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ASSIGNMENT AND ASSUMPTION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, That

WHEREAS, Diamond Shamrock Corporate Company, a Delaware corporation (the "Subsidiary"), the address of which is 717 North Harwood Street, Dallas, Texas is a wholly-owned subsidiary of Diamond Shamrock Chemicals Company, a Delaware corporation, the address of which is 717 North Harwood Street, Dallas, Texas 75201 (the "Company"); and

WHEREAS, it is the desire of the Company to (1) transfer certain assets to the Subsidiary as a contribution of capital to the Subsidiary, (2) transfer the balance of such assets to the Subsidiary in consideration of the execution and delivery by the Subsidiary of an unsecured promissory note and (3) to; retain certain other assets in the Company;

NOW, THEREFORE, as a contribution to the capital of the Subsidiary in the amount of \$27,235,750 and in consideration of the execution and delivery by the Subsidiary of an unsecured promissory note in the form attached hereto as Exhibit A in principal amount equal to the net book value of the assets transferred less the amount contributed to the capital of the Subsidiary, the Company, subject to all of the terms, conditions, exceptions and reservations in this Agreement, grants, conveys, assigns, transfers and delivers to the Subsidiary, its successors and assigns, and the Subsidiary accepts, all assets of whatsoever kind of the Company both real and personal, tangible and intangible, wherever situated, provided, however, that such assignment and transfer excludes all assets that are necessary for the operation of or used principally in connection with or related principally to the industrial and proprietary chemicals businesses of the Company (the "Chemicals Businesses") and also excludes the capital stock and notes payable to the Company of Diamond Shamrock Exploration Company, Diamond Shamrock Refining and Marketing Company and Diamond Shamrock Coal Company (the "Principal Subsidiaries"). The assets so assigned and transferred shall include but not be limited to:

- (1) All of the assets included on the books and records of the Company other than those assets designated as assets of the Chemicals Businesses and other than the capital stock and certain promissory notes of the Principal Subsidiaries.
- (2) All of the Company's stock ownership in and all advances shown on the Company's books and records to:

Boja Realty Corp.
Crile Road Investments, Inc.

DSC Investment Management Company
DSC Receivables, Inc.
DSC Acquisition, Inc.
DSC Commercial Enterprises, Inc.
Delaware City Plastics Corporation
Diamond Shamrock Aviation Company
Diamond Shamrock Energy Reserves, Inc.
Diamond Shamrock International Sales Corporation
Emerald Mining Company
Leon Properties, Inc.
OCV Corporation
QHRP Investments, Inc.
The Harbor Land Company
Vitex Laboratories, Inc.
Greenstone Assurance Ltd.
DSC Holdings, Inc.
Diamond Shamrock Cayman Islands, Limited
Falcon Seaboard of Canada, Ltd.
D and D Drilling and Construction Company, C.A.
Diamond Shamrock Health Systems, Inc.
Diamond Shamrock Health Sciences, Inc.
Diamond Shamrock Medical Products, Inc.
Diamond Technologies, S.A.
Diamond Shamrock Subsidiary, Inc.
Clover Products Incorporated
Diamond Alkali Inter-American Corporation
DST Corporation
V.E.P. Corporation
Diamond Shamrock Agricultural Chemicals, Inc.
Hamada Agricultural Company Limited
SDS Biotech Corporation

- (3) All business operations and activities of the Company other than the Chemicals businesses or the business operations and activities of the Principal Subsidiaries.
- (4) All rights and benefits of the Company under contracts which relate to the assets assigned or to the operations and business activities being transferred.
- (5) All claims, unsatisfied judgments and causes of action which the Company may have against any third party based upon rights which the Company has or had in its capacity as the owner of any of the assets and business activities being assigned and transferred, and which would not have arisen in favor of the company but for such ownership.
- (6) All employment contracts with employees required to operate and service the assets and business activities being assigned and transferred.

- (7) All of the Company's trade and other receivables and payables which relate to the assets and business activities assigned and transferred.

The Subsidiary is authorized to prosecute such claims and causes of action and to collect or otherwise enforce such judgments, at its own expense, in the name of the Company.

Provided, however, that if a consent, license or permit is required to transfer any asset of whatsoever kind or to carry out any business operation or activity then:

- (A) The Company will transfer to the Subsidiary only such interests (beneficial or other) in that asset that will not cause a loss of any part of that asset and will not ultimately result in the violation of any law or applicable regulation. All remaining interests in that asset are retained by the Company until the required consent, license or permit is obtained; and
- (B) Such business operation or activity will, to the extent it can be done lawfully, be continued and carried out for the benefit of the Subsidiary by the Company as trustee with all operating profits or losses being for the account of the Subsidiary until the required consent, license or permit is obtained, at which time the interest not previously transferred and all rights to carry out the business operation or activity will be vested in the subsidiary under the terms of this Agreement.

The Company and the Subsidiary will use their best efforts to obtain any and all necessary consents, permits and licenses as soon as reasonably possible.

Further, the Company assigns to the Subsidiary and the Subsidiary assumes the following liabilities and obligations of the Company:

- (i) All of the Company's liabilities and obligations under any contract, agreement, license, lease, permit and commitment relating to or based upon any of the assets or business activities assigned or transferred;
- (ii) All current liabilities relating to or based upon any of the assets or business activities assigned and transferred;
- (iii) All liabilities and obligations with respect to payrolls, pensions, employee benefits or expenses for the employees employed in the business activities assigned and transferred; and

- (iv) Any and all liabilities for all claims and causes of action which any third party has asserted or may assert against the Company, as well as the liability for such claims and causes of action and judgements entered against the Company, based upon an obligation or duty that the Company allegedly owed or owes to such third party in the Company's capacity as the owner of any of the assets and business so assigned and transferred and which would not have arisen but for such ownership.

Without limiting the generality of the foregoing, the Subsidiary and the Company hereby agree that they are and shall remain jointly and severally liable with respect to all the obligations of the Company under that certain Joint Venture Agreement dated as of the first day of July 1983, between the Company, Showa Denko, K.K., a corporation organized under the laws of Japan, and SDS Biotech Corporation, a Delaware corporation (the "Joint Venture Agreement"), and the Subsidiary hereby agrees that it will be bound by all the terms and conditions of the Joint Venture Agreement.

Provided, however, that such assignment and assumption of liabilities and obligations shall not include:

- (a) any liability or obligation of any nature whatsoever relating to or arising from the Chemicals Businesses or relating to or arising out of the businesses of the Principal Subsidiaries; and
- (b) any indebtedness for borrowed money which has not otherwise been expressly assigned by the Company and assumed by the Subsidiary under separate agreement.

The Subsidiary is authorized to defend against such claims and causes of action assigned to and assumed by it, at its own expense, in the name of the Company. Any information received by the Company to the effect that any such claim or cause of action is being asserted shall be delivered immediately by the Company to the Subsidiary.

Provided, however, that if a consent to transfer any liability or obligation of whatsoever kind is required to relieve the Company from liability thereunder and such consent has not been received, or if that consent is withheld or if the transfer of any liability or obligation would constitute a breach of any agreement, the Subsidiary will indemnify the company for any loss, liability or expense incurred by the Company as a direct result of any such claims or causes of action.

Provided, further, that assets that are covered by or the subject of any specific assignment or conveyance to the Subsidiary or to any other person are expressly excluded from this Agreement.

The Company and the Subsidiary each agree to execute such other instruments, assignments and conveyances as may be necessary to effect the intent of this Agreement.

The Company and the Subsidiary both intend that the provisions of the Bulk Sales Act will not be applicable to this Agreement.

This Assignment and Assumption Agreement shall be effective as of January 1, 1984 for all purposes.

Executed as of January 1, 1984.

DIAMOND SHAMROCK CHEMICALS
COMPANY

ATTEST:

By 

DIAMOND SHAMROCK CORPORATE
COMPANY

ATTEST:



By 

STATE OF TEXAS)
)
COUNTY OF DALLAS) ss.

The foregoing instrument was acknowledged before me this 23rd day of January, 1984, by James F. Kelley, known by me to have been on January 1, 1984, Vice President of Diamond Shamrock Chemicals Company, a Delaware corporation, on behalf of the corporation.

Donna H. Wickes
Notary Public

My Commission Expires:
DONNA H. WICKES
Notary Public in the State of Texas
Commission Expires October 12, 1985

STATE OF TEXAS)
)
COUNTY OF DALLAS) ss.

The foregoing instrument was acknowledged before me this 23rd day of JANUARY, 1984, by T.J. FRETTHOLD, known by me to have been on JANUARY 1, 1984, SECRETARY of Diamond Shamrock Corporate Company, a Delaware corporation, on behalf of the corporation.

Khonda L. Braucht
Notary Public

My Commission Expires:

8-31-86

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