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File 4

May 4, 1961

DOCKET
Div. of Licensing & Regulation
JUN 8 1961
Docket Officer

Division of Licensing and Regulation
U.S. Atomic Energy Commission
Washington 25, D.C.

Attention: Mr. Robert Lowenstein

Gentlemen:

On or about May 31, 1961, it is proposed that the assets and business of (Nuclear Development Corporation of America,) (the Nuclear Fuels Operation of Olin Mathieson Chemical Corporation) and (the commercial operations of the Nuclear Division of Mallinckrodt Chemical Works) will be transferred to United Nuclear Corporation. The details of the arrangements for these transfers are set forth in the proxy material which is enclosed herewith and which has been submitted to the shareholders of NDA, along with notice of a special NDA stockholders' meeting called for May 24, 1961 (see Attachment A).

As you will note, all of the facilities and personnel of the three present organizations referred to will be transferred to United Nuclear Corporation. Further, the practices and procedures currently in effect, with respect to each of the three present organizations, in areas of interest to your Division will remain in effect. Arrangements to transfer to United Nuclear Corporation all outstanding contracts, subcontracts and other contractual obligations are being made with the cognizant agencies and departments of the Government, and with the contractors, suppliers and other organizations involved. Discussions have also been initiated with appropriate AEC field personnel regarding the transfer of security clearances and access permits.

It is requested that the Byproducts Material, Source Material and Special Nuclear Materials licenses, as amended, issued by the U.S.A.E.C. to NDA be transferred or otherwise extended to United Nuclear Corporation. (See Attachment B.) The Utilization Facility license (R-49) for NDA's Pawling Research Reactor is the subject of a separate request.

It is requested that the Byproducts Material, Source Material and Special Nuclear Materials licenses, as amended, issued by the U.S.A.E.C. to Olin Mathieson Chemical Corporation be transferred or otherwise extended to United Nuclear Corporation. (See Attachment C.)

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It is requested that the Source Material and Special Nuclear Materials licenses, as amended, issued by the U.S.A.E.C. to Mallinckrodt Chemical Works be transferred or otherwise extended to United Nuclear Corporation. (See Attachment D.)

In the cases of the referenced licenses issued to NDA and Olin, it should be noted that all of the activities and possession of materials authorized thereby are to be transferred to United Nuclear Corporation and that no activities or possession of materials encompassed under these licenses are expected to be carried on or required by NDA or Olin as separate licensees subsequent to the transfers to United Nuclear Corporation on or about May 31, 1961.

In the case of Mallinckrodt Chemical Works, however, analytical activities at its St. Louis plant which are now covered under Source Material License C-538 will be continued by Mallinckrodt. Only those activities at the Hematite, Missouri plant which are covered by this same license will be transferred to United Nuclear Corporation. It would be appreciated if you would advise promptly as to the proper steps to be taken by Mallinckrodt and/or by United Nuclear Corporation in order to insure that activities at both plants may continue without interruption and under proper licenses. It should also be noted that Mallinckrodt possesses another Special Nuclear Materials license, covering only the Chemical Works laboratory, the transfer of which is not involved.

Each of the undersigned has now been elected a Vice President of United Nuclear Corporation. Accordingly, this letter may also be deemed to constitute a formal request for these transfers signed on behalf of United Nuclear Corporation.

Sincerely yours,

John R. Menke

John R. Menke, President
Nuclear Development Corporation of America
5 New Street
White Plains, New York

Edward Hartshorne

Edward Hartshorne, Vice President, Nuclear Fuels
Olin Mathieson Chemical Corporation
275 Winchester Avenue
New Haven 4, Connecticut

Charles D. Harrington

Charles D. Harrington, Vice President
Mallinckrodt Chemical Works
St. Louis 7, Missouri

Attachment A to Ltr. 5/4/61

DOCKET NO. 70-1336-371

NUCLEAR DEVELOPMENT CORPORATION OF AMERICA

File Cy

DOCKETED USAEC Division of Licensing & Regulation JUN 3 1961 Docket Officer

Notice of Special Meeting of Stockholders

May 24, 1961

To the Stockholders:

NOTICE IS HEREBY GIVEN that a Special Meeting of the Stockholders of Nuclear Development Corporation of America will be held at the Company's offices, Eastview, New York on May 24, 1961 at 10 A.M. for the following purposes:

1. To vote upon a proposal to approve the transfer of all of the assets of Nuclear Development Corporation of America to United Nuclear Corporation, a Delaware corporation, pursuant to a Reorganization Plan and Exchange Agreement, dated April 27, 1961 (a copy of which is attached as Exhibit I to the accompanying Proxy Statement), among United Nuclear Corporation, Mallinckrodt Chemical Works, a Missouri corporation, Olin Mathieson Chemical Corporation, a Virginia corporation, and Nuclear Development Corporation of America, all as more fully described in the accompanying Proxy Statement;

2. To vote upon a proposal to amend Article "First" of the Certificate of Incorporation to change the name of the Company from "Nuclear Development Corporation of America" to "Eastview Liquidating Corporation", as more fully and for the reason described in the accompanying Proxy Statement;

3. To vote upon a proposal to effect the voluntary dissolution of Nuclear Development Corporation of America pursuant to Section 105 of the Stock Corporation Law of New York, all as more fully described in the accompanying Proxy Statement; and

4. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on April 28, 1961 will be entitled to vote at the meeting or any adjournment thereof.

By order of the Board of Directors

John R. Menke

President

May 2, 1961

Please fill in, date and sign the enclosed proxy and return same promptly if you do not expect to be present at the meeting. No postage is required for mailing in the United States.

NUCLEAR DEVELOPMENT CORPORATION OF AMERICA

Special Meeting of Stockholders

PROXY STATEMENT

This Proxy Statement relating to the transfer by Nuclear Development Corporation of America (NDA) of its assets as described below to United Nuclear Corporation (United Nuclear) is furnished to the stockholders of NDA in connection with the Special Meeting of Stockholders of NDA to be held on May 24, 1961. A copy of the Notice of Meeting of NDA accompanies this Proxy Statement. The accompanying Proxy is solicited by and on behalf of the management of NDA for use only at a Special Meeting of Stockholders to be held at the offices of NDA, Eastview, New York, on May 24, 1961 at 10 A.M. or any adjournment or adjournments thereof. The cost of the solicitation of proxies will be borne by NDA and the management may use the services of its directors, officers and others to solicit proxies, personally or by telephone, and may request brokers, fiduciaries, custodians and nominees to send proxy statements and other materials to their principals. In addition, NDA may retain the services of proxy solicitation firms to assist in the solicitation of proxies. Each proxy executed and returned by a stockholder may be revoked any time thereafter except as to any matter or matters upon which prior to such revocation a vote shall have been cast pursuant to the authority conferred by such proxy. The outstanding voting securities of NDA as of April 28, 1961 consisted of 239,812 shares of Common Stock and each share is entitled to one vote. So far as is known to NDA no person owns of record or beneficially 10% or more of its outstanding Common Stock, except Mr. Laurance S. Rockefeller who, as of the record date, owned 26,680 shares, representing 11.13% of the shares. By action of the Board of Directors pursuant to the By-Laws, only stockholders of record at the close of business on April 28, 1961 shall be entitled to notice of and to vote at the meeting.

As of the date of this Proxy Statement the only business which the management intends to present and knows that others will present at the meeting is to vote upon the proposed approval of the transfer by NDA of all of its assets to United Nuclear and, if such transfer be approved, the change of name of the Company from its present name to "Eastview Liquidating Corporation", and the voluntary dissolution of NDA, as described herein. If any other matter or matters are properly brought before the meeting or any adjournments thereof, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their judgment.

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PROPOSED TRANSACTION

On April 27, 1961, UNITED NUCLEAR CORPORATION, a Delaware corporation (United Nuclear), NUCLEAR DEVELOPMENT CORPORATION OF AMERICA (NDA), MALLINCKRODT CHEMICAL WORKS, a Missouri corporation (Mallinckrodt), and OLIN MATHIESON CHEMICAL CORPORATION, a Virginia corporation (Olin), entered into a Reorganization Plan and Exchange Agreement (the Agreement) by the terms of which, as described more particularly hereinafter, NDA, Olin, and Mallinckrodt propose to transfer to United Nuclear, a newly formed corporation, the following respective assets:

(a) In the case of NDA, all its assets, subject to a retention of cash for certain purposes as set forth in the Agreement;

(b) In the case of Mallinckrodt, substantially all of the assets of its Nuclear Division (as defined in the Agreement), including cash in an amount not less than $250,000; and

(c) In the case of Olin, substantially all of the assets of its Nuclear Fuels Operation (as defined in the Agreement), including cash in an amount not less than $2,199,000.

Each of Olin, Mallinckrodt and United Nuclear has furnished the information set forth in this Proxy Statement with respect to it.

A copy of the Agreement which has been duly executed by the respective corporations and authorized by their respective Boards of Directors (or executive committees thereof) is attached hereto as Exhibit I, to which reference is made for a complete statement of the terms and conditions of the proposed transaction. The statements contained herein with respect to the Agreement are qualified in their entirety by the foregoing reference.

The proposed transaction further contemplates that if it is consummated, NDA will be voluntarily dissolved under the Stock Corporation Law of New York and there will be distributed to the stockholders of NDA in full liquidation of their rights as stockholders of NDA the shares of Common Stock of United Nuclear which will be received by NDA in exchange for the assets transferred. Such plan of dissolution and liquidation contemplates that one share of Common Stock of United Nuclear will be distributed in liquidation for each share of Common Stock of NDA outstanding. It is further contemplated that, if the transaction is consummated, the name of NDA will be changed to "Eastview Liquidating Corporation" in order to preserve the name of NDA to United Nuclear.

The proposed transfer of assets by NDA to United Nuclear as provided in the Agreement and the voluntary dissolution of NDA will require the affirmative vote of the holders of two-thirds of the outstanding shares of Common Stock of NDA. The proposed change of name of NDA will require the affirmative vote of the holders of a majority of the outstanding shares of Common Stock of NDA.

It is the present intention of the persons designated as proxies to vote all proxies delivered to them without special instructions in favor of the proposals set forth in the Notice of Meeting and Proxy. In the event that in the judgment of the persons named as proxies the expense of complying with the demands of stockholders for appraisal becomes unwarranted, all of the proxies, whether or not containing special instructions, will not be voted for or against the proposals, in which circumstance it is believed the proposals will fail of passage and there will be no occasion for the right of appraisal to accrue. The number of dissenting votes which will be deemed sufficient to render adoption of the proposals unwarranted will be determined by the persons designated as proxies in the light of the circumstances existing on the date of the meeting.

TERMS OF AGREEMENT

Under the Agreement NDA will receive, in exchange for the transfer of all of its assets, shares of Common Stock of United Nuclear equal to the number of shares of common stock of NDA outstanding prior to the closing of the transaction, less any shares held by stockholders who have perfected their rights under Section 20 of the Stock Corporation Law.

Mallinckrodt will receive 11,185 shares (subject to adjustment) of 3½% Convertible Preferred Stock (Preferred Stock) and 94,075 shares of Common Stock of United Nuclear. The number of

shares of Preferred Stock to be received by Mallinckrodt shall be adjusted to the extent that the net worth of the Nuclear Division of Mallinckrodt as transferred to United Nuclear on the closing date is more or less than $2,060,000, the net worth of such Division as reflected on its unaudited balance sheet as of October 31, 1960; based upon its audited balance sheet as of December 31, 1960, Mallinckrodt would be entitled to receive after such adjustment an aggregate of 13,784 shares of Preferred Stock. Of the number of shares of Preferred Stock to be issued to Mallinckrodt, 8,185 shares will be delivered on the closing date and the balance as soon as practicable thereafter.

Olin will receive 69,200 shares (subject to adjustment) of Preferred Stock and 582,000 shares (including 50 shares issued in connection with the organization of United Nuclear) of Common Stock of United Nuclear. The number of shares of Preferred Stock to be received by Olin shall be adjusted to the extent that the net worth of the Nuclear Fuels Operation of Olin as transferred to United Nuclear on the closing date is more or less than $12,749,900, the net worth of such Operation as reflected on its unaudited balance sheet as of October 31, 1960; based upon its audited balance sheet as of December 31, 1960, Olin would be entitled to receive after such adjustment an aggregate of 82,307 shares of Preferred Stock. Of the number of shares of Preferred Stock to be issued to Olin, 49,200 shares will be delivered on the closing date and the balance as soon as practicable thereafter. In addition, United Nuclear has the option to sell additional shares of Preferred Stock to Olin at a price of $100 a share up to the aggregate amount of unpaid capital commitments of the Nuclear Fuels Operations of Olin outstanding on the closing date.

United Nuclear will assume substantially all obligations (except certain specified obligations) of NDA, the Nuclear Fuels Operation of Olin, and the Nuclear Division of Mallinckrodt, including, without limitation, the outstanding Debentures of NDA, the options under the Stock Option Plan of NDA, and the options to purchase stock of NDA heretofore granted to certain consultants. The outstanding Debentures and other subordinated obligations of NDA shall be subordinated to the same categories of creditors and liabilities of United Nuclear as they are to creditors and liabilities of NDA.

The Agreement further provides that prior to the consummation of the transaction, NDA, the Nuclear Fuels Operation of Olin, and the Nuclear Division of Mallinckrodt, shall not, with certain exceptions, incur any obligation other than current obligations in the ordinary course of business; pay any obligation other than current liabilities shown on its respective balance sheet or in the ordinary course of business; subject any assets to any lien or encumbrance; transfer any patents or patent application; knowingly waive any rights of a substantial value; enter into any transaction other than in the ordinary course of business; or make any capital expenditures or commitments therefor amounting in the aggregate, each, to more than $200,000 for each of NDA and Mallinckrodt, or $1,000,000 for Olin, or make any changes in employee compensation, other than certain specified changes.

The Board of Directors of United Nuclear will consist of eleven persons of whom four have been associated with each of Olin and NDA and three have been associated with Mallinckrodt.

Each of the three transferor corporations is required to use its best efforts to induce the employees of the respective businesses to become employees of United Nuclear, and all such employees employed on the closing date who are willing to accept employment will be employed by United Nuclear. United Nuclear is required to use its best efforts to the end that the fringe benefits, taken as a whole, received by such employees shall be as favorable as those previously received.

The Agreement is predicated upon the entire transaction constituting a tax-free reorganization as to NDA and its stockholders, and a tax-free exchange as to Mallinckrodt and Olin, within the meaning of the Internal Revenue Code of 1954, as amended, and a favorable tax ruling by the Internal Revenue Service to that effect is a condition of consummation of the transaction.

It is a further condition of consummation of the Agreement that two-thirds of the stockholders of NDA shall have voted for and approved the proposed transaction and have voted for and approved the voluntary dissolution of NDA and that the holders of at least 95% of the stock of NDA shall not have perfected their rights under Section 20 of the New York Stock Corporation Law. The transaction contemplates that NDA, after the consummation of the transaction, will be liquidated and the stock of

United Nuclear received by it in the aforesaid transaction will be transferred to the stockholders of NDA in dissolution and full liquidation on a share-for-share basis. Accordingly, all of the shares of United Nuclear issued to NDA will be received by the stockholders of NDA in the same proportion and in the same amount as said stockholders have interests in NDA.

The closing of the transaction for each of the transferor corporations is subject to a number of further conditions including without limitation, (a) the delivery of a certificate on the closing date from each of the other transferors that all warranties in the Agreement are true and correct and the amount of working capital and cash being transferred to United Nuclear shall not be less than $250,000 working capital, including $250,000 cash, from Mallinckrodt, $330,000 working capital, including $30,000 cash, from NDA and $2,939,000 working capital, including $2,199,000 cash, from Olin; (b) satisfactory evidence that each of the transferors has good and marketable title in fee simple (subject to certain exceptions) to its real properties to be conveyed or leased to United Nuclear; and (c) Olin shall have entered into leases with United Nuclear effective on the closing date providing for the leasing to the Company by Olin of the land and certain other properties utilized for the Nuclear Fuels Operation of Olin at New Haven, Connecticut, on terms and conditions satisfactory to United Nuclear and each of the other transferors.

The Agreement further provides for United Nuclear to enter into separate service agreements with Mallinckrodt and with Olin providing for their furnishing, respectively, certain services to the Hematite, Missouri and New Haven and Montville, Connecticut plants to be acquired by United Nuclear. Such agreements are to provide for payment by United Nuclear for such services at cost. In regard to Olin, it is anticipated by Olin that such payments will be about $500,000 a year; in the case of Mallinckrodt, it is anticipated by Mallinckrodt that such payments will be about $150,000 a year. The duration of such agreements and their terms and provisions are subject to approval by NDA and the other parties to the Agreement.

The transfer of the assets of Olin, Mallinckrodt and NDA is scheduled to be effective on May 31, 1961. It is anticipated that in view of the technical right of rescission reserved to each of the parties for a period of 60 days after the closing date, distribution of United Nuclear Common Stock to stockholders of NDA upon its liquidation will not be made until at least 60 days after the closing.

The Agreement further provides that United Nuclear, whenever requested by any of the transferors prior to December 1, 1963, will, at its own expense, file with the Securities and Exchange Commission registration statements under the Securities Act of 1933 for the registration of the issuance of Common Stock and Preferred Stock to the transferors and the sale by the transferors to the public of such Common Stock and Preferred Stock. United Nuclear is further required to use its best efforts to cause such registration statements to remain in effect until December 31, 1963 (or until such earlier date on which the transferors state in writing to United Nuclear that each of them has completed its distribution). United Nuclear is also required, upon request, to register under the Securities Act of 1933 such shares of its stock as may be requested by the transferors, provided that the cost and expense of such registration shall be borne by such transferors. Each of the transferors has agreed that it will not sell or transfer any of the Common Stock or Preferred Stock issued to it unless a Registration Statement is in effect, or counsel for United Nuclear is of the opinion that such registration is not required, or, in the case of NDA, its counsel is of the opinion that said registration is not required and, in the case of controlling persons of NDA, satisfactory instruments of compliance with the Securities Act of 1933 are furnished by the controlling persons.

Olin and Mallinckrodt have each been considering whether to sell to the public shares of United Nuclear Common Stock and Preferred Stock. United Nuclear has also under consideration the possible public sale of shares of its Common Stock at the same time to raise new capital. If and when any such sales are made will be dependent upon market and other relevant conditions.

Tax Aspects of the Proposed Transaction and Accounting Treatment Thereof

In the opinion of counsel for NDA, no taxable gain or loss will be realized for federal income tax purposes by NDA or its stockholders upon the consummation of the transaction, and, as stated herein-

above, a ruling from the Internal Revenue Service to that effect with respect to NDA and its stockholders will be a condition of the Closing. The assets transferred and liabilities assumed will be recorded in the accounts of United Nuclear at the values at which they are carried on the books of the transferor corporations which is consistent with the basis reflected in the pro forma financial statements of United Nuclear, included in the Financial Statements appearing herein as part of Exhibit II.

Rights of Dissenting Stockholders

As provided in Sections 20 and 21 of the Stock Corporation Law of the State of New York, copies of which are attached as part of Exhibit III hereof, any holder of common stock of NDA who does not vote in favor of the transfer of assets of NDA contemplated by the Agreement may at any time prior to the vote thereon object to such transfer and demand payment for his stock and thereupon such stockholder or the corporation shall have the right, subject to the conditions and provisions of Section 21 of the Stock Corporation Law, to have his stock appraised and paid for as provided in said Section. Such objection and demand must be in writing and filed with NDA.

REASONS FOR THE TRANSACTION

In the opinion of the Board of Directors, NDA has reached the point in its development where further growth is best accomplished by combination with other organizations engaged in related functions in the nuclear energy field. This would enable NDA to effect maximum utilization of its specialized talents for the benefit of the new organization and at the same time to benefit from the operations of the other components of the organization. Internal growth to this status would require the raising of large amounts of capital and probable substantial dilution of the interests of the NDA stockholders and would entail the entry into areas of nuclear energy already occupied by others.

The Board of Directors of NDA has accordingly concluded that the company is approaching its optimum size as an independent nuclear research and development company, and that further significant growth must rest on a combination of magnified resources and joinder of related, but non-competitive, branches of the industry.

The proposed transaction represents the outgrowth of this determination. Its consummation will result in the creation of an integrated organization devoted primarily to nuclear energy which will have the combined know-how, facilities, and resources of the three constituent organizations, each of which has made significant contributions to the field of nuclear energy. It would provide access to increased financial resources and other benefits usually related to integration. The new corporation will have skills and facilities for nuclear research and development, reactor system design, manufacture of nuclear fuel materials, reactor core fabrication, fuel management, cold scrap processing, and production of isotopes and hot radiation energy sources. Along with the advantages of combination there will be difficulties to overcome. The new corporation will consist of a combination of three organizations which have operated independently of each other and a full integration of their activities will require time and expense to effectuate.

The Board of Directors of NDA recommends that the proposed transaction be approved.

EFFECTS OF THE TRANSACTION ON CERTAIN SECURITIES OF NDA

United Nuclear will assume the obligations of NDA with respect to (a) the outstanding 5% Subordinated Convertible Debentures, due March 31, 1967, of NDA which as of March 31, 1961 aggregated a principal amount of $425,000, (b) the outstanding restricted stock options of NDA, which as of March 31, 1961 represented the right to purchase an aggregate of 12,268 shares of Common Stock

of NDA, granted to employees of NDA pursuant to its Employees Restricted Stock Option Plan and (c) three outstanding options to purchase common stock of NDA previously granted to certain consultants of NDA, which, as of March 31, 1961, represented the right to purchase an aggregate of 1,300 shares of common stock of NDA. If the transaction is consummated, it will not change the conversion ratio of the 5% Subordinated Convertible Debentures or the purchase price of the stock subject to said options, and United Nuclear Common Stock will be substituted therein share-for-share for Common Stock of NDA.

COMPARATIVE DATA

The negotiation of the Agreement represented an arms-length transaction, and the amount of Common Stock and, in the case of Olin and Mallinckrodt, the amount of Preferred Stock to be received by the transferors was based upon the interrelation of a number of factors, including historical earnings, annual sales, and book value of assets, no one of which was controlling.

Market Prices

For the period shown below, the high and low bid and asked prices in the over-the-counter market of the Common Stock of NDA as reported by National Quotation Bureau Inc., from its National Monthly Stock Summary and the high and low bid and asked prices on April 27, 1961 were as follows:

	Bid Prices		Asked Prices	
	High	Low	High	Low
1959				
First Quarter	27	17½	29	23½
Second Quarter	35	24¼	40	26
Third Quarter	28½	19	30½	22
Fourth Quarter	19¼	17	22	20
1960				
First Quarter	16	12½	19	14½
Second Quarter	23½	11	25	13
Third Quarter	24	16	26	17½
Fourth Quarter	20	15	22	17
1961				
First Quarter	44	18	45½	20
April 27, 1961	53	50	55	53

There are no comparable market prices for the businesses of the nuclear operations of Mallinckrodt or Olin proposed to be transferred to United Nuclear.

Pro Forma Book Values

Based upon the December 31, 1960 audited balance sheets of Olin and Mallinckrodt and the March 31, 1961 audited balance sheet of NDA (as adjusted on the pro forma balance sheet of United Nuclear to give effect to the Agreement) presented herein and on the basis of the shares of stock of United Nuclear to be received by Olin, Mallinckrodt, and NDA (without giving effect to any conversion of the Preferred Stock to be received by Olin and Mallinckrodt, or the issuance of additional shares of Preferred Stock which United Nuclear may at its option sell to Olin to fund its capital commitments), the pro forma book values per share of Common Stock of the respective businesses of Olin, Mallinckrodt and NDA were $10.02, $10.01, and $4.03 per share respectively. Based on the pro forma statement of financial position appearing herein, the pro forma book value per share of Common Stock of United Nuclear after giving effect to the transaction (without giving any effect to conversion of the Preferred Stock) would be $8.47. Assuming immediate conversion of all Preferred Stock to be issued to Olin and Mallinckrodt (other than the shares which may be issued to Olin to fund capital commitments) the pro forma book value per share of Common Stock of United Nuclear would be changed to $13.37.

Earnings per share

Earnings per share of Common Stock for NDA for the years ended March 31, 1959, 1960, and 1961 were $.17, $.11, and $.21, respectively. No comparable earnings per share figures exist for the nuclear operations of Mallinckrodt or Olin.

SUMMARY OF OPERATIONS OF NDA

The following Summary of Operations has been examined by Max Rothenberg & Co., independent certified public accountants, with respect to the three years ended March 31, 1961, as set forth in their report included herein. This Summary of Operations should be read in conjunction with the Financial Statements and notes thereto of NDA which are included herein.

	Year Ended March 31,		
	1961	1960	1959
Gross Income	$4,790,104	$3,763,869	$4,152,519
Cost of Sales and Operating Expenses	4,607,283	3,618,091	3,930,532
Operating Profit	182,821	145,778	221,987
Other Income	12,874	30,884	11,894
	195,695	176,662	233,881
Other Deductions:			
Research and Development Expenses	12,357	66,066	47,312
Interest on Bonds and Mortgages	31,578	36,781	43,126
Amortization of Debt Discount	2,000	2,000	2,000
Other Interest Expenses	21,641	22,607	15,852
Non-Recurring Contract Settlement	—	—	50,000
Other	26,857	11,546	2,025
Total	94,433	139,000	160,315
Income Before Provision for Federal Income Taxes	101,262	37,662	73,566
Provision for Federal Income Taxes	50,163	11,086	33,456
Net Income	51,099	26,576	40,110

SUMMARY OF OPERATIONS OF NUCLEAR FUELS OPERATION OF OLIN

The following Summary of Operations has been examined by Peat, Marwick, Mitchell & Co., independent certified public accountants, with respect to the three years ended December 31, 1960, as set forth in their report included herein. The Summary of Operations should be read in conjunction with the Financial Statements and notes thereto of the Nuclear Fuels Operation of Olin which are included herein.

	Year Ended December 31,		
	1960	1959	1958
Net Sales and Operating Revenue	$27,246,390.59	$21,049,903.90	$ 7,117,531.49
Cost of goods sold	19,682,897.08	19,086,437.98	7,622,211.48
Gross Profit (Loss) from Operations	7,563,493.51	1,963,465.92	(504,679.99)
Administrative, selling and general expenses	1,191,534.55	812,024.54	360,600.32
Net Profit (Loss) from operations	6,371,958.96	1,151,441.38	(865,280.31)
Other Income:			
Profits realized on Sales of sundry Capital Assets and credits not related to year's operations	—	2,018.73	67,969.38
Profit from other operations and miscellaneous	20,265.73	31,332.22	25,936.32
	20,265.73	33,350.95	93,905.70
	6,392,224.69	1,184,792.33	(771,374.61)
Other charges:			
Loss realized on sales or other disposition of miscellaneous properties	16,336.75	29,932.25	10,759.56
Relocation and expansion expense	1,599.59	244,047.87	259,378.96
Miscellaneous	—	—	12,184.35
	17,936.34	273,980.12	282,322.87
Net Profit (Loss) before provision for Federal Taxes on Income	6,374,288.35	910,812.21	(1,053,697.48)
Provision (credit) for Federal Taxes on Income:			
Current Taxes	3,076,557.11	140,894.61	(640,435.37)
Deferred Taxes	238,307.24	332,705.60	92,330.89
	3,314,864.35	473,600.21	(548,104.48)
Net Income (Loss)	$ 3,059,424.00	$ 437,212.00	$ (505,593.00)

The 1960 increase over preceding years in sales and earnings is considered to be non-recurring in that a substantial portion of the increase arose from delivery in 1960 pursuant to a firm fixed-price contract which was awarded in 1958. Current competitive market conditions in this industry and the state of the art appear to preclude obtaining new contracts affording comparable opportunities for profit.

Based upon unaudited interim financial statements, the operations of the Nuclear Fuels Operation of Olin for the three months ended March 31, 1961, produced net sales of $4,159,000 and a net loss (after reduction in federal taxes on income) of $194,000 as compared with net sales of $9,240,000 and net income of $1,170,000 for the three-month period ended March 31, 1960. Such interim results include all adjustments (consisting only of normal recurring accruals) which, in the opinion of Olin, are necessary to a fair statement of such results.

SUMMARY OF OPERATIONS OF NUCLEAR DIVISION OF MALLINCKRODT

The following Summary of Operations has been examined by Price Waterhouse & Co., independent certified public accountants, with respect to the two years ended December 31, 1960, as set forth in their opinion included herein. Figures are not obtainable for the year ended December 31, 1958 because of changes in accounting treatment during and following that year. Mallinckrodt has advised, however, that sales during that year approximated $830,000. The Summary of Operations should be read in conjunction with the financial statements and notes thereto of the Nuclear Division of Mallinckrodt which are included herein.

	Year Ended December 31,	
	1960	1959
Sales, net	$1,657,065	$1,762,605
Cost of goods sold	1,596,488	1,429,731
Gross profit	$ 60,577	$ 332,874
Selling, general, and administrative expenses	$ 267,538	$ 188,741
Research and development expenses	200,569	137,830
	$ 468,107	$ 326,571
Income or (loss) from operations	$ (407,530)	$ 6,303
Other income and (deductions):		
Discount on purchases and miscellaneous, net	$ 1,016	$ 1,096
Income or (loss) before estimated federal income taxes	$ (406,514)	$ 7,399
Estimated federal income taxes	(210,000)	2,220
Net income or (loss) for the year	$ (196,514)	$ 5,179

Based upon unaudited interim financial statements, the operations of the Nuclear Division of Mallinckrodt for the three months ended March 31, 1961, produced net sales of $151,995 and a net loss (after reduction in federal taxes on income) of $40,186 as compared with net sales of $389,458 and a net loss of $114,945 for the three-month period ended March 31, 1960. Unfilled sales orders at March 31, 1961 and March 31, 1960 amounted to approximately $835,000 and $928,000, respectively. Such interim results include all adjustments (consisting only of normal recurring accruals) which, in the opinion of Mallinckrodt, are necessary to a fair statement of such results.

THE CONSTITUENT ORGANIZATIONS

NDA

Organized under the laws of the State of New York in May, 1948, as Nuclear Development Associates, Incorporated, NDA was engaged during its early years by both industry and Government as a nuclear consultant on scientific and engineering problems. The founders and original stockholders were scientists and engineers who had been associated in the development and operation of the first nuclear materials production plants during World War II. Additional capital for expansion was obtained through limited private offerings in 1955 and 1957. The corporate name was changed in 1955 to reflect the growth of theoretical and experimental research, development and design engineering and fabrication activities related to nuclear reactors for power, propulsion and research.

Business. NDA furnishes services and products principally to Government and also to commercial customers on both fixed-price and cost-plus-fixed-fee contracts and subcontracts. It obtains the services and products of other commercial organizations both on subcontract and by direct purchase. NDA also associates from time to time with other non-competitive corporate organizations in undertaking cooperative ventures.

Among the principal services of NDA are theoretical and experimental research and development and design engineering on nuclear reactors and components. NDA fabricates and assembles experimental equipment and test units for the experiments required in resolution of customer problems and fabricates and assembles nuclear reactors and special test apparatus to be operated by others. The talents, skills and facilities related to these principal services and products are also employed on undertakings unrelated to nuclear reactors, including problems involving radioactivity, severe environmental conditions and complex calculational techniques.

Representative undertakings by NDA include: design of the 50,000 kilowatt (thermal) materials and engineering test reactor (BR-2) for Centre d'Etudes Nucleaires, Mol, Belgium; design and fabrication of the Fast Burst Reactor for biomedical research at Oak Ridge National Laboratory, for the Atomic Energy Commission; development of plutonium-uranium carbide nuclear fuel; design and fabrication of test rigs for investigation of materials problems such as those encountered in the use of liquid metals in space propulsion; development of calculational techniques for determining design of reactor shields; measurement of design data for various reactor concepts using the Pawling Research Reactor and other special experimental devices; study of feasibility and design of reactors for vehicle, ship and space propulsion; and examination and analysis of radioactive materials. Such undertakings range from investigation of fundamental scientific problems to complete engineering design and fabrication of complex systems involving radiation and other severe environments.

NDA competes for its business with other organizations, some of which are large organizations, engaged in similar research, development, design and fabrication. It does not compete with organizations engaged in related civil engineering, civil works construction, repetitive manufacture or product distribution.

NDA is represented in Western Europe by NDA-Europe, a corporate affiliate of Societe Generale des Minerais, located in Brussels, Belgium, and for certain services and products in Japan by the Nissho Company and by Sumitomo Atomic Energy Industries, Ltd.

As of March 31, 1961, NDA's backlog of unfilled orders based on then-existing contracts was approximately $3,994,000, as compared on the same basis with $1,832,000, as of March 31, 1960. New orders received during the fiscal year ended March 31, 1961 totalled $7,079,000 as compared with $4,117,000 received during fiscal 1960. The receipt of additional orders cannot be reliably predicted in view of the character of the industry, the intensity of competition, and the rapidly changing needs of the persons requiring its service.

In 1959 NDA acquired substantially all of the assets (other than real estate) of Ray Proof Corporation (Ray Proof) a manufacturer of lead and lead-lined shielding materials used in hospitals, clinics and industrial radiography facilities for protection from x-rays and radioisotopes. Ray Proof also installs shield windows for viewing into areas of intense radiation. Since its acquisition, Ray Proof has entered

production of radio-frequency shielded rooms and vibration resistant mountings, prefabricated hot laboratories for handling radioactive materials, and other related specialty products. These are distributed directly and through agents in competition with companies offering similar products throughout the United States. Licensing arrangements are in effect for manufacture and distribution in Canada and Europe.

Properties. NDA and Ray Proof currently employ approximately 300 persons at four locations. Administrative headquarters, theoretical research and the computing center are located on an NDA-owned tract of 63-acres in an industrial park-type area near Eastview, N. Y., approximately five miles west of White Plains. Engineering, related services and high-precision fabrication and assembly shops are contained in a leased 55,000 square foot industrial-type building at 5 New Street, White Plains, N. Y. The NDA-owned 1,200-acre Pawling Laboratories, located on Route 55 west of Pawling, N. Y. and approximately 40 miles north of White Plains, contains complete facilities for handling radioactive materials (including plutonium); development of advanced nuclear fuels; performance of critical experiments and other investigations essential to advanced reactor design; and remote experimental test stands. The Pawling Research Reactor is also located at this site. Ray Proof is located at 843 Canal Street, Stamford, Conn., in a leased industrial-type building of approximately 38,000 square feet.

Interest of Management of NDA in the Transaction

Various officers and directors of NDA hold shares of Common Stock and 5% Subordinated Convertible Debentures of NDA. With respect to such holdings the officers and directors will, upon the consummation of the transaction, be treated on an equal basis with all other holders of the same classes of securities. John R. Menke, President of NDA is presently employed at a salary of $29,000 per annum, and holds a restricted option for the purchase of 600 shares of Common Stock of NDA at $12 per share, which was granted on March 21, 1957. It is contemplated that Mr. Menke will serve as a Director and Vice President of United Nuclear and will be employed by United Nuclear under a four year employment contract at a salary of $37,500 per annum, and will receive, as part of his employment contract, options to purchase an aggregate of 5,000 shares of Common Stock at a purchase price of not less than 85% of the fair market value of such stock on the date of grant. Mr. Menke may at his option terminate such employment and serve as a part-time consultant for up to an additional 5 years at a fee of $30,000 per year. It is not contemplated that an employment contract with any other employee of NDA will be entered into by United Nuclear.

Certain directors and officers of NDA, other than Mr. Menke, have options to purchase an aggregate of 3,800 shares of Common Stock of NDA, at purchase price ranges from $6 to $22 per share, and, as provided in the Agreement, such options will be assumed by United Nuclear. There will be no adjustment in the number of shares subject to those options or in the purchase price of the shares subject to the option.

NUCLEAR DIVISION OF MALLINCKRODT

The Nuclear Division of Mallinckrodt to be transferred to United Nuclear was established in 1956 at Hematite, Missouri, approximately 35 miles south of St. Louis. This operation is a part of the business of Mallinckrodt, a Missouri corporation chartered in 1882 with headquarters in St. Louis. Mallinckrodt became the first large-scale producer of uranium oxide in 1942 for the atomic energy program. During World War II, it was one of the major producers of uranium compounds for the atomic energy program, and for several years following the war was the sole producer. It is also the contract operator of the Atomic Energy Commission processing plant at Weldon Springs, Missouri, which produces uranium metal and uranium compounds; this part of its business will be retained by Mallinckrodt.

The business of the Nuclear Division was carried on by a wholly-owned subsidiary, Mallinckrodt Nuclear Corporation, from January 2, 1959, until September 30, 1960, at which time it was transferred to the parent company and operated as a division.

Business. The Hematite plant was constructed in 1956, and has since been expanded substantially over its original capacity. It manufactures uranium metal and compounds for nuclear reactor fuel element use from both natural and enriched uranium.

The raw materials for producing enriched uranium compounds are obtained under lease from Government-owned gaseous diffusion plants (such as those at Oak Ridge, Tennessee) in the form of enriched uranium hexafluoride. Other raw materials required for products are either furnished by the customer or are obtained in the commercial market.

The principal products of the Hematite plant are enriched uranium dioxide powder, uranium dioxide pellets and uranium metal. These products are sold in competition with other suppliers. Representative sales during 1960 included: the largest single procurement of highly enriched uranium metal for the Argonne National Laboratory in the history of the Laboratory which is operated by the University of Chicago for the Atomic Energy Commission; uranium dioxide pellets for the Yankee Atomic Electric Company power reactor at Rowe, Massachusetts; and fully enriched uranium dioxide powder for the Consolidated Edison Company power reactor at Indian Point, New York. Mallinckrodt also furnished the fuel material for the nuclear ship N.S. Savannah and England's first atomic submarine, H.M.S. Dreadnought.

Research and development are conducted in support of the production facilities. These efforts resulted in 1959 in the installation of facilities for the manufacture of uranium dioxide pellets of fuel element quality along with equipment for loading these pellets into fuel rods. A new process for directly converting uranium hexafluoride into uranium tetrafluoride was developed and installed. Current work is directed at process improvements to reduce costs, decrease uranium losses and improve product quality, to develop processes for the manufacture of new forms of uranium dioxide, and to improve production processes for such new fuel materials as uranium-thorium, uranium monocarbide and uranium dicarbide-thorium dicarbide.

A minority interest acquired by Mallinckrodt in two foreign companies is a part of the Commercial Operation. These are NUKEM (Nuklear-Chemie und Metallurgie Gesellschaft mit beschränkter Haftung) at Wolfgang near Hanau, West Germany, and ITALATOM, S.p.A., Milan, Italy. NUKEM is actively engaged in research and in the fabrication of fuel elements; ITALATOM is active as a study group and is competing for research and development contracts.

As of December 31, 1960, the Nuclear Division of Mallinckrodt had a backlog of unfilled orders of approximately $415,000. During the first three months of 1961, it has received new orders totalling approximately $585,000. The receipt of additional orders cannot be reliably predicted.

Properties. Production operations of the Nuclear Division are conducted on a tract of 152.5 acres located near Hematite, Missouri, in Jefferson County. Four primary buildings have been constructed on this site since 1956, totalling approximately 40,000 square feet. These are used for manufacturing, office, laboratory, and warehousing. All land and buildings used in the Hematite operation are owned by Mallinckrodt.

Interest of Management of Mallinckrodt in the Transaction

Three of the officers of Mallinckrodt, who will become directors of United Nuclear, own in the aggregate an insubstantial fraction of the outstanding Common Stock of Mallinckrodt, and as such will have an indirect interest in the shares of Common Stock and Preferred Stock to be issued by United Nuclear to Mallinckrodt.

NUCLEAR FUELS OPERATION OF OLIN

The Nuclear Fuels Operation of Olin was established in April, 1956, at New Haven, Connecticut, for the development of manufacturing processes and techniques and the fabrication of nuclear fuel cores for the naval reactor program.

Construction of the first buildings was completed and initiation of work on the first production contract with the Atomic Energy Commission was begun in 1957. In addition to plant expansions at New Haven, a nuclear fuel core assembly plant was completed in 1958 at Montville, Connecticut, approximately 50 miles northeast of New Haven.

Business. The Nuclear Fuels Operation furnishes products and services principally to the government on both fixed-price and cost-plus-fixed-fee contracts and subcontracts. It obtains the products and services of other commercial organizations both on subcontract and by direct purchase. The Nuclear Fuels Operation has also associated from time to time with other non-competitive corporate organizations making cooperative proposals to potential government and commercial customers.

The principal products of the Nuclear Fuels Operation are reactor cores and related assemblies. The principal services consist of research and development related to improved reactor cores.

The Nuclear Fuels Operation has devoted itself primarily to a single segment of the nuclear energy field: the production of reactor cores and related assemblies, principally for the United States Navy. From April, 1956 through December, 1960, Olin has invested more than $11,000,000 in new facilities and in the improvement of existing facilities. The capacity of Olin's production facilities are among the largest for the production of nuclear cores in the United States, and Olin has now completed and shipped approximately 30% of the total volume of naval reactor cores produced by commercial manufacturers. Also, Olin is now producing replacement reactor cores for Army Packaged Power Reactors which are used to produce electricity in remote areas and is conducting research programs on new fuels for the Atomic Energy Commission. Research and development is an important part of the business of the Nuclear Fuels Operation. Maintenance of this technical proficiency is necessary to qualify as a producer of reactor cores but involves substantial overhead expense unless a satisfactory volume of development work can be obtained.

The Nuclear Fuels Operation competes for its business with other producers of reactor cores. Profitability is currently anticipated to be reduced over past years and is not expected to return to the earlier higher levels even with possible increased gross demand by principal customers. The Nuclear Fuels Operation does not design or fabricate complete nuclear reactor systems or power conversion machinery.

At December 31, 1960, the Nuclear Fuels Operation of Olin had a backlog based on then-existing contracts of approximately $9,500,000 compared with about $33,000,000 a year earlier. Since December 31, 1960, it has received new orders totalling approximately $7,500,000. The receipt of additional orders cannot be accurately predicted. Other producers of reactor cores include Babcock & Wilcox Company, Westinghouse Electric Corporation, Texas Instruments Incorporated and Combustion Engineering, Inc. Competition in the industry is quite intense, and prices have fallen during 1960.

The recently published defense budget of the President of the United States provides for a substantial increase over the previous budget in spending for naval reactor cores. Olin believes that the naval reactor core business, while significant, offers at the present time a relatively minor opportunity for profitable activity in future years. Olin also believes that the largest potential development in the reactor core business in the long run will be for use in large commercial power stations. Although the general technology of nuclear fuel fabrication is similar for all classes of nuclear cores, significant improvement appears likely to come through the use of uranium carbide and uranium oxide fuels. Olin and other concerns are doing research and development work in this advanced field under contracts with the Atomic Energy Commission.

Properties. The 950 employees of the Nuclear Fuels Operation are engaged at two sites. The New Haven facilities consist of 12 buildings with a total floor space of 250,000 square feet which contain extensive modern equipment, much of which has been custom designed and built for the specialized requirements of the nuclear industry. The Montville plant, located on a 235 acre site on the Thames River approximately 50 miles northeast of New Haven, has a temperature and humidity controlled area

of 14,000 square feet. This modern, specially designed and constructed facility is used for the assembly of nuclear reactor cores. All land and facilities used at New Haven and Montville are owned by Olin.

Interest of Management of Olin in the Transaction

Four of the executives of Olin, who will become directors of United Nuclear, own in the aggregate an insubstantial fraction of the outstanding stock of Olin, and as such will have an indirect interest in the shares of Common Stock and Preferred Stock to be issued by United Nuclear to Olin.

THE NEW CORPORATION—UNITED NUCLEAR CORPORATION

The new corporation will be United Nuclear and its business will be the same as is presently carried on by NDA, the Nuclear Fuels Operation of Olin and the Commercial Operations of the Nuclear Division of Mallinckrodt. It may, however, extend its operations into further activities related to its combined operations.

United Nuclear will receive title to all land, buildings and equipment owned by NDA, all land, buildings and equipment owned by Mallinckrodt at Hematite and eleven buildings and related equipment at New Haven and all land, buildings and equipment at Montville owned by Olin. United Nuclear will assume all NDA leases, will lease from Olin several small buildings, portions of two major buildings and all land involved at New Haven in the Nuclear Fuels Operation and will lease from Mallinckrodt offices occupied by the Nuclear Division at St. Louis.

It should be noted that United Nuclear will lack some of the facilities and services which the independent transferor corporations were able to furnish to the constituent organizations. As referred to previously, Olin and Mallinckrodt will each enter into service agreements with United Nuclear to provide such services at cost.

Furthermore, the prospects of the atomic energy industry and therefore of United Nuclear are not predictable with certainty especially in the earlier years.

It should be further noted that the Department of Justice has requested information as to the anti-trust aspects of the proposed transaction.

Capitalization

The capitalization of United Nuclear, giving effect to the proposed transaction is given in the table that follows:

	Amount Authorized To Be Outstanding (as of March 31, 1961)*
LONG TERM DEBT:	
5% Convertible Subordinated Debentures	$425,000
Subordinated Notes Payable	384,500
Real Estate Mortgages Payable	126,000

CAPITAL STOCK:	Authorized	Outstanding
Preferred Stock	110,000	80,385†
Common Stock	3,000,000	908,140**

* In addition United Nuclear will have material obligations under its leases of property at 5 New Street, White Plains, New York, and at New Haven and Stamford, Connecticut.

** Without giving effect to (a) any exercise by NDA stockholders of their rights of appraisal (b) any exercise of options to purchase stock of NDA subsequent to September 30, 1961, or (c) any conversion of the Debentures of NDA subsequent to September 30, 1961.

† Without giving effect to any adjustments in the number of shares of Preferred Stock which may be made to reflect (a) the Closing Net Worth of Olin or Mallinckrodt or (b) any additional shares of Preferred Stock which may be issued to Olin at $100 per share in connection with capital commitments of its Nuclear Fuels Operation.

Charter and By-Laws

The Certificate of Incorporation of United Nuclear is similar in many respects to the Certificate of NDA, the primary difference being that the Certificate of United Nuclear authorizes the issuance of 110,000 shares of Preferred Stock in addition to 3,000,000 shares of Common Stock; it also contains provisions for indemnification of officers and directors in certain circumstances similar to the provision for indemnification now contained in the Certificate of Incorporation of NDA. Insofar as the constituent enterprises are aware, no actions, suits, or proceedings which might result in such indemnification are presently pending or threatened against any of their respective officers or directors.

As a result of consummation of the transaction, the rights of stockholders of NDA, presently governed by New York law, will be governed by Delaware law.

Description of Preferred Stock

The Preferred Stock to be issued to Olin and Mallinckrodt will have the following rights and privileges: each share will be entitled to preferred dividends at the rate of 3½% per annum, cumulative only to the extent earned from June 1, 1961 (or the later date of first issuance) until July 1, 1966 and cumulative without regard to earnings thereafter. The Preferred Stock has 5 votes per share as to all matters submitted to stockholders, including the election of directors, and, in addition, the Preferred Stock has the right, as a class, to vote upon certain corporate actions, including the issuance of additional preferred stock and the authorization of any merger or other similar transaction, and certain voting rights specifically conferred by statute.

In the distribution of assets as part of any distribution or winding up, after payment of all debts of United Nuclear, each share of Preferred Stock shall be entitled to receive $100 together with dividends accrued thereon, before any distribution is made to the holder of the Common Stock.

Shares of Preferred Stock shall be convertible at the option of the holder (prior to redemption) into four shares of Common Stock if converted on or before July 1, 1964; if converted thereafter and on or before July 1, 1967, into three and one-third shares of Common Stock; and if converted thereafter into two and six-sevenths shares of Common Stock. The conversion price will be subject to adjustment from time to time upon the happening of certain events including stock splits and stock dividends.

United Nuclear will have the right, at its option, to redeem the Preferred Stock at the time outstanding, as a whole at any time, or in part from time to time, by paying $105 per share plus dividends accrued to the date fixed for such redemption.

The shares of Preferred Stock will not be entitled to the benefits of any sinking fund.

Shares of Preferred Stock shall not be subject to any further calls or to assessment.

Description of Common Stock

Each holder of the Common Stock of United Nuclear is entitled to one vote with respect to each share held; there is no provision for cumulative voting. The shares of Common Stock of United Nuclear to be issued to Mallinckrodt, Olin and NDA (which shares received by NDA are to be distributed to the stockholders of NDA in complete liquidation) are part of the originally authorized capitalization of United Nuclear. The Certificate of Incorporation of United Nuclear provides that there shall be no preemptive rights. Holders of the Common Stock are entitled to dividends when, as, and if declared by the Board of Directors out of funds legally available therefor. The shares of Common Stock have equal rights on liquidation. Each share of Common Stock is fully paid, not subject to further call, and non-assessable.

At the present time, management of United Nuclear does not foresee the payment of cash dividends on its Common Stock; in this regard, it should be noted that NDA has not paid any cash dividends on its Common Stock.

Transfer Agent and Registrar

United Nuclear proposes to appoint Bankers Trust Company as transfer agent and The Chase Manhattan Bank as registrar for its Common Stock. United Nuclear proposes to act as its own transfer agent and registrar for its Preferred Stock.

MANAGEMENT

There are set forth below the names of the persons who have been selected by the several parties as the directors of United Nuclear until the next annual meeting of stockholders:

Name	Present Principal Occupation	Common Stock Ownership of United Nuclear (Shares)
Harold A. Brinner	Vice President and Treasurer, Mallinckrodt	—
D. J. Carroll Copps	Vice President, Olin	—
William C. Foster	Director, Vice President and Senior Advisor, Olin	—
Charles D. Harrington	Vice President, Mallinckrodt	—
Edward Hartshorne	Divisional Vice President, Olin	—
James T. Hill, Jr.	Partner, William A. M. Burden & Co.; Director, NDA	—*††
James McCormack	Vice-President, Massachusetts Institute of Technology; Director, NDA	—*‡
John R. Menke	President and Director, NDA	7,800*†
W. F. O'Connell	Vice President, Olin	—
Harold E. Thayer	President, Mallinckrodt	—
T. F. Walkowicz	Associate of Laurance S. Rockefeller; Director, NDA	975*†††

* Based upon the number of shares of NDA owned by said persons as of March 31, 1961.

† In addition, (a) Mr. Menke's wife owns 8,400 shares of NDA, in which Mr. Menke disclaims any beneficial interest, (b) each of Mr. Menke's two children own beneficially $2,500 principal amount of Convertible Debentures of NDA, which are held of record by Mr. Menke, (c) Mr. Menke has an option to acquire 275 shares of NDA at $18 per share from an independent party, as well as a restricted stock option for 600 shares of NDA at $12 per share and (d) Mr. Menke will receive a restricted stock option from United Nuclear for 5,000 shares.

†† Mr. Hill is a partner of William A. M. Burden & Co. which owns 1,620 shares of NDA.

‡ Mr. McCormack had an option as of March 31, 1961 to acquire 500 shares of NDA at $18 per share.

††† Mr. Laurance S. Rockefeller, with whom Mr. Walkowicz is associated, owns 26,680 shares of NDA.

At or prior to the closing, Mr. Foster will resign as an officer and director of Olin and Messrs. Hartshorne and Harrington will resign as executives of Olin and Mallinckrodt, respectively.

It is anticipated that United Nuclear will adopt a restricted stock option plan pursuant to which options for not more than 60,000 shares of its Common Stock may be granted to officers and other key employees at prices of not less than 85% of the value of such Common Stock on the dates such options are granted.

It is contemplated that the following officers of United Nuclear will receive during the first full year of United Nuclear compensation in excess of $30,000 as follows:

Name	Capacities in which remuneration is to be received	Aggregate Remuneration
William C. Foster	President and Director	$50,000
Charles D. Harrington	Vice President and Director	37,500
Edward Hartshorne	Vice President and Director	37,500
John R. Menke	Vice President and Director	37,500

In addition, each of said persons will be accorded benefits under a proposed retirement plan, the aggregate benefits of which during the next year is estimated to approximate 6% of the above aggregate remuneration.

The aggregate direct remuneration proposed to be paid to all officers and directors as a group of United Nuclear for its first year is estimated to be approximately $225,000.

Under the outstanding options of NDA, which will be assumed by United Nuclear, the directors and presently known officers of United Nuclear, who were previously associated with NDA, will hold options to purchase an aggregate of 1100 shares of Common Stock of United Nuclear (subject to adjustment for options exercised prior to closing of the transaction) at prices ranging from $12 to $18 per share. The latest expiration dates of said options will be October 16, 1964.

United Nuclear will not assume any obligations under option plans of Olin or Mallinckrodt with respect to employees of such corporations who will become employees of United Nuclear.

FINANCIAL STATEMENTS

Attached hereto as Exhibit II are certain financial statements of NDA, Olin and Mallinckrodt and pro forma financial statements of United Nuclear.

Dated: May 2, 1961.

EXHIBIT I

REORGANIZATION PLAN AND EXCHANGE AGREEMENT (herein called the Agreement) dated April 27, 1961, among MALLINCKRODT CHEMICAL WORKS, a Missouri corporation (herein called Mallinckrodt), NUCLEAR DEVELOPMENT CORPORATION OF AMERICA, a New York corporation (herein called NDA), OLIN MATHIESON CHEMICAL CORPORATION, a Virginia corporation (herein called Olin) (NDA, Mallinckrodt, and Olin being herein collectively referred to as the Sellers), and UNITED NUCLEAR CORPORATION, a Delaware corporation (herein called the Company).

The Company desires to acquire, and NDA desires to transfer to the Company, all the assets, properties, business and good will of NDA, except cash not in excess of $200,000 to meet certain expenses of NDA, in exchange for the issuance and delivery by the Company to NDA of shares of Common Stock, par value $1.00 per share (herein called Common Stock), of the Company, all upon the terms and provisions and subject to the conditions hereinafter set forth.

The Company also desires to acquire, and Mallinckrodt desires to transfer to the Company, all the assets, properties and business of the Nuclear Division of Mallinckrodt (as hereinafter defined) in exchange for the issuance and delivery by the Company to Mallinckrodt of shares of its presently authorized 3½% Convertible Preferred Stock of the Company (herein called the Preferred Stock) and shares of Common Stock, all upon the terms and provisions and subject to the conditions hereinafter set forth.

The Company also desires to acquire, and Olin desires to transfer to the Company, all the assets, properties and business of the Nuclear Fuels Operation of Olin (as hereinafter defined) in exchange for the issuance and delivery by the Company to Olin of shares of Preferred Stock and shares of Common Stock, all upon the terms and provisions and subject to the conditions hereinafter set forth.

The parties intend that the foregoing described exchange of assets, properties, business and good will for Common Stock and Preferred Stock shall be for the purpose of carrying out a tax-free reorganization as to NDA and as to the stockholders of NDA upon the distribution in liquidation to such stockholders of shares of Common Stock, and a tax-free exchange as to Mallinckrodt and Olin, within the meaning of the Internal Revenue Code of 1954, as amended.

porate seal and minute books and other books and records relating to the corporate organization of NDA which shall, however, be available at all times for inspection and copying by the Company and shall not be disposed of unless they are first tendered to the Company without cost and refused, and (vi) the stock owned by NDA in NDA Europe to the extent that NDA is not free to transfer such stock to the Company, provided, however, that NDA will take steps after as well as before the Closing Date to have the beneficial rights in respect of such stock accrue to the Company and will pay over to the Company all amounts received by NDA in respect of such stock, all subject, however, to the Agreement dated May 1, 1957 between NDA and Societe Generale Des Minerais, a corporation incorporated under the laws of Belgium, having its principal office at 31 rue de Marsis, Brussels, Belgium.

(b) In the case of Mallinckrodt, all of the assets, properties and business of the Nuclear Division of Mallinckrodt, subject to the specific exceptions hereinafter set forth, of every kind and description, wherever located, including, without limitation, all property, tangible or intangible, real, personal or mixed, accounts receivable, bank accounts, cash, stock, securities, and claims and rights under contracts of Mallinckrodt with respect to said Division and a complete set of the books and records of Mallinckrodt applicable to said Division, all as the same shall exist at the Closing Date. The term "Nuclear Division of Mallinckrodt" as used in this Agreement shall mean all the business and operations conducted by Mallinckrodt at Hematite, Missouri, and all the assets and properties of Mallinckrodt used primarily therewith. The assets and properties to be conveyed, transferred, assigned and delivered by Mallinckrodt on the Closing Date as hereinafter provided, shall, without limitation, include all assets and property of the Nuclear Division of Mallinckrodt shown on the audited balance sheet of said Division as at December 31, 1960 (to be furnished pursuant to Article 7(b) hereof), and all assets and property thereafter acquired by said Division prior to the Closing Date, except (i) such of those assets and property as may have been disposed of prior to the Closing Date in the ordinary course of business or in payment and discharge of liabilities on or before the Closing Date as hereinafter provided, (ii) such of those assets and property as may have been otherwise disposed of prior to the Closing Date with the consent in writing of NDA and Olin, (iii) any trademarks, trade names and copyrights, (iv) any refund or benefit of any kind accrued or accruing to Mallinckrodt from the operations of such Division during any period prior to the Closing Date in regard to Federal, state or local income taxes or any other taxes measured by income, (v) any claim or set-off accrued or accruing to Mallinckrodt for any period prior to the Closing Date in respect of the renegotiation of Government contracts and/or sub-contracts under the Renegotiation Act of 1951, as amended and extended, (vi) one-half of Mallinckrodt's share in ITALATOM, S.p.A., Milan, Italy, which may be sold to NUKEM, Nuklear-Chemie und Metallurgie Gesellschaft mit beschränkter Haftung, Wolfgang near Hanau, West Germany, pursuant to a pre-existing commitment and (vii) any accounts receivable retained in accordance with paragraph (d) of this Article. Should Mallinckrodt be unable despite the exercise of its best efforts to effect the transfer on or after the Closing Date of its investment in NUKEM, Nuklear-Chemie und Metallurgie Gesellschaft mit beschränkter Haftung, Wolfgang near Hanau, West Germany, and/or its remaining investment in ITALATOM, S.p.A., Milan, Italy, Mallinckrodt will by December 31, 1961, or by such earlier date at which it is determined that such investment cannot be transferred to the Company, pay to the Company the amount shown for such investment on the balance sheet used to compute the Closing Net Worth of the Nuclear Division of Mallinckrodt provided for in Article 14 hereof.

(c) In the case of Olin, all of the assets, properties and business of its Nuclear Fuels Operation, subject to the specific exceptions hereinafter set forth, of every kind and description, wherever located, including, without limitation, all property, tangible or intangible, real, personal or mixed, accounts receivable, bank accounts, cash and securities and claims and rights under contracts of Olin with respect to such Operation and a complete set of the books and records of Olin applicable to said Operation, all as the same shall exist at the Closing Date. The term "Nuclear Fuels Operation of Olin" as used in this Agreement shall mean all the business and operations conducted by Olin at Montville, Connecticut, and all the assets and properties of Olin there located, and the business and operations relating primarily to nuclear fuels conducted by Olin at New Haven, Connecticut, and the assets and properties of Olin pertaining primarily to such business and operations. The assets and property to be conveyed, trans-

ferred, assigned and delivered by Olin to the Company on the Closing Date as herein provided shall, without limitation, include all assets and property of such Nuclear Fuels Operation of Olin shown on the audited balance sheet of such Operation as at December 31, 1960 (to be furnished pursuant to Article 7(b) hereof), and all assets and property thereafter acquired by such Operation prior to the Closing Date, except (i) such of those assets and property as may have been disposed of prior to the Closing Date in the ordinary course of business or in payment and discharge of liabilities on or before the Closing Date as hereinafter provided, (ii) such of those assets and property as may have been otherwise disposed of prior to the Closing Date with the consent in writing of NDA and Mallinckrodt, (iii) any trademarks, trade names and copyrights, (iv) the land and certain other properties utilized for such Operation in New Haven, Connecticut, (v) any refund or benefit of any kind accrued or accruing to Olin from the operations of such Operation during any period prior to the Closing Date in regard to Federal, state or local income taxes or any other taxes measured by income, (vi) any claim or set-off accrued or accruing to Olin for any period prior to the Closing Date in respect of the renegotiation of Government contracts and/or sub-contracts under the Renegotiation Act of 1951, as amended and extended, and (vii) any accounts receivable retained in accordance with paragraph (d) of this Article.

(d) If the amount of working capital (current assets minus current liabilities on a basis consistent with the balance sheet furnished by such Seller pursuant to Article 7(a) hereof) which would otherwise be transferred to the Company by Olin or Mallinckrodt on the Closing Date exceeds $2,939,000 or $250,000, respectively, and if such Seller elects not to transfer such excess, or if the Company elects not to receive such excess, such Seller shall retain accounts receivable in an amount equal to such excess and the number of shares of Preferred Stock which it shall receive shall be adjusted as provided in Article 14 hereof. The individual accounts receivable to be so retained shall be agreed upon by the Company and such Seller or, if they are unable to agree, such retention shall be in alphabetical order, beginning with account debtors whose name starts with the letter "A".

ARTICLE 2. *Basis of Exchange.* (a) On the terms and provisions and subject to the conditions herein set forth, the Company shall issue and deliver:

(1) on the Closing Date, to NDA, definitive stock certificates (in such authorized denominations and registered in the name of NDA or its nominee or such other names all as NDA shall specify in writing at least three days before the Closing Date) for a number of shares of NDA Common Stock, par value $1 per share (herein called NDA Common Stock), equal to 232,065 plus (x) the number of shares of NDA Common Stock (without adjustment for any stock dividend, stock split, recapitalization or other change occurring subsequent to September 30, 1960) which have been or may be issued between September 30, 1960, and three days prior to the Closing Date (i) upon exercise of certain employee stock options (herein called the Stock Option Plan Options) granted by NDA under its Stock Option Plan covering an aggregate of 18,781 shares of NDA Common Stock, (ii) upon conversions of the NDA 5% Subordinated Convertible Debentures, due March 31, 1967 (herein called the NDA Debentures), and (iii) upon exercise of any one or more of the three options (herein called the Consultant Options) for an aggregate of 1,300 shares of NDA Common Stock heretofore granted to certain consultants, less (y) one share of Common Stock for each share of NDA Common Stock held by shareholders of NDA who as of three days before the Closing Date shall have taken all steps required by New York law to preserve their rights as objecting stockholders under Section 20 of the New York Stock Corporation Law;

(2) to Mallinckrodt, 11,185 shares of Preferred Stock, subject to adjustment pursuant to Article 14 hereof, and 94,075 shares of Common Stock; definitive stock certificates for an aggregate of 8,185 shares of Preferred Stock and 94,075 shares of Common Stock, in each case in such authorized denominations and registered in the name of Mallinckrodt or its nominee all as Mallinckrodt shall specify in writing, shall be issued and delivered to Mallinckrodt on the Closing Date; and the balance, if any, of shares of Preferred Stock shall be issued and delivered to Mallinckrodt on the Second Closing Date; and

(3) to Olin, 69,200 shares of Preferred Stock, subject to adjustment pursuant to Article 14 hereof, and 581,950 shares of Common Stock; definitive stock certificates for an aggregate of 49,200 shares of Preferred Stock and 581,950 shares of Common Stock, in each case in such authorized denominations and registered in the name of Olin or its nominee all as Olin shall specify in writing, shall be issued and delivered to Olin on the Closing Date; and the balance, if any, of shares of Preferred Stock shall be issued and delivered to Olin on the Second Closing Date.

(b) After the Closing Date and prior to the dissolution of NDA, the Company will promptly from time to time deliver stock certificates to NDA, representing the number of shares of Common Stock equal to the number of shares of NDA Common Stock (without adjustment for any stock dividend, stock split, recapitalization or other change occurring subsequent to September 30, 1960):

(1) held by the aforesaid objecting stockholders in respect of which shares of Common Stock have not been delivered on the Closing Date, at the rate of one share of Common Stock for each share of NDA Common Stock with respect to which the holder thereof shall have objected as above set forth but later shall have failed to perfect his right to objection in accordance with New York law, or, with the consent of NDA and the Company, shall have rescinded his objection; and

(2) held in respect of Stock Option Plan Options, Consultant Options or NDA Debentures as to which the holder had prior to the Closing Date irrevocably taken all action necessary to have been taken by him to exercise such options or convert such Debentures and as to which NDA did not receive shares of Common Stock of the Company on the Closing Date.

(c) Subject to the conditions herein set forth, the Company agrees to assume and to pay, perform and discharge from time to time all debts, obligations, contracts, commitments and liabilities, including product liabilities whether arising before or after the Closing Date,

(i) of NDA including, without limitation, the NDA Debentures, the Stock Option Plan Options and the Consultant Options (the obligations of each of the foregoing as to the issuance of NDA Common Stock to be on the basis of one share of Common Stock for one share of NDA Common Stock, both as presently constituted) outstanding on the Closing Date and the obligations, if any, of NDA to make severance payments to its employees,

(ii) of Mallinckrodt in respect of its Nuclear Division, and

(iii) of Olin in respect of its Nuclear Fuels Operation,

absolute or contingent and whether or not ascertained at the Closing Date, in each case resulting from operations prior to the Closing Date (herein called the Assumed Liabilities); provided, however, that the Company does not agree to pay and shall not assume or be liable in respect of (i) any Federal, state or local income tax liabilities, or liabilities for any other taxes measured by income, or any claims by the Government for recovery of excess profits by reason of the renegotiation of Government contracts and/or sub-contracts under the Renegotiation Act of 1951, as amended and extended, resulting from operations of said Nuclear Division or said Nuclear Fuels Operation prior to the Closing Date, (ii) any obligations or liabilities of the Sellers arising solely by reason of this Agreement, (iii) any obligations or liabilities of NDA in connection with its liquidation and dissolution whether to its stockholders or otherwise including, without limitation, any obligation of NDA to its stockholders who take all steps required by New York law to preserve their rights as objecting stockholders under Section 20 of the New York Stock Corporation Law or any obligation of NDA to distribute to its stockholders or objecting stockholders the Common Stock received by it pursuant hereto, (iv) any obligations or liabilities of any Seller incident to the preparation of this Agreement or resulting from the consummation of the transactions contemplated hereby for expenses, fees, transfer taxes, income taxes or other charges, or (v) any obligation or liability of NDA under the Securities Act of 1933 or otherwise in respect of any sales of any NDA securities whether by NDA or others. The Company shall unconditionally assume the NDA Debentures and other subordinated indebtedness of NDA but they shall be subordinated under comparable conditions and to the same categories of creditors and liabilities of the Company as they are to creditors and liabilities of NDA.

(d) The Company agrees to indemnify, defend and hold harmless each of the Sellers and their respective Directors, officers and shareholders, and the successors and representatives of said Directors, officers and shareholders (herein collectively called the Indemnitees), from and against any and all liability, loss, damage or expense, including counsel fees, which any of said persons may incur or sustain by reason of the failure of the Company to pay, perform and discharge fully the Assumed Liabilities, including, without limitation, any failure of the Company to pay any NDA subordinated obligations by reason of the subordination of such obligations pursuant to Article 2(c) hereof. In the event that any person shall assert a claim against any of the Indemnitees, which claim shall be the subject of any of the Assumed Liabilities, such Indemnitee promptly shall send written notice to the Company setting forth the claim asserted and a brief statement of the basis of the claim. The Company thereupon shall send promptly to such Indemnitee a written notice either (i) approving such claim and stating that the Company will pay to the claimant the amount thereof, or (ii) undertaking to defend with respect to the facts out of which such claim arose. In the event that the Company does not, within fifteen (15) days after the mailing by such Indemnitee of the notice to the Company referred to above, either approve such claim or undertake to defend with respect thereto, as set forth herein, then such Indemnitee shall have the right to take such steps as it in its sole discretion shall deem appropriate with respect to such claim, including without limitation, a defense against the state of facts asserted, or any settlement, compromise or agreement relating thereto; and in such event the indemnity of the Company contained herein shall be applicable to all amounts paid and costs and expenses (including attorneys' fees) incurred by such Indemnitee in connection therewith.

(e) Upon the liquidation of NDA, after distribution to its stockholders of one share of Common Stock (and no more) for each share of NDA Common Stock (as now constituted) then outstanding, NDA shall on or before one year after the Closing Date promptly pay and deliver to the Company any cash and other property not used to meet certain of its expenses as hereinbefore provided. Such cash and other property shall be accompanied by a statement of account certified by the chief financial officer of NDA who shall therein reconcile the application of the shares of Common Stock delivered to, and cash retained by, NDA.

ARTICLE 3. *Transfer of Business.* (a) The conveyance, transfer, assignment and delivery of assets and properties to the Company as herein provided shall be effected by bills of sale, assignments, endorsements, drafts, checks and other instruments of transfer and conveyance in such form as the Company may reasonably request, in proper form for filing and recording, if appropriate, together with documentary stamps evidencing the payment of all applicable transfer taxes. All deeds of real estate shall contain a covenant as to acts of the grantor but need contain no others.

(b) The assumption and agreement by the Company as herein provided to pay, perform and discharge the debts, obligations, contracts, commitments and liabilities of each Seller, respectively, shall be effected by such appropriate instrument or instruments in writing, executed by the Company, as each such Seller may reasonably request.

(c) The books and records of Mallinckrodt's Nuclear Division and of Olin's Nuclear Fuels Operation which shall be delivered to the Company as herein provided shall be available for reasonable inspection by the party delivering the same and such party shall be permitted to make extracts therefrom or copies thereof and the Company shall not dispose of such books and records unless they are first tendered to such party without cost and refused. The Company shall also provide such information and make available such records of original entry as Olin and Mallinckrodt (which shall pay all expenses of the Company reasonably thereby incurred) may reasonably request.

(d) Each of the Sellers agrees that, at its own expense, it will, at any time and from time to time after the Closing Date, upon request of the Company, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required for the assigning, transferring, granting, conveying, assuring and confirming to the Company or to the successors and assigns of the Company, and for aiding and assisting in collecting and reducing to possession, any or all of

the assets or property to be assigned to the Company by it as herein provided. The books and records retained by Olin and Mallinckrodt with respect to the Nuclear Fuels Operation and Nuclear Division, respectively, shall be available for reasonable inspection by the Company which shall be permitted to make extracts therefrom or copies thereof and Olin and Mallinckrodt shall not dispose of such books and records unless they are first tendered to the Company without cost and refused. Each of the Sellers agrees that it will, at any time and from time to time after the Closing Date, exercise its best efforts to furnish to the Company (which shall pay all expenses of such Seller reasonably thereby incurred) any record of original entry and any accounting, financial, and other information which may be reasonably necessary with respect to the business transferred pursuant hereto.

(e) The Company agrees that, at its own expense, it will, at any time and from time to time after the Closing Date, upon the request of any of the Sellers, do, execute, acknowledge and deliver all such instruments and documents as may be required to discharge the obligations and liabilities of the Company hereunder including perfecting the assumption by the Company of the Assumed Liabilities.

ARTICLE 4. *Access to Plants, Properties and Records.* From and after the date hereof and until the Closing Date, at all reasonable times, NDA shall afford to the officers and accredited representatives of Mallinckrodt, Olin and the Company, free access to the properties and records of NDA; Mallinckrodt shall afford to the officers and accredited representatives of NDA, Olin and the Company free access to the properties and records of its Nuclear Division; and Olin shall afford to the officers and accredited representatives of NDA, Mallinckrodt and the Company, free access to the properties and records of the Nuclear Fuels Operation of Olin; in each case in order that the parties afforded such access may have full opportunity to make such investigation as they may reasonably desire of the affairs of NDA, the Nuclear Division of Mallinckrodt or the Nuclear Fuels Operation of Olin, as the case may be, it being understood and agreed that each of the Sellers shall, upon request of another, furnish to such other such information as the latter may reasonably require in connection with such investigation. Whether or not the transactions contemplated by this Agreement are consummated, all information exchanged by the Sellers or obtained by any of them or the Company pursuant to this Agreement shall be kept confidential.

ARTICLE 5. *The Closing Date.* Unless the parties shall otherwise agree in writing, the closing under this Agreement shall take place, upon the terms and conditions and subject to the provisions of this Agreement, at 5:00 P.M., New York City Time on May 31, 1961, at the office of NDA, at Eastview, Westchester County, New York, provided that if the ruling by the Internal Revenue Service as to the tax consequences of this transaction is not received prior to May 21, 1961, the closing shall take place, upon the terms and conditions and subject to the provisions of this Agreement, ten business days after receipt of such ruling. The time and date upon which the closing shall take place is herein called the Closing Date.

ARTICLE 6. *Assignment to Company.* (a) To the extent that the assignment of any contract, lease, license, certificate of necessity, commitment, sales order or purchase order, to be assigned to the Company as provided herein, shall require the consent of another party thereto, this Agreement shall not constitute a warranty of assignability with respect thereto.

(b) Each of the Sellers shall use its best efforts to obtain the required consent of other parties to all of its such contracts, leases, licenses, certificates of necessity, commitments, sales orders, purchase orders or other documents or rights to the assignment thereof to the Company. If such consent is not obtained, such Seller will cooperate with the Company in any reasonable arrangement designed to provide for the Company the benefits under any such contracts, leases, licenses, certificates of necessity, commitments, sales orders or purchase orders, or other documents or rights, including enforcement, at the cost and for the benefit of the Company, of any and all rights of such Seller against the other parties thereto arising out of the breach or cancellation thereof by such other parties or otherwise. In regard to all of the foregoing, the Company will cooperate with the Sellers to enable them to discharge all obligations not delegable to the Company.

(c) The Company shall have the right and the authority to collect, for its own account, all receivables and other items which shall be transferred to the Company as provided herein, and to endorse with the name of any of the Sellers, as the case may be, any checks received on account of such receivables or other items. Each of the Sellers will transfer and deliver to the Company any cash or other property that it may receive in respect of such receivables or other items. The Company shall also have the right to compromise, settle and release all claims and liabilities transferred to it in accordance with this Agreement and, from and after the Closing Date, to open all mail and packages and receive all communications and deliveries addressed to any of the Sellers at any of the locations to be transferred to the Company.

ARTICLE 7. *Financial Statements.* (a) Contemporaneously with the execution and delivery of this Agreement, Olin has with respect to its Nuclear Fuels Operation delivered to NDA, Mallinckrodt and the Company its unaudited pro forma balance sheet (which has been adjusted to reflect the depreciation policy in effect on the date hereof) as at October 31, 1960, certified to by the chief accounting officer of Olin; Mallinckrodt has with respect to its Nuclear Division delivered to NDA, Olin and the Company its unaudited balance sheet as at October 31, 1960, certified to by the chief accounting officer of Mallinckrodt; and NDA has delivered to Olin, Mallinckrodt and the Company its balance sheet as at September 30, 1960, certified to by its chief accounting officer.

(b) On or prior to April 28, 1961, Olin shall with respect to its Nuclear Fuels Operation deliver to NDA, Mallinckrodt and the Company its balance sheet as at December 31, 1960, certified to by Peat, Marwick, Mitchell & Co.; Mallinckrodt shall with respect to its Nuclear Division deliver to NDA, Olin and the Company its balance sheet as at December 31, 1960, certified to by Price Waterhouse & Co.; and NDA shall deliver to Olin, Mallinckrodt and the Company its balance sheet as at March 31, 1961, certified to by Max Rothenberg & Company.

(c) Olin and Mallinckrodt will provide to NDA such financial statements or financial information as NDA may reasonably request for use in its proxy statement to its stockholders in regard to this Agreement. Each of the Sellers will provide to the Company such information including financial statements as the Company may reasonably request for use in any registration statement filed by it pursuant to the Securities Act of 1933.

(d) As promptly as practical after the Closing Date, Olin shall with respect to its Nuclear Fuels Operation deliver to NDA, Mallinckrodt and the Company its balance sheet as at the close of business on the Closing Date certified to by Peat, Marwick, Mitchell & Co.; Mallinckrodt shall with respect to its Nuclear Division deliver to NDA, Olin and the Company its balance sheet as at the close of business on the Closing Date certified to by Price Waterhouse & Co.; and NDA shall deliver to Olin, Mallinckrodt and the Company its balance sheet as at the close of business on the Closing Date certified to by Max Rothenberg & Company. Each such balance sheet shall be prepared on a basis consistent with the respective balance sheets furnished pursuant to Article 7(a).

ARTICLE 8. *Certificates Relating to Businesses.* On May 5, 1961, each of the Sellers shall deliver to each of the other parties a true and correct certificate or certificates dated as of April 1, 1961, and made on its behalf by the principal operating officer of the business to be transferred by such Seller (which certificate or certificates shall apply in the case of Olin only to its Nuclear Fuels Operation and in the case of Mallinckrodt only to its Nuclear Division) certifying that such Seller:

(1) has good and marketable title in fee simple to all real estate owned by it, as described in an exhibit thereto, or has such title as is described in an attached title report, and owns outright all machinery and equipment located thereat and all other properties and assets reflected in its balance sheet to be furnished pursuant to Article 7(b) hereof, in each case free and clear of all mortgages, liens, conditional sales contracts, encumbrances or charges of any kind whatsoever, except as set forth in an exhibit thereto;

(2) in the case of NDA, claims the right to use all patents, patent applications, trademarks, trade names and copyrights now used in the conduct of its business, has not received any notice

of conflict with the asserted rights of others, and owns specified registrations or other official documents with respect to such rights, each of which is described in an exhibit thereto which also describes all license agreements to which NDA is a party, either as licensor or licensee, except as to all of the foregoing as set forth in an exhibit thereto;

(3) in the case of Olin and Mallinckrodt, respectively, claims the right to use all patents and patent applications now used in the conduct of its business and has not received any notice of conflict with the asserted rights of others and owns specified registrations or other official documents with respect to such rights, each of which is described in an exhibit thereto which also describes all license agreements to which Olin and Mallinckrodt, respectively, is a party, either as licensor or licensee, except as to all of the foregoing as set forth in an exhibit thereto;

(4) is not a party to any written or, to its knowledge, any oral (i) contract to be assumed by the Company for hiring of any officer, consultant or individual employee; (ii) contract with any labor union; (iii) continuing contract providing for aggregate future payments by such Seller in excess of $50,000 for the future purchase of materials, supplies, equipment or service; (iv) continuing contract providing for aggregate future payments to such Seller in excess of $50,000 for the future sale of its products or services; (v) distributor or sales agency contract or advertising contract; (vi) lease under which it is lessor; (vii) pension, bonus, profit-sharing, retirement, stock option or stock purchase plan in effect with respect to its employees or others; or (viii) contract providing for payment of more than $2,500, or of a material nature, not made in the ordinary course of business; except in each case as described in an exhibit thereto, provided that such description may be incomplete to the extent necessary to comply with applicable national security restrictions;

(5) has no actions, suits, proceedings or investigations, pending or, to its knowledge, threatened, against it or affecting it, at law or in equity, or in admiralty, or before or by a federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which might adversely affect it or result in any material or adverse change in its business, operations, properties or assets, except litigation fully covered by insurance and except as described in an exhibit thereto, which exhibit shall include all known product liability claims whether or not fully covered by insurance;

(6) is not, to its knowledge, in default in any material respect with regard to any order, writ, injunction or decree, of any court, or federal, state, municipal, or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, except as described in an exhibit thereto;

(7) to the best of its knowledge, information and belief, is not in violation of any laws, regulations or orders applicable to its business so as to prohibit it from carrying on such business as now conducted; and

(8) believes that the assets and business to be transferred by such Seller to the Company may be owned and operated by the Company, subject to the receipt of certain governmental administrative consents which such Seller anticipates will be given.

ARTICLE 9. *Conduct of Businesses of Sellers to Closing Date.* (a) Each of the Sellers (but as to Olin and Mallinckrodt, only with respect to their Nuclear Fuels Operation and Nuclear Division, respectively, and properties utilized therefor, and they shall not be limited by this Article in any respect in the conduct of their other businesses) warrants and covenants that, between the date of its balance sheet furnished pursuant to Article 7(a) hereof and the Closing Date, it has not and agrees that it will not, without the prior written consent of the other Sellers and the Company:

(1) incur any obligation or liability (absolute or contingent) except current liabilities incurred, and obligations under contracts entered into, in the ordinary course of business, and except obligations expressly permitted by the terms hereof;

(2) discharge or satisfy any lien or encumbrance or pay any obligation or liability (absolute or contingent) other than (i) current liabilities shown on its unaudited balance sheet to be furnished pursuant to Article 7(a) hereof and current liabilities incurred since the date of such balance sheet, or (ii) in the ordinary course of business;

(3) except in each case in the ordinary course of business, mortgage, pledge or subject to lien, charge or any other encumbrance any of its assets, tangible or intangible, or sell or transfer any of its tangible assets or cancel any debts or claims;

(4) sell, assign or transfer any patents or patent applications;

(5) knowingly waive any rights of any substantial value;

(6) enter into any transactions other than in the ordinary course of business, or make any capital expenditures amounting in the aggregate to more than $200,000 for each of NDA and Mallinckrodt or $1,000,000 for Olin, or make any commitment for capital expenditures unpaid on the Closing Date amounting in the aggregate to more than $200,000 for each of NDA and Mallinckrodt or $1,000,000 for Olin;

(7) make any changes in employee or officer compensation or pay or become obligated to pay any bonuses or other remuneration in excess of fixed salary or wage rates in effect on December 31, 1960, as increased by merit or longevity raises in the aggregate consistent with prior practice, except that (i) Mallinckrodt may raise the compensation of its union employees in accordance with its union contracts effective as of January 1, 1961, and may make corresponding increases in the compensation of any other employee whose annual base salary is less than $12,000 a year, (ii) Olin may on or about April 1, 1961, raise by not more than 2½% the compensation of salaried employees whose compensation is not more than $15,000 a year, and on or about May 22, 1961, raise by not more than 3% the compensation of hourly paid employees, and (iii) NDA may give effect to the action taken on January 27, 1961, by the Compensation Committee of its Board of Directors providing for an increase in the salary of certain employees and may provide for the payment of bonuses in an aggregate amount not in excess of $5,000 for all NDA employees, as a group;

(b) NDA also warrants and covenants that, between September 30, 1960, and the Closing Date, it has not and agrees that it will not, except with the prior written consent of the other Sellers and the Company:

(1) issue or sell any stock, bonds, or other securities or rights with respect thereto, or grant any options, other than (i) issue NDA Common Stock upon the exercise of Stock Option Plan Options and Consultant Options and upon the conversion of NDA Debentures, and (ii) issue or renew promissory notes made by NDA to one or more banks or trust companies for an aggregate of not more than $300,000;

(2) declare or pay any dividends, or make any other payment or distribution to its stockholders, as stockholders, provided, however, that NDA may take corporate action with respect to distribution by it in liquidation of the Common Stock to be received by NDA pursuant to this Agreement;

(3) purchase or redeem any shares of NDA Common Stock;

(4) sell, assign or transfer any trademarks, trade names and copyrights;

(c) Each of the Sellers warrants and covenants that between the date of its balance sheet referred to in Section 7(a) hereof and the Closing Date, it has and agrees that it will, unless the other parties hereto otherwise consent in writing, diligently conduct the business to be transferred by it pursuant hereto and make payment of its liabilities in accordance with its normal practice, provided that NDA shall not call the NDA Debentures or make any payments in respect thereof except interest.

ARTICLE 10. *Conditions as to All Sellers and the Company.* The obligation of each of the Sellers and the Company to make the exchange provided for in this Agreement are, at its option, subject to the following conditions:

(a) On or before May 24, 1961, the stockholders of NDA at a meeting duly called on at least 21 days notice and held for such purpose shall have duly authorized (i) the conveyance, assignment, transfer and delivery of all the assets, properties, business and good will of NDA to the Company upon the terms and conditions provided herein, (ii) an amendment of the Certificate of Incorporation of NDA to change its name to Eastview Liquidating Corporation, and (iii) the voluntary dissolution of NDA; and the holders of at least 95% (or such greater per cent as NDA may deem advisable) of the stock entitled to vote at such meeting shall not have perfected their rights under Section 20 of the New York Stock Corporation Law.

(b) The Board of Directors or Executive Committee thereof of each of the Sellers, respectively, shall have approved the transfer to the Company of the assets, properties, business and good will of NDA in the case of NDA, and of the assets, properties and business of the Nuclear Fuels Operation in the case of Olin and of the Nuclear Division in the case of Mallinckrodt, all as provided in this Agreement; and the Board of Directors of the Company shall have approved the issue of Common Stock and Preferred Stock for the assets, properties and business to be received by it, all as provided in this Agreement.

(c) On the Closing Date, each of the Sellers shall certify to the other Sellers and the Company in a true and correct certificate dated the Closing Date made on its behalf by the principal operating officer of the business to be transferred by such Seller pursuant hereto that (i) all warranties made and documents delivered by it herein or hereunder are true and correct as of the Closing Date except as stated in such certificate, (ii) the amount of working capital (current assets minus current liabilities on a basis consistent with the balance sheet of such Seller furnished pursuant to Article 7(a)) hereof and the amount of cash being transferred by it on the Closing Date to the Company are not less than $250,000 working capital including $250,000 cash by Mallinckrodt, $330,000 working capital including $30,000 cash by NDA and $2,939,000 working capital including $2,199,000 cash by Olin, and (iii) all conditions and covenants to be fulfilled and performed by it have been satisfied.

(d) All actions, proceedings, instruments and documents required to carry out this Agreement, or incidental thereto, and any other related legal matters, shall have been approved on or before the Closing Date by its counsel (Messrs. Stroock & Stroock & Lavan in the case of NDA, Messrs. Shepley, Kroeger, Fisse & Shepley in the case of Mallinckrodt, Messrs. Cravath, Swaine & Moore in the case of Olin, and in the case of the Company, such counsel as it may designate).

(e) Each of the Sellers shall have delivered to the other Sellers and the Company an opinion dated the Closing Date of such counsel for such Seller, in form and substance satisfactory to such other counsel, to the effect that:

(1) such Seller is a corporation duly organized and existing and in good standing under the laws of its state of incorporation and is entitled to own or lease its properties and to carry on its business as and in the places where such properties are now owned, leased or operated, (it being understood that (i) with respect to Mallinckrodt and Olin the opinions required by this clause will relate only to Mallinckrodt's Nuclear Division and Olin's Nuclear Fuels Operation and (ii) as to each Seller, counsel may rely upon an appropriate officer's certificate as to the location of its properties);

(2) such Seller has full corporate power and corporate authority to convey, assign, transfer and deliver the assets, properties, business and good will to be conveyed, assigned and transferred by such Seller to the Company as herein provided;

(3) all corporate proceedings required to be taken by or on the part of such Seller to authorize it to carry out this Agreement and to convey, assign, transfer and deliver said assets, properties, business and good will have been duly and properly taken; and

(4) this Agreement has been duly authorized, executed and delivered by such Seller and is a valid and binding agreement upon such Seller in accordance with its terms.

(f) Each of the Sellers shall have received a satisfactory opinion dated the Closing Date from its counsel as to the tax-free status of the exchange provided for in this Agreement and, in the case of NDA, such opinion shall also cover the tax-free status of such liquidation to its stockholders; and a ruling satisfactory to each Seller shall have been received from the Internal Revenue Service covering such matters. Each Seller shall have also received a satisfactory opinion from its tax counsel as to such other tax matters as it may request.

(g) Each of the Sellers shall have delivered to the other Sellers and the Company (i) either (A) a legal opinion dated the Closing Date of reputable counsel, in form and substance satisfactory to such other counsel, covering its good and marketable title in fee simple in and to the real properties to be conveyed or leased by it to the Company as herein provided, or (B) title insurance policies in favor of the Company in form and substance satisfactory to such other counsel and issued by a reputable title company, provided that in either case, however, such real property shall be free and clear of all mortgages, liens, charges or encumbrances of any nature whatsoever except as stated in the applicable exhibit to the certificate delivered pursuant to Article 8(1) hereof, and (ii) a legal opinion dated the Closing Date of reputable counsel in form and substance satisfactory to such other counsel, (A) covering the due authorization, execution and delivery, legal effectiveness in accordance with their respective terms, and sufficiency for purposes of recordation or filing, if appropriate, of the instruments of conveyance, transfer and assignment (subject to minor exceptions) from such Seller to the Company of the assets, properties, business and, if appropriate, good will to be conveyed, transferred, leased and assigned to the Company as herein provided, and (B) to the effect that the execution and delivery of this Agreement and consummation of the purchase and sale provided for herein does not conflict with, violate or constitute a default under, any agreement, indenture, or instrument to which such Seller, to the knowledge of such counsel, is a party.

(h) The business, properties and financial condition of each of the other Sellers to be conveyed, transferred and assigned to the Company as herein provided shall not have been adversely affected in any material way.

(i) It shall be satisfied that it has had free access to the properties and records of the other parties and has been furnished the information requested by it pursuant to Article 4 hereof and that such investigation or information and the audited balance sheets furnished pursuant to Article 7 hereof and the certificates and exhibits furnished to it pursuant to Article 8 hereof and the information furnished in connection with or appearing in the proxy statement of NDA with respect to its meeting of stockholders shall not have revealed any material fact or circumstance (i) which is at substantial adverse variance from such fact or circumstance as theretofore represented or presented by any other party, or (ii) which, in the good faith judgment of such Seller, has affected or may affect materially and adversely the properties, business or financial condition of any of the other parties.

(j) Olin shall have entered into a lease or leases with the Company effective on the Closing Date providing for the leasing to the Company by Olin of the land and certain other properties referred to in clause (iv) of paragraph (c) of Article 1 hereof, on terms and conditions satisfactory to the Company and to each of the Sellers, provided that Olin shall retain certain transmission lines, steam lines, fuel lines and other related or incidental rights.

(k) Olin and Mallinckrodt shall have entered into service agreements with the Company effective on the Closing Date providing for their furnishing of certain accounting, management, utility and other services in regard to its Connecticut and Missouri locations; such service agreements (i) shall provide for the Company to pay for such service at cost in a manner consistent with the allocation basis now used by Olin and Mallinckrodt respectively, and (ii) shall have such other terms and provisions as may be appropriate and acceptable to the Company and the Sellers.

(l) the Closing Date shall be a date not later than September 30, 1961.

(m) Each of the other parties hereto shall be ready, willing and able to consummate the exchange provided for in this Agreement.

ARTICLE 11. *Additional Conditions.* (a) The obligations of Mallinckrodt, Olin and the Company to make the exchange provided for in this Agreement are, at their respective options, subject to the additional conditions that on the Closing Date, each of them shall have received an opinion of counsel for NDA, dated the Closing Date, in form and substance satisfactory to each of them, respectively, to the effect that (i) the vote of the stockholders of NDA taken at the meeting provided for in Article 10(a) hereof operates (together with necessary action which has been taken by the Board of Directors of NDA) so far as NDA is concerned, to authorize the conveyance, transfer, assignment and delivery of all the assets, properties, business and good will of NDA to the Company in exchange for shares of Common Stock upon the terms and conditions provided herein and to bind all stockholders of NDA thereto, except for the rights of stockholders as objectors under Section 20 of the New York Stock Corporation Law, and (ii) the holders of at least 95% of the stock of NDA have not perfected their rights under Section 20 of the New York Stock Corporation Law.

(b) The obligations of each of the Sellers to make the exchange provided for in this Agreement, are, at their respective options, subject to the additional condition that on or prior to the Closing Date, it shall have received an opinion dated the Closing Date of its own counsel or of counsel to the Company, in form and substance satisfactory to such Seller, to the effect that (i) the Company is a corporation duly organized and existing and in good standing under the laws of Delaware, is entitled to own or lease the properties and carry on the business to be conducted by it as herein contemplated and (ii) the shares of Common Stock to be issued to it as herein provided are duly and validly authorized and issued, fully paid and nonassessable.

(c) The obligations of Mallinckrodt and Olin to make the exchange provided for in this Agreement are, at their respective options, subject to the additional conditions that:

(1) On the Closing Date, each of them shall have received an opinion dated the Closing Date of its own counsel or of counsel to the Company, in form and substance satisfactory to Olin and Mallinckrodt, respectively, to the effect that (i) the shares of Preferred Stock being issued to them as herein provided, including any additional shares of Preferred Stock issued in accordance with Articles 14 and 15 hereof, have been duly authorized, and upon delivery by the Company of duly executed certificates therefor will be validly issued, fully paid and nonassessable; and (ii) the shares of Common Stock into which the shares of Preferred Stock are convertible, will upon issuance thereof on conversion of the Preferred Stock, be validly issued, fully paid and nonassessable.

(2) All required consents of the holders of long-term indebtedness of Olin and Mallinckrodt to the transfer of their respective assets and properties as contemplated herein and to the performance of any other obligations hereunder shall have been obtained (and Mallinckrodt and Olin each agrees to use its best efforts to obtain such consents).

(d) The obligations of the Company, NDA and Olin to make the exchange provided for in this Agreement are subject to the additional condition that each of them shall have received an opinion dated the Closing Date of counsel for Mallinckrodt, in form and substance satisfactory to it, to the effect that the service agreement made between Mallinckrodt and the Company has been duly authorized, executed and delivered on behalf of Mallinckrodt and is a valid and binding obligation of Mallinckrodt in accordance with its terms.

(e) The obligations of the Company, NDA and Mallinckrodt to make the purchase and sale provided for in this Agreement are subject to the additional condition that each of them shall have received an opinion dated the Closing Date of counsel for Olin, in form and substance satisfactory to it to the effect that the service agreement and lease or leases made between the Company and Olin have been duly authorized, executed and delivered on behalf of Olin and are valid and binding obligations of Olin in accordance with their terms.

ARTICLE 12. *Management.* (a) Until the first meeting of stockholders of the Company, the Board of Directors of the Company shall consist of its present members unless any of them shall resign or be unable to serve.

(b) Each of NDA, Mallinckrodt and Olin will use its best efforts to induce its employees (as to Mallinckrodt, its Nuclear Division employees and, as to Olin, its Nuclear Fuels Operation employees) to become employees of the Company, and all such employees employed on the Closing Date who are willing to accept employment shall be employed by the Company as of the Closing Date. No employee of any Seller who shall be so employed as of the Closing Date by the Company shall be entitled to severance pay as a result of such transfer of employment. The Company will use its best efforts to the end that the fringe benefits, taken as a whole, received by such employees shall be as favorable as those previously received.

(c) The Company will maintain adequate books and records and will cause Haskins & Sells (or other independent public accountants satisfactory to the Sellers) to review and comment upon a combined balance sheet of the Company as at immediately after the Closing Date based upon the balance sheets of the Sellers furnished to the Company pursuant to Article 7(d) hereof, and such balance sheet of the Company shall contain a reserve for deferred Federal income taxes in an amount equal to the reserve for deferred Federal income taxes as at the close of business on the Closing Date of the Nuclear Fuels Operation of Olin.

ARTICLE 13. *Bulk Sales Laws.* Each party hereto consents and agrees that no action need be taken by the other parties pursuant to any bulk sales law or similar statute with respect to the conveyance, assignment, transfer and delivery of assets, properties, business and good will as herein contemplated.

ARTICLE 14. *Post Closing Adjustment of Preferred Stock.* (a) The total number of shares of Preferred Stock to be received by Mallinckrodt and Olin as provided in Article 2 of this Agreement shall, respectively, be increased or decreased on a dollar-for-dollar basis (valuing the Preferred Stock at $100 per share for such purpose) by the difference (to the last whole $100) between:

(1) As to Mallinckrodt, (i) the Closing Net Worth of the Nuclear Division of Mallinckrodt, and (ii) $2,060,000, the net worth of said Nuclear Division as shown on its unaudited balance sheet as of October 31, 1960, furnished to the other parties hereto pursuant to Article 7(a) of this Agreement.

(2) As to Olin, (i) the Closing Net Worth of the Nuclear Fuels Operation of Olin, and (ii) $12,749,900, the net worth of said Nuclear Fuels Operation as shown on its pro forma balance sheet as of October 31, 1960, furnished to the other parties hereto pursuant to Article 7(a) of this Agreement.

The Closing Net Worth of the Nuclear Division of Mallinckrodt and the Closing Net Worth of the Nuclear Fuels Operation of Olin shall be the net worth of such Division and Operation, respectively, set forth in a Statement of Closing Net Worth reviewed by Haskins & Sells based upon the audited balance sheets to be furnished to the Company in accordance with Article 7(d) hereof and determined in accordance with generally accepted accounting principles applied on a basis consistent with the balance sheets with respect to such Division and Operation furnished to the Company pursuant to Article 7(a) hereof, provided, however, that such net worth shall be (i) decreased by the amount of the accounts receivable not transferred to the Company in accordance with the adjustment provided for in Article 1(d) hereof, and (ii) increased by the amount of the liabilities not assumed by the Company but reflected on such audited balance sheets to be furnished pursuant to Section 7(d) hereof.

(b) The Company shall issue and deliver on the Second Closing Date:

(1) To Mallinckrodt, definitive stock certificates (in such authorized denominations and registered in the name of Mallinckrodt or its nominee all as Mallinckrodt shall specify in writing) for a number of shares of Preferred Stock equal to (x) the total number of shares of Preferred Stock to be received by Mallinckrodt as provided in Article 2 of this Agreement as adjusted by the post-closing adjustment provided for in paragraph (a) of this Article 14 less (y) 8,185 shares.

(2) To Olin, definitive stock certificates (in such authorized denominations registered in the name of Olin or its nominee all as Olin shall specify in writing) for a number of shares of Preferred Stock equal to (x) the total number of shares of Preferred Stock to be received by Olin as provided in Article 2 of this Agreement as adjusted by the post-closing adjustment provided for in paragraph (a) of this Article 14 less (y) 49,200 shares.

(c) If the total number of shares, as adjusted pursuant to paragraph (a) of this Article, of Preferred Stock to be received by either Mallinckrodt or Olin is less than that received by such party on the Closing Date, such party shall on the Second Closing Date redeliver to the Company stock certificates, duly endorsed in blank or accompanied by proper stock transfer powers duly endorsed in blank, for a number of shares of Preferred Stock equal to such difference, and the Company shall cancel and not reissue any shares so redelivered and shall file an appropriate corporate certificate reflecting such cancellation.

(d) The issue and delivery, or redelivery, as the case may be, of Preferred Stock pursuant to this Article 14 shall be made at the offices of Olin at 460 Park Avenue, New York, N. Y., at 10:00 A.M., New York City Time, on the fifth business day after the date of receipt by Mallinckrodt, Olin and the Company of the respective Statements of Closing Net Worth referred to in paragraph (a) hereof (such time and date being referred to herein as the Second Closing Date).

ARTICLE 15. *Purchases of Preferred Stock.* To provide funds for the Company to pay for capital commitments of the Nuclear Fuels Operation of Olin, Olin will, at the option of the Company, purchase additional shares of Preferred Stock at a price of $100 a share in an aggregate amount up to the total of the amount of unpaid Capital Appropriation Requests of the Nuclear Fuels Operation of Olin as they shall exist on the Closing Date. Such Capital Appropriation Requests have received corporate approval by Olin and are composed of (i) unconditional commitments (herein called the Unconditional Capital Commitments) and (ii) commitments contingent upon the receipt of specific contracts the performance of which requires additional capital expenditures (herein called the Contingent Capital Commitments). As soon as possible after the Closing Date, Olin shall prepare and deliver to the Company a list of such Capital Appropriation Requests. Within ten business days after receipt of such list by the Company, the Company shall give written notice to Olin of the number of shares of Preferred Stock, if any, which the Company elects (such election to be revocable only with the consent of Olin) to sell to Olin at $100 a share in an aggregate amount not in excess of the amount of the Unconditional Capital Commitments; the option of the Company to sell Preferred Stock to Olin in respect of the Unconditional Capital Commitments shall lapse to the extent notice is not so received. From time to time after the Closing Date, but not later than December 31, 1961, the Company within ten business days after receipt of a contract in respect of which there is a Contingent Capital Commitment shall deliver a written notice to Olin containing (i) satisfactory evidence of the receipt of such contract, (ii) a statement of the amount the Company expects to expend to fulfill such Contingent Capital Commitment, (iii) a statement of the number of shares of Preferred Stock, if any, which the Company elects (such election to be revocable only with the consent of Olin) to sell to Olin at $100 a share in an aggregate amount not in excess of the relevant Contingent Capital Commitment or the amount it expects to expend to fulfill such commitment, whichever is less; provided that the option of the Company to sell Preferred Stock to Olin in respect of each Contingent Capital Commitment shall lapse to the extent that notice is not so received. Unless the parties otherwise agree in writing, each purchase and sale of Preferred Stock pursuant to this Article 15 shall be made at the offices of Olin at 460 Park Avenue, New York, N. Y. at 10:00 A.M., New York City Time, on the seventh business day after the date of receipt by Olin of a notice from the Company stating the number of shares the Company elects to sell pursuant hereto.

ARTICLE 16. *Securities Act Registration.* (a) Whenever so requested by any of the Sellers (or by any transferee receiving from any Seller 5,000 shares or more of such class) prior to December 1, 1963, the Company, at its own cost and expense, will promptly prepare and file with the Securities and Exchange Commission (i) a registration statement under the Securities Act of 1933 for the registration under said Act of the issuance of Common Stock of the Company to the Sellers pursuant hereto, and the

sale by the Sellers including controlling stockholders (at the time of such sale) of NDA to the public of such Common Stock on and after the effective date of such registration statement and (ii) a registration statement under the Securities Act of 1933 for the registration under said Act of the issuance of the Preferred Stock (and if appropriate, the related Common Stock) of the Company to Olin and Mallinckrodt pursuant hereto, and the sale by Olin and Mallinckrodt to the public of the Preferred Stock (and if appropriate, the related Common Stock) on and after the effective date of such registration statement. When such request is made, any of the other Sellers including such controlling stockholders of NDA shall have the right, subject to making its own marketing arrangements, to sell under such registration statement any shares of Common Stock or Preferred Stock which it elects to so sell; the Company shall not be required to prepare and file under this paragraph more than one registration statement pursuant to each of clauses (i) and (ii) of the first sentence of this paragraph. The Company hereby agrees to use its best efforts to cause such registration statements to become effective as soon as possible and, if any stop order shall be issued by the Securities and Exchange Commission in connection therewith, to obtain the removal of such order. The Company further agrees to use its best efforts to cause such registration statements to remain in effect until December 31, 1963 (or until such earlier date on which the Sellers state in writing to the Company that each of them has completed its distribution), and from time to time to file such supplements or post-effective amendments to said registration statements as may be necessary in order that the Prospectus included therein shall comply with the requirements of Section 10(a)(3) of the Securities Act and shall not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein in the light of the circumstances then existing not misleading. The Company will furnish the Sellers copies of summary prospectuses, preliminary prospectuses, final prospectuses and other documents necessary or incidental to such offering in such quantities as the Sellers may reasonably request. The Sellers agree to cooperate in all respects with the Company in effecting the foregoing.

(b) If at any time and from time to time, any of the Sellers shall notify the Company of its desire to sell any of the Common Stock or the Preferred Stock and in the opinion of counsel for such Seller or for the Company, registration under the Securities Act of 1933 is required in connection with such sale, the Company will use its best efforts to effect registration under the Securities Act of 1933 with respect to such sale, provided the cost and expense of such registration (other than within paragraph (a) of this Article) shall be paid by such Seller, but if any other Seller or the Company makes sales at approximately the same time covered by such registration statement (or a substantially similar registration statement) such parties shall allocate such cost and expense among themselves on the basis of the aggregate offering price of the Common Stock and Preferred Stock offered by them.

(c) None of the Sellers will sell or transfer any of the Common Stock or Preferred Stock unless (i) a registration statement under the Securities Act of 1933 shall be in effect with respect thereto and such Seller shall comply with the provisions of said statute and all applicable regulations issued pursuant thereto, or (ii) counsel for the Company shall be of the opinion that registration under such statute is not required. Notwithstanding the foregoing, NDA may transfer Common Stock to its stockholders in accordance with the Securities Act of 1933, provided that prior to such transfer NDA shall provide the Company with a satisfactory opinion of counsel for NDA with respect to the Securities Act of 1933 and each transferee who is a controlling stockholder of NDA shall agree not to transfer Common Stock without complying with the Securities Act of 1933.

(d) In connection with any registration statement filed by the Company pursuant to this Article, the Company will use its best efforts to register or qualify the securities covered by such registration statement under such securities laws or blue sky laws of such jurisdictions as each Seller shall request, and do any and all other acts and things which may be necessary or advisable to enable such Seller to consummate the public sale or other disposition in such jurisdictions of the securities owned by such Seller. The cost and expense so incurred by the Company shall be paid by the party or parties required to pay the cost and expense of the corresponding registration statement.

(e) In regard to any registration of its securities under the Securities Act of 1933 pursuant to this Article, the Company covenants and agrees to indemnify and hold harmless each Seller and each other

person, if any, who controls such Seller within the meaning of the Securities Act of 1933, against any losses, claims, damages or liabilities, joint or several, to which such Seller or controlling person may become subject under the Securities Act or otherwise, in so far as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse such Seller and each such controlling person for any legal or any other expenses reasonably incurred by such Seller or such controlling person in connection with investigating, defending and settling any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, said preliminary prospectus or said prospectus or said amendment or supplement in reliance upon and in conformity with written information furnished to the Company in an instrument duly executed by such Seller specifically for use in the preparation thereof.

(f) Whenever so requested by any of the Sellers prior to June 30, 1964, the Company will exercise its best efforts to cause the Common Stock and Preferred Stock to be listed on such national securities exchanges as shall be designated in such request. All listing fees and other expenses incident to such listing shall be paid by the Company.

(g) The rights of any of the Sellers under this Article may, with the consent of such Seller, be also exercised by any transferee or sub-transferee of Common Stock or Preferred Stock from such Seller.

ARTICLE 17. *Expenses.* Each party hereto shall pay its own expenses incident to the performance by it of its obligations under this Agreement, including all fees of its counsel and accountants, up to and including the Closing Date. If the transactions contemplated in this Agreement are not consummated, Olin shall pay two-thirds and each of the other Sellers one-sixth of the expenses incurred by the Company up to the Closing Date.

ARTICLE 18. *Brokerage.* Each party hereto shall indemnify, defend and hold harmless each of the other parties against and in respect of any claims, obligations and liabilities for brokerage or other commissions or fees relating to this Agreement or to the transactions contemplated herein based in any way on agreements, arrangements or understandings made or alleged to have been made by it with anyone.

ARTICLE 19. *Remedies.* (a) The sole remedy of the parties hereto for the wrongful failure of any of the other parties to fulfill its obligation to consummate the exchange provided for herein shall be to recover out-of-pocket expenses, including attorneys' fees, accountants' fees, printing costs and the amount of its liability for any costs and expenses incurred by the Company, provided that the total amount recovered from any Seller shall not exceed $50,000.

(b) The Company and each of the Sellers agree that with respect to the Sellers and their respective successors none of the representations, warranties, covenants or obligations contained in this Agreement or in any certificate or other documents to be delivered pursuant hereto nor any liability therefor, shall survive the Closing Date; provided, however, that the foregoing shall not affect:

(1) any rights of rescission which any party hereto may have, provided such rights are exercised within 60 days after the Closing Date;

(2) any representations, warranties, covenants, liabilities or obligations, under deeds, bills of sale, instruments of conveyance and assignment or any other instrument of transfer, including the leases and service agreements referred to in Article 10(j) and (k) hereof, of any of the Sellers in favor of the Company;

(3) the obligations of NDA pursuant to Article 1 (a) (iii), (v) and (vi) and Article 2;

(4) the obligations of Mallinckrodt with respect to NUKEM and ITALATOM pursuant to Article 1 (b);

(5) the obligations of each of the Sellers pursuant to Article 3 (d) and the last sentence of Article 4;

(6) the obligations of each of the Sellers pursuant to Article 6 (b) and (c);

(7) the obligations of each of the Sellers pursuant to the last sentence of Article 7 (c) and pursuant to Article 7 (d);

(8) the obligations of each of the Sellers under Article 12 (a) and (b);

(9) the obligations of Olin and Mallinckrodt under Article 14;

(10) the obligations of Olin under Article 15; and

(11) the obligations of each of the Sellers under Articles 16, 17, 18 and 19.

ARTICLE 20. *Miscellaneous.* (a) This Agreement shall not be assignable by any party, except with the written consents of the other parties hereto. Nothing in this Agreement, express or implied, other than Article 16(g) hereof, is intended to confer on any person, other than the parties hereto and their successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

(b) Any notice, request, instruction or other document to be given hereunder by any party hereto to any other, shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, if to Mallinckrodt, addressed to Harold E. Thayer, President, Mallinckrodt Chemical Works, 3600 North Second Street, St. Louis 7, Missouri; if to NDA, before the Closing Date addressed to J. R. Menke, President, Nuclear Development Corporation of America, 5 New Street, White Plains, New York, and if after the Closing Date, addressed to J. R. Menke, United Nuclear Corporation, 5 New Street, White Plains, New York; if to Olin, addressed to Olin Mathieson Chemical Corporation, Attention of Vice President—Finance, 460 Park Avenue, New York 22, New York, and if to the Company, addressed to William C. Foster, President, United Nuclear Corporation, 365 Winchester Avenue, New Haven, Connecticut, and shall be deemed given when delivered, or, if mailed, when placed in the mails, provided that any notice of a change of address shall not be deemed given until delivered or received.

(c) This Agreement may be executed in counterparts and shall become effective when each of the parties has signed at least one copy and has so notified the other parties.

(d) This Agreement shall be governed by the internal law of the State of New York.

(e) The headings of each of the Articles hereof are merely for identification and shall not be construed to be a part of this Agreement.

(f) This Agreement contains the entire agreement between the parties hereto and cannot be orally changed, modified or released.

IN WITNESS WHEREOF, Mallinckrodt Chemical Works, Nuclear Development Corporation of America, Olin Mathieson Chemical Corporation and United Nuclear Corporation, have caused this Reorganization Plan and Exchange Agreement to be executed, in their respective corporate names by their respective Presidents or one of their respective Vice Presidents thereunto duly authorized, and their

respective corporate seals to be hereunto affixed and attested by their respective Secretaries or one of their respective Assistant Secretaries, all on the day and year first above written.

MALLINCKRODT CHEMICAL WORKS,

By HAROLD E. THAYER
President

Attest:

VICTOR H. KNOOP
Secretary

[CORPORATE SEAL]

NUCLEAR DEVELOPMENT CORPORATION OF AMERICA,

By JOHN R. MENKE
President

Attest:

ALEXANDER L. KEYES
Secretary

[CORPORATE SEAL]

OLIN MATHIESON CHEMICAL CORPORATION,

By WALTER F. O'CONNELL
Vice President

Attest:

FRED L. GREENLEY
Asst. Secretary

[CORPORATE SEAL]

UNITED NUCLEAR CORPORATION,

By WILLIAM C. FOSTER
President

Attest:

ALEXANDER L. KEYES
Secretary

[CORPORATE SEAL]

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FINANCIAL STATEMENTS OF
NUCLEAR DEVELOPMENT CORPORATION OF AMERICA

ACCOUNTANTS' REPORT

To the Board of Directors
Nuclear Development Corporation of America
White Plains, New York

We have examined the consolidated balance sheet of Nuclear Development Corporation of America and its subsidiary Ray Proof Corporation as of March 31, 1961, and the related statements of income and earned surplus for the three years then ended for Nuclear Development Corporation of America (including Ray Proof Corporation on a consolidated basis from November 2, 1959, date of inception). Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, together with the notes to financial statements present fairly the financial position of Nuclear Development Corporation of America and subsidiary Ray Proof Corporation at March 31, 1961 and the results of operations for the three fiscal years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

MAX ROTHENBERG & COMPANY

New York, N. Y.
April 28, 1961

NUCLEAR DEVELOPMENT CORPORATION OF AMERICA

CONSOLIDATED BALANCE SHEET

March 31, 1961

ASSETS

Cash in Banks and on Hand	$ 473,215
Accounts Receivable—U. S. Government (Note 12)	650,425
Accounts Receivable—Others	202,065
Unbilled Costs and Fixed Fees	629,948
Merchandise Inventory and Material Supplies on Hand (Note 6)	122,131
Unexpired Insurance	26,167
Other Current Receivables	18,607
TOTAL CURRENT ASSETS	$2,122,558
FIXED ASSETS—(Note 2):	
Land	$ 277,937
Buildings, Property and Leasehold Improvements	744,191
Machinery and Equipment	744,598
Furniture and Fixtures	180,297
Company Assets under Construction	106,932
TOTAL FIXED ASSETS	$2,053,955
Reserve for Depreciation	776,875
NET FIXED ASSETS	$1,277,080
OTHER ASSETS:	
Prepaid Costs and Deferred Expenses	$ 38,922
Trademarks and Patent Development Costs (at Cost)	23,683
Deposits Receivable and Other Advances	19,581
Organization Expense	2,469
Investment (at Cost)	1,100
Goodwill (at Cost)	50,000
TOTAL OTHER ASSETS	$ 135,755
TOTAL ASSETS	$3,535,393

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:	
Accounts Payable	$ 819,878
Payroll Payable	140,839
Notes and Mortgages Payable (Note 3)	204,750
Withholding and Payroll Taxes Payable	120,560
Federal Income Taxes Payable	50,163
Other Taxes Payable	13,299
Accrued Vacation Wages Payable	47,944
Advances from Customers and Other Current Liabilities	78,527
TOTAL CURRENT LIABILITIES	$1,475,960
LONG TERM LIABILITIES (Note 3):	
Subordinated Notes Payable, Due after one year	$ 329,750
Subordinated 5% Convertible Debentures Payable, Due March 31, 1967	425,000
Real Estate Mortgages Payable, Due after one year	78,000
TOTAL LONG TERM LIABILITIES	$ 832,750
OTHER LIABILITIES:	
Reserve for Severance Wages Payable	$ 74,565
CAPITAL:	
Capital Stock (Notes 4 and 5)	
Authorized 400,000 shares with a par value of $1.00 per share	
Shares Issued	238,813
Less: Shares in Treasury	2,700
Shares Outstanding	236,113
Capital Surplus (Note 11)	701,370
Earned Surplus	214,635
TOTAL CAPITAL	$1,152,118
TOTAL LIABILITIES AND CAPITAL	$3,535,393

See notes to financial statements.

NUCLEAR DEVELOPMENT CORPORATION OF AMERICA

STATEMENT OF INCOME AND EARNED SURPLUS

	Year Ended March 31,		
	1961	1960	1959
Gross Income	$4,790,104	$3,763,869	$4,152,519
Cost of Sales and Operating Expenses	4,607,283	3,618,091	3,930,532
Operating Profit	182,821	145,778	221,987
Other Income	12,874	30,884	11,894
	195,695	176,662	233,881
Other Deductions:			
Research and Development Expenses	12,357	66,066	47,312
Interest on Bonds and Mortgages	31,578	36,781	43,126
Amortization of Debt Discount	2,000	2,000	2,000
Other Interest Expenses	21,641	22,607	15,852
Non-Recurring Contract Settlement (Note 7)	—	—	50,000
Other	26,857	11,546	2,025
Total	94,433	139,000	160,315
Income Before Provision for Federal Income Taxes	101,262	37,662	73,566
Provision for Federal Income Taxes	50,163	11,086	33,456
Net Income	51,099	26,576	40,110
Earned Surplus at Beginning of Period	163,536	136,960	96,850
Earned Surplus at End of Period	$ 214,635	$ 163,536	$ 136,960

See notes to financial statements.

NUCLEAR DEVELOPMENT CORPORATION OF AMERICA

NOTES TO FINANCIAL STATEMENTS

Note 1.

During the fiscal year ended March 31, 1958 NDA acquired an interest in NDA-Europe, a Belgium corporation jointly with Societe Generale des Minerais. The cost of this investment is payable only from NDA's proportionate share of future earnings of NDA-Europe. To the present time no profits have accrued and no distributions have been made.

On November 2, 1959 Ray Proof Corporation, a wholly owned subsidiary, acquired certain assets subject to certain liabilities of a company engaged in the manufacture of nuclear shielding and x-ray protective materials for a net purchase price of $295,945. An agreement with the principal of the company whose assets were acquired calls for total payments to him of $55,104 at the rate of $13,726 per year, beginning December 1, 1959 in consideration for an agreement not to compete.

Note 2.

Property and equipment are stated at cost less accumulated depreciation.

Equipment having a cost of $198,000 has been pledged as collateral on a Chattel Mortgage. Unpaid balance on the Chattel Mortgage at March 31, 1961 was $12,000.

Provision is made for depreciation over the following estimated useful lives of the property and equipment, using the straight-line method, and using the declining balance method in minor instances:

Buildings, Property	20 to 25 years
Machinery and Equipment	5 to 10 years
Furniture and Fixtures	10 years

Leasehold improvements are amortized over the terms of the leases or over the estimated useful lives of the improvements, whichever is shorter.

Maintenance and repairs are charged to expenses and major renewals and betterments are capitalized. Upon disposition of property and equipment costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation and amortization of fixed assets reflected in Statement of Income was as follows:

Fiscal year ended March 31, 1961	$194,267
Fiscal year ended March 31, 1960	186,842
Fiscal year ended March 31, 1959	175,581

Note 3.

Long Term Debt and Notes and Mortgages payable at March 31, 1960 and March 31, 1961 consisted of the following:

	March 31, 1960		March 31, 1961	
	Due Within One Year	Due After One Year	Due Within One Year	Due After One Year
Unsecured Short Term Notes to Banks:				
Various interest rates and maturities	$200,000	$ —	$ 90,000	$ —
Subordinated Notes Payable:				
Saparn Corporation (Principal includes interest) due in semi-annual installments of $9,375 each to April 1964	18,750	56,250	18,750	37,500
Stockholders:				
4% notes due March 31, 1961	36,000	—	—	—
4½% notes due in annual installments of $36,000 beginning March 31, 1962 until March 31, 1963 and a final payment of $256,250 on August 20, 1966	—	328,250	36,000	292,250
5% Subordinated Convertible Debentures due March 31, 1967	—	467,500	—	425,000
Real Estate Mortgages:				
4½% interest, due in varying semi-annual installments to December 1, 1966	8,000	56,000	8,000	48,000
5% interest, due in quarterly installments of $10,000 each until November 1962	40,000	70,000	40,000	30,000
Chattel Mortgage on Equipment:				
5% interest, due in monthly installments of $3,000 each until July 31, 1961	36,000	12,000	12,000	—
Totals	$338,750	$990,000	$204,750	$832,750

The maturities by fiscal years on the long-term obligations at March 31, 1961 were as follows:

Year ending March 31, 1962	$ 56,750
Year ending March 31, 1963	62,750
Year ending March 31, 1964	8,000
Year ending March 31, 1965	10,000
Year ending March 31, 1966	270,250
Year ending March 31, 1967	425,000
	$832,750

Note 4.

There had been reserved a total of 25,000 shares of common stock for issuance in the event of exercise of conversion privilege by the holders of 5% subordinated convertible debentures. The conversion rate is one share for each $20.00 face amount of debenture. Through March 31, 1961, 3,750 shares were issued for debentures converted in the amount of $75,000.

Note 5.

The Company under the provisions of the Corporation's Stock Option Plan, has option contracts outstanding at March 31, 1961 with certain employees and officers for the sale of 12,268 shares at prices ranging from $6.00 to $22.00 per share for a total option amount of $186,853.

During the period June 25, 1956 to March 31, 1961 options on 12,112 shares became exercisable which had option prices from $6.00 to $22.00 per share or a total of $149,695. The market value of such options at the date exercisable was $12.50 to $44.25 per share, or a total of $291,146.

During the period June 25, 1956 to March 31, 1961, options were exercised on 4,788 shares. The option prices ranged from $6.00 to $22.00 per share for a total of $45,475. The market values at the dates exercised were from $12.50 to $44.25 a share, or a total of $136,752.

The sales price of the shares was 95% of the fair market value of the shares at the dates of the contracts and no charge was made against income because of these contracts. The options were granted between June 25, 1956 and March 25, 1960. All options were exercisable in one-quarter portions yearly, beginning one year after the granting of the options and expiring five years from the date of the grant.

In addition to the above the Company has option contracts outstanding at March 31, 1961 with certain consultants for the sale of 1,300 shares of stock at $18 per share for a total option amount of $23,400. Options were granted for 500 shares on October 16, 1959 and 800 shares on October 21, 1960. They are exercisable on various dates to October 21, 1965. At March 31, 1961 options were exercisable on 900 shares at the option price of $18 per share or a total of $16,200. None were exercised at March 31, 1961. The sales price for these 1,300 shares at the dates of the contracts was approximately the fair market value of the shares at those dates, and no charge was made against income because of these contracts.

Note 6.

Inventories have been calculated at the lower of cost or market on a first in first out basis.

The opening and closing inventories which have been used in computing costs of sales were as follows:

	Year Ended March 31,		
	1959	1960	1961
Beginning of Period	$10,997	$ 14,774	$117,345
End of Period	14,774	117,345	122,131

Note 7.

During the fiscal year ended March 31, 1959, Nuclear Development Corporation of America agreed to pay $50,000 in full settlement of a dispute in connection with the sale of a computer system made in a prior year, and the expense is reflected in the statement of income for the fiscal year ended March 31, 1959.

Note 8.

Real property owned by Nuclear Development Corporation of America in White Plains, New York, was sold during the fiscal year ended March 31, 1960, subject to a leaseback, and is reflected in the financial statements for that and subsequent periods. The net income to NDA arising from such sale amounted to $13,827, which amount is included in the statement of income for the fiscal year ended March 31, 1960.

Note 9.

Supplementary Profit and Loss Information is shown below.

	Charged to Cost of Sales and Operating Expenses	Charged to Research and Development Expenses	Total
Year Ended March 31, 1959:			
Depreciation of fixed assets	$173,456	$ 2,125	$175,581
Taxes, other than Income	32,088	393	32,481
Rents	64,058	785	64,843
Maintenance and Repairs	89,499	1,096	90,595
Year Ended March 31, 1960:			
Depreciation of fixed assets	182,956	3,886	186,842
Taxes, other than Income	35,713	759	36,472
Rents	51,425	1,092	52,517
Maintenance and Repairs	53,809	1,143	54,952
Year Ended March 31, 1961:			
Depreciation of fixed assets	193,451	816	194,267
Taxes, other than Income	50,949	215	51,164
Rents	81,491	344	81,835
Maintenance and Repairs	81,499	344	81,843

There were no management or service contract fees paid or accrued during the periods indicated.

Note 10.

The company and its subsidiary has a lease for real property in Stamford, Conn. for which the minimum rental payable is $22,500 per year and the total rental payable from April 1, 1961 to the end of the lease term in November 1964 is approximately $87,775.

The company also has a long-term lease on certain real properties in White Plains, New York expiring in 1988. The yearly rentals payable amount to $56,150 and total aggregate rentals payable to 1988 approximate $1,305,000.

Rental income, from certain of these properties, presently subleased to others is approximately $14,000 for fiscal year 1962.

Note 11.

Additions to the Capital Surplus Account represent paid-in capital, to the extent that the sales or conversion price exceeded the par value of common stock.

	Capital Surplus Account		
	Year Ended March 31,		
	1959	1960	1961
Balance, Beginning of Period	$589,520	$592,785	$635,368
From Exercise of Options	3,265	11,708	25,627
From Conversion of Bonds	—	30,875	40,375
Balance, End of Period	$592,785	$635,368	$701,370

Note 12.

Accounts receivable from the United States Government were not confirmed, as it was not practicable. We have satisfied ourselves as to such accounts by other auditing procedures.

Note 13.

The accompanying financial statements are subject to final determination of Federal and State taxes, to final determination of cost-plus-fixed-fee contracts and cost allowances. However, the liability thereunder, if any, is not expected to affect the accounts materially.

FINANCIAL STATEMENTS OF NUCLEAR FUELS OPERATION OF OLIN MATHIESON CHEMICAL CORPORATION

ACCOUNTANTS' REPORT

To the Board of Directors
Olin Mathieson Chemical Corporation:

We have examined the balance sheet of Nuclear Fuels Operation of Olin Mathieson Chemical Corporation as of December 31, 1960 and the related statement of income and net worth for the three years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practicable to confirm accounts receivable from the United States Government but we have satisfied ourselves as to such accounts by other auditing procedures.

In our opinion, the accompanying balance sheet and statement of income and net worth present fairly the financial position of Nuclear Fuels Operation of Olin Mathieson Chemical Corporation at December 31, 1960 and the results of its operations for the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.
February 27, 1961

NUCLEAR FUELS OPERATION
OLIN MATHIESON CHEMICAL CORPORATION

BALANCE SHEET
December 31, 1960

ASSETS

Current Assets:			
Receivables:			
United States Government (Note 1)			$ 3,003,205.57
Other			55,779.20
Due from division of Olin Mathieson Chemical Corporation			371.41
			3,059,356.18
Inventories (Note 2):			
Work in process		$ 372,030.39	
Raw materials and supplies		185,720.00	557,750.39
Total current assets			3,617,106.57
Retainage on U. S. Government Contracts			1,273,666.21
Property, plant and equipment, at cost:			
Land		220,647.51	
Land improvements	$ 59,714.78		
Buildings and building equipment	4,045,006.86		
Machinery and equipment	6,771,065.59		
Construction in process	499,763.82	11,375,551.05	
		11,596,198.56	
Less accumulated depreciation and amortization		2,350,308.19	9,245,890.37
Prepaid expenses and deferred charges:			
Insurance premiums		1,651.95	
Travel advances		6,835.00	
Other		100.00	8,586.95
			$14,145,250.10

LIABILITIES AND NET WORTH

Current Liabilities:			
Accounts Payable—trade			$ 422,023.32
Due to divisions of Olin Mathieson Chemical Corporation			296,675.73
Accrued liabilities:			
Contributions to pension fund		$ 14,478.82	
Taxes, other than Federal taxes on income		50,156.55	
Deferred sales		299,994.35	
Miscellaneous reserves:			
Contract price reductions under negotiations	$ 145,234.50		
Scrap allowances	71,863.00		
CPFF contract disallowances	20,000.00	237,097.50	
Other		16,044.05	617,771.27
Total current liabilities			1,336,470.32
Deferred Federal taxes on Income			948,112.35
Net Worth (Note 7)			11,860,667.43
			$14,145,250.10

See notes to financial statements.

NUCLEAR FUELS OPERATION
OLIN MATHIESON CHEMICAL CORPORATION

STATEMENT OF INCOME AND NET WORTH
For the Three Years ended December 31, 1960

	1960	1959	1958
Net sales and operating revenue	$27,246,390.59	$21,049,903.90	$7,117,531.49
Cost of goods sold	19,682,897.08	19,086,437.98	7,622,211.48
Gross profit (loss) from operations	7,563,493.51	1,963,465.92	(504,679.99)
Administrative, selling and general expenses	1,191,534.55	812,024.54	360,600.32
Net profit (loss) from operations	6,371,958.96	1,151,441.38	(865,280.31)
Other income:			
Profits realized on sales of sundry capital assets and credits not related to year's operations	—	2,018.73	67,969.38
Profit from other operations and miscellaneous	20,265.73	31,332.22	25,936.32
	20,265.73	33,350.95	93,905.70
	6,392,224.69	1,184,792.33	(771,374.61)
Other charges:			
Loss realized on sales or other disposition of miscellaneous properties	16,336.75	29,932.25	10,759.56
Relocation and expansion expense	1,599.59	244,047.87	259,378.96
Miscellaneous	—	—	12,184.35
	17,936.34	273,980.12	282,322.87
Net profit (loss) before provision for Federal taxes on income	6,374,288.35	910,812.21	(1,053,697.48)
Provision (credit) for Federal taxes on income:			
Current taxes	3,076,557.11	140,894.61	(640,435.37)
Deferred taxes	238,307.24	332,705.60	92,330.89
	3,314,864.35	473,600.21	(548,104.48)
Net income (loss)	3,059,424.00	437,212.00	(505,593.00)
Net worth at beginning of year	11,447,093.58	7,126,289.01	2,787,495.98
	14,506,517.58	7,563,501.01	2,281,902.98
Transfers—Olin Mathieson Chemical Corporation	(2,645,850.15)	3,883,592.57	4,844,386.03
Net worth at end of year (Note 7)	$11,860,667.43	$11,447,093.58	$7,126,289.01

See notes to financial statements.

NUCLEAR FUELS OPERATION
OLIN MATHIESON CHEMICAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) Receivables:

Receivables—United States Government at December 31, 1960, include accumulated but unbilled costs and profit thereon of $1,622,953 on Government contracts.

(2) Inventories:

The opening and closing inventories (valued at the lower of cost or market) which have been used in computing costs of sales were as follows:

	Year Ended December 31,		
	1958	1959	1960
Beginning of period	$ 130,552.74	$3,437,419.09	$3,358,351.83
End of period	3,437,419.09	3,358,351.83	557,750.39

The decline in the closing inventory at year end 1960 results in part from a change in accounting practice in that year under which costs incurred are transferred to cost of sales and billings applicable thereto are transferred to unbilled accounts receivable on a current basis.

(3) Federal taxes on income:

The operating results of the Nuclear Fuels Operation are included in the Federal income tax return filed by Olin Mathieson Chemical Corporation. In its financial statements, the Operation computes the provision for depreciation by the "straight-line" method over the estimated useful lives. For Federal income tax purposes, the Operation has elected to amortize the certified portion of facilities covered by certificates of necessity over a five-year period and with respect to other facilities acquired, the provision for depreciation is computed by the accelerated depreciation method. The excess of tax amortization and depreciation over normal depreciation approximated $457,700 for 1960, $642,600 for 1959 and $177,600 for 1958, and an amount of approximately 52% (the estimated future tax effect) of such excess has been charged to income and credited to a reserve for deferred Federal income taxes. The reserve will be restored to income in future years when normal depreciation will be unavailable as tax deductions.

(4) Pension and retirement plans:

Under the non-contributory pension and retirement plans of Olin Mathieson Chemical Corporation, the annual contributions covering current service only charged to income by Nuclear Fuels Operation of Olin Mathieson Chemical Corporation amounted to $232,429.52 in 1960, $199,321.62 in 1959 and $106,868.89 in 1958. No allocation of past service liability to Olin divisions is available.

(5) Renegotiation and price redetermination:

All sales of Nuclear Fuels Operation result from Government contracts and are subject to renegotiation or price redetermination or both. However, the liability thereunder, if any, is not expected to affect the accounts materially.

(6) Revision of depreciation policy:

At December 31, 1960, the Nuclear Fuels Operation retroactively adjusted depreciation to a ten-year period on certain fixed assets which had previously been depreciated over a five-year period by the "straight-line" method. The aggregate amount of this adjustment was $1,516,171.21 gross and $727,723.63 net of applicable Federal Income Taxes. The financial statements for the years affected have been recast to reflect these adjustments as tabulated below:

	Depreciation and Amortization Adjustment	Federal Income Tax Adjustment	Net (Addition to Net Income)
Prior to 1958	$ 132,963.16	$ 69,139.92	$ 63,823.24
1958	242,679.82	126,195.52	116,484.30
1959	543,005.28	282,400.21	260,605.07
1960	597,522.95	310,711.93	286,811.02
	$1,516,171.21	$788,447.58	$727,723.63

NOTES TO FINANCIAL STATEMENTS—(Continued)

(7) Income tax liability:

In accordance with the terms of the Reorganization Plan and Exchange Agreement dated April 27, 1961, accrued Federal income taxes—current and State income and franchise taxes amounting to $1,065,378.79 and $25,136.00 respectively at December 31, 1960, will not be assumed by United Nuclear. Therefore, for purpose of these financial statements, this liability has been transferred to Olin and the net worth of Nuclear Fuels Operation at December 31, 1960 has been correspondingly increased.

(8) Cash and working capital requirements under Reorganization Plan and Exchange Agreement:

Cash balances have not been retained by the Operation and, therefore, no cash appears in the accompanying balance sheet. Under the Agreement, Olin agrees that the assets transferred at the closing date will include cash in an amount not less than $2,199,000 and working capital not less than $2,939,000.

FINANCIAL STATEMENTS OF
NUCLEAR DIVISION OF MALLINCKRODT CHEMICAL WORKS

ACCOUNTANTS' REPORT

March 23, 1961

To the Board of Directors of
Mallinckrodt Chemical Works

We have made examinations of the consolidated financial statements of Mallinckrodt Chemical Works and its subsidiary for the year 1959 and the financial statements of Mallinckrodt Chemical Works for the year 1960. These examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have reviewed the accompanying statement of assets and liabilities of the Nuclear Division, Commercial Operations, of Mallinckrodt Chemical Works at December 31, 1960 and the statements of income of the Division (and its predecessor corporation, a wholly owned subsidiary of Mallinckrodt Chemical Works) for the years 1959 and 1960.

In our opinion, based upon our annual examinations, supplemented by such additional auditing procedures as we considered necessary, the accompanying statements present fairly the assets and liabilities of the Nuclear Division, Commercial Operations, of Mallinckrodt Chemical Works at December 31, 1960 and the results of operations of the Division and predecessor corporation for the years 1959 and 1960 in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

PRICE WATERHOUSE & CO.

NUCLEAR DIVISION—COMMERCIAL OPERATIONS
MALLINCKRODT CHEMICAL WORKS

STATEMENT OF ASSETS AND LIABILITIES
December 31, 1960

ASSETS

CURRENT ASSETS:	
Cash (Note 1)	$ 100
Accounts receivable—	
United States Government	6,321
Other	437,475
Inventories, at the lower-of-cost-or market (Note 2)—	
Raw materials and packaging supplies	12,614
Work in process	12,503
Finished products	12,828
Mechanical, laboratory and other supplies, at cost	11,755
Prepaid insurance	203
	$ 493,799
INVESTMENTS, at cost (Note 3)	$ 93,331
PROPERTIES, at cost:	
Buildings, machinery, and equipment	$2,108,266
Less—Depreciation and amortization	425,692
	$1,682,574
Land	32,337
Construction in progress	59,739
	$1,774,650
	$2,361,780

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	$ 66,727
Salaries and wages	4,767
Other current and accrued liabilities	212,202
	$ 283,696
HOME OFFICE ACCOUNT	$2,078,084
	$2,361,780

NUCLEAR DIVISION—COMMERCIAL OPERATIONS
MALLINCKRODT CHEMICAL WORKS

STATEMENT OF INCOME

	Year ended December 31	
	1960	1959
Sales, net	$1,657,065	$1,762,605
Cost of goods sold	1,596,488	1,429,731
Gross profit	$ 60,577	$ 332,874
Selling, general, and administrative expenses	$ 267,538	$ 188,741
Research and development expenses	200,569	137,830
	$ 468,107	$ 326,571
Income or (loss) from operations	$ (407,530)	$ 6,303
Other income and (deductions):		
Discount on purchases and miscellaneous, net	$ 1,016	$ 1,096
Income or (loss) before estimated federal income taxes	$ (406,514)	$ 7,399
Estimated federal income taxes (Note 4)	(210,000)	2,220
Net income or (loss) for the year	$ (196,514)	$ 5,179

NUCLEAR DIVISION—COMMERCIAL OPERATIONS
MALLINCKRODT CHEMICAL WORKS

NOTES TO FINANCIAL STATEMENTS

NOTE 1:

Cash shown on the balance sheet represents a petty cash fund located at the Hematite plant. Cash requirements for operations have been provided through the general corporate accounts of Mallinckrodt Chemical Works.

NOTE 2:

Inventories do not include uranium containing materials owned by the Atomic Energy Commission and held for processing. These materials were valued by the AEC in the approximate amount of $4,500,000 at December 31, 1960. Included in other current and accrued liabilities are appropriate provisions for processing losses and lease charges applicable to these AEC owned materials.

NOTE 3:

Investments represent a 10% interest in a West German company and a 16⅔% interest in an Italian company (50% of which was sold at cost of $8,033 to the German company in 1961), both of which are engaged in nuclear activities. The companies are in the development stage and have sustained losses. However, in the opinion of management, the future prospects for the companies remain sound.

NOTE 4:

Estimated federal income taxes for 1960 represents the estimated reduction in income taxes payable of Mallinckrodt Chemical Works by reason of the loss from commercial operations of the Nuclear Division during that year.

NOTE 5:

For the period January 1, 1959 through September 30, 1960, the income statement reflects the results of operations of Mallinckrodt Nuclear Corporation (a wholly owned subsidiary of Mallinckrodt Chemical Works). At September 30, 1960 this subsidiary was liquidated into the parent and its operations continued as the Nuclear Division, Commercial Operations, of Mallinckrodt Chemical Works.

UNITED NUCLEAR CORPORATION

CONDENSED BALANCE SHEETS BY CONSTITUENTS AND PRO FORMA COMBINED

	Nuclear Development Corporation of America and Consolidated Subsidiary March 31, 1961	Nuclear Division—Commercial Operations of Mallinckrodt Chemical Works December 31, 1960	Nuclear Fuels Operation of Olin Mathieson Chemical Corporation December 31, 1960	Pro Forma Adjustments add (deduct)	Pro Forma Combined
ASSETS					
Current Assets:					
Cash	$ 473,215	$ 100		$ 2,449,900 (200,000)	$ 2,723,215
Accounts receivable:					
United States Government	650,425	6,321	$ 3,003,206		3,659,952
Other	202,065	437,475	56,151		695,691
Unbilled costs, etc.—United States Government contracts	629,948				629,948
Inventories	122,131	37,945	557,750		717,826
Other	18,607	11,755			30,362
Total current assets	2,096,391	493,596	3,617,107	2,249,900	8,456,994
Retainage on United States Government Contracts			1,273,666		1,273,666
Investments—at cost	1,100	93,331		(8,033)	86,398
Property, Plant and Equipment—at cost:					
Land	277,937	32,337	220,647		530,921
Buildings, improvements, machinery and equipment	1,669,086	2,108,266	10,875,787		14,653,139
Less—accumulated depreciation and amortization	(776,875)	(425,692)	(2,350,308)		(3,552,875)
Construction in progress	106,932	59,739	499,764		666,435
Property, plant and equipment—net	1,277,080	1,774,650	9,245,890		12,297,620
Prepaid Expenses, etc.	87,139	203	8,587		95,929
Goodwill, Trademarks and Patents	73,683				73,683
Total	$3,535,393	$2,361,780	$14,145,250	$ 2,241,867	$22,284,290
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Notes payable and current maturities on long term debt	$ 204,750				$ 204,750
Accounts payable—trade	819,878	$ 66,727	$ 718,699		1,605,304
Federal income taxes	50,163				50,163
Accrued liabilities, etc.	401,169	216,969	617,771		1,235,909
Total current liabilities	1,475,960	283,696	1,336,470		3,096,126
Deferred Federal Taxes on Income			948,112		948,112
Long Term Debt (exclusive of current maturities):					
5% convertible subordinated debentures due March 31, 1967	425,000				425,000
Subordinated notes payable	329,750				329,750
Real estate mortgages payable	78,000				78,000
Total long term debt	832,750				832,750
Other Liabilities—Reserve For Severance Wages Payable	74,565				74,565
Stockholders' Equity:					
Capital Stock:					
3½% Convertible preferred				9,609,100	9,609,100
Common				912,188	912,188
NDA capital stock	236,113			(236,113)	
Contributed surplus	701,370			(701,370) 6,811,449	6,811,449
Earned surplus	214,635			(214,635)	
Other		2,078,084	11,860,668	(13,938,752)	
Total stockholders' equity	1,152,118	2,078,084	11,860,668	2,241,867	17,332,737
Total	$3,535,393	$2,361,780	$14,145,250	$ 2,241,867	$22,284,290

See accompanying Notes to Pro-Forma Combined Balance Sheet

UNITED NUCLEAR CORPORATION

NOTES TO PRO FORMA COMBINED BALANCE SHEET

The accompanying Condensed Pro Forma Combined Balance Sheet has been prepared from and should be considered in conjunction with the balance sheets of the Nuclear Development Corporation of America as of March 31, 1961 and of the Nuclear Fuels Operations of Olin Mathieson Chemical Corporation as of December 31, 1960 and the statement of assets and liabilities of the Nuclear Division—Commercial Operation of Mallinckrodt Chemical Works as of December 31, 1960, and the related notes to financial statements, appearing elsewhere in this Proxy Statement.

The accompanying Condensed Pro Forma Combined Balance Sheet reflects the following proposed transactions:

	Nuclear Development Corporation of America and Consolidated Subsidiary	Nuclear Division—Commercial Operations of Mallinckrodt Chemical Works	Nuclear Fuels Operation of Olin Mathieson Chemical Corporation	Total
Proposed Contributions To United Nuclear Corporation:				
Stockholders' equities as shown by balance sheets of constituents:				
Capital stock	$ 236,113			$ 236,113
Contributed surplus	701,370			701,370
Earned surplus	214,635			214,635
Other		$ 2,078,084	$11,860,668	13,938 752
Total	1,152,118	2,078,084	11,860,668	15,090,870
Additional cash to be contributed by Mallinckrodt and Olin		249,900	2,200,000	2,449,900
Total	1,152,118	2,327,984	14,060,668	17,540,770
Less assets to be withheld:				
Cash by NDA	200,000			200,000
Investment by Mallinckrodt		8,033		8,033
Total	200,000	8,033		208,033
Net proposed contribution	$ 952,118	$ 2,319,951	$14,060,668	$17,332,737
Above Proposed Contribution To Be Represented By Following Stockholders' Equity in United Nuclear Corporation:				
Capital stock:				
3½% convertible preferred—$100 par		$ 1,378,400	$ 8,230,700	$ 9,609,100
Common—$1 par	$ 236,113	94,075	582,000	912,188
Contributed surplus	716,005	847,476	5,247,968	6,811,449
Total	$ 952,118	$ 2,319,951	$14,060,668	$17,332,737

The $200,000 of cash to be withheld by NDA, to the extent that it is not required for the payment of expenses, is to be ultimately transferred to United Nuclear Corporation.

United Nuclear Corporation may, at its option, sell additional shares of preferred stock at a price of $100 a share to Olin Mathieson Chemical Corporation in an aggregate amount up to the total of the amount of capital appropriation requests (commitments for plant additions) of the Nuclear Fuels Operation of Olin Mathieson Chemical Corporation unpaid on the closing date.

The Agreement relating to the proposed combination provides that if the amounts of the working capital to be transferred by Olin Mathieson Chemical Corporation and/or Mallinckrodt Chemical Works exceed $2,939,000 and $250,000, respectively, accounts receivable equal to the amounts of such excess working capital may be retained by those companies either at their option or at the option of United Nuclear Corporation and a corresponding reduction will be made in the amounts of the 3½% convertible preferred stock to be issued to such companies. The accompanying pro forma combined balance sheet does not give effect to the exercise of such options.

Reference should be made to page 16 of this Proxy Statement for a description of the convertibility provisions of the 3½% convertible preferred stock to be issued.

EXHIBIT III

Excerpts from New York Stock Corporation Law

Sec. 20. *Voluntary sale, lease or exchange of property, rights, privileges and franchises and rights of objecting stockholders.* A stock corporation, except as otherwise provided by law or by its certificate of incorporation or other certificate filed pursuant to law, may voluntarily sell, lease or exchange its property, rights, privileges and franchises, or any interest therein or any part thereof; provided, however, that if such sale, lease or exchange is not made in the regular course of business of the corporation and involves all or substantially all of its property, rights, privileges and franchises, or an integral part thereof essential to the conduct of the business of the corporation, such sale, lease or exchange shall not be made without the consent of either the holders of record of all of its outstanding shares entitled to vote thereon given in writing without a meeting or the holders of record of two-thirds of its outstanding shares entitled to vote thereon obtained at a meeting of the stockholders called pursuant to section forty-five. Franchises within the state may be sold only to a domestic corporation.

If the sale, lease or exchange may not be made without the consent of stockholders and such consent is obtained at a stockholders' meeting, any stockholder entitled to vote thereon and not voting in favor of such proposed sale, lease or exchange may at any time prior to the vote thereon—or if notice of the meeting was not mailed to him at least twenty days prior to the taking of such vote, then within twenty days after the mailing of such notice—object to such sale, lease or exchange and demand payment for his stock, and thereupon such stockholder or the corporation shall have the right, subject to the conditions and provisions of section twenty-one, to have such stock appraised and paid for as provided in said section. Such objection and demand must be in writing and filed with the corporation.

The provisions of this section shall not apply to a railroad corporation.

Sec. 21. *Determination of value of stock of objecting stockholder.* 1. In the event that the stockholders of a corporation have taken action pursuant to sections fourteen, twenty, eighty-five, eighty-six or ninety-one or pursuant to article four and if any stockholder has objected to such action and demanded payment for his stock as provided in section fourteen, section twenty, subdivision seven of section eighty-five, section eighty-seven, section ninety-one or subdivision eleven of section thirty-eight, as the case may be, the corporation, within ten days after the last day on which a demand for payment might have been made, shall mail by registered mail to such objecting stockholder or deliver personally to him a written offer to pay for such stock in cash at a price deemed by the corporation to be the value thereof; and an offer so made to any such objecting stockholder shall also be made on the same terms and conditions and at the same price per share to all such objecting holders of shares of the same class of stock. If mailed, such offer shall be directed to such stockholder at his address as it appears on the stockbook unless he shall have filed with the secretary of the corporation a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such notice. Such offer shall be accompanied by a balance sheet of the corporation as of a date not more than six months prior to the making of such offer and a profit and loss statement for the twelve months' period ended on the date of such balance sheet; provided, that if it is impracticable to furnish a balance sheet as of a date within such six months' period, a balance sheet as of such earlier date as shall be practicable, but not earlier than the end of the corporation's preceding fiscal year, shall be furnished, in which event the profit and loss statement shall be for the twelve months' period ended on the date of such balance sheet.

2. The corporation may apply to the purchase of stock pursuant to an offer made as provided in subdivision one hereof, such of its assets as are lawfully available for the purchase of shares of its stock, and an amount of its capital not exceeding the capital represented by the shares so purchased; provided, that the effect of any such purchase and application of capital thereto shall not be to reduce the actual

value of the assets of the corporation to an amount less than the total amount of its debts and liabilities, plus the amount of its capital reduced by the amount of capital so applied. The use of capital to such extent for such purpose shall not be deemed to be the declaration or payment of a dividend or a distribution of assets within the meaning of section fifty-eight of the stock corporation law, or constitute a violation of section six hundred sixty-four of the penal law. The shares of stock so purchased may be held or disposed of by the corporation; provided, that the corporation, by resolution of its board of directors, may retire any shares so purchased, and shall retire any thereof purchased through the application of capital, by filing a certificate entitled "Certificate of reduction of capital of (name of corporation) pursuant to section twenty-one of the stock corporation law". Such certificate shall contain the statements prescribed in section thirty-six for certificates under subdivision two and subdivision four of section thirty-five to effect a reduction of capital and the elimination of previously authorized shares, and the reduction of capital stock in conformity therewith. Such certificate shall be subscribed and acknowledged by the president or a vice-president and the secretary or an assistant secretary who shall make and annex an affidavit that they have been authorized to execute and file such certificate by resolution of the board of directors, adopted at a directors' meeting duly called and held on a date specified in such affidavit. There shall be annexed to such certificate an affidavit of the president or a vice-president and also an affidavit of the treasurer or a majority of the directors stating that the actual value of the assets of the corporation is not less than the total amount of the debts and liabilities of the corporation plus the proposed amount of its capital. Such certificate shall be filed as provided in section thirty-eight in respect of certificates under section thirty-six. Upon the filing of such certificate the shares so purchased shall be eliminated from the authorized capital stock or number of shares of the corporation, and the capital of the corporation shall be reduced by an amount equal to the amount of capital represented by the shares so retired. The capital of the corporation represented by any shares of stock purchased or otherwise acquired by it pursuant to any provision of this section shall be determined as provided in subdivision two of section twenty-nine.

3. If the corporation shall fail to make an offer within the time specified in subdivision one hereof, or if the objecting stockholder shall fail to accept an offer from the corporation within twenty days after the mailing or delivery thereof, either such stockholder or the corporation may petition the supreme court, at any special term thereof held in the judicial district in which the principal office of the corporation is situated, to determine the value of such stock. Such petition shall be made on five days' notice, and shall be made returnable in such court on the fiftieth day after the last day on which the demand of the objecting stockholder for payment might have been made, or, if the rules or practice of such court do not permit such petition to be made returnable on such fiftieth day, then it shall be made returnable on the first succeeding day permitted by such rules or practice. If more than one such proceeding shall have been instituted, the court, in its discretion, may, or on motion of the corporation shall, enter an order directing the consolidation of all proceedings and making such directions with respect to the conduct of the consolidated proceeding as it shall deem proper. Two or more objecting stockholders may join or be joined in any such proceeding.

4. The court shall determine which of the objecting stockholders have complied with the provisions of section fourteen, section twenty, subdivision eleven of section thirty-eight, subdivision seven of section eighty-five, section eighty-seven or subdivision seven of section ninety-one, whichever shall be applicable, and thereby become entitled to have the value of their stock determined. If the court shall find that any of the objecting stockholders are so entitled, it shall proceed to determine the value of their stock, or shall appoint an appraiser to determine such value, and may make such directions in regard to the proceeding as it shall deem proper. If the court shall determine such value without appointing an appraiser, judgment shall be entered against the corporation and in favor of each objecting stockholder party to the proceeding for the value of his stock so determined. If an appraiser shall be appointed, he shall be duly sworn honestly and faithfully to discharge his duties and thereupon shall proceed to determine the value of such stock, considering all relevant legal evidence which may be produced, and shall cause a stenographic transcript of the testimony to be taken. For all the purposes of this section, such value shall be determined as of the close of business on the day before the taking of the stockholders' vote on the action to which objection was made, excluding any appreciation or depreciation directly or indirectly consequent upon

such action or the proposal thereof. The appraiser may require any person to attend before him as a witness, and shall have the same powers with respect to all proceedings before him as are conferred upon a person authorized by law to hear, try or determine a matter in relation to which proof may be taken. The appraiser's report shall state his conclusion as to the value of the stock and his reasons therefor, and he shall file such report, together with the transcript of testimony and all exhibits which shall have been offered, with the court within sixty days after his appointment, or within such later period as the court may direct, and shall serve one copy of the report by mail on each party to the proceeding. The court shall consider the report in the light of all the relevant legal evidence and, on motion of any party to the proceeding, shall enter an order confirming, modifying or rejecting the same and, if confirming or modifying, directing the time within which payment shall be made. If the appraiser's determination of value be confirmed or modified by such order, judgment shall be entered thereon against the corporation and in favor of each objecting stockholder party to the proceeding for the value of his stock so determined. If the appraiser's determination of value be rejected, the court in its discretion (a) may determine the value of the stock to the objecting stockholders in the light of all the relevant legal evidence, in which event judgment shall be entered on such determination as in the case of judgment entered upon an order confirming an appraiser's determination of value, or (b) may remit the proceeding to the appraiser, making such directions with respect to further proceedings as may be deemed proper. Any judgment for the value of stock entered under this subdivision shall include interest from the date of the stockholders' vote on the action to which objection was made; provided, that if, taking into consideration the price which the corporation may have offered to pay for such stock, the financial statements furnished to the stockholder, and such other circumstances as the court may deem relevant, the court shall find that the action of the stockholder in failing to accept such offer was arbitrary and vexatious or not in good faith, no interest shall be allowed. The payment of any such judgment shall not be deemed to be the declaration or payment of a dividend or a distribution of assets within the meaning of section fifty-eight of the stock corporation law, nor constitute a violation of section six hundred sixty-four of the penal law.

5. The costs and expenses of the proceeding shall be determined by the court and shall be assessed against the corporation; provided, that all or any part of such costs and expenses may be apportioned and assessed as the court may deem equitable against any or all of the objecting stockholder parties to the proceeding to whom the corporation shall have made an offer to pay for the stock if, taking into consideration the value of the stock as determined in the proceeding, the financial statements furnished to such stockholders, and such other circumstances as the court may deem relevant, the court shall find that the action of such stockholders in failing to accept such offer was arbitrary and vexatious or not in good faith. Such expenses shall include reasonable compensation to and the reasonable expenses of the appraiser but shall exclude the fees and expenses of counsel and of experts retained by any party; provided, that if the value of the stock as determined in the proceeding shall materially exceed whatever amount the corporation may have offered to pay therefor, or if no offer shall have been made, the court, in its discretion, may award to any stockholder party to the proceeding such sum as the court may determine to be reasonable compensation to any expert or experts retained by such stockholder in the proceeding if the court shall find the retaining of such expert or experts to have been reasonably necessary.

6. Any stockholder demanding payment for his stock shall have no right to receive any dividends or distributions payable to holders of such stock of record after the close of business on the day next preceding the date of the stockholders' vote in favor of the action to which such objection was made, and upon such vote shall cease to have any other rights of a stockholder of the corporation with respect to such stock, except the right to receive payment for the value thereof as in this section provided; and no such demand may be withdrawn unless the corporation shall consent thereto. If, however, such demand shall have been withdrawn upon such consent, or if no petition for the appointment of an appraiser to determine the value of the stock of such stockholder shall have been made within the time herein provided, or if a court of competent jurisdiction shall determine that such stockholder is not entitled to the relief by this section provided, or if the action to the taking of which objection was made shall be abandoned or rescinded, the status of such stockholder as a stockholder in the corporation thereupon shall be restored, without prejudice, however, to any corporate proceedings which

may have been taken during the interim; provided, that such stockholder shall thereupon be entitled to receive any dividends, distributions or other rights to which he would have been or would have become entitled had he not demanded payment for his stock.

7. The corporation shall not be required to make payment for the stock of any objecting stockholder as in this section provided unless, simultaneously, the certificate or certificates representing such stock shall be surrendered to it, duly indorsed in blank and in proper form for transfer, accompanied by evidence of payment of all requisite stock transfer taxes; and any judgment entered pursuant to this section shall so provide. Upon receipt of such payment, the objecting stockholder shall cease to have any interest in the corporation or its assets by reason of his ownership of the stock so paid for, and such stock may be held or disposed of by the corporation; provided, that if payment for the stock of an objecting stockholder shall have been demanded in consequence of action taken on a merger or consolidation pursuant to sections eighty-five, eighty-six or ninety-one, the shares or other securities of the resulting or surviving corporation into which the shares of the objecting stockholder would have been converted had no objection been made shall, unless the certificate of merger or consolidation shall otherwise provide, be deemed to have been duly issued in accordance with the terms of such certificate and reacquired by the resulting or surviving corporation, and may be held or disposed of by it free of any preemptive rights of stockholders. The corporation, by resolution of its board of directors, may retire any shares of stock acquired by it upon the payment of a judgment for the value thereof, by filing a certificate as provided in subdivision two hereof for the retirement of shares purchased pursuant to an offer; except, that the affidavits of the president or a vice-president and of the treasurer or a majority of the board of directors, specified in the said subdivision two, relative to the actual value of the assets of the corporation, shall not be required. Upon the filing of such certificate the shares so acquired shall be eliminated from the authorized capital stock or number of shares of the corporation, and the capital of the corporation shall be reduced by an amount equal to the amount of capital represented by the shares so retired.

8. Within twenty days after the last day on which a demand for payment might have been made, each stockholder demanding payment, unless the offer of the corporation to pay therefor shall have been accepted, shall submit his stock certificate or certificates to the corporation for notation thereon of the fact of such demand; and any stockholder who shall fail so to do shall not be entitled to the relief by this section provided unless a court of competent jurisdiction, for good and sufficient cause shown, shall otherwise direct. Upon any subsequent transfers of such stock on the books of the corporation prior to payment by the corporation of the value thereof, as herein provided, the new certificate or certificates issued therefor shall bear a similar notation, together with the name of the original objecting holder of such stock, and, until such payment shall have been made, no transferee of any such stock shall acquire any rights of any character whatsoever by reason thereof except the rights of the original objecting stockholder.

9. In any case where the action with respect to which objection was made shall have been taken with, or authorized by, the consent of stockholders without a meeting, the actual date upon which the written consent to such action is first obtained from the requisite number of stockholders, or, in case such action shall have been taken pursuant to section eighty-five of the stock corporation law, the date of filing the certificate of ownership as in such section provided, shall for all purposes be deemed to be the date of the stockholders' vote referred to in subdivisions four and six of this section.

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ATTACHMENT "B"

LICENSES ISSUED BY U.S.A.E.C. TO NDA

Special Nuclear Materials License No. 12 - Issued 6/18/58; Expires 3/31/63

Authorizes NDA to acquire and use on non-Government work, up to 1350 grams of uranium of full U-235 enrichment, and the byproducts resulting from its use. (NDA currently possesses about 1200 grams.)

Source Material License C-3395 - Issued 5/1/59; Expires 4/30/61

Authorized NDA to own 15 lbs of natural uranium. AEC has advised that this license is no longer required for the amount of source material involved.

By-products Material License 30-350-2 - Issued 2/18/59; Expires 12/31/63

Authorizes NDA to own 100 curies of Polonium 210 for calibration of instruments and as a neutron source in experiments.

By-products Material License 31-350-4 - Issued 8/4/59; Expires 8/31/61

Authorizes NDA to own 4 Cobalt 60 sources totalling 257 millicuries for instrument calibration and shielding tests.

By-products Material License 31-350-6 - Issued 4/17/59; Expires 4/30/63

Authorizes NDA to own various types of radioisotopes.

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By-product Material (Element & Mass Number)	Maximum Amount of Radioactivity Which Licensee May Possess at Any One Time
Hydrogen 3	10 millicuries
Carbon 14	10 millicuries
Cesium 137	50 microcuries
Iron 59	7 millicuries
Strontium 90	1 microcurie
Promethium 147	15 microcuries
Chromium 51	50 microcuries
Tungsten 185	15 microcuries
Ruthenium 106	15 microcuries

By-products Material License 31-350-7 - Issued 5/21/59; Expires 4/30/63

Authorizes NDA to own or use specific amounts of certain radio-isotopes to perform work for Squibb Division, Olin Mathieson Chemical Corporation, but only under their supervision.

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ATTACHMENT "C"

LICENSES ISSUED BY U.S.A.E.C. TO OLIN MATHIESON CHEMICAL CORPORATION

Special Nuclear Materials License No. 368 Expires 6/30/61

Authorizes Olin to acquire and use 4 kg U-235.

Source Material License C-4238 Expires 8/31/61

Authorizes Olin to own 10,000 lbs of source material.

By-products Material License 6-6884-1 (J62) Expires 10/31/62

Authorizes Olin to own by-products material up to 45 microcuries maximum.

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ATTACHMENT "D"

LICENSES ISSUED BY U.S.A.E.C. TO MALLINCKRODT CHEMICAL WORKS

Special Nuclear Materials License No. 33, as amended. Issued 11/30/60. Expires 1/31/62

Authorizes Mallinckrodt to prepare uranium enriched in the U-235 isotope in various chemical and physical forms, and related activities, including storing and shipping, at Hematite, Missouri plant.

Source Material License C-5308 Issued 10/20/60; Expires 11/31/61

Authorizes Mallinckrodt to acquire and own, transfer and deliver possession of and title to refined source material to U.S.A.E.C. licensees.

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