subject to any required action by stockholders), in lieu of the number of shares of Common Stock receivable or exercisable pursuant to such Award, the number and class of shares of stock or other securities to which such Grantee would have been entitled pursuant to the terms of the reorganization, merger or consolidation if, at the time of such reorganization, merger or consolidation, such Grantee had been the holder of record of a number of shares of stock equal to the number of shares receivable or exercisable pursuant to such Award. Comparable rights shall accrue to each Grantee in the event of successive reorganizations, mergers or consolidations of the character described above.

14.2.3 Options to Purchase Stock of Acquired Companies. After any reorganization, merger or consolidation in which the Company or a Subsidiary shall be a surviving corporation, the Committee may grant substituted options under the provisions of the Plan, pursuant to Section 424 of the Code, replacing old options granted under a plan of another party to the reorganization, merger or consolidation whose stock subject to the old options that may no longer be issued following such merger or consolidation. The foregoing adjustments and manner of application of the foregoing provisions shall be determined by the Committee in its sole discretion. Any such adjustments may provide for the elimination of any fractional shares which might otherwise become subject to any Options.

SECTION 14.3 FAILURE TO COMPLY WITH TERMS AND CONDITIONS

Notwithstanding any other provision of the Plan, no payment or delivery with respect to any Award shall be made, and all rights of the Grantee who receives such Award (or his designated Beneficiary or legal representative) to such payment or delivery under the Plan shall be forfeited, at the discretion of the Committee, if, prior to the time of such payment or delivery, the Grantee breaches a restriction or any of the terms, restrictions and/or conditions of the Plan and/or the Award Commitment.

SECTION 14.4 FORFEITURE UPON OCCURRENCE OF CERTAIN EVENTS

Notwithstanding any other provision of the Plan, no payment of any Award shall be made and all rights of the Grantee who received such Award (or his designated Beneficiary or legal representative) to the payment thereof under the Plan shall be forfeited if, prior to the time of such payment, the Grantee (i) without the Company's consent, shall be employed by a competitor of, or shall be engaged in any activity in competition with, the Company or a Subsidiary; (ii) divulges without the consent of the Company any secret or confidential information belonging to the Company or a Subsidiary; or (iii) has been dishonest or fraudulent in any matter affecting the Company or a Subsidiary or has committed any act which, in the sole judgment of the Committee, has been substantially detrimental to the interests of the Company or a Subsidiary. The Company shall give a Grantee written notice of the occurrence of any such event prior to making any such forfeiture. The determination of the Committee as to the occurrence of any of the events specified in clauses (i), (ii), and (iii) of this Section 14.4 shall be conclusive and binding upon all persons for all purposes. Any Award shall be subject to forfeiture for the reasons provided in this Section 14.4 in such manner as shall be provided by the Committee.

SECTION 14.5 REGULATORY APPROVALS AND LISTING

The Company shall not be required to issue any certificate or certificates for shares of Common Stock under the Plan prior to (i) obtaining any approval from any governmental agency which the Company shall, in its discretion, determine to be necessary or advisable, (ii) the admission of such shares to listing on any national securities exchange on which the Company's Common Stock may be listed, and (iii) the completion of any registration or other qualification of such shares of Common Stock under any state or Federal law or ruling or regulations of any governmental body which the Company shall, in its discretion, determine to be necessary or advisable.

SECTION 14.6 RESTRICTIONS UPON RESALE OF STOCK

If the shares of Common Stock that have been issued to a Grantee pursuant to the terms of the Plan are not registered under the Securities Act of 1933, as amended (“Securities Act”), pursuant to an effective registration statement, such Grantee, if the Committee shall deem it advisable, may be required to represent and agree in writing (i) that any such shares acquired by such Grantee pursuant to the Plan will not be sold except pursuant to an effective registration statement under the Securities Act, or pursuant to an exemption from registration under said Act and, (ii) that such Grantee is acquiring such shares for his own account and not with a view to the distribution thereof.

SECTION 14.7 REPORTING PERSON LIMITATION

Notwithstanding any other provision of the Plan, to the extent required to qualify for the exemption provided by Rule 16b-3 under the Act, and any successor provision, (1) any Common Stock or other equity security offered under the Plan to a Reporting Person may not be sold for at least six (6) months after the earlier of acquisition of the security or the date of grant of the derivative security, if any, pursuant to which the Common Stock or other equity security was acquired; and (2) any Option, SAR or other similar right related to an equity security, issued under the Plan to a Reporting Person shall not be transferable other than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order and shall be exercisable during the Grantee’s lifetime only by the Grantee or the Grantee’s guardian or legal representative.

ARTICLE XV DISPUTES

If the employment of a Grantee with the Company or any Participating Subsidiary shall terminate prior to the expiration of the Performance or Restriction Period applicable to any Performance Share, Restricted Stock, Restricted Stock Unit or Phantom Unit Award awarded to such Grantee and there exists a dispute between such Grantee and the Company or the Committee as to the satisfaction of the conditions to the release of such shares or units under the Plan or the terms and conditions of the Performance Share, Restricted Stock, Restricted Stock Unit, or Phantom Unit Award, the Performance Share, Restricted Stock, Restricted Stock Unit or Phantom Unit Awards as to which such dispute shall exist shall remain subject to the restrictions of the Plan until the resolution of such dispute, regardless of any intervening expiration of the Performance or Restriction Period originally applicable to such shares, except that any dividends which may be declared and which may be payable to the participant as of a date during the period from termination of such Grantee’s employment to the resolution of such dispute (the “Suspension Period”) shall

(i) to the extent to which such dividends would have been payable to such Grantee on such Performance Share, Restricted Stock, Restricted Stock Unit or Phantom Unit Award, be held by the Company as part of its general funds and shall be paid to or for the account of such Grantee only upon, and in the event of, a resolution of such dispute in a manner favorable to such Grantee and then only with respect to such Performance Share, Restricted Stock, Restricted Stock Unit or Phantom Unit Award as to which such resolution shall be so favorable, and

(ii) in the event the dispute is resolved in a manner unfavorable to the Grantee, be canceled as dividends payable upon Performance Share, Restricted Stock, Restricted Stock Unit or Phantom Unit Award as to which such resolution shall be so unfavorable.

In addition, to the extent that resolution of any such dispute shall be unfavorable to the Grantee, the Performance Shares, Restricted Stock, Restricted Stock Unit or Phantom Unit Award as to which such dispute shall have existed shall be forfeited in accordance with the provisions of Article XII or Section 14.4.

ARTICLE XVI
ADMINISTRATION OF THE PLAN

SECTION 16.1 COMMITTEE

The Plan shall be administered by or under the direction of the Committee. No person shall be eligible or continue to serve as a member of the Committee unless such person is a director of the Company and is a "disinterested person" within the meaning of Rule 16b-3, and no person shall be, or shall have been, eligible to receive an Award under the Plan to acquire stock, stock options, stock appreciation rights, performance shares or restricted stock of the Company or any Participating Subsidiary at any time within the one (1) year immediately preceding the member's appointment to the Committee.

SECTION 16.2 COMMITTEE ACTIONS

Except for matters required by the terms of this Plan to be decided by the CEO or his designee or designees, the Committee shall have full power and authority to interpret and construe the Plan, to prescribe, amend and rescind rules, regulations, policies and practices, to impose such conditions and restrictions on Awards as it deems appropriate and to make all other determinations necessary or desirable in connection with the administration of, or the performance of its responsibilities under, this Plan. Subject to the limitations of provisions of Section 20.4, each decision, determination, interpretation or other action of the Committee made or taken pursuant to grants of authority under the Plan shall be final and shall be conclusive and binding on all persons for all purposes. The Committee's decisions, determinations and interpretations (including without limitations, the terms and provisions of such awards and the agreements evidencing same) need not be uniform and may be made selectively among Grantees who receive, or are eligible to receive, awards under the Plan, whether or not such Grantees are similarly situated. The Committee may, to the extent that any such action will not prevent the Plan from complying with Rule 16b-3, delegate any of its powers and authority under the Plan as it deems appropriate to designated officers or employees of the Company.

SECTION 16.3 NO LIABILITY OF COMMITTEE MEMBERS

As and to the extent provided by Section 20.5, no past, present or future member of the Committee shall be personally liable by reason of any contract or other instrument executed by him or on his behalf in his capacity as a member of the Committee, nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee.

ARTICLE XVII
EFFECTIVE DATE, TERM OF THE PLAN AND STOCKHOLDER APPROVAL

The Plan became effective as of April 1, 1991, and was amended and restated as of June 30, 1993, April 27, 1995, April 24, 1997, and is hereby further amended and restated as of April 29, 1999. The termination date of the Plan shall be April 30, 2002. No Award shall be granted under the Plan after such termination date. The Plan will continue in effect for existing Awards as long as any such Awards are outstanding.

ARTICLE XVIII
CHANGE IN CORPORATE CONTROL

SECTION 18.1 OPTIONS AND PASOS

In the event of a Change in Control, (i) all Options and PASOs outstanding on the date of such Change in Control shall become immediately and fully exercisable, and (ii) a Grantee who is an elected officer or director of the Company will be permitted to surrender for cancellation within sixty (60) days after such Change in Control any

Option or PASO or portion thereof to the extent not yet exercised (or with respect to an Option or PASO or portion thereof granted less than six (6) months prior to the date of the Change in Control, within sixty (60) days after the expiration of a six (6)-month period following the Date of Grant) and to receive a cash payment in an amount equal to the excess, if any, of (x) in the case of a Nonqualified Stock Option or PASO, the adjusted Fair Market Value of the Common Stock subject to the Option or PASO or a portion thereof surrendered or (y) in the case of an ISO, the Fair Market Value of the Common Stock subject to the Option or PASO or portion thereof surrendered over the Option Price. The provisions of this Section 18.1 shall be applicable to Nonqualified Stock Options, PASOs or ISOs. The provisions of this Section 18.1 shall not be applicable to any Options granted to a Grantee if any Change in Control results from such Grantee's beneficial ownership (within the meaning of Rule 13d(3) under the Act) of Common Stock or Company voting securities.

SECTION 18.2 SARs

In the event of a Change in Control, all SARs shall become immediately and fully exercisable but not before any related ISO is exercisable. Upon any exercise of a SAR (other than a SAR granted in tandem with a related ISO) or any portion thereof during the sixty (60)-day period following the Change in Control, (or with respect to a SAR granted to an officer or director of the Company less than six (6) months prior to the date of the Change in Control, within sixty (60) days after the expiration of a six (6) month period following the Date of Grant) the amount payable shall be determined by reference to the SAR Fair Market Value of the Common Stock and shall be paid in cash. SARs granted in connection with ISOs will be payable as determined by reference to the Fair Market Value of the Common Stock on the date of such exercise and shall be paid in cash. The provisions of this Section 18.2 shall not be applicable to any SARs granted to a Grantee if any Change in Control results from such Grantee's beneficial ownership (within the meaning of Rule 13d(3) under the Act) of Common Stock or Company voting securities.

SECTION 18.3 ALL OTHER AWARDS

In the event of a Change of Control, all Performance Share Awards, Restricted Stock Awards, Phantom Unit Awards, Cash Value Awards, Other Market-Based Awards (if any) and Other Performance-Based Awards (if any) shall immediately vest and become fully payable within thirty (30) days after a Change in Control to all Grantees who have been granted an Award. In the case of Performance Share Awards and Cash Value Awards, all Awards shall vest at the Maximum Award.

SECTION 18.4 DEFINITIONS

A Change in Control of the Company shall occur when there is an unsolicited Change in Control of the Company that is not initiated by the Company, and is of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Act, as in effect on the effective date of the Plan; provided, however, that no Change in Control shall be deemed to have occurred unless and until a "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Act) together with all "affiliates" and "associates" of such person (as such terms respectively, are defined in Rule 12b-2 of the General Rules and Regulations under the Act) is or becomes a beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities.

ARTICLE XIX AMENDMENT AND TERMINATION

SECTION 19.1 AMENDMENT

The Board reserves the right at any time or times to modify, alter or amend, in whole or in part, any or all of the provisions of the Plan to any extent and in any manner that it may deem advisable, and no consent or approval by the stockholders of the Company or by any other person, committee or entity of any kind shall be required to make any modification, alteration or amendment; provided, however, that the Board shall not, without the requisite

affirmative approval of the stockholders of the Company, make any modification, alteration or amendment which (i) except as provided in Section 3, increases the maximum number of shares of Common Stock available for Awards under this Plan, (ii) decreases the Option Price to less than 100% of the Fair Market Value on the Date of Grant of an Option, (iii) extends the period during which Awards may be granted under the Plan beyond April 30, 2002, (iv) changes the employee (or class of employees) eligible to receive Awards under the Plan, (v) materially increase the benefits accruing to a Grantee under the Plan, or (vi) requires stockholders' approval under Rule 16b-3 or the Code, unless such compliance is no longer desired, or under any other applicable law. No modification, alteration or amendment of the Plan may, without the consent of the Grantee (Beneficiaries in case of his death) to whom any Award shall theretofore have been granted under the Plan adversely affect any right of such Grantee under such Award, except in accordance with the provisions of the Plan and/or any Award Commitment applicable to any such Award. Subject to the provisions of this Section 19.1, any modification, alteration or amendment of any provisions of the Plan may be made retroactively.

SECTION 19.2 SUSPENSION OR TERMINATION

The Board reserves the right at any time to suspend or terminate, in whole or in part, any or all of the provisions of the Plan for any reason and without the consent of or approval by the stockholders of the Company, any Grantee or Beneficiary or any other person, committee or entity of any kind; provided, however, that no such suspension or termination shall affect any right or obligation with respect to any Award theretofore made except as herein otherwise provided.

SECTION 19.3 NO REPRICING OF OPTIONS

Notwithstanding any other provision in the Plan, the Board shall not amend any outstanding Options to reduce the Option Price of such Option, nor substitute new Options for previously granted Options having a higher Option Price.

ARTICLE XX
MISCELLANEOUS

SECTION 20.1 DEFERRAL ELECTION

At the discretion of the Committee payment of Phantom Units or any other cash award, or any portion thereof, may be deferred by a Grantee until such time as the Committee may establish. All such deferrals shall be accomplished by the delivery of a written, irrevocable election by the Grantee at such times prior to the time payment would otherwise be made as the Committee shall determine. All deferrals shall be made in accordance with such rules and regulations established by the Committee to ensure that such deferrals comply with all applicable requirements of the Code and its regulations. Deferred payments shall be paid in a lump sum or installments, as determined by the Committee. The Committee also may credit interest at such rates to be determined by the Committee.

SECTION 20.2 DESIGNATION OF BENEFICIARY

Each Grantee shall file with the Company a written designation of one or more persons as the Beneficiary who shall be entitled to receive the Award, if any, payable under the Plan upon his death. A Grantee may from time to time revoke or change his 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 Grantee'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 Grantee's death, or if no designated Beneficiary survives the Grantee or if such designation conflicts with law, the Grantee's estate shall be entitled to receive the Award, if any, payable under the Plan upon his death. If the Committee is in doubt as to the right of any person to receive such Award, the Company may retain such Award, without liability for any interest thereon, until the Committee determines the rights thereto, or the Company may pay such Award into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefor.

SECTION 20.3 NO RIGHT TO AN AWARD OR TO CONTINUED EMPLOYMENT

No Grantee or other person shall have any claim or right to be granted an Award under the Plan. Neither the action of the Company in establishing this Plan, nor any provisions hereof, nor any action taken by the Company, any Participating Subsidiary, the Committee or the CEO (or his designee or designees) pursuant to such provisions shall be construed as creating in any employee or class of employees any right with respect to continuation of employment by the Company or any of the Participating Subsidiaries, and they shall not be deemed to interfere in any way with the Company's or any Participating Subsidiary's right to employ, discipline, discharge, terminate, lay off or retire any Grantee with or without cause, to discipline any Employee, or to otherwise affect the Company's right to make employment decisions with respect to any Grantee.

SECTION 20.4 DISCRETION OF THE COMMITTEE AND THE CEO

Whenever the terms of the Plan provide for or permit a decision to be made or an action to be taken by a Grantor, such decision may be made or such action taken in the sole and absolute discretion of such Grantor and shall be final, conclusive and binding on all persons for all purposes; provided, however, that the Board may review any decision or action of the Grantor and if the Board determines that any Award or other decision or act of the Grantor is inequitable or contrary to the provisions of this Plan, it may reverse or modify such Award, decision or act. As provided in Section 16.2 in the case of the Grantor's determinations under the Plan, including, without limitation the determination of the person to receive awards and the amount of such awards, need not be uniform and may be made by him selectively among persons who receive, or are eligible to receive, awards under this Plan, whether or not such persons are similarly retired.

SECTION 20.5 INDEMNIFICATION AND EXCULPATION

20.5.1 Indemnification. Each person who is or shall have been a member of the Committee and each director, officer or employee of the Company or any Participating Subsidiary to whom any duty or power related to the administration or interpretation of this Plan may be delegated, shall be indemnified and held harmless by the Company against and from any and all loss, cost, liability or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit or proceeding to which he may be or become a party or in which he may be or become involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him in settlement thereof (with the Company's written approval) or paid by him in satisfaction of a judgment in any such action, suit or proceeding, except a judgment in favor of the Company based upon a finding of his bad faith; subject, however, to the condition that upon the institution of any claim, action, suit or proceeding against him, he shall in writing give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not be exclusive of any other right to which such person may be entitled under the Company's Restated Certificate of Incorporation, as a matter of law or otherwise, or any power that the Company may have to indemnify him or hold him harmless.

20.5.2 Exculpation. Each member of the Committee, and each director, officer and employee of the Company or of any Participating Subsidiary shall be fully justified in relying or acting upon in good faith any information furnished in connection with the administration of this Plan by any appropriate person or persons other than himself. In no event shall any person who is or shall have been a member of the Committee, or a director, officer or employee of the Company or any Participating Subsidiary be liable for any determination made or other action taken or any omission to act in reliance upon such report or information, for any action (including the furnishing of information) taken or any failure to act, if in good faith.

SECTION 20.6 UNFUNDED PLAN

This Plan is intended to constitute an unfunded, long-term incentive compensation plan for certain selected employees. No special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts, except as expressly set forth in the Plan with respect to Restricted Stock or Performance Shares held in custody accounts. The Company may, but shall not be obligated to, acquire shares of its Common Stock from time to time in anticipation of its obligations under the Plan, but no Grantee shall have any right in or against any shares of stock so acquired. All such stock shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate. No obligation or liability of the Company to any Grantee with respect to any right to receive a distribution or payment under the Plan shall be deemed to be secured by any pledge or other encumbrance on any property of the Company.

SECTION 20.7 INALIENABILITY OF RIGHTS AND INTERESTS

The rights and interests of a Grantee under this Plan are personal to the Grantee and to any person or persons who may become entitled to distribution or payments under the Plan by reason of death of the Grantee, and the rights and interests of the Grantee or any such person (including, without limitation, any Award distributable or payable under the Plan) shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void and no such benefit or interest shall be in any manner liable for or subject to debts, contracts, liabilities, engagements or torts of any Grantees. If any Grantee shall attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any of his rights or interests under the Plan, (including without limitation, any Award payable under the Plan) then the Committee may hold or apply such benefit or any part thereof to or for the benefit of such Grantee or his Beneficiary, his spouse, children, blood relatives or other dependents, or any of them, in such manner and in such proportions as the Committee may consider proper.

SECTION 20.8 AWARDS NOT INCLUDABLE FOR BENEFIT PURPOSES

Payments received by a Grantee pursuant to the provisions of the Plan shall not be included in the determination of benefits under any pension, group insurance or other benefit plan applicable to the Grantee which are maintained by the Company or any of its Subsidiaries, except as may be determined by the Board.

SECTION 20.9 NO ISSUANCE OF FRACTIONAL SHARES

The Company shall not be required to deliver any fractional share of Common Stock but, as determined by the Committee, may pay in lieu thereof, except as otherwise provided in this Plan, the Fair Market Value (determined as of the date of payment the restrictions terminate) of such fractional share to the Grantee or the Grantee's beneficiary, as the case may be.

SECTION 20.10 MODIFICATION FOR OVERSEAS GRANTEES

Notwithstanding any provision to the contrary, the Committee may incorporate such provisions, or make such modifications or amendments in Award Commitments of Grantees who reside or are employed outside of the United States of America, or who are citizens of a country other than the United States of America, as the Committee deems necessary or appropriate to accomplish the purposes of the Plan with respect to such Grantee in light of differences in applicable law, tax policies or customs, and to ascertain compliance with all applicable laws.

SECTION 20.11 LEAVES OF ABSENCE

The Committee shall be entitled to make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence taken by the recipient of any Award. Without limiting the generality of the foregoing, the Committee shall be entitled to determine (a) whether or not any such leave of absence shall constitute a termination of employment within the meaning of the Plan and, (b) the impact, if any, of any such leave of absence on awards under the Plan theretofore made to any recipient who takes such leave of absence.

SECTION 20.12 COMMUNICATIONS

20.12.1 Communications by the Committee. All notices, statements, reports and other communications made, delivered or transmitted to a Grantee, Beneficiary or other person under this Plan shall be deemed to have been duly given, made or transmitted when delivered to, or when mailed by first-class mail, postage prepaid and addressed to, such Grantee, Beneficiary or other person at his address last appearing on the records of the Committee.

20.12.2 Communications by the Participants and Others. All elections, designations, requests, notices, instructions and other communications made, delivered or transmitted by the Company, a Participating Subsidiary, Grantee, Beneficiary or other person to the Committee required or permitted under this Plan shall be in such form as is prescribed from time to time by each such Committee, shall be mailed by first-class mail or delivered to such location as shall be specified by each such Committee, and shall be deemed to have been given and delivered only upon actual receipt thereof by such Committee at such location.

SECTION 20.13 PARTIES IN INTEREST

The provisions of the Plan and the terms and conditions of any Award shall, in accordance with their terms, be binding upon, and inure to the benefit of, all successors of each Grantee, including, without limitation, such Grantee's estate and the executors, administrators, or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy or representative of creditors of such Grantee. The obligations of the Company under the Plan shall be binding upon the Company and its successors and assigns.

SECTION 20.14 SEVERABILITY

Whenever possible, each provision in the Plan and every Award at any time granted under the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan or any Award at any time granted under the Plan shall be held to be prohibited by or invalid under applicable law, then (a) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law, and (b) all other provisions of the Plan and every other Award at any time granted under the Plan shall remain in full force and effect.

SECTION 20.15 COMPLIANCE WITH LAWS

The Plan and the grant of Awards shall be subject to all applicable Federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. It is intended that the Plan be applied and administered in compliance with Rule 16b-3. If any provision of the Plan would be in violation of Rule 16b-3 if applied as written, such provision shall not have effect as written and shall be given effect so as to comply with Rule 16b-3, as determined by the Committee. The Board is authorized to amend the Plan and to make any such modifications to Award Commitments to comply with Rule 16b-3, and to make any such other amendments or modifications as it deems necessary or appropriate to better accomplish the purposes of the Plan in light of any amendments made to Rule 16b-3.

SECTION 20.16 NO STRICT CONSTRUCTION

No rule of strict construction shall be implied against the Company, the Committee, the CEO or any other person in the interpretation of any of the terms of the Plan, any Award granted under the Plan or any rule or procedure established by the Committee.

SECTION 20.17 MODIFICATION

This document contains all of the provisions of the Plan and no provisions may be waived, modified or otherwise altered except in a writing adopted by the Board.

SECTION 20.18 GOVERNING LAW

All questions pertaining to validity, construction and administration of the Plan and the rights of all persons hereunder shall be determined with reference to, and the provisions of the Plan shall be governed by and shall be construed in conformity with, the internal laws of the State of Delaware.

HERCULES INCORPORATED

LONG TERM INCENTIVE COMPENSATION PLAN
(AS AMENDED AND RESTATED)

AMENDMENT 2002-1

WHEREAS, Hercules Incorporated, a Delaware corporation (hereinafter called the "Company"), maintains the Hercules Incorporated Long Term Incentive Compensation Plan (As Amended and Restated) (hereinafter called the "LTIC Plan"); and

WHEREAS, pursuant to Section 19.1 the Company's Board of Directors has reserved the right to amend the LTIC Plan and now desires to do so in order to extend the term of the LTIC Plan for another ten years and to change the maximum award that can be made to any person;

NOW THEREFORE, the LTIC Plan is hereby amended as follows:

1. The next-to-last sentence in Section 4.1.2 is hereby amended to read as follows:

"Unless this Plan is extended, no Awards shall be granted or exchanges effected under the Plan after June 27, 2012, but any then current restrictions applicable to any Awards theretofore granted or exchanges theretofore effected shall extend beyond that date in accordance with their provisions and any shares of Common Stock used in payment of Cash Value Awards and/or Performance Shares originally granted before June 27, 2012, may be delivered after June 27, 2012, in accordance with the provisions of the applicable Award."

2. Section 5.1.4 is hereby amended to read as follows:

"5.1.4 Maximum Award to an Individual. During the term of this Plan, no person shall be granted or receive more than 1,000,000 Options and/or Performance Accelerated Stock Options during any single year commencing on June 27, 2002 and on each anniversary of that date prior to the expiration date of the Plan."

3. The first two sentences of Article XVII are hereby amended to read as follows:

"The Plan was originally effective as of April 1, 1991, and was amended and restated thereafter as of June 30, 1993, April 27, 1995, April 24, 1997 and April 29, 1999 and is being further amended as of April 25, 2002 subject to shareholder approval. The termination date of the Plan shall be June 27, 2012."

4. This Amendment 2002-1 shall be effective upon its approval by the holders of at least a majority of the shares of the Company's issued and outstanding common stock present or represented and entitled to vote at the 2002 Annual Meeting of Stockholders. Upon such effective date, all of the other terms and conditions of the LTIC Plan shall continue in full force and effect.

TO RECORD the adoption of this Amendment 2002-1 by the Company's Board of Directors, the Chairman has caused this document to be executed on this 13th day of May, 2002.

HERCULES INCORPORATED

By: /s/ William H. Joyce

William H. Joyce
Chairman

APPENDIX II

**HERCULES INCORPORATED
OMNIBUS EQUITY COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS**

SECTION 1. Purpose; Definitions

(a) The purpose of the Plan is to give the Company a means to provide equity-based compensation to its non-employee directors.

(b) For purposes of the Plan, the following terms are defined as set forth below:

Award means an Option, a Stock Appreciation Right, Restricted Stock, Restricted Stock Units or an Other Equity-Based Award.

Award Agreement means a written document setting forth the terms and conditions of an Award.

Board means the Board of Directors of the Company.

Committee means the Compensation Committee or such other committee of the Board as the Board may from time to time designate.

Common Stock means common stock, par value \$ per share, of the Company.

Company means Hercules Incorporated, a Delaware corporation, and any successor thereto.

Effective Date is defined in Section 14 below.

Eligible Director means any individual serving as a member of the Board who is not an employee of the Company or any of its subsidiaries.

Exchange Act means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

Fair Market Value means, as of any given date, the closing price, at the close of regular trading hours, on the New York Stock Exchange on that date, or if the Common Stock was not traded on the New York Stock Exchange on such date, then on the next preceding date on which the Common Stock was not traded, all as reported by such source as the Committee may select.

Option means an Award granted under Section 5.

Other Equity-Based Award means an Award granted under Section 9.

Participant means any individual who has received an Award.

Plan means the Hercules Incorporated Omnibus Equity Compensation Plan for Non-Employee Directors, as set forth herein and as hereinafter amended from time to time.

Restricted Stock means an Award granted under Section 7.

Restricted Stock Units means an Award granted under Section 8, representing the right to receive a specified number of shares of Common Stock, or a cash payment equal to the value of a specified number of shares of Common Stock.

Rule 16b-3 means Rule 16b-3, as promulgated by the Securities and Exchange Commission or any successor agency thereto under Section 16(b) of the Exchange Act, as amended from time to time.

Section means, unless otherwise specified, a Section of the Plan.

Stock Appreciation Right means an Award granted under Section 6.

SECTION 2. Administration

(a) The Plan shall be administered by the *Committee*; *provided*, that the Board shall have the authority to exercise any and all duties and responsibilities assigned to the Committee under the Plan. Among other things, the Committee shall have the authority, subject to the terms of the Plan, to grant Awards to Eligible Directors, to determine the number of shares of Common Stock to be covered by each such Award and otherwise to determine the terms and conditions thereof, and to amend such terms and conditions at any time and from time to time.

(b) The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable, to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto) and to otherwise supervise the administration of the Plan.

(c) The Committee may act only by a majority of its members then in office, except that the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it; *provided*, that no such delegation may be made that would cause Awards or other transactions under the Plan to cease to be exempt from Section 16(b) of the Exchange Act or that is prohibited by applicable law or the applicable rules of a stock exchange. Any such allocation or delegation may be revoked by the Committee at any time.

(d) Any determination made by the Committee or pursuant to delegated authority pursuant to the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Committee or its delegate at the time of the grant of the Award or, unless in contravention of an express term of the Plan, at any time thereafter. All decisions made by the Committee or any appropriate delegate pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Participants.

SECTION 3. Common Stock Subject to Plan

(a) The maximum number of shares of Common Stock that may be delivered under the Plan shall be 600,000, less the number of shares delivered under the Hercules Incorporated Nonemployee Director Stock Accumulation Plan pursuant to deferral exchanges under Section 7.1 of that plan that are transacted on or after the Effective Date. Shares issued pursuant to the Plan may be authorized and unissued shares or treasury shares.

(b) If an Award is forfeited, an Option (and the related Stock Appreciation Right, if any) terminates, expires or lapses without being exercised, a Stock Appreciation Right is exercised for cash, or if any Award is otherwise settled in cash rather than shares of Common Stock, the shares of Common Stock that had been subject thereto shall again be available for distribution in connection with Awards under the Plan. If the exercise price of any Option granted under the Plan is satisfied by delivering shares of Common Stock to the Company (by either actual delivery or by attestation), only the number of shares of Common Stock issued net of the shares of Common Stock delivered or attested to shall be deemed delivered for purposes of determining the maximum numbers of shares of Common Stock available for delivery under the Plan.

SECTION 4. Adjustments

(a) In the event of any stock dividend, stock split, reverse stock split, share combination, recapitalization, merger, consolidation, acquisition of property or shares, separation, spinoff, reorganization, stock rights offering, liquidation, or similar event of or by the Company, the Committee shall make such adjustments (if any) as it deems appropriate and equitable, in its discretion, to the following:

- (i) the aggregate number and kind of shares of Common Stock available under the Plan;
- (ii) the number and kind of shares of Common Stock covered by any outstanding Award;
- (iii) the exercise price of any outstanding Option or Stock Appreciation Right; and

such other adjustments to outstanding Awards as the Committee may determine to be appropriate and equitable, to reflect such event. Such adjustments may include, without limitation, the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, and the substitution of other property (including, without limitation, other securities) for the Common Stock covered by outstanding Awards.

SECTION 5. Options

(a) *Grants.* The grant of an Option shall occur on the date when the Committee by resolution selects an Eligible Director to receive a grant of an Option, determines the number of shares of Common Stock to be subject to such Option to be granted to such Eligible Director and specifies the terms and conditions of the Option, or such later date as the Committee may specify in such resolution. Options granted under the Plan shall be subject to the following terms and conditions and shall be evidenced by an Award Agreement containing such additional terms and conditions as the Committee shall deem appropriate.

(b) *Exercise Price.* The exercise price per share of Common Stock of an Option shall not be less than the Fair Market Value of a share of Common Stock on the date of grant.

(c) *Option Term.* The term of an Option shall not exceed ten years from the date of grant.

(d) *Exercisability.* Except as otherwise provided in the applicable Award Agreement or by the Committee: (i) no Option shall be exercisable before the first anniversary of the date of grant, except in the event of the death, disability or retirement of the Eligible Director to which it is granted; and (ii) in any event, no Option shall be exercisable before the expiration of six months following the date of grant.

(e) *Methods of Exercise.* Subject to the provisions of this Section 5 and the applicable Award Agreement, an Option may be exercised, in whole or in part, by giving written notice of exercise to the Company specifying the number of shares of Common Stock subject to the Option to be purchased. Such notice shall be in a form approved by the Committee and shall be accompanied by payment in full of the exercise price by certified or bank check or such other instrument as the Company may accept. Payment, in full or in part, may also be made using the following methods, and to the extent permitted by the Committee:

- (i) in the form of unrestricted Common Stock (by delivery of such shares or by attestation) already owned by the Participant, based on the Fair Market Value of the Common Stock on the date the Option is exercised; *provided*, that such already-owned shares have been held by the Participant for at least six months at the time of exercise or were purchased by the Participant on the open market;
- (ii) by delivering a properly executed exercise notice to the Company, together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale proceeds necessary to pay the purchase price;
- (iii) by instructing the Committee to withhold a number of such shares having a Fair Market Value on the date of exercise equal to the aggregate exercise price of such Option.

A Participant shall have all of the rights of a shareholder with respect to the shares purchased upon exercise of an Option when the Participant has given written notice of exercise, has paid in full for such shares and, if requested, has given the representation described in Section 13(a).

(f) *Nontransferability of Options.* No Option shall be transferable by the Participant, except (i) by will or by the laws of descent and distribution or (ii) as otherwise expressly permitted by the Committee. All Options shall be exercisable only by the Participant, the guardian or legal representative of the Participant, or any person to whom such Option is transferred pursuant to this Section 5(f), it being understood that the term "Participant" includes any such guardian, legal representative or other transferee.

(g) *Cashing Out of Option.* On receipt of written notice of exercise, the Committee may elect to cash out all or part of the portion of the shares of Common Stock for which an Option is being exercised by paying the Participant an amount, in cash or Common Stock, equal to the excess of the Fair Market Value of the Common Stock over the exercise price times the number of shares of Common Stock for which the Option is being exercised on the effective date of such cash-out.

SECTION 6. Stock Appreciation Rights

(a) *Grant and Exercise.* Stock Appreciation Rights may be granted in conjunction with all or part of any Option granted under the Plan, either at or after the time of grant of such Stock Option. A Stock Appreciation Right shall terminate and no longer be exercisable upon the termination or exercise of the related Option. A Stock Appreciation Right may be exercised by a Participant in accordance with Section 6(b) by surrendering the applicable portion of the related Option in accordance with procedures established by the Committee. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in Section 6(b). Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined by the Committee, including those set forth below in this Section 6.

(b) *Exercise.* Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Options to which they relate are exercisable. Upon the exercise of a Stock Appreciation Right, a Participant shall be entitled to receive an amount in cash, shares of Common Stock or a combination thereof, in value equal to the excess of the Fair Market Value of one share of Common Stock over the exercise price per share specified in the related Option multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment. Upon the exercise of a Stock Appreciation Right, the Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 on the number of shares of Common Stock to be issued under the Plan, but only to the extent of the number of shares covered by the Stock Appreciation Right at the time of exercise based on the value of the Stock Appreciation Right at such time.

(c) *Transferability.* Stock Appreciation Rights shall be transferable only to permitted transferees of the underlying Option in accordance with Section 5(f).

SECTION 7. Restricted Stock

(a) *Grants.* The Committee shall determine the Eligible Directors to whom and the time or times at which Restricted Stock will be granted, the number of shares to be included in each such grant, the conditions for vesting thereof, the time or times within which Restricted Stock may be subject to forfeiture, and all other terms and conditions of the Awards, all of which shall be set forth in an Award Agreement.

(b) *Awards and Certificates.* Shares of Restricted Stock shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. Any certificate issued in respect of shares of Restricted Stock shall be registered in the name of such Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Hercules Incorporated Omnibus Equity Compensation Plan for Non-Employee Directors and an Award Agreement. Copies of such Plan and Award Agreement are on file at the offices of Hercules Incorporated at Hercules Plaza, 1313 North Market Street, Wilmington, Delaware, 19894-0001.

The Committee may require that the certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed and that, as a condition of any Award of Restricted Stock, the Participant shall have delivered a stock power, endorsed in blank, relating to the Common Stock covered by such Award.

(c) Except as provided in this Section 7(c) and the applicable Award Agreement, a Participant to whom Restricted Stock is granted shall have all of the rights of a shareholder of the Company with respect to the Common Stock included in the Restricted Stock grant, including, if applicable, the right to vote the shares and the right to receive any dividends and other distributions. If so determined by the Committee, and subject to Section 13(e) of the Plan, (i) cash dividends on such Common Stock shall be automatically deferred and reinvested in additional Restricted Stock, held subject to the vesting of the underlying Restricted Stock, and (ii) dividends and other distributions in the form of Common Stock or other property shall be subject to the vesting of the underlying Restricted Stock.

SECTION 8. Restricted Stock Units

(a) *Grants.* The Committee shall determine the Eligible Directors to whom and the time or times at which Restricted Stock Units will be granted, the number of shares to be represented by each such grant, the conditions for vesting thereof, the time or times within which Restricted Stock Units may be subject to forfeiture, the time or times at which Restricted Stock Units will be settled, the form of such settlement (*i.e.*, cash or shares of Common Stock) and all other terms and conditions of the Awards, all of which shall be set forth in an Award Agreement.

(b) A Participant to whom Restricted Stock Units are granted shall not have any rights of a shareholder of the Company with respect to the Common Stock represented by the Restricted Stock Unit grant. If so determined by the Committee, and subject to Section 13(e) of the Plan, Restricted Stock Units may include a dividend equivalent right, pursuant to which the Participant will either receive cash amounts (either paid currently or on a deferred and/or contingent basis) equivalent to the dividends and other distributions payable with respect to the number of shares of Common Stock represented by the Restricted Stock Units, or additional Restricted Stock Units representing such dividends and other distributions.

SECTION 9. Other Stock-Based Awards

Other Awards of Common Stock and other Awards that are valued in whole or in part by reference to, or are otherwise based upon, Common Stock, including without limitation stock appreciation rights that are not granted in conjunction with Options, dividend equivalents and convertible debentures, may be granted either alone or in conjunction with other Awards granted under the Plan. In the event that any such Awards have an exercise price, the per-share amount of such exercise price shall not be less than the Fair Market Value of a share of Common Stock on the date of grant.

SECTION 10. Termination of Board Service

(a) *Termination of Board Service as a Result of Death or Disability.* Unless otherwise provided in the applicable Award Agreement, if a Participant's membership on the Board is terminated by the Participant's death or disability: (i) any Option held by the Participant, and any related Stock Appreciation Right, shall become immediately exercisable (to the extent not already exercisable) on a pro-rata basis, based upon the portion of the vesting period that has elapsed through the date of death or disability; (ii) any Option held by the Participant, and any related Stock Appreciation Right, to the extent then exercisable after application of clause (i), or on such accelerated basis as the Committee may determine, shall remain exercisable for a period of one year from the date of such termination or until the expiration of the term of such Option (and any related Stock Appreciation Right), whichever period is the shorter; and (iii) any Restricted Stock, Restricted Stock Units and other Awards then held by the Participant shall vest in full. The Committee shall have the authority to determine whether the termination of a Participant's Board membership is by reason of disability.

(b) *Termination of Board Service as a Result of Retirement.* Unless otherwise provided in the applicable Award Agreement, if a Participant's membership on the Board is terminated by the Participant's retirement: (i) any Option held by the Participant, and any related Stock Appreciation Right, shall become immediately exercisable (to the extent not already exercisable) on a pro-rata basis, based upon the portion of the vesting period that has elapsed through the date of such termination; (ii) any Option held by the Participant, and any related Stock Appreciation Right, to the extent then exercisable after application of clause (i), or on such accelerated basis as the Committee may determine, shall remain exercisable for a period of five years from the date of such termination or until the expiration of the term of such Option (and any related Stock Appreciation Right), whichever period is the shorter; and (iii) any Restricted Stock, Restricted Stock Units and other Awards then held by the Participant shall vest in full. The Committee shall have the authority to determine whether the termination of a Participant's Board membership is by reason of retirement.

(c) *Termination of Board Service as a Result of Removal for Cause.* Unless otherwise provided in the applicable Award Agreement or otherwise determined by the Committee, if a Participant's membership on the Board is terminated by the Participant's removal for cause, all Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units and other Awards then held by the Participant shall be immediately forfeited.

(d) *Other Termination.* Unless otherwise determined by the Committee, if a Participant's membership on the Board is terminated for any reason other than as provided in Section 10(a), (b) or (c): (i) any Option held by the Participant, and any related Stock Appreciation Right, shall become immediately exercisable (to the extent not already exercisable) on a pro-rata basis, based upon the portion of the vesting period that has elapsed through the date of such termination; (ii) any Option held by the Participant, and any related Stock Appreciation Right, to the extent then exercisable after application of clause (i), or on such accelerated basis as the Committee may determine, shall remain exercisable for a period of three months (or such other period as the Committee may specify) from the date of such termination or until the expiration of the term of such Option (and related Stock Appreciation Right), whichever period is the shorter; *provided, however,* that if the Participant dies within such three-month period, any unexercised Option held by the Participant shall, notwithstanding the expiration of such three-month period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of 12 months from the date of such death or until the expiration of the term of such Option, whichever period is the shorter; and (iii) any Restricted Stock, Restricted Stock Units and other Awards then held by the Participant shall vest on a pro-rata basis, based upon the portion of the vesting period that has elapsed through the date of such termination.

SECTION 11. Term, Amendment and Termination

(a) The Plan will terminate on the tenth anniversary of the Effective Date. Under the Plan, Awards outstanding as of such date shall not be affected or impaired by the termination of the Plan.

(b) The Board may amend, alter, or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would impair the rights of a Participant under any Award theretofore granted without the Participant's consent, except such an amendment made to comply with applicable law, stock exchange rules or accounting rules. In addition, no such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by applicable law or stock exchange rules. Without limiting the generality of the foregoing, no such amendment shall be made without the approval of the Company's shareholders to the extent such amendment would (i) increase the

number of shares available under the Plan, except pursuant to Section 4, (ii) materially change the manner of determining the exercise price of Options or other Awards, (iii) permit the repricing of Options or other Awards, (iv) increase the maximum term of Options permitted by Section 5(c), (vi) expand the class of persons eligible to receive Awards.

(c) The Committee may amend the terms of any Option or other Award theretofore granted, prospectively or retroactively; *provided, however*, that no such amendment shall impair the rights of any Participant without the Participant's consent except such an amendment made to cause the Plan or Award to comply with applicable law, stock exchange rules or accounting rules; and *provided, further*, that in no event may an Option or other Award be repriced to lower the exercise price thereof, except pursuant to Section 4.

(d) Subject to the above provisions, the Board shall have authority to amend the Plan to take into account changes in law and tax and accounting rules as well as other developments, and to grant Awards which qualify for beneficial treatment under such rules without shareholder approval.

SECTION 12. Unfunded Status of Plan

It is presently intended that the Plan will constitute an "unfunded" plan. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or make payments; *provided, however*, that unless the Committee otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

SECTION 13. General Provisions

(a) The Committee may require each person purchasing or receiving shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to the distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

(b) Notwithstanding any other provision of the Plan or agreements made pursuant thereto, the Company shall not be required to issue or deliver any certificate or certificates for shares of Common Stock under the Plan prior to fulfillment of all of the following conditions:

- (i) Listing or approval for listing upon notice of issuance, of such shares on the New York Stock Exchange, Inc., or such other securities exchange as may at the time be the principal market for the Common Stock;
- (ii) Any registration or other qualification of such shares of the Company under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and
- (iii) Obtaining any other consent, approval, or permit from any state or federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.

(c) Nothing contained in the Plan shall prevent the Company or any subsidiary or affiliate from adopting other or additional compensation arrangements for Eligible Directors.

(d) Adoption of the Plan shall not confer upon any Eligible Director any right to continued service on the Board.

(e) Reinvestment of dividends in additional Restricted Stock or Restricted Stock Units at the time of any dividend payment shall only be permissible if sufficient shares of Common Stock are available under Section 3 for such reinvestment.

(f) The Committee shall establish such procedures as it deems appropriate for a participant to designate a beneficiary to whom any amounts payable in the event of the participant's death are to be paid or by whom any rights of the participant, after the participant's death, may be exercised.

(g) The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

(h) Except as otherwise provided in Section 5(e) or 6(c), or by the Committee, Awards under the Plan shall not be transferable except by will or by laws of descent and distribution.

SECTION 14. Effective Date of Plan

The Plan shall be effective as of the date it is approved by at least a majority of the outstanding shares of Common Stock (the "Effective Date").

HERCULES INCORPORATED
NONEMPLOYEE DIRECTOR
STOCK ACCUMULATION PLAN

Hercules Incorporated
Hercules Plaza
Wilmington, DE 19894-0001

TABLE OF CONTENTS

I.	PURPOSES	Page 1
II.	EFFECTIVE DATE AND TERM	Page 1
III.	DEFINITIONS	Page 1
IV.	ELIGIBILITY	Page 1
V.	SHARES AVAILABLE FOR THE PLAN	Page 2
	5.1 [Common Stock]	Page 2
	5.2 [Maximum Available]	Page 2
	5.3 [Unexercised Option Shares]	Page 2
	5.4 [Capitalization Adjustments]	Page 2
VI.	OPTIONS	Page 3
	6.1 [Grants]	Page 3
	6.2 [Terms and Conditions — General]	Page 3
	6.3 [Type of Options]	Page 3
	6.4 [Proration for Shortfall]	Page 3
	6.5 [Option Period]	Page 3
	6.6 [Option Price]	Page 4
	6.7 [Restrictions on Exercisability]	Page 4
	6.8 [Method of Exercise]	Page 5
	6.9 [Manner of Payment]	Page 5
	6.10 [Issuance of Shares]	Page 5
	6.11 [Nontransferable]	Page 6
	6.12 [Holding Period]	Page 6
	6.13 [No Shareholder Rights]	Page 6
	6.14 [Termination of Employment]	Page 6
VII.	DEFERRAL EXCHANGES	Page 7
	7.1 [Election to Defer]	Page 7
	7.2 [Investment Direction]	Page 7
	7.3 [Cash Program]	Page 7
	(a) [Cash Account]	Page 7
	(b) [Interest]	Page 8
	(c) [Distribution Elections]	Page 8
	(d) [Distributions per Elections]	Page 8
	(e) [Death or Disability]	Page 9
	7.4 [Equity Program]	Page 9
	(a) [Equity Account]	Page 9
	(b) [Exchange for Shares]	Page 9
	(i) [Transfer Restrictions]	Page 9
	(ii) [Custody and Legends]	Page 10

	(c) [No Further Obligation for Fees]	Page 10
	(d) [Credits to Cash Account]	Page 10
	(e) [Adjustment for Nonperformance of Services; Proration]	Page 10
	(f) [Termination of Employment]	Page 11
	(g) [Debit Settlement]	Page 11
	7.5 [Irrevocable Elections]	Page 11
	7.6 [Investment Risk]	Page 11
	7.7 [Absence of Funding]	Page 11
VIII.	ADMINISTRATION	Page 12
	8.1 [Committee]	Page 12
	8.2 [Authority of Committee]	Page 12
	8.3 [Liability and Indemnification]	Page 12
	8.4 [Quorum and Actions]	Page 13
	8.5 [Limitations on Authority]	Page 13
IX.	AMENDMENT, SUSPENSION OF TERMINATION OF THE PLAN	Page 13
	9.1 [Amendment]	Page 13
	9.2 [Suspension or Termination]	Page 13
X.	GLOSSARY	Page 14
	A. [Change of Control]	Page 14
	B. [Code]	Page 15
	C. [Deferral Dates]	Page 15
	D. [Director Fees]	Page 15
	E. [Disability]	Page 15
	F. [Exchange Act]	Page 15
	G. [Fair Market Value]	Page 15
	H. [Plan Benefit]	Page 16
	I. [Retirement]	Page 16
	J. [Rule 16b-3]	Page 16
	K. [Securities Act]	Page 16
	L. [Subsidiary]	Page 16
XI.	MISCELLANEOUS	Page 16
	11.1 [Change of Control]	Page 16
	11.2 [Designation of Beneficiary]	Page 17
	11.3 [Securities Laws]	Page 17
	11.4 [No Rights to Continued Service]	Page 18
	11.5 [Forfeiture]	Page 18
	11.6 [Notices]	Page 18
	11.7 [Successors and Assigns]	Page 18
	11.8 [Severability]	Page 19
	11.9 [Rule 16b-3 Compliance]	Page 19
	11.10 [Nonassignable]	Page 19
	11.11 [Tax Withheld]	Page 19
	11.12 [Entire Plan; Waiver]	Page 19
	11.13 [Applicable Law]	Page 20

HERCULES INCORPORATED
NONEMPLOYEE DIRECTOR
STOCK ACCUMULATION PLAN

I. PURPOSES

Hercules Incorporated ("Company"), by means of this Hercules Incorporated Nonemployee Director Stock Accumulation Plan, the terms of which are herein set forth (as the same is now in effect or as hereafter amended from time to time, the "Plan"), seeks to attract and retain persons of exceptional ability to serve as directors and to solidify the common interests of its directors and stockholders in enhancing the value of the common stock issued by the Company.

II. EFFECTIVE DATE AND TERM

This Plan shall be effective as of the date it is approved by the holders of at least a majority of the shares of the Company's issued and outstanding common stock present or represented and entitled to vote at the 1993 Annual Meeting of Stockholders ("Effective Date"). The Plan shall terminate on April 30, 2001.

III. DEFINITIONS

Words and phrases used in this Plan with an initial capital letter (other than those specifically defined elsewhere herein) shall have, unless their context clearly indicates to the contrary, the respective meanings set forth in Article X.

IV. ELIGIBILITY

Each member of the Company's Board of Directors ("Board") in service from time to time shall be eligible to participate in this Plan, provided he or she, as of the date of an award or exchange, is not and has not been an employee of the Company or any of its Subsidiaries ("Director").

V. SHARES AVAILABLE FOR THE PLAN

5.1 Shares that may be purchased and/or exchanged under or pursuant to this Plan shall be common stock, \$25/48 stated value per share, authorized and issued by the Company (“Common Stock”). Such shares are to be made available (i) for options granted hereunder, from authorized but unissued shares of Common Stock or from shares of Common Stock reacquired by the Company (including shares purchased in the open market), or both, at the discretion of the Company, and (ii) for deferral fee exchanges hereunder, from shares of Common Stock reacquired by the Company (including shares purchased in the open market).

5.2 Subject to adjustments as provided in Section 5.4, the maximum aggregate number of shares of Common Stock for which options may be granted under Article VI (“Options”) shall be one hundred fifty thousand (150,000) shares and the maximum aggregate number of shares of Common Stock that may be exchanged pursuant to Section 7.4 for director fees under Article VIII (“Deferral Exchanges”) shall be thirty thousand (30,000) shares.

5.3 In the event that any unexercised Option (or any portion thereof) granted under Article VI shall expire, terminate or be canceled for any reason, the shares of Common Stock so affected shall be available for use under the Plan to the same person or to other persons by way of any option authorized under the Plan.

5.4 In the event that the outstanding shares of Common Stock are changed into or exchanged for a different number or kind of shares of the Company or other securities of the Company or a successor entity by reason of merger, consolidation, corporate reorganization, recapitalization, reclassification, stock dividend, stock split, split-up, split-off or spin-off, combination or exchange of shares, or otherwise, the Board may (i) make such adjustments, if any, as it deems appropriate in the number, kind and purchase price or exchange value of shares subject to the Plan or to outstanding Options and (ii) take such other action as in its opinion is appropriate under the circumstances. Without limiting the foregoing, the Board may make an appropriate adjustment to each outstanding Option such that each such Option shall thereafter be exercisable for such shares, securities, cash and/or other property as would have been received in respect of the shares subject to such Option had such Option been exercised in full immediately prior to such change, and such an adjustment shall be made successively each time any such change shall occur.

VI. OPTIONS

6.1 Subject to the maximum number of shares of Common Stock that may be purchased pursuant to the exercise of Options, as set forth in Section 5.2 (as such number may be adjusted pursuant to the provisions of Section 5.4), an Option to purchase 1,000 shares of Common Stock ("Option Shares"), in the manner and subject to the terms and conditions hereinafter provided, shall be granted each year, automatically and without further action by the Board or the Committee, as of the third (3rd) business day following the date on which the Company releases for publication its third (3rd) quarter statement of sales and earnings, to each person who is serving as an eligible director of the Company on such date.

6.2 Each Option shall be subject to all of the terms, conditions and restrictions provided in this Plan and such other terms, conditions and restrictions, if any, as may be specified by the Committee with respect to the Option in question at the time of the granting of the Option or as may be specified thereafter by the Committee in the exercise of its powers under the Plan. Without limiting the foregoing, it is understood that the Committee may, at any time and from time to time after the granting of an Option hereunder, specify such additional terms, conditions and restrictions with respect to such Option as may be deemed necessary or appropriate to ensure compliance with any and all applicable laws, including, but not limited to, terms and conditions for compliance with federal and state securities laws and methods of withholding or providing for the payment of required taxes. The terms, conditions and restrictions with respect to any Option, or with respect to any Option to any optionee Director, need not be identical with the terms, conditions and restrictions with respect to any other Option, or with respect to any Option to any other optionee Director. Each Option granted pursuant to the Plan shall be evidenced by an Option Agreement in such form as the Committee shall from time to time approve. Such Agreement shall conform with, and be subject to, the provisions of the Plan. The Option Agreement shall not be a precondition to the granting of Options; however, no person shall have any rights under any Option granted under the Plan unless and until the optionee Director to whom such Option shall have been granted shall have executed and delivered to the Company an Option Agreement. A fully executed original of the Option Agreement shall be provided to both the Company and the optionee Director.

6.3 All Options shall be nonstatutory options, not intended to qualify as stock options entitled to special tax treatment under Section 422A of the Code, as defined hereinafter.

6.4 In the event that the number of Option Shares available for grants under the Plan is insufficient to make all grants hereby specified on the applicable date, then all directors who are entitled to a grant on such date shall share ratably in the number of Option Shares then available for grant under the Plan.

6.5 Each Option shall be exercisable at any time or times as to all or part of the shares of Common Stock covered thereby prior to the expiration of ten (10) years from the date of grant thereof, subject to the limitations of Section 6.7 and to the provisions of Section 6.14. To the extent that an Option is not exercised within the ten (10) year period of exercisability specified in this Section 6.5 ("Option Period"), it shall expire as to the then unexercised part.

6.6 The purchase price per share at which the optionee Director may buy Option Shares upon exercise of the Option (“Option Price”) shall be 100% of the Fair Market Value per share of Common Stock at the date the Option is granted, subject to adjustment as provided in Section 5.4; provided, however, that in no event shall the Option Price be less than the stated value of Common Stock.

6.7 Each Option shall be subject to the following additional restrictions on exercisability:

a. The Option is not immediately exercisable. Except in the event of an optionee Director’s death, Disability or Retirement, an Option shall not be exercisable, in whole or in part, prior to the expiration of one (1) year from the date of grant. In no event may an Option be exercised prior to the expiration of six (6) months from date of grant.

b. An Option may be exercised only during the period beginning on the third (3rd) business day following the date on which the Company releases for publication its quarterly or annual summary statements of sales and earnings and ending on the twelfth (12th) business day following such date (“Exercise Period”).

c. An Option shall not be exercisable with respect to a fractional share or with respect to fewer than ten (10) Option Shares (or the remaining Option Shares then subject to the Option, if fewer than ten).

d. Except as provided in Sections 6.14 and 11.1, an Option shall not be exercisable in whole or in part unless the optionee Director, at the time he or she exercises the Option, is, and has been at all times since the date of grant of the Option, a director of the Company.

e. If at any time the Board shall determine, in its discretion, that the listing, registration or qualification of Option Shares upon any national securities exchange or under any state or federal 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 an Option or the sale or purchase of Option Shares thereunder, such Option may not be exercised in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Board in the exercise of its reasonable judgment.

6.8 Subject to the limitations of Section 6.7 and other terms and conditions of this Plan, an optionee Director may exercise an Option, in whole or from time to time in part, by giving written notice of exercise to the Company at its office at Hercules Plaza, Wilmington, Delaware, 19894, to the attention of the Secretary of the Company. Such notice shall be on a form approved by the Committee and shall state the election to exercise the Option, the number of Option Shares in respect of which it is being exercised and a business day not more than fifteen (15) days from the date such notice is given for the payment of the purchase price against delivery of the shares of Common Stock being purchased. The notice shall be signed by the person or persons exercising the Option, and must be received by the Company's Secretary on or before the expiration date of the Option. If an Option shall be exercised by a legal representative of a deceased optionee Director or by a person who acquired an Option by bequest or inheritance by reason of a deceased optionee Director, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of authority of such legal representative or other person or persons to exercise such Option and evidence satisfactory to the Company that any death taxes payable with respect to such shares have been paid or provided for.

6.9 Payment for Option Shares purchased under any exercise of an Option shall be made in full concurrently with the exercise of the Option. The optionee Director shall pay for Option Shares purchased under any Option exercise in cash, by check or, with the Committee's permission, by delivering shares of Common Stock already owned by the optionee Director, duly assigned to the Company with the assignment guaranteed by a bank, trust company or member firm of the New York Stock Exchange, or a combination of the foregoing. The shares delivered in payment for the Option Shares being acquired shall have a Fair Market Value on the date of exercise equal to the aggregate Option Price for all Option Shares being acquired. The Committee shall determine acceptable methods for tendering shares of Common Stock as payment upon exercise of an Option and may impose such limitations and restrictions on the use of shares of Common Stock to exercise an Option as it deems appropriate. The Committee may also permit payment in accordance with a cashless exercise program under which, if so instructed by the optionee Director, shares of Common Stock may be issued directly to the optionee Director's broker or dealer upon receipt of the purchase price in cash from the broker or dealer.

6.10 Promptly after exercise of the Option, payment in full of the aggregate Option Price and compliance with all applicable requirements and conditions of the Plan, the Option Agreement and such rules and regulations as may be established by the Committee that are preconditions to delivery, the Company shall effect the issuance of such number of Option Shares as are subject to the Option exercise. A certificate or certificates for the Option Shares as to which the Option has been exercised shall be issued by the Company in the name of the person exercising the Option and shall be delivered to or upon the written order of such person or persons

exercising the Option; provided, however, the Company shall not be required to deliver any certificate upon the exercise of an Option until it has been furnished with such opinion of counsel, representation or other document as it may reasonably deem necessary to insure compliance with any state or federal securities law and/or rule or regulation of the Securities and Exchange Commission or other governmental authority having jurisdiction, including, without limitation, the representations and documentation required by Section 11.3. The Company shall pay all issue taxes with respect to the issuance of Option Shares, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance. All Option Shares issued as provided herein shall be fully paid and nonassessable to the extent permitted by law.

6.11 An Option by its terms shall not be transferable, whether by operation of law or otherwise, other than by will or the laws of descent and distribution, and any such Option shall be exercisable during the optionee Director's lifetime only by the optionee Director or the optionee Director's guardian or legal representative. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof and the levy of any execution, attachment or similar process upon the Option shall be null and void and without effect.

6.12 Notwithstanding any other provision of the Plan, in no event shall Option Shares issued upon exercise of an Option be sold or otherwise transferred or hypothecated prior to the expiration of six (6) months from the date of the grant of the Option pursuant to which the shares were acquired.

6.13 The optionee Director (or any legal representative, guardian, legatee or distributee of such optionee Director) shall not be nor deemed to be a holder of any Option Shares and shall have no rights or privileges of a stockholder in respect to any Option Shares issuable upon exercise of the Option unless and until such Option Shares have been paid for in full and have been transferred to him or her on the books and records of the Company upon exercise of the Option.

6.14 An Option shall terminate upon the termination, for any reason, of the optionee Director's directorship with the Company, and no Option Shares may thereafter be purchased under such Option except as follows:

- a. Upon retirement as a director of the Company pursuant to the Company's retirement policy for directors, each unexpired Option held by the optionee Director shall become immediately exercisable and shall remain exercisable, in whole or in part, for a period of three (3) years from the date of such retirement.
- b. An optionee Director may exercise, within one (1) year after termination as a director of the Company due to Disability, all or part of any Options which he or she was entitled to exercise immediately prior to such termination.

c. Upon the death of an optionee Director or upon the death of a retired optionee Director within three (3) years following retirement as a director of the Company, all or part of any Options which such optionee Director was entitled to exercise immediately prior to death may be exercised within the longer of either the three (3) years following optionee Director's retirement or one (1) year after his or her death by a person or persons (including optionee Director's legal representatives, distributees, or legatees) to whom the rights of the deceased optionee Director under the Option shall pass by will or the laws of descent and distribution.

Again, in no event may any Option be exercised (i) prior to the expiration of six (6) months from the date of grant, or (ii) after ten (10) years from the date it was granted.

VII. DEFERRAL EXCHANGES

7.1 By written notice received by the Secretary of the Company not later than December 15 preceding the beginning of any calendar year, a Director may elect to defer all or a portion of the Director Fees that may be payable to him or her for services rendered during such calendar year ("Deferred Fees") and to have such Deferred Fees invested for his or her account under the terms of this Article VII. A Director may elect to defer (i) all of his or her total Director Fees for the calendar year, (ii) any portion thereof in multiples of twenty-five percent (25%), or (iii) a flat annual dollar amount not in excess of his or her total Director Fees for the calendar year. An election must be made in this manner for each year for which the Director wishes to defer payment of any Director Fees.

7.2 At the time of his or her election to defer payment of Directors Fees pursuant to Section 7.1, the Director also must specify the amount or percentage, in multiples of twenty-five percent (25%), of his or her Deferred Fees to be applied to one or both of a cash deferral program ("Cash Program") or a stock exchange program ("Equity Program"), each as is further described, respectively, in Sections 7.3 and 7.4 herein.

7.3 Under the Cash Program:

(a) A Director electing to have all or a portion of his/her Deferred Fees invested in the Cash Program shall have credited to an unfunded bookkeeping cash account established and maintained by the Company in respect of such Director to record and account for cash deferrals until such time as the account

balance is distributed in accordance with the provisions of either paragraph (d) or (e) of this Section 7.3 (“Cash Account”), on each Deferral Date, such designated amounts. If a Director elects to defer less than one hundred percent (100%) of his Director Fees, deferrals pursuant to either of the other alternatives of Section 7.1 shall be deducted by the Company on a pro-rata basis from the regular quarterly payments of Director Fees.

(b) At the end of each calendar quarter, interest shall be credited to a Director’s Cash Account based on the average prime rate of interest (as changed from time to time for that quarter) charged by Morgan Guaranty Trust Company of New York. This interest shall be credited on all monies in the Cash Account at the end of each quarter. A Director’s Cash Account shall continue to accrue interest in this manner until the final distribution thereof is made to the Director in accordance with either paragraph (d) or (e) of this Section 7.3.

(c) Concurrent with the election to participate in the Cash Program, the Director must elect to receive the distribution of the balances in his or her Cash Account:

(i) in either a single payment or in forty (40) quarterly installments, each such installment to be determined by dividing the current value of the Deferred Fees plus earnings thereon by the number of installment payments (including the payment being made) remaining to be paid; and

(ii) commencing, at his or her election, either on the last day of the calendar quarter following the quarter in which the Director retires or resigns or otherwise terminates his or her service as a director of the Company, or an anniversary of such date, provided, however, that such commencement date shall in no event be later than the fifth (5th) calendar year following the calendar year in which the Director retires.

(d) A Director’s interest in his/her Cash Account shall be distributed to him or her (or his/her Beneficiaries, legal representatives, distributees or legatees, as appropriate) in accordance with his/her election made pursuant to paragraph (c) next above. If a single payment has been elected, the entire cash value of a Director’s account on the distribution date will be paid in a single payment. Where quarterly installments have been elected, the cash value of the portion of the Director’s account balance to be distributed on such date, including accrued interest thereon, shall be paid to the Director on each quarterly installment distribution date.

(e) If a Director dies before all or any portion of his/her Cash Account has been distributed to him or her, the entire balance of the Cash Account shall be paid promptly in a lump sum to such Director's designated beneficiary or to his/her estate. A Director who terminates his/her services by reason of Disability before all or any portion of his/her Cash Account has been distributed to him or her, the entire balance of the Cash Account shall be paid according to his/her irrevocable election in a lump sum or in installment payments commencing on the last day of the quarter after the quarter in which he or she terminates his/her service on the Board.

7.4 Under the Equity Program:

(a) A Director electing to have all or a portion of his/her Deferred Fees invested in the Equity Program shall have credited to an equity account established and maintained by the Company in respect of such Director to record and account for shares of Common Stock exchanged for the Deferred Fees directed to the Equity Program ("Equity Account"), on the third (3rd) business day following the Company's public announcement of its annual earnings for the prior year, a dollar amount equal to the anticipated aggregate amount of his/her Deferred Fees (exclusive of any amounts that may be payable for attendance at meetings other than regularly scheduled meetings) otherwise subsequently payable during the calendar year but deferred by the Director under this Article VII and designated for the Equity Program. Such crediting shall be subject to the adjustment provision of paragraph (e) of this Section 7.4.

(b) Simultaneously with the crediting pursuant to paragraph (a) next above, the Company shall exchange the then cash balance of the Director's Equity Account for that number of whole shares of Common Stock that equals the number of whole shares of Common Stock obtained by dividing the dollar value of the exchange amount by eighty-five percent (85%) of the Fair Market Value of Common Stock on the Exchange Date. Each share of Common Stock received as a result of such an exchange ("Exchanged Share") shall be subject to the following terms, conditions and restrictions:

(i) A stock certificate representing the number of Exchanged Shares shall be registered in the Director's name but shall be held in custody by the Company for the Director's account until distributed as herein provided. The Company shall not be required to deliver any certificate with respect to any Exchanged Shares until it has been furnished with such opinion of counsel, representation or other document as it may reasonably deem necessary to insure compliance with any state or federal securities law and/or rule or regulation of the Securities and Exchange Commission or other governmental authority having jurisdiction, including, without limitation, the representations and documentation required by Section 11.3. Except as otherwise provided

in clause (ii), next below, during the Restricted Period the Director shall have all of the rights and privileges of a stockholder with respect to Exchanged Shares, including, but not limited to, the right to receive such dividends, if any, as may be declared on such shares from time to time, and the right to vote (in person or by proxy) such shares at any meeting of stockholders of the Company. Dividends and other distributions, if any, on shares of Common Stock shall be paid directly to the Director.

(ii) An Exchanged Share may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of (collectively, "assignment or transfer") until death, Disability or Retirement of the Director ("Restricted Period"), and any attempted assignment or transfer, whether made or created by a voluntary act of the Director or any agent of such Director or by operation of law, shall not be recognized by, or be binding upon, or shall not affect in any manner the rights of, the Company while holding certificates for such shares during the applicable Restricted Period pursuant to the provisions of this Section 7.4.

(c) Upon crediting a Director's Equity Account in accordance with this Section 7.4, the Company, throughout the continuance of the calendar year and only to the extent of the Deferred Fees designated for the Equity Program, shall have no further obligation to pay the Director Director Fees (exclusive of any amounts that may be payable for attendance at meetings other than regularly scheduled meetings) otherwise payable in respect of services rendered to the Company as a director.

(d) Any Deferred Fees in respect of meetings not regularly scheduled shall be credited to the Director's Cash Account. Any cash equal to less than the price of a whole share of Common Stock also shall be credited to the Director's Cash Account.

(e) Notwithstanding anything in this Section 7.4 to the contrary,

(i) in the event a director fails to attend one or more regularly scheduled Board or Board committee meetings, and therefore does not perform the services for which the anticipated Deferral Fees are payable, at the end of the calendar quarter in which such failure(s) occurred the balance of his/her Equity Account shall be decreased by that number of shares of Common Stock acquired by Deferral Fees anticipated with respect to the meeting(s) not attended and his/her Equity Account shall be debited with an amount equal to any and all dividends paid on such shares;

(ii) if the number of shares for which Directors desire to exchange during any calendar year exceeds the number of shares then available under this Plan, the shares available shall be allocated proportionally among such Directors.

(f) If a Director terminates his/her service as a director of the Company, by reason of death, Disability or Retirement before all or any portion of his/her Equity Account has been distributed to him or her, the entire balance of the Equity Account, subject to adjustment as provided in paragraph (e) next above, shall be distributed to the Director (or his or her Beneficiaries, legal representatives, distributees or legatees) as soon as administratively practicable. In the event of termination for reasons other than death, Disability or Retirement, any and all shares of Common Stock credited to the Equity Account will be forfeited. In such cases, the Director shall receive a payment equal to the lesser of (i) Fair Market Value as of the date of termination of service multiplied by the number of shares of Common Stock forfeited, subject to adjustment as provided below, or (ii) the purchase price paid by the Director for such shares, plus any balance remaining in the Equity Account.

(g) Upon termination of his/her service as a director of the Company for any reason, the Company may offset any debits pursuant to paragraph (e) of this Section 7.4 against any amounts otherwise payable in respect of a Cash Account maintained for the Director. If no offset is available, the Director shall promptly remit to the Company the cash equivalent of such debits.

7.5 Deferral and investment elections made under this Article VII with respect to any calendar year (which shall be on such forms as may be prescribed by the Committee from time to time) shall be final and, after commencement of such calendar year, cannot be amended or revoked in respect of Director Fees for services rendered during such calendar year.

7.6 Each Director is solely responsible for his or her decision to defer all or a portion of his or her Director Fees and accepts all investment risk entailed by his selection of an investment program, including the risk of loss due to a decrease in the value of his Deferred Fees.

7.7 Except for the shares of Common Stock exchanged under paragraph (b) of Section 7.4, the Company shall not be required to reserve or otherwise set aside any cash or other property as a separate trust for the payment of any amounts credited to any account created hereunder. Except for such shares, the sole obligation of the Company to any Director participating in the deferral of fees under this Plan is a contractual obligation to make payments in accordance with the terms and conditions set forth in this Article VII. Any fees deferred under the Cash Program provisions of this Plan shall continue for all purposes to be part of the general funds

of the Company and subject to the claims of general creditors of the Company, and no other person other than the Company shall by virtue of the provisions of the Plan have any interest in such deferred fees. Nothing contained in this Plan and no action taken pursuant to the Plan shall create or be considered to create a trust of any kind or a fiduciary relationship between the Company and the Director, his or her heirs, successors or any other person, other than the custodial relationship in respect of Exchanged Shares held by the Company during the Restricted Period. To the extent that any person acquires a right to receive cash payments from the Company under or pursuant to this Article VII, such right shall be no greater than the right of a unsecured general creditor of the Company.

VIII. ADMINISTRATION

8.1 Responsibility and authority to administer and interpret the provisions of the Plan shall be conferred upon a committee designated by the Board (as constituted from time to time, the "Committee"), having full authority to act, which Committee shall not have fewer than three (3) members.

8.2 The Committee is authorized to interpret the Plan; to prescribe, amend and rescind such rules and regulations not inconsistent with the provisions of the Plan, as it may deem advisable to carry out the Plan; and to make all other determinations necessary or advisable for administering the plan. The determination of the Committee on matters referred to in this Article VIII shall be conclusive.

8.3 The Committee may employ attorneys, consultants, accountants or other persons, and the Committee, the Company and its officers, directors and employees shall be entitled to rely upon the advice, opinions or valuations of any such persons in connection with their respective responsibilities and authority hereunder. All usual and reasonable expenses incurred in the administration and interpretation of the Plan shall be paid by the Company. No member of the Committee shall receive compensation with respect to his/her services on or for the Committee except as may be authorized by the Board. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Directors, the Company and other interested persons. Neither the Company, any member of the Committee or any other individual involved in the administration and/or interpretation of the Plan shall be liable, personally or otherwise, for any action, determination or interpretation taken or made in good faith with respect to the Plan or Options and/or Deferral Exchanges. Each member of the Committee and each other individual involved in the administration and/or interpretation of the Plan shall be fully indemnified and protected by the Company in respect of any cost or expense or liability arising out of any act or failure to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

8.4 Three (3) members of the Committee shall constitute a quorum, and the acts of a majority of the quorum present at any meeting or acts approved in writing by all members of the Committee shall be deemed the acts of the Committee.

8.5 Notwithstanding anything contained in the Plan to the contrary, the Committee shall have no discretion or authority to (i) determine which members of the Board are entitled to receive or exercise rights with respect to Options and/or Deferral Exchanges, (ii) grant Options and/or exchange shares other than as provided in the Plan, (iii) determine the number of Options and/or Deferral Exchanges which may be granted or made available to any Director, (iv) modify the number of shares of Common Stock issuable (subject to Section 5.4) under or pursuant to Options and/or exchangeable (subject to Section 4.5) under the Equity Program, (v) modify the time or times at which Options and/or Deferral Exchanges may be granted or made available, or (vi) alter or amend the Plan.

IX. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

9.1 The Board may, from time to time, amend the Plan in any respect, provided that no amendment shall be made without the approval of the stockholders of the Company that will (i) increase the total number of shares of Common Stock available for Options and Deferral Exchanges under the Plan (other than an increase resulting from an adjustment provided for in Section 5.4, (ii) change the manner of determining the exercise price of the Option or the exchange value for Exchanged Shares, (iii) increase the maximum term of the Options provided for herein, (iv) modify the provisions of the Plan relating to the eligibility of persons entitled to receive Plan Benefits hereunder, or (v) materially increase benefits accruing to participants under the Plan; except to the extent that, in the opinion of counsel to the Company, such approval is not required under the Exchange Act or the rules and regulations promulgated thereunder in order for the Options granted under the Plan to continue to be exempt from the operation of Section 16(b) of the Exchange Act or any successor rule, as it may be amended from time to time. The rights and obligations under any Option and/or Deferral Exchange granted or exchanged, as the case may be, before amendment of the Plan or under any unexercised portion of such Option shall not be adversely affected by amendment of the Plan or the Option and/or Deferral Exchange without the consent of the holder of the Option and/or Deferral Exchange.

9.2 The Board reserves the right at any time, to suspend or terminate, in whole or from time to time in part, any or all of the provisions of the Plan for any reason and without the consent of or approval by the stockholders of the Company, any Director or Beneficiary or any other person; provided, however, that any and all rights and obligations under any Option or Deferral Exchange granted or effected, as the case may be, while the Plan is in effect shall not be altered or impaired by

suspension or termination of the Plan, except upon the consent of the Director to whom the Option or Deferral Exchange was granted or effected. The power of the Committee to construe and administer any Options and/or Deferral Exchanges granted or effected prior to the termination or suspension of the Plan nevertheless shall continue after such termination or during such suspension.

X. GLOSSARY

The following words and phrases when used in the Plan with an initial capital letter, unless their context clearly indicates to the contrary, shall have the respective meanings set forth below:

(A) "Change in Control" shall be deemed to have occurred if:

(1) there shall be consummated

- i. any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which any shares of Common Stock are to be converted into cash, securities or other property, provided that the consolidation or merger is not with a corporation which was a wholly-owned subsidiary of the Company immediately before the consolidation or merger; or
- ii. any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or

(2) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or

(3) any "person", including a "group" as determined in accordance with Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), is or becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of 20% or more of the combined voting power of the Company's then outstanding Common Stock, provided that such person shall not be a wholly-owned subsidiary of the Company immediately before it becomes such 20% beneficial owner; or

(4) individuals who constitute the Board on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least three quarters of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this clause (4), considered as though such person were a member of the Incumbent Board.

(B) “Code” means the Internal Revenue Code of 1986, as now in effect or as hereafter amended from time to time, and as construed and interpreted by valid regulations issued by the United States Internal Revenue Service thereunder. References to any section or subsection of the Code are to such section or subsection as the same may from time to time be amended or renumbered and/or any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

(C) “Deferral Dates” means the dates on which Director Fees are paid.

(D) “Director Fees” means the aggregate compensation payable by the Company to a Director, including annual retainer, chairman’s fees and meeting attendance fees.

(E) “Disability” means that (i) a Director has been disabled by bodily injury or disease, whether occupational or non-occupational in cause, so as to be prevented thereby from fulfilling his duties as a Director; and (ii) such permanent and total disability shall have continued for a period of at least six consecutive months; and (iii) in the opinion of a qualified physician designated by the Company, such permanent and total disability shall be permanent and continuous during the remainder of the life of such Director.

(F) “Exchange Act” means the Securities Exchange Act of 1934, as now in effect or as hereafter amended from time to time.

(G) “Fair Market Value” means, as of any date, the closing price for one share of Common Stock as reported on the Composite Tape for New York Stock Exchange Listed Companies and published in the Eastern Edition of The Wall Street Journal, or, if there is no trading on the date in question, the closing price of the Common Stock, as so reported and published, on the next preceding date on which there was trading in Common Stock. In the event “NYSE-Composite Transactions” cease to be reported as such, or in the event that the Company’s stock is no longer quoted on the New York Stock Exchange, an appropriate substitute published stock quotation system shall be selected by the Committee, consistent with appropriate regulatory provisions.

(H) "Plan Benefit" means any cash, shares and/or other benefit payable or deliverable under the Plan, including, but not limited to, an Option and an interest of a Director in a Cash and/or Equity Account and right of the Director to receive Options, Option Shares and cash and/or Exchanged Shares payable or deliverable under Cash and/or Equity Accounts under the Plan.

(I) "Retirement" means retirement as a Director of the Company pursuant to the Company's retirement policy for directors.

(J) "Rule 16b-3" means Rule 16b-3 of the General Rules and Regulations under the Exchange Act, or any law, rule, regulation or other provisions that may hereafter replace such Rule.

(K) "Securities Act" means the Securities Act of 1933, as now in effect or as hereafter amended from time to time.

(L) "Subsidiary" means any corporation, partnership, joint venture or other entity in which the Company owns, directly or indirectly through one or more intermediaries, at least 50% of the outstanding voting stock or voting power for the election of directors or equivalent governing body.

XI. MISCELLANEOUS

11.1 Notwithstanding other provisions of the Plan, in the event of a Change in Control of the Company:

a. All of the Director's then-outstanding Options shall immediately become exercisable, unless directed otherwise by a resolution by the Board adopted prior to and specifically relating to the occurrence of such Change in Control. With respect to such outstanding Options, the Director (i) shall have the right at any time thereafter during the term of such Option to exercise the Option in full notwithstanding any limitation or restriction in any option agreement or in the Plan, and (ii) shall have the right, exercisable by written notice to the Company within sixty (60) days after the Change in Control, to receive, in exchange for the surrender of the Option or any portion thereof to the extent the Option is then exercisable in accordance with clause (i), an amount of cash equal to the difference between the fair market value (as determined by the Board) on the date of surrender of the Common Stock covered by the Option or portion thereof that is so surrendered and the aggregate Option Price of such Common Stock under the Option.

b. All Exchanged Shares and the cash balances of all Cash and/or Equity Accounts shall immediately vest (to the extent then not fully vested) and become fully payable and/or deliverable to the Director on whose behalf the same are being held.

11.2 Each Director shall file with the Company a written designation of one or more persons as the beneficiary (“Beneficiary”) who shall be entitled to receive shares of Common Stock and/or cash, if any, issuable or payable, as the case may be, 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 entitled to receive the shares of Common Stock and/or cash, if any, issuable or payable, as the case may be, under the Plan upon his or her death. If the Committee is in doubt as to the right of any person to receive such shares of Common Stock and/or cash, the Company may retain such assets, without liability for any interest thereon, until the Committee determines the rights thereto, or the Company may pay the assets into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefor.

11.3 (a) Except as hereafter provided, a Director shall, upon any exercise of an Option or the exchange of Exchanged Shares, execute and deliver to the Company a written statement, in form satisfactory to the Company, in which he or she represents and warrants that he or she is purchasing or exchanging the Option or Exchanged Shares for his/her own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or sale or distribution of any of such shares shall made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the holder shall, prior to any offer for sale or sale of such Option shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto. The foregoing restriction shall not apply to (a) issuances by the Company so long as the Option Shares and/or Exchanged Shares being issued or exchanged, as the case may be, are registered under the Securities Act and a prospectus in respect thereof is current or (b) reofferings of Option or Exchanged Shares by affiliates of the Company (as defined in Rule 405 or any successor rule or regulation promulgated under the Securities Act) if the shares being reoffered are registered under the Securities Act and a prospectus in respect thereof is current.

(b) The Company may endorse such legend or legends upon the certificates for Option or Exchanged Shares issued or exchanged hereunder and may issue such “stop transfer” instructions to its transfer agent in respect of such shares as, in its discretion, it determines to be necessary or appropriate to (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act, or (ii) implement the provisions of the Plan and any agreement between the Company and the optionee Director with respect to such shares.

11.4 Neither the action of the Company in establishing this Plan, nor any provisions hereof, nor any action taken by the Company or the Committee pursuant to such provisions, shall be construed as creating any rights (or impose any obligations) with respect to continuance as a director of the Company, nor shall they be deemed to interfere in any way with any right of the Company to terminate at any time the Director’s position as a director of the Company.

11.5 Notwithstanding any other provision of the Plan, each Option granted to a Director and all rights of the Director to receive Options under the Plan shall be forfeited if a Director (i) without the Company’s consent, shall be employed by a competitor of, or shall be engaged in any activity in competition with, the Company or a Subsidiary; (ii) divulges without the consent of the Company any secret or confidential information belonging to the Company or a Subsidiary; or (iii) has been dishonest or fraudulent in any matter affecting the Company or a Subsidiary or has committed any act which, in the sole judgment of the Committee, has been substantially detrimental to the interests of the Company or a Subsidiary. The Company shall give the Director written notice of the occurrence of any such event prior to making any such forfeiture. The determination of the Committee as to the occurrence of any of the events specified in clauses (i), (ii), and (iii) of this Section 11.4 shall be conclusive and binding upon all persons for all purposes.

11.6 Any notice or other communication required or permitted under the Plan to the Company shall be addressed to it at its office, Hercules Plaza, Wilmington, Delaware 19894, attention: Corporate Secretary; and any notice or other communication required or permitted under the Plan to Director shall be addressed to him or her at such location as shall be designated by the Director in writing. Any such notice shall be deemed given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid. The foregoing is subject to the right of the Company and of the Director to designate at any time, in writing, some other address.

11.7 The provisions of the Plan and the terms and conditions of any Plan Benefit shall, in accordance with their terms, be binding upon, and inure to the benefit of and be enforceable by, the Director’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. The obligations of the Company under the Plan shall be binding upon the Company and its successors and assigns.

11.8 Whenever possible, each provision in the Plan and every Plan Benefit shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan or any Plan Benefit at any time granted under the Plan shall be held by a court of competent jurisdiction to be prohibited by or invalid under applicable law, then (i) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (ii) all other provisions of the Plan and every Plan Benefit at any time granted under the Plan shall remain in full force and effect.

11.9 The Plan and the grant, exercise, issue, exchange payment or distribution, as the case may be, of any Plan Benefit shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. It is intended that the Plan be applied and administered in compliance with Rule 16b-3. If any provision of the Plan would be in violation of Rule 16b-3 if applied as written, such provision shall not have effect as written and shall be given effect so as to comply with Rule 16b-3, as determined by the Committee. The Board is authorized to amend the Plan and to make any such modifications to Option Agreements to comply with Rule 16b-3, and to make any such other amendments or modifications as it deems necessary or appropriate to better accomplish the purposes of the Plan in light of any amendments made to Rule 16b-3.

11.10 The Director's right to benefits under this Plan shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by will or by the laws of descent or distribution. In the event of any attempted assignment or transfer contrary to this Section 11.10, the attempted assignment or transfer shall be null and void and without effect.

11.11 The Company shall withhold (or secure payment from the Director in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any amount payable and/or shares issuable under the Plan, and it may defer payment or issuance of the cash or stock upon exercise or vesting of a Plan Benefit unless indemnified to its satisfaction against any liability for any such tax. The amount of such withholding or tax payment shall be determined by the Treasurer of the Company and shall be payable by the Director at the time of delivery or when payment is made.

11.12 This document contains all of the provisions of the Plan and no provisions may be waived, modified or otherwise altered except in a writing adopted by the Board.

11.13 The Plan, each Plan Benefit and all related matters shall be governed by, and construed and enforced in accordance with, the laws of the internal laws of the State of Delaware from time to time obtaining.

HERCULES INCORPORATED
NON-EMPLOYEE DIRECTOR
STOCK ACCUMULATION PLAN

AMENDMENT 2002-1

WHEREAS, Hercules Incorporated, a Delaware corporation (hereinafter called the "Company"), maintains the Hercules Incorporated Non-Employee Director Stock Accumulation Plan (hereinafter called the "Director Plan"); and

WHEREAS, pursuant to Section 9.1 the Company's Board of Directors has reserved the right to amend the Director Plan and now desires to do so in order to extend the term of the Director Plan for another ten years and to convert a portion of the remaining authorized shares so that they will be available to be issued as restricted stock;

NOW THEREFORE, the Director Plan is hereby amended as follows:

1. Article II is hereby amended in its entirety to read as follows:

"II. EFFECTIVE DATE AND TERM

This Plan expired on April 30, 2001. Notwithstanding the foregoing, the term of the Plan shall be continued beyond that expiration date, effective as of the date the extension is approved by the holders of at least a majority of the shares of the Company's issued and outstanding common stock present or represented and entitled to vote at the 2002 Annual Meeting of Stockholders ("Effective Date"). Upon such stockholder approval the Plan shall have a new expiration date of June 27, 2012."

2. Section 5.2 is hereby amended in its entirety to read as follows:

"5.2 Subject to adjustments as provided in Section 5.4, the maximum aggregate number of shares of Common Stock for which options may be granted under Article VI ("Options") shall be fifty-one thousand (51,000) shares and the maximum aggregate number of shares of Common Stock that may be exchanged pursuant to Section 7.4 for director fees under Article VIII ("Deferral Exchanges") shall be fifty thousand (50,000) shares plus the shares that were authorized and available for Deferral Exchanges on April 30, 2002."

3. This Amendment 2002-1 shall be effective upon its approval by the holders of at least a majority of the shares of the Company's issued and outstanding common stock present or represented and entitled to vote at the 2002 Annual Meeting of Stockholders. Upon such effective date, all of the other terms and conditions of the Director Plan shall continue in full force and effect.

TO RECORD the adoption of this Amendment 2002-1 by the Company's Board of Directors, the Chairman has caused this document to be executed on this 13th day of May, 2002.

HERCULES INCORPORATED

By: /s/ William H. Joyce

William H. Joyce

Chairman

[Letterhead of]

CRAVATH, SWAINE & MOORE LLP
[New York Office]

September 20, 2016

Ashland Global Holdings Inc.
Amendment No. 1 on Form S-8 to Registration Statement on Form S-8 (Registration No. 333-155386)

Ladies and Gentlemen:

We have acted as counsel for Ashland Global Holdings Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") of the Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (Registration No. 333-155386), as amended (the "Registration Statement"), pursuant to Rule 414 under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of the offering by the Company of up to 1,000,000 shares of common stock (the "Shares"), par value \$0.01 per share, issuable pursuant to the Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan, the Hercules Incorporated Omnibus Equity Compensation Plan For Non-Employee Directors and the Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan (collectively, as amended, the "Plans"), which have been assumed by the Company from Ashland Inc., a Kentucky corporation and the Company's predecessor registrant ("Ashland"), pursuant to an assumption agreement by and among the Company and Ashland, dated September 20, 2016.

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion, including: (a) the Amended and Restated Certificate of Incorporation of the Company in effect as of the date hereof; (b) the amended and restated By-laws of the Company in effect as of the date hereof; (c) the Plans; (d) the Registration Statement; and (e) such other documents, corporate records, certificates and other instruments as we have deemed necessary for the expression of the opinions contained herein. We have relied, with respect to certain factual matters, on representations of the Company and documents furnished to us by the Company. We have also assumed the genuineness of all signatures, the legal capacity and competency of all natural persons, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies.

Based on the foregoing and subject to the qualifications set forth herein and subject to compliance with applicable state securities laws, we are of opinion that the Shares, when issued in accordance with the terms and conditions of the applicable Plan, will be validly issued, fully paid and nonassessable.

We are admitted to practice in the State of New York, and we express no opinion as to matters governed by any laws other than the laws of the State of New York, the General Corporation Law of the State of Delaware and the Federal laws of the United States of America. The opinions expressed herein are given as of the date hereof, and we undertake no, and hereby disclaim any, obligation to advise anyone of any change in any matter set forth herein. This opinion is limited to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly herein. We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. In giving this consent, we do not hereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Cravath, Swaine & Moore LLP

Ashland Global Holdings Inc.
50 E. RiverCenter Boulevard
P.O. Box 391
Covington, Kentucky 41012

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") dated as of September 20, 2016, is entered into by and between Ashland Inc., Kentucky corporation ("Ashland" or the "Assignor"), and Ashland Global Holdings Inc., a Delaware corporation ("Ashland Global" or the "Assignee").

WHEREAS the Board of Directors of Ashland (the "Board") has determined to separate Ashland into two independent, publicly traded companies (the "Separation");

WHEREAS in connection with the Separation, the Board has approved a proposal to reorganize Ashland under a new holding company, Ashland Global, to allow Ashland to reincorporate in the State of Delaware and to facilitate the Separation (the "Reorganization");

WHEREAS in connection with the Reorganization, Ashland and Ashland Global have executed an Agreement and Plan of Merger dated as of May 31, 2016 (the "Merger Agreement"), by and among Ashland, Ashland Global and Ashland Merger Sub Corp. ("Merger Sub"), pursuant to which Merger Sub merges with and into Ashland, with Ashland surviving as a direct, wholly owned subsidiary of Ashland Global (the "Merger");

WHEREAS the Board has submitted the Merger Agreement to the Ashland shareholders for approval and the Ashland shareholders have approved the Merger and the Merger Agreement at a special meeting of Ashland shareholders held on September 7, 2016;

WHEREAS the closing of the Merger will become effective at 8:30 a.m. Eastern Daylight Time on the date hereof (the "Effective Time") upon the filing of the Articles of Merger with the Secretary of State of the State of Kentucky;

WHEREAS as provided in Sections 2.1 and 2.8 of the Merger Agreement, the Assignor has agreed to transfer, convey and assign to the Assignee, and the Assignee has agreed to accept from the Assignor, all of the Assignor's right, title and interest in, to and under each Ashland equity incentive, deferred compensation and other benefit plan and arrangement and the Assignor has agreed to transfer, convey and assign, and the Assignee has agreed to assume, all of the liabilities and obligations of the Assignor under such plans and arrangements, including (i) all unexercised and unexpired options to purchase shares of Ashland common stock and all stock appreciation rights, performance share awards, restricted share awards, restricted stock equivalents, restricted stock units, common stock units, deferred stock units and other incentive awards and deferrals covering shares of Ashland common stock, whether or not vested that are outstanding under each such plan and arrangement as of the Effective Time and (ii) the remaining unallocated reserve of shares of Ashland common stock issuable under each such plan and arrangement; and

WHEREAS Ashland and Ashland Global have executed the Waiver to the Merger Agreement dated as of September 20, 2016 (the "Waiver"), by and between Ashland and Ashland Global, pursuant to which Ashland and Ashland Global have waived the performance of the actions described under Section 2.8 of the Merger Agreement providing for the assumption of Ashland's other employee benefit plans and arrangements by Ashland Global.

NOW, THEREFORE, the parties agree as follows:

1. Assignment and Assumption. Effective as of the Effective Time and notwithstanding the Waiver, the Assignor hereby transfers, conveys and assigns to the Assignee, and the Assignee hereby accepts from the Assignor, all of the Assignor's right, title and interest in, to and under the employee benefit plans and arrangements set forth in Schedule 1 attached hereto (the "Ashland Plans"), and the Assignor hereby transfers, conveys and assigns to the Assignee, and the Assignee hereby assumes, all of the Assignor's liabilities and obligations with respect to the Ashland Plans and any remaining unallocated reserve of shares of Ashland common stock issuable thereunder.

2. Defined Terms. Unless otherwise indicated, capitalized terms used herein without definitions shall have the meanings specified in the Merger Agreement.

3. Merger Agreement. Nothing in this Agreement, express or implied, is intended to or shall be construed to supersede, modify, replace, amend, rescind, waive, expand or limit in any way the rights of the parties under, and the terms of, the Merger Agreement (as modified by the Waiver). To the extent that any provision of this Agreement conflicts or is inconsistent with the terms of the Merger Agreement (as modified by the Waiver), the Merger Agreement (as modified by the Waiver) shall govern, including with respect to the enforcement of the rights and obligations of the parties to this Agreement.

4. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

5. Binding Effect. This Agreement shall be binding upon the parties hereto and shall inure to the benefit of and be enforceable by each of them and their respective successors and permitted assigns.

6. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any party to this Agreement, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each party.

7. Entire Agreement. This Agreement, together with the Merger Agreement and the Waiver, constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

8. Further Assurances. Each party shall take such actions and execute such other and further documents as reasonably may be requested from time to time after the Effective Time by any other party to carry out the terms and provisions and intent of this Agreement.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, its rules of conflict of laws notwithstanding.

10. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall be deemed to constitute the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

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

ASSIGNOR

ASHLAND INC.

By /s/ Michael S. Roe

Name: Michael S. Roe

Title: Assistant Secretary

ASSIGNEE

ASHLAND GLOBAL HOLDINGS INC.

By /s/ Michael S. Roe

Name: Michael S. Roe

Title: Assistant Secretary

[Signature Page to the Assignment and Assumption Agreement]

Schedule 1

ASHLAND PLANS

Amended and Restated 2015 Ashland Inc. Incentive Plan

Amended and Restated 2011 Ashland Inc. Incentive Plan

2006 Ashland Inc. Incentive Plan

Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (2005)

Ashland Inc. Deferred Compensation Plan for Employees (2005)

Ashland Inc. Deferred Compensation Plan for Non-Employee Directors

Ashland Inc. Deferred Compensation Plan

Ashland Inc. Leveraged Employee Stock Ownership Plan

Ashland Inc. Employee Savings Plan

International Specialty Products Inc. 401(k) Plan

Ashland Inc. Union Employee Savings Plan (f/k/a Hercules Incorporated Savings and Investment Plan)

Inducement Restricted Stock Award (Wulfsohn)

Inducement Restricted Stock Award (Meixelsperger)

Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan

Hercules Incorporated Omnibus Equity Compensation Plan for Non-Employee Directors

Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Post-Effective Amendment No. 1 to the Registration Statement (Form S-8 No. 333-155386) pertaining to the Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan, Hercules Incorporated Omnibus Equity Compensation Plan For Non-Employee Directors and Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan of Ashland Global Holdings Inc. of our reports dated November 20, 2015, with respect to the consolidated financial statements of Ashland Inc. and Consolidated Subsidiaries and the effectiveness of internal control over financial reporting of Ashland Inc. and Consolidated Subsidiaries, included in Ashland Inc.'s Annual Report (Form 10-K) for the year ended September 30, 2015, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Cincinnati, Ohio
September 20, 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement No. 333-155386 on Form S-8 of Ashland Global Holdings Inc. of our report dated November 24, 2014 relating to the consolidated financial statements of Ashland Inc. and its subsidiaries as of September 30, 2014 and for each of the two years in the period ended September 30, 2014, which appears in Ashland Inc.'s Annual Report on Form 10-K for the year ended September 30, 2015.

/s/ PricewaterhouseCoopers LLP
Cincinnati, Ohio
September 20, 2016

CONSENT OF HAMILTON, RABINOVITZ & ASSOCIATES, INC.

We hereby consent to the incorporation by reference in the Post-Effective Amendment No. 1 to Registration Statement No. 333-155386 on Form S-8 pertaining to the Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan, Hercules Incorporated Omnibus Equity Compensation Plan For Non-Employee Directors and Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan (the "Amendment") of our being named in the Ashland Inc. Annual Report on Form 10-K for the year ended September 30, 2015, in the form and context in which we are named. We do not authorize or cause the filing of such Amendment and do not make or purport to make any statement other than as reflected in the Amendment.

/s/ Francine F. Rabinovitz

Hamilton, Rabinovitz & Associates, Inc.

By: Francine F. Rabinovitz

POWER -OF -ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and Officers of ASHLAND GLOBAL HOLDINGS INC., a Delaware corporation (the "Corporation"), hereby constitutes and appoints WILLIAM A. WULFSOHN, PETER J. GANZ, MICHAEL S. ROE AND JENNIFER I. HENKEL, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act without the others, as attorneys-in-fact on behalf of the undersigned and in the undersigned's name, place and stead, as a Director or an Officer of the Corporation: (i) to sign any post-effective amendment (each, a "Post-Effective Amendment") to any existing registration statement of Ashland Inc. under the Securities Act of 1933, as amended, on Form S-8 (each, an "Existing Registration Statement"), any amendments thereto, and all further post-effective amendments and supplements to any such Post-Effective Amendment for the registration of the Corporation's securities, which is necessary, desirable or appropriate to enable the Corporation to adopt any Existing Registration Statement as its own registration statement as contemplated by paragraph (d) of Rule 414 under the Securities Act; and (ii) to file any Post-Effective Amendment and any and all amendments and supplements thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, in each case, in such forms as they or any one of them may approve, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done to the end that such Post-Effective Amendment and related Existing Registration Statement shall comply with the Securities Act of 1933, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be signed in any number of counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one Power of Attorney.

Dated: September 16, 2016

/s/William A. Wulfsohn

William A. Wulfsohn
Chairman of the Board, Chief Executive Officer and Director
(Principal Executive Officer)

/s/Vada O. Manager

Vada O. Manager
Director

/s/J. Kevin Willis

J. Kevin Willis
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/Barry W. Perry

Barry W. Perry
Director

/s/J. William Heitman

J. William Heitman
Vice President and Controller
(Principal Accounting Officer)

/s/Mark C. Rohr

Mark C. Rohr
Director

/s/Brendan M. Cummins

Brendan M. Cummins
Director

/s/George A. Schaefer, Jr.

George A. Schaefer, Jr.
Director

/s/William G. Dempsey

William G. Dempsey
Director

/s/Janice J. Teal

Janice J. Teal
Director

/s/Stephen F. Kirk

Stephen F. Kirk
Director

/s/Michael J. Ward

Michael J. Ward
Director