FORM S-3/A

Registration statement for specified transactions by certain issuers [amend]

Filing Date: **1995-07-28**
SEC Accession No. 0000912057-95-005756

FILER

USG CORP
CIK:**757011**| IRS No.: **363329400** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **S-3/A** | Act: **33** | File No.: **033-60563** | Film No.: **95557214**
SIC: **3270** Concrete, gypsum & plaster products

Business Address
125 S FRANKLIN ST
DEPT. 188
CHICAGO IL 60606
3126065439

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 28, 1995

REGISTRATION NO. 33-60563

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3
TO
S-3 REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

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

<TABLE>
<S> <C> <C>

DELAWARE	3275	36-3329400
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

</TABLE>

125 SOUTH FRANKLIN STREET
CHICAGO, ILLINOIS 60606-4678
(312) 606-4000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

ARTHUR G. LEISTEN, ESQ.
SENIOR VICE PRESIDENT & GENERAL COUNSEL
125 SOUTH FRANKLIN STREET
CHICAGO, ILLINOIS 60606-4678
(312) 606-4000
(Name, address and telephone number of agent for service)

Copies to:

<TABLE>
<S> <C>

FRANCIS J. GERLITS, P.C.	SETH A. KAPLAN, ESQ.
KIRKLAND & ELLIS	WACHTELL, LIPTON, ROSEN & KATZ
200 EAST RANDOLPH DRIVE	51 WEST 52ND STREET
CHICAGO, ILLINOIS 60601	NEW YORK, NEW YORK 10019

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
FROM TIME TO TIME AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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EXPLANATORY NOTE

THE SOLE PURPOSE OF AMENDMENT NO. 3 IS TO FILE THE FOLLOWING ADDITIONAL EXHIBITS:

Exhibit No.		
4.	Instruments defining the rights of security holders, including indentures:	
	(b)	Form of Consent Resolution adopted by a Special Committee created by the Board of Directors of USG Corporation relating to USG Corporation's % Senior Notes due 2005.
23.	Consents of experts and counsel.	
	(a)	Consent of Arthur Andersen LLP.
99.	Additional Exhibits.	
	(a)	Credit Agreement dated as of July 27, 1995, among USG Corporation and the Banks listed on the signature page thereto and Chemical Bank as Agent.
	(b)	Collateral Trust Agreement dated as of July 27, 1995 between USG Corporation, certain of its subsidiaries and Wilmington Trust Company and William J. Wade, as Trustee.
	(c)	Company Pledge Agreement dated as of July 27, 1995, among USG Corporation, as Pledgor, and Wilmington Trust Company and William J. Wade, as Trustee.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following are the estimated expenses of the issuance and distribution of the securities being registered, including fees and expenses previously incurred by the Corporation, other than any underwriting compensation.

<TABLE>
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ITEM	AMOUNT
<S>	<C>
SEC Registration Fees	$ 51,724
Printing and Mailing Expenses	200,000
Legal Fees and Expenses	200,000
Accountants' Fees and Expenses	100,000
Miscellaneous Expenses	500,000
Total	$ 1,051,724

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law ("Section 145") (a) gives Delaware corporations broad powers to indemnify their present and former directors and officers and those of affiliated corporations against expenses incurred in the defense of any lawsuit to which they are made parties by reason of being or having been such directors or officers, subject to specified conditions and exclusions, (b) gives a director or officer who successfully defends an action the right to be so indemnified and (c) authorizes the corporation to buy directors' and officers' liability insurance. Such indemnification is not exclusive of any other right to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or otherwise.

A bylaw provides that the Corporation (a) shall indemnify every person who is or was a director or officer of the Corporation or is or was serving at the Corporation's request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise and (b) shall, if the board of directors so directs, indemnify any person who is or was an employee or

agent of the Corporation or is or was serving at the Corporation's request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the extent, in the manner, and subject to compliance with the applicable standards of conduct, provided by Section 145 as the same (or any substitute provision therefor) may be in effect from time to time.

Any such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Corporation has procured insurance for the purpose of substantially covering its future potential liability for indemnification under Section 145 as discussed above and certain future potential liability of individual officers or directors incurred in their capacity as such which is not subject to indemnification.

The Corporation has entered into Indemnification Agreements with each of its officers and directors. The Indemnification Agreements provide that the Corporation shall indemnify and keep indemnified the indemnitee to the fullest extent authorized by Section 145 as it may be in effect from time to time from and against any expenses (including expenses of investigation and preparation and reasonable fees and disbursements of legal counsel, accountants and other experts), judgments, fines and amounts paid in settlement by the indemnitee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not the cause of action, suit or proceeding incurred before or after the date of the Indemnification Agreement. The Indemnification Agreements further provide for advancement of amounts to cover expenses incurred by the indemnitee in defending any such action, suit or proceeding subject to an undertaking by the indemnitee to repay any expenses advanced which it is later determined he or she was not entitled to receive.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following is a complete list of Exhibits filed as a part of this Registration Statement:

See Exhibit Index

ITEM 17. UNDERTAKINGS

The Registrant hereby undertakes:

(1) For purposes of determining any liability under the Act, the information omitted from the form of prospectus filed as a part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be the initial bona fide offering thereof.

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 3 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois on July 28, 1995.

USG CORPORATION

By: Richard H. Fleming

Richard H. Fleming
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 3 to Registration Statement has been signed on July 28, 1995, by the following persons in the capacities indicated:

<TABLE>
<CAPTION>

SIGNATURE	TITLE
<C>	<S>
*	Chairman of the Board, Chief Executive
Eugene B. Connolly	Officer and Director (Principal Executive Officer)
*	
William C. Foote	President, Chief Operating Officer and Director
Richard H. Fleming	Senior Vice President and Chief
Richard H. Fleming	Financial Officer (Principal Financial Officer)
Raymond T. Belz	
Raymond T. Belz	Vice President and Controller (Principal Accounting Officer)
*	
Robert L. Barnett	Director
*	
Keith A. Brown	Director
*	
W.H. Clark	Director
James C. Cotting	Director
*	
Lawrence M. Crutcher	Director

</TABLE>

<TABLE>
<CAPTION>

SIGNATURE	TITLE
<C>	<S>
*	
	Director

David W. Fox

- ---------- Director
Philip C. Jackson, Jr.

*

- ---------- Director
Marvin E. Lesser

*

- ---------- Director
John B. Schwemm

*

- ---------- Director
Judith A. Sprieser

*By:
Richard H. Fleming

Richard H. Fleming
ATTORNEY-IN-FACT
</TABLE>

EXHIBIT INDEX

The following documents are the exhibits to this Amendment No. 3 to Registration Statement on Form S-3. For convenient reference, each exhibit is listed according to the Exhibit Table of Regulation S-K. The page number, if any, listed opposite an exhibit indicates the page number in the sequential numbering system in the manually signed original of this Amendment No. 3 to Registration Statement on Form S-3 where such exhibit can be found.

<TABLE>
<CAPTION>

EXHIBIT NO.			PAGE
<S>	<C>	<C>	<C>
1.		Form of Underwriting Agreement.*	
4.		Instruments defining the rights of security holders, including indentures:	
	(a)	Indenture dated as of October 1, 1986 between USG Corporation and Harris Trust and Savings Bank, Trustee (incorporated by reference to Exhibit 4(a) of USG Corporation's Registration Statement No. 33-9294 on Form S-3, dated October 7, 1986).	
	(b)	Form of Consent Resolution adopted by a Special Committee created by the Board of Directors of USG Corporation relating to USG Corporation's % Senior Notes due 2005.	
5.		Opinions of counsel as to the legality of the securities being registered.*	
12.		Statement recomputation of ratio of earnings to fixed charges.*	
23.		Consents of experts and counsel.	
	(a)	Consent of Arthur Andersen LLP.	
	(b)	Consents of counsel (included in Exhibit 5).	
24.		Power of attorney.*	
25.		Statement of eligibility of trustee.*	
99.		Additional Exhibits.	
	(a)	Credit Agreement dated as of July 27, 1995, among USG Corporation and the Banks listed on the signature page thereto and Chemical Bank as Agent.	
	(b)	Collateral Trust Agreement dated as of July 27, 1995 between USG Corporation, certain of its subsidiaries and Wilmington Trust Company and William J. Wade, as Trustee.	
	(c)	Company Pledge Agreement dated as of July 27, 1995, among USG Corporation, as Pledgor, and Wilmington Trust Company and William J. Wade, as Trustee.	

<FN>
- ----------
* Previously filed.
</TABLE>

EXHIBIT 4(b)

FORM OF

Consent in Lieu of Special Meeting
of a Special Committee
Created by the Board of Directors of
USG Corporation

The undersigned, being all of the members of a special committee (the "Special Committee") designated and authorized by the Board of Directors of USG Corporation, a Delaware corporation (the "Corporation"), in lieu of holding a special meeting of the Special Committee, hereby take the following actions and adopt the following resolutions by unanimous written consent pursuant to the General Corporation Law of the State of Delaware and the By-laws of the Corporation.

WHEREAS, USG Corporation, a Delaware corporation (the "Corporation") has entered into an Indenture, dated as of October 1, 1986 (the "Indenture"), with Harris Trust and Savings Bank (the "Trustee"), providing for the issuance from time to time of debt securities (the "Securities") in one or more series under the Indenture; and

WHEREAS, the Corporation desires to create a series of Securities under the Indenture and to make provision for the form and terms thereof, and to make provision for and authorize certain other matters and agreements in connection with the issuance and sale of the Securities; and

WHEREAS, the Board of Directors of the Corporation has established the Special Committee and has authorized, empowered and directed the Special Committee to take all actions relating to the issuance of up to $150 million in principal amount of a separate series of Securities, determine and specify the form and terms of such series and authorize the terms of issuance and sale of such series; and

WHEREAS, In connection with the offering (the "Offering") of the series of Securities to be authorized pursuant to these resolutions, the Special Committee has reviewed (i) that certain preliminary prospectus (the "Preliminary Prospectus") which is part of a registration statement (the "Registration Statement") filed with the Securities & Exchange Commission on July 24, 1995,

and

(ii) an underwriting agreement (the "Underwriting Agreement") dated as of August __, 1995, among the Corporation and the underwriters parties thereto; and

WHEREAS, the capitalized terms used in these resolutions and not otherwise defined herein shall have the same meaning herein as the meanings given to such terms in the Indenture;

NOW, THEREFORE, BE IT RESOLVED: That the following resolutions are adopted by the Special Committee effective as of August __, 1995.

BE IT FURTHER RESOLVED: That there is hereby approved and established a series of Securities under the Indenture, whose terms shall be as follows (certain capitalized terms used in this resolution are defined in paragraph 16 hereof):

(1) SERIES DESIGNATION. The series of Securities established hereby to be issued pursuant to the Indenture shall be known and designated as the "____% Senior Notes due 2005" (the "Senior 2005 Notes").

(2) AGGREGATE PRINCIPAL AMOUNT. The aggregate principal amount of the Senior 2005 Notes shall be limited to $150,000,000 (except as provided in Section 2.01(2) of the Indenture).

(3) MATURITY. The stated maturity of the principal of the Senior 2005 Notes shall be _____, 2005.

(4) PAYMENT OF INTEREST. The Senior 2005 Notes shall bear interest at the rate of ____% per annum from _____, 1995 or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, as the case may be, payable on each _____ and _____, commencing _____, 1996, until the principal amount thereof is paid or made available for payment. Each _____ and _____ shall be an "Interest Payment Date" for the Senior 2005 Notes. The _____ or _____ (whether or not a Business Day) next preceding an Interest Payment Date shall be the "Regular Record Date" for the interest payable on such Interest Payment Date.

(5) PLACE OF PAYMENT. Principal (and premium, if any) and interest is payable, and the transfer of the Senior 2005 Notes is registrable, at the office or agency of the Corporation maintained for such purpose in the City of Chicago, State of Illinois, currently the Corporate Trust Office of the Trustee, Harris Trust and Savings Bank, 311 West Monroe Street, Chicago, Illinois 60690; provided, however, that payment of interest may be made at the option of the Corporation by check or draft mailed to the person entitled thereto as such person's address appears in the

security register maintained for such purpose pursuant to the Indenture. No service charge will be made for any transfer or exchange except the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(6) REDEMPTION. The Senior 2005 Notes are not subject to redemption by the Corporation prior to , 2000. Thereafter, the Senior 2005 Notes may, from time to time, be redeemed, in whole or in part, at the option of the Corporation upon not less than 30 nor more than 60 days' prior notice to Holders given as provided in Section 3.02 of the Indenture, at the redemption prices set forth below (expressed in percentages of the principal amount thereof), plus accrued and unpaid interest thereon, up to the Redemption Date (provided that installments of interest, which are due and payable on or prior to the Redemption Date, shall be payable to the Holders of such Senior 2005 Notes, registered as such at the close of business on the relevant record dates, according to the terms and provisions of Sections 2.04 and 3.03 of the Indenture.)

REDEMPTION PERIOD	PERCENTAGE
_____, 2000 to _____, 2001	
_____, 2001 to _____, 2002	
_____, 2002 to _____, 2003	
After _____, 2003	100%

If less than all of the Senior 2005 Notes are to be redeemed, the selection of the Senior 2005 Notes to be redeemed shall be made as provided in Section 3.02 of the Indenture.

(7) REGISTERED SECURITIES ONLY. Subject to paragraph 9 hereof, the Senior 2005 Notes shall be issued as Registered Securities only, in fully registered form, without coupons.

(8) ADDITIONAL AMOUNTS. The Corporation will not pay any Additional Amounts on the Senior 2005 Notes held by a person who is not a U.S. Person in respect of any tax, assessment or governmental charge withheld or deducted.

(9) (a) GLOBAL SECURITY. The Senior 2005 Notes will initially be issued in the form of one or more Global Securities (as defined below) held in book-entry form. The Depository Trust Company ("DTC") or its nominees shall be the Depositary (as defined below) and the sole registered Holder of the Senior 2005 Notes for all purposes under the Indenture. "Global Security" means a security evidencing all or a part of a series of Securities issued

to, and registered in the name of, the depository for such series (or its

nominee) (the "Depository") in accordance with this paragraph (9).

(b) PAYMENTS. Payment of principal and interest on Senior 2005 Notes represented by any such Global Security will be made to DTC or its nominee, as the case may be, as the sole registered owner and the sole Holder of the Senior 2005 Notes represented thereby for all purposes under the Indenture. None of the Corporation, the Trustee, any agent of the Corporation, or the Underwriters will have any responsibility or liability for any aspect of DTC's records relating to or payments made on account of beneficial ownership interests in a Global Security representing any Senior 2005 Notes or for maintaining, supervising, or reviewing any of DTC's records relating to such beneficial ownership interests.

(c) EXCHANGE OF GLOBAL SECURITY. A Global Security may not be transferred except as a whole by DTC to a nominee of DTC. A Global Security is exchangeable for certificated Senior 2005 Notes only if (i) DTC notifies the Corporation that it is unwilling or unable to continue as a Depository for such Global Security or if at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) the Corporation executes and delivers to the Trustee a notice that such Global Security shall be so transferable, registrable, and exchangeable, and such transfers shall be registrable, or (iii) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time or both, would constitute an Event of Default with respect to the Senior 2005 Notes represented by such Global Security. Any Global Security that is exchangeable for certificated Senior 2005 Notes pursuant to the preceding sentence will be transferred to, and registered and exchanged for, certificated Senior 2005 Notes in authorized denominations and registered in such names as the Depository holding such Global Security may direct. Subject to the foregoing, a Global Security is not exchangeable, except for a Global Security of like denomination to be registered in the name of the Depository or its nominee. In the event that a Global Security becomes exchangeable for certificated Senior 2005 Notes, (i) certificated Senior 2005 Notes will be issued only in fully registered form in denominations of $1,000 or integral multiples thereof, (ii) payment of principal, any repurchase price, and interest on the certificated Senior 2005 Notes will be payable, and the transfer of the certificated Senior 2005 Notes will be registerable at the office or agency of the Corporation maintained for such purposes, and (iii) no service charge will be made for any registration of transfer or exchange of the certificated Senior 2005 Notes, although the Corporation may

require payment of a sum sufficient to cover any tax or governmental charge imposed in connection therewith.

(f) DEPOSITORY. So long as the Depository for a Global Security, or its nominee, is the registered owner of such Global Security, such Depository or such nominee, as the case may be, will be considered the sole owner or Holder of the Senior 2005 Notes represented by such Global Security for the purposes of receiving payment of the Senior 2005 Notes, receiving notices, and for all other

purposes hereunder and under the Indenture and the Senior 2005 Notes.

(10) ADDITIONAL COVENANTS. The following additional covenants of the Corporation shall be added for the benefit of the Senior 2005 Notes and will be applicable to the Corporation unless and until the Corporation reaches Investment Grade Status; after the Corporation has reached Investment Grade Status, and notwithstanding that the Corporation's Debt Rating may later cease to be rated Investment Grade by either S&P or Moody's or both, the Corporation will be released from its obligations to comply with each of the restrictive covenants described below, except for clauses (a), (b), (d) and (e):

(a) LIMITATION ON INDEBTEDNESS.

(A) The Corporation will not, directly or indirectly, Incur any Indebtedness unless, immediately after the date of the Incurrence of such Indebtedness and after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds thereof as if such Indebtedness had been Incurred and the proceeds thereof applied on the first day of the Determination Period, the Consolidated Interest Coverage Ratio of the Corporation exceeds 2.0 to 1.

(B) Notwithstanding the foregoing, the Corporation may Incur the following Indebtedness (although any Indebtedness so Incurred shall be included, to the extent outstanding at the Transaction Date, in any subsequent determination of the Consolidated Interest Coverage Ratio): (i) Indebtedness under the Credit Agreement; (ii) Indebtedness outstanding on the Issue Date; (iii) Indebtedness outstanding under the Senior 2005 Notes; (iv) Indebtedness of the Corporation in respect of Capital Lease Obligations and Sale and Leaseback Transactions Incurred after the Issue Date if after giving effect to the Incurrence of such Indebtedness the aggregate amount of Priority Indebtedness outstanding would not exceed the Priority Indebtedness Basket; (v) Indebtedness under Interest Rate Protection Agreements, provided that the obligations under such agreements are related to payment obligations on Indebtedness otherwise permitted by the terms of this

covenant; (vi) Indebtedness of the Corporation to any wholly owned Restricted Subsidiary of the Corporation (but only so long as such debt is held by such wholly owned Restricted Subsidiary); (vii) Permitted Refinancing Indebtedness; (viii) Indebtedness incurred in connection with a prepayment of the Senior 2005 Notes pursuant to a Change of Control, provided that (x) the principal amount of such Indebtedness does not exceed the principal amount of the Senior 2005 Notes prepaid plus all interest accrued thereon and all related fees, expenses and redemption and repurchase premiums related thereto (including any payments made in connection with procuring any required lender or similar consents); (y) such Indebtedness has an Average Life equal to or greater than the remaining Average Life of the Senior 2005 Notes; and (z) such Indebtedness does not mature prior to the Stated Maturity of the Senior 2005 Notes; and

(ix) Indebtedness not otherwise permitted to be Incurred pursuant to this clause (B) or clause (A) above in an aggregate principal amount at any one time outstanding not to exceed $125 million.

(b) LIMITATION ON RESTRICTED SUBSIDIARY INDEBTEDNESS AND PREFERRED STOCK.

(A) The Corporation will not permit any of its Restricted Subsidiaries to Incur, directly or indirectly, any Indebtedness or issue any Preferred Stock, except: (i) Indebtedness outstanding on the Issue Date; (ii) Indebtedness or Preferred Stock issued to and held by the Corporation or any wholly owned Restricted Subsidiary of the Corporation (but only so long as such Indebtedness or Preferred Stock is held or owned by the Corporation or any wholly owned Restricted Subsidiary of the Corporation); (iii) Indebtedness of a Restricted Subsidiary in respect of Capital Lease Obligations and Sale and Leaseback Transactions if after giving effect to the Incurrence of such Indebtedness the aggregate amount of Priority Indebtedness outstanding would not exceed the Priority Indebtedness Basket; (iv) Indebtedness under Interest Rate Protection Agreements, provided that the obligations under such agreements are related to payment obligations on Indebtedness otherwise permitted by the terms of this covenant; (v) Indebtedness Incurred as Project Financing by a Foreign Restricted Subsidiary; (vi) Indebtedness not otherwise permitted to be Incurred or Preferred Stock not otherwise permitted to be issued pursuant to this paragraph if after giving effect to the Incurrence of such Indebtedness or the issuance of such Preferred Stock the aggregate amount of Priority Indebtedness outstanding would not exceed the Priority Indebtedness Basket; provided that the aggregate amount of Indebtedness Incurred or Preferred Stock issued by Domestic Restricted Subsidiaries pursuant to this

clause (vi) shall not exceed $75 million at any one time outstanding; and (vii) Indebtedness Incurred or Preferred Stock issued in exchange for, or the proceeds of which are used to Refinance, Indebtedness referred to in clause (i) of this paragraph (or any successor Indebtedness Incurred pursuant to and in accordance with this clause (vi) to Refinance such Indebtedness or successor Indebtedness), to the extent that (A) the principal amount of such Indebtedness or the liquidation value of such Preferred Stock so Incurred or issued does not exceed the principal amount or liquidation value of the Indebtedness or Preferred Stock so exchanged or Refinanced plus all interest or dividends accrued thereon and all related fees, expenses and redemption and repurchase premiums (including any payments made in connection with procuring any required lender or similar consents), (B) the Indebtedness so Incurred or Preferred Stock so issued has a Stated Maturity or final redemption date later than the Stated Maturity or final redemption date (if any) of, and an Average Life that is longer than that of, the Indebtedness or Preferred Stock being exchanged or Refinanced and (C) the Indebtedness so Incurred or Preferred Stock so issued has no greater recourse to the Property of the Corporation or its

Subsidiaries than that of the Indebtedness or Preferred Stock being exchanged or refinanced.

(B) Any Indebtedness Incurred or Preferred Stock issued pursuant to the preceding paragraph will be included, to the extent outstanding at the Transaction Date, in any subsequent determination of the Consolidated Interest Coverage Ratio.

(C) The Corporation will not, and will not permit any of its Restricted Subsidiaries to, take any action or enter into any transaction or series of transactions that would result in a Person becoming a Restricted Subsidiary (whether through an acquisition, the redesignation of an Unrestricted Subsidiary or otherwise) unless, after giving effect to such action, transaction or series of transactions, on a pro forma basis, (i) the Corporation could Incur at least $1.00 of additional Indebtedness pursuant to clause (a)(A) of this paragraph (10) and (ii) such Subsidiary could then Incur, pursuant to subclauses (ii) through (vi) of clause (A) above, all Indebtedness as to which it is obligated at such time.

(c) LIMITATIONS ON RESTRICTED PAYMENTS.

(A) The Corporation will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any Restricted Payment if, at the time of and after giving effect to the proposed Restricted Payment (i) any Default or Event of Default has occurred and is continuing, (ii) the

Corporation could not incur at least $1.00 of additional Indebtedness under clause (a)(A) of this paragraph (10) or (iii) the aggregate amount expended or declared for all Restricted Payments from the Issue Date (the Fair Market Value of the amount so expended or committed, if other than in cash, to be determined in good faith by the Board of Directors of the Corporation) exceeds the sum of (A) 50% of the aggregate Consolidated Net Income of the Corporation (or, if Consolidated Net Income shall be a deficit, minus 100% of such deficit) commencing on the last day of the fiscal quarter immediately preceding the Issue Date and ending on the last day of the fiscal quarter immediately preceding the date of such Restricted Payment, (B) 100% of the aggregate net proceeds, including cash and the Fair Market Value of Property other than cash, received by the Corporation subsequent to the Issue Date from capital contributions from its stockholders or from the issuance or sale (other than to a Subsidiary) of Qualified Capital Stock of the Corporation or of any convertible securities or debt obligations issued on or after the date of issuance of the Senior 2005 Notes which have been converted into, exchanged for or satisfied by the issuance of Qualified Capital Stock and (C) $175.0 million (collectively, the "Restricted Payment Basket").

(B) The foregoing limitations do not prevent the Corporation from (i) paying a dividend on its Capital Stock within 60 days after declaration

thereof if, on the declaration date, the Corporation could have paid such dividend in compliance with the Indenture; (ii) acquiring shares of its Capital Stock (1) solely in exchange for other shares of its Capital Stock (other than Redeemable Stock), (2) to eliminate fractional shares for up to an aggregate consideration in any fiscal year of the Corporation not to exceed $10.0 million, (3) pursuant to an order of a court of competent jurisdiction, or (4) from an employee or director of the Corporation in connection with repurchase provisions under employee or director stock option and stock purchase agreements or plans or other agreements to compensate employees or directors of the Corporation, but in no event may such acquisition of its shares by the Corporation be for a price greater than the higher of fair market value and the price at which such securities were sold to such employee or director by the Corporation; (iii) purchasing or redeeming Indebtedness which is contractually subordinated to the Senior 2005 Notes in exchange for, or out of the proceeds of, the substantially concurrent (1) sale or issuance of Capital Stock (other than Redeemable Stock) of the Corporation, or (2) Incurrence of Indebtedness of the Corporation that is at least as contractually subordinated in right of payment to the Senior 2005 Notes and has a Stated Maturity later than the

Stated Maturity of the Senior 2005 Notes as the Indebtedness so refinanced and an Average Life greater than the remaining Average Life of the Senior 2005 Notes; (iv) the distribution or redemption by the Corporation of any rights to purchase capital stock of the Corporation or any other Person which rights are or were issued as part of a shareholder rights plan; provided that any such redemption will be at a price not to exceed $0.01 per right; (v) the making of any payment required pursuant to the Corporation's 1988 plan of recapitalization or the Corporation's 1993 plan of reorganization; provided that such payments shall not exceed $5 million in the aggregate; and (vi) purchasing or redeeming up to 25% of the stock of any Restricted Subsidiary to the extent the Restricted Payment Basket is not exceeded. Further, (x) the foregoing restrictions do not prevent CGC Inc. from paying ordinary dividends and (y) in the case of a Qualified Receivables Transaction, the foregoing limitations do not prevent a Receivables Subsidiary from acquiring equity interests of a trust or other person established by such Receivables Subsidiary to effect such Qualified Receivables Transaction.

(C) The payments permitted to be made pursuant to subclauses (ii)(1), (iii), (iv) and (v) of clause (B) above shall be excluded for purposes of any future calculations of the aggregate amount expended or declared for Restricted Payments. The payments permitted to be made pursuant to subclauses (i), (ii)(2), (ii)(3), (ii)(4), and (vi) above, and payments of dividends pursuant to subclause (x) of the last sentence of clause (B) above made by CGC Inc. to any Person other than the Corporation or its Restricted Subsidiaries, shall be included for purposes of any future calculations of the aggregate amount expended or declared for Restricted Payments.

(d) LIMITATION UPON SECURED INDEBTEDNESS OF THE CORPORATION AND ITS RESTRICTED SUBSIDIARIES. (A) So long as any of the Senior 2005 Notes are outstanding, the Corporation will not itself, and will not permit any Restricted Subsidiary to, Incur any Indebtedness secured by a Lien on any Principal Operating Property or on any shares of stock or Indebtedness of any Restricted Subsidiary, without effectively providing that the Senior 2005 Notes (together with, if the Corporation so determines, any other Senior Indebtedness of the Corporation or Indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured equally and ratably with (or, at the Corporation's option, prior to) such secured Indebtedness so long as such secured Indebtedness shall be so secured, unless, after giving effect thereto, Priority Indebtedness would not exceed the Priority Indebtedness Basket.

(B) Notwithstanding clause (A) of this paragraph (d), this restriction does not apply to, and there will be excluded from secured Indebtedness in any computation of Priority Indebtedness determined by reference to such restriction, Indebtedness secured by:

(i) Liens on property of, or on any shares of stock or Indebtedness of, any Person existing at the time such Person becomes a Restricted Subsidiary;

(ii) Liens in favor of the Corporation or a wholly owned Restricted Subsidiary;

(iii) Liens in favor of governmental bodies to secure progress, advance or other payments pursuant to any contract or provision of any statute;

(iv) (y) if made and continuing in the ordinary course of business, any Lien as security for the performance of any contract or undertaking not directly or indirectly in connection with the borrowing of money or the securing of Indebtedness, or (z) any Lien with any governmental agency required or permitted to qualify the Corporation or any Restricted Subsidiary to conduct business, to maintain self-insurance or to obtain the benefits of any law pertaining to workmen's compensation, unemployment insurance, old age pensions, social security or similar matters;

(v) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies shall not at the time be due and payable, or if the same thereafter can be paid without penalty, or if the same are being contested in good faith by appropriate proceedings;

(vi) Liens created by or resulting from any litigation or legal proceeding which at the time is currently being contested in good faith by appropriate proceedings; or Liens arising out of judgments or awards as to which the time for prosecuting an appeal or proceeding for review has not expired;

(vii) Liens on, and limited to, property (including leasehold estates), shares of stock or Indebtedness existing at the time of acquisition thereof (including acquisition through merger or consolidation and not put in place in contemplation of the transaction) or to secure the payment of all or any part of the purchase price thereof or construction thereon or to secure any Indebtedness incurred prior to, at

the time of, or within 120 days after the later of the acquisition, the completion of construction or the commencement of full operation of such property or within 120 days after the acquisition of such shares or Indebtedness for the purpose of financing all or any part of the purchase price thereof or construction thereon;

(viii) Liens on the assets of a Receivables Subsidiary in a Qualified Receivables Transaction; and

(ix) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the foregoing clauses (i) through (viii), inclusive, provided, that (x) such extension, renewal or replacement Lien shall be limited to all or a part of the same property, shares of stock or Indebtedness that secured the Lien extended, renewed or replaced (plus improvements on such property) and (y) the Indebtedness secured by such Lien at such time is not increased.

(e) LIMITATION UPON SALE AND LEASEBACK TRANSACTIONS.

(A) So long as any of the Senior 2005 Notes are outstanding, except as hereinafter provided, the Corporation will not itself, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any Principal Operating Property owned by them while the Senior 2005 Notes are outstanding.

(B) This restriction does not apply to any Sale and Leaseback Transaction if: (i) the Corporation or such Restricted Subsidiary could mortgage such Principal Operating Property under the restrictions set forth under clause (d) of this paragraph (10) in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction without equally and ratably securing the Indenture Securities; (ii) within 120 days after the sale or transfer is completed, the Corporation or a Restricted Subsidiary applies to the retirement of Senior Indebtedness of the Corporation or Indebtedness of a Restricted Subsidiary an amount equal to the greater of (A) the net proceeds of the sale of the Principal Operating Property leased or (B) the fair market value of the Principal Operating Property leased at the time of entering into such arrangement (as determined in any manner approved by the Board of Directors); or (iii) such arrangement is between the Corporation and a wholly-owned Restricted Subsidiary or between Restricted Subsidiaries.

(f) TRANSACTIONS WITH AFFILIATES.

(A) Neither the Corporation nor any Restricted Subsidiary will be permitted to: (i) sell, lease, transfer, or otherwise dispose of any of its properties, assets, or securities to; (ii) purchase any property, assets, or securities from; or (iii) enter into any contract or agreement with, or for the benefit of, an Affiliate, within the meaning of Rule 405 promulgated by the Commission under the Securities Act, of the Corporation or a Subsidiary of the Corporation (an "Affiliate Transaction"), other than Affiliate Transactions (A) in the ordinary course of business with Affiliates which are directly or indirectly controlled by the Corporation and are engaged in a similar or complementary line of business, which Affiliate Transactions do not exceed: (a) $25.0 million in any one Affiliate Transaction or series of related Affiliate Transactions unless a majority of the disinterested members of the Board of Directors of the Corporation determines that such Affiliate Transaction or series of Affiliate Transactions is on terms not less favorable to the Corporation or such Restricted Subsidiary than those that would apply to an arms-length transaction with an unaffiliated party and (b) $100.0 million in any one Affiliate Transaction or series of related Affiliate Transactions unless the test set forth in clause (a) has been satisfied and the Board of Directors of the Corporation shall have been advised by an independent financial advisor that, in the opinion of such advisor, such Affiliate Transaction or series of Affiliate Transactions is fair, from a financial point of view, to the Corporation or such Restricted Subsidiary; and (B) with Affiliates other than those described in subclause (A) above, which in the aggregate do not exceed: (a) $5.0 million in any one Affiliate Transaction or series of related Affiliate Transactions unless an officer of the Corporation certifies in writing that such Affiliate Transaction or series of Affiliate Transactions is on terms not less favorable to the Corporation or such Restricted Subsidiary than those that would apply to an arms-length transaction with an unaffiliated party; (b) $25.0 million in any one Affiliate Transaction or series of related Affiliate Transactions unless a majority of the disinterested members of the Board of Directors of the Corporation determines that such Affiliate Transaction or series of Affiliate Transactions is on terms not less favorable to the Corporation or such Restricted Subsidiary than those that would apply to an arms-length transaction with an unaffiliated party and (c) $100.0 million in any one Affiliate Transaction or series of related Affiliate Transactions unless the test set forth in clause (b) has been satisfied and the Board of Directors of the Corporation shall have been advised by an independent financial advisor that, in

the opinion of such advisor, such Affiliate Transaction or series of Affiliate Transactions is fair, from a financial point of view, to the

Corporation or such Restricted Subsidiary; provided that (x) transactions between or among the Corporation and/or its wholly owned Restricted Subsidiaries will not be considered Affiliate Transactions and (y) transactions between a Receivables Subsidiary and any Person as part of a Qualified Receivables Transaction will not be considered an Affiliate Transaction, but only to the extent such transactions are solely in connection with the Qualified Receivables Transaction. In addition, any other Affiliate Transactions that are not covered by subclause (A) or (B) of the preceding sentence by reason of their size shall be on terms not less favorable to the Corporation or such Restricted Subsidiary than those that would apply to an arms-length transaction with an unaffiliated party.

(B) The limitations in subclause (A) above do not apply to (i) transactions with an officer or director of the Corporation or any Subsidiary of the Corporation entered into in the ordinary course of business regarding compensation or employee benefit arrangements or (ii) transactions between the Corporation and its wholly owned Restricted Subsidiaries or among its wholly owned Restricted Subsidiaries or (iii) transactions in the ordinary course of business consistent with past practice between the Corporation and CGC Inc., so long as CGC Inc. remains a Restricted Subsidiary.

(g) LIMITATION ON ASSET SALES.

(A) The Corporation will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless: (i) the Corporation or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the Fair Market Value of the Property disposed of and (ii) at least 70% of the consideration received by the Corporation or such Restricted Subsidiary for such Property is in the form of cash, cash equivalents, Indebtedness with respect to which the Corporation and its remaining Restricted Subsidiaries are no longer liable and trade payables assumed by the buyer; provided that the Corporation must, within 270 days of such Asset Sale, at the Corporation's option, (1) reinvest (or cause a Restricted Subsidiary to reinvest) an amount equal to the Net Cash Proceeds (or any portion thereof) from such disposition in Additional Assets and/or (2) apply an amount equal to such Net Cash Proceeds

to the repayment of Senior Indebtedness or Indebtedness of Restricted Subsidiaries and/or (3) offer to apply an amount equal to such Net Cash Proceeds to the repayment of the Senior 2005 Notes and repurchase any Senior 2005 Notes properly tendered in acceptance of such Prepayment Offer on a pro rata basis at a purchase price at least equal to 100% of their principal amount plus interest accrued to the date of such repurchase (subject to the rights of Holders of record on the relevant record date to receive such interest). In the event the remaining Net Cash Proceeds resulting from any Asset Sale after giving effect to the purchase of Additional Assets and/or the repayment of Senior Indebtedness or Indebtedness of Restricted Subsidiaries are less than $25.0 million, the

application of an amount equal to such remaining Net Cash Proceeds to a pro rata offer to repurchase the Senior 2005 Notes may be deferred until such time as such remaining Net Cash Proceeds, together with remaining Net Cash Proceeds from any prior or subsequent Asset Sales not otherwise applied in accordance with this paragraph, are at least equal to $25.0 million. To the extent that any portion of the amount of Net Cash Proceeds remains after compliance with the foregoing and provided that all Holders have been given the opportunity to tender their Senior 2005 Notes for repurchase as provided in subclause (3) above, the Corporation or such Restricted Subsidiary may use such remaining amount for general corporate purposes.

(B) Within five Business Days after 270 days from the date of an Asset Sale, the Corporation shall, if it chooses (or is obligated) to apply an amount equal to any remaining Net Cash Proceeds (or any portion thereof) to fund an offer to repurchase the Senior 2005 Notes, send a written Prepayment Offer Notice, by first-class mail, to the Holders of the Senior 2005 Notes. The Prepayment Offer Notice will also state (i) that the Corporation is offering to purchase Senior 2005 Notes pursuant to the provisions of the Indenture described in clause (g) of this paragraph (10), (ii) that any Senior 2005 Notes (or any portion thereof) accepted for payment (and duly paid on the Purchase Date) pursuant to the Prepayment Offer will cease to accrue interest after the Purchase Date, (iii) the Expiration Date of the Prepayment Offer, which will be, subject to any contrary requirements of applicable law, not less than 30 days nor more than 60 days after the date of such Prepayment Offer, (iv) a Purchase Date (which shall be the settlement date for the purchase of Senior 2005 Notes and shall be within three business days after the Expiration Date), (v) the aggregate principal amount of Senior 2005 Notes to be purchased and the purchase price thereof and (vi) a description of the procedure which a Holder must follow and any other information necessary to tender all or any portion of such Holder's Senior 2005 Notes.

(h) LIMITATION ON DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING RESTRICTED SUBSIDIARIES. The Corporation will not be permitted to, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist any encumbrance or restriction (other than pursuant to law or regulation) on the ability of any Restricted Subsidiary to (i) pay any dividend on, or make any other distribution on account of, its capital stock or pay any Indebtedness owed to the Corporation or a Restricted Subsidiary, (ii) make loans or advances to the Corporation or a Restricted Subsidiary, or (iii) transfer any of its property or assets to the Corporation or any other Restricted Subsidiary, except for (a) restrictions in agreements existing as of the date of issuance of the Senior 2005 Notes, (b) restrictions in the Collateral Trust Agreement, (c) restrictions on Foreign Restricted Subsidiaries relating to Project Financings, (d) restrictions on Foreign Joint Ventures, (e) restrictions on Domestic Joint Ventures, but only to the extent that the amounts invested by the Corporation in the entities subject to such restrictions do not exceed $25.0 million in the aggregate at any one time, (f) Indebtedness or other contractual requirements of a Receivables Subsidiary solely in

connection with a Qualified Receivables Transaction, provided that such restrictions apply only to such Receivables Subsidiary, (g) any encumbrance or restriction pursuant to an agreement relating to an acquisition of Property, so long as the encumbrances or restrictions in any such agreement relate solely to the Property so acquired and were not created in connection with or in anticipation of such acquisition, (h) any encumbrance or restriction relating to any Indebtedness of any Restricted Subsidiary at the date on which such Restricted Subsidiary was acquired by the Corporation or any Restricted Subsidiary (other than Indebtedness issued by such Restricted Subsidiary in connection with or in anticipation of its acquisition), (i) any encumbrance or restriction pursuant to an agreement effecting a permitted refinancing of Indebtedness issued pursuant to an agreement referred to in the foregoing clauses (a), (b), (g) and (h), so long as the encumbrances and restrictions contained in any such refinancing agreement are no more restrictive than the encumbrances and restrictions contained in such agreements, (j) customary provisions restricting subletting or assignment of leases and customary provisions in other agreements that restrict assignment of such agreements or rights thereunder, (k) any restriction on the sale or other disposition of assets or Property securing debt as a result of a lien of the kind set forth in subclauses (i)-(viii) of clause (d)(B) of this paragraph (10), (l) restrictions in agreements with Foreign Restricted Subsidiaries taking the form of net worth maintenance tests and similar financial covenants and (m) agreements for the purchase of synthetic gypsum entered into in the ordinary course of business consistent with past practice.

(i) RESTRICTED AND UNRESTRICTED SUBSIDIARIES. The Corporation may designate a Subsidiary (including a newly formed or newly acquired Subsidiary) of the Corporation or any of its Restricted Subsidiaries as an Unrestricted Subsidiary if (i) such Subsidiary does not have any obligations which, if in Default, would result in a cross default on Indebtedness of the Corporation and (a) such Subsidiary has total assets of $1,000 or less, or (b) such designation is effective immediately upon such Person becoming a Subsidiary of either the Corporation or any of its Restricted Subsidiaries or (ii) such Subsidiary is a Receivables Subsidiary or a captive insurance company. Unless so designated as an Unrestricted Subsidiary, any Person that becomes a Subsidiary of the Corporation or any of its Restricted Subsidiaries shall be classified as a Restricted Subsidiary thereof. Except as provided in subclause (i)(a) of this clause (i), no Restricted Subsidiary may be redesignated as an Unrestricted Subsidiary. An Unrestricted Subsidiary may be redesignated as a Restricted Subsidiary. The designation of an Unrestricted Subsidiary or removal of such designation shall be made by the Board of Directors of the Corporation or a committee thereof pursuant to a certified resolution delivered to the Trustee and shall be effective as of the date specified in the applicable certified resolution, which shall not be prior to the date such certified resolution is delivered to the Trustee.

(11)(a) CHANGE OF CONTROL. Upon the occurrence of a Change of Control, each Holder shall have the right to require the Corporation to repurchase such Holder's Senior 2005 Notes, in whole or in part, in integral

multiples of $1,000, pursuant to an offer to purchase by the Corporation (the "Change of Control Offer") at a price (the "Repurchase Price") in cash equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the Change of Control Payment Date (as defined in clause (b) below.)

(b) NOTICE. Within 30 calendar days subsequent to the date of any Change of Control, the Corporation will mail a notice to each Holder and to the Trustee stating, among other things, (i) that a Change of Control has occurred and a Change of Control Offer is being made, and that, although Holders are not required to tender their Senior 2005 Notes, all Senior 2005 Notes that are timely tendered will be accepted for payment, (ii) the Repurchase Price and the payment date (the "Change of Control Payment Date"), which will be a date occurring no earlier than 30 days and no later than 60 days after the date on which such notice is mailed,(iii) that any Senior 2005 Notes (or any portion thereof) accepted for payment pursuant to the Change of Control Offer (and duly paid on the Change of Control Payment Date) will cease to accrue interest after the Change of Control Payment Date, (iv) a description of the transaction or transactions constituting the

Change of Control, and (v) the procedures that Holders must follow in order to tender their Senior 2005 Notes for payment.

(c) CHANGE OF CONTROL AFTER ACHIEVING INVESTMENT GRADE STATUS. In the event the Corporation reaches Investment Grade Status, the Change of Control provisions in clauses (a) and (b) above shall no longer apply, and thereafter if both a Designated Event with respect to the Corporation and a Rating Decline in connection therewith shall occur, the Corporation will be obligated to offer to repurchase in the manner contemplated by clauses (a) and (b) above any or all of the Senior 2005 Notes at a price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. If the Corporation effects defeasance of the Senior 2005 Notes under either alternative contemplated by paragraph 14 of this resolution prior to the date notice of a Rating Decline in connection with a Designated Event is required, the Corporation will not be obligated to make a repurchase offer as a result of such Designated Event and Rating Decline.

(d) ACCRUED INTEREST. Rights to receive accrued interest upon any repurchase under this paragraph (11) shall be subject to the rights of Holders of record on the relevant record date to receive such interest.

(12) ADDITIONAL RESTRICTIONS ON MERGER. So long as any Senior 2005 Notes are outstanding, the following additional restrictions on merger shall be added to those restrictions on merger in the Indenture for the benefit of the Senior 2005 Notes and the Holders thereof: the Corporation will not, except as described below, consolidate with or merge into any other Person or sell or transfer all or substantially all of its properties and assets to another Person unless: (i) immediately before and after giving effect to such transaction or series of related transactions on a pro forma basis, no Default or Event of

Default (and no event that, after notice or lapse of time, or both, would become an Event of Default), shall have occurred and be continuing; (ii) immediately after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Indebtedness Incurred or anticipated to be Incurred in connection with such transaction or series of transactions), the Corporation (or the surviving entity if the Corporation is not continuing) would be able to Incur at least $1.00 of additional Indebtedness under clause (a)(A) of paragraph (10) hereof; and (iii) immediately after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Indebtedness Incurred or anticipated to be Incurred in connection with such transaction or series of transactions) as if such transaction had occurred on the first day of the Determination Period, the Corporation (or the surviving entity if

the Corporation is not continuing) shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Corporation immediately prior to the transaction or series of transactions. The foregoing restriction will not apply to the merger or consolidation of a Restricted Subsidiary of the Corporation with or into the Corporation. In the event the Corporation reaches Investment Grade Status and notwithstanding that the Corporation's Debt Rating thereafter ceases to be rated Investment Grade by either S&P or Moody's or both the restrictions contained in clauses (ii) and (iii) above shall cease to apply.

(13) (a) EVENTS OF DEFAULT. The following additional Events of Default shall be added for the benefit of the Senior 2005 Notes:

(i) default in the payment of any principal or premium, if any, on the Senior 2005 Notes when the same becomes due and payable upon repurchase pursuant to a Prepayment Offer as described in clause (g) of paragraph (10) hereof or pursuant to a Change of Control or other Designated Event as described in paragraph (11) hereof;

(ii) default for 60 days after written notice thereof in the performance of any covenant (other than those covered by subclause (i) and by Sections 6.01(a) and (b) of the Indenture applicable to the Senior 2005 Notes), which written notice requires remedy of such default and has been given to the Corporation by the Trustee, or to the Corporation and the Trustee by the Holders of at least twenty-five percent in aggregate principal amount of the Senior 2005 Notes;

(iii) acceleration of maturity of any Indebtedness of the Corporation or any Subsidiary in excess of $50 million principal amount in the aggregate if such acceleration results from a default under the instruments giving rise to such indebtedness and is not annulled within 10 days after written notice of such default, which written notice requires the Corporation to cause such acceleration to be rescinded or annulled and has been given to the Corporation by the Trustee, or to the Corporation and the Trustee by the Holders of

at least twenty-five percent in aggregate principal amount of the Senior 2005 Notes; and

(iv) the entry by a court of competent jurisdiction of one or more judgments or orders against the Corporation or any of its Restricted Subsidiaries in an uninsured aggregate amount in excess of $50 million and such judgment or order is not discharged, waived, stayed or satisfied for a period of 45 consecutive days.

(b) ACCELERATION. In case an Event of Default of the type described in clause (a) above or in Section 6.01(a), (b) or

(c) of the Indenture shall occur and be continuing with respect to the Senior 2005 Notes, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Senior 2005 Notes then outstanding by notice to the Corporation may declare the principal of the Senior 2005 Notes to be due and payable immediately. If an Event of Default of the type described in Section 6.01 (d) or (e) shall occur and be continuing, all Senior 2005 Notes shall become due and payable immediately without any further action or notice.

(c) WAIVER OF DEFAULTS. Any Event of Default with respect to the Senior 2005 Notes may be waived, and a declaration of acceleration rescinded, by the holders of a majority in aggregate principal amount of the Senior 2005 Notes except in a case of failure to pay principal or premium, if any, or interest in respect of the Senior 2005 Notes or failure to honor change of control provisions.

(14) DEFEASANCE. The provisions of Article Twelve of the Indenture relating to defeasance of Securities shall be applicable to the Senior 2005 Notes, except that Section 12.02 of the Indenture as it relates to the Senior 2005 Notes shall be replaced by the following provision:

SATISFACTION, DISCHARGE AND DEFEASANCE OF SENIOR 2005 NOTES. At the Corporation's option, either (a) the Corporation shall be deemed to have paid and discharged the entire indebtedness on all the Outstanding Senior 2005 Notes and the Trustee, at the expense of the Corporation, shall execute proper instruments acknowledging satisfaction and discharge of such indebtedness, or (b) the Corporation shall cease to be under any obligation to comply with any term, provision, condition or covenant applicable to the Senior 2005 Notes set forth in Section 11.01 of the Indenture and in paragraph 10, 11 and 12 of this resolution authorizing the series of Senior 2005 Notes and the issuance thereof, when:

(i) with respect to all Outstanding Senior 2005 Notes,

(A) the Corporation shall have deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness of all Outstanding Senior 2005 Notes for principal

and interest to the stated maturity; or

(B) the Corporation shall have deposited or caused to be deposited with the Trustee as obligations in trust for such purpose such amount of direct noncallable obligations of, or noncallable obligations the payment of principal of and interest on which is fully guaranteed by, the United States of America, or to the payment of which obligations or guarantees the full faith and credit of the United States of America is pledged, maturing as to principal and interest in such amounts and at such times as will, together with the income to accrue thereon (but without reinvesting any proceeds thereof), be sufficient to pay and discharge the entire indebtedness on all Outstanding Senior 2005 Notes for principal and interest to the stated maturity;

(ii) the Corporation shall have paid or caused to be paid all other sums payable with respect to the Outstanding Senior 2005 Notes;

(iii) if the Senior 2005 Notes are then listed on any national securities exchange, the Corporation shall have delivered to the Trustee an Opinion of Counsel to the effect that the Corporation's exercise of its option under this provision would not cause such Senior 2005 Notes to be delisted;

(iv) no Event of Default or event (including such deposit), which with notice or lapse of time would become an Event of Default, with respect to the Senior 2005 Notes shall have occurred and be continuing on the date of such deposit;

(v) the Corporation shall have delivered to the Trustee an Opinion of Counsel of nationally recognized tax counsel to the effect that Holders of the Senior 2005 Notes will not recognize income, gain or loss for Federal income tax purposes as a result of the Corporation's exercise of its option under this provision and will be subject to Federal income tax in the same amount and in the same manner and at the same times as would have been the case if such option had not been exercised;

(vi) the Corporation shall have delivered to the Trustee an Opinion of Counsel to the effect that the Corporation's exercise of its option under this provision

will not cause any violation of the Investment Company Act of 1940, as amended, on the part of the Corporation, the trust, the trust funds representing the Corporation's deposit or the Trustee; and

(vii) the Corporation shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Corporation's exercise of its option under this provision have been complied with.

Any deposits with the Trustee referred to above shall be irrevocable and shall be made under the terms of an escrow trust agreement in form and substance satisfactory to the Trustee.

For purposes of this provision, "discharged" means that the Corporation shall be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Senior 2005 Notes and to have satisfied all the obligations under the Indenture relating to the Senior 2005 Notes (and the Trustee, at the expense of the Corporation, shall execute proper instruments acknowledging the same), except (x) the rights of Holders of Senior 2005 Notes to receive, from the trust fund described above, payment of the principal of and interest on such Senior 2005 Notes when such payments are due, (y) the Corporation's obligations with respect to the Senior 2005 Notes under Sections 2.05, 2.07, 4.02 and 12.03 of the Indenture and (z) the rights, powers, trusts, duties and immunities of the Trustee hereunder.

(15) CERTAIN MODIFICATIONS. In addition to the restrictions on modifying the Indenture contained in the Indenture, the provisions of paragraph (11) and clause (g) of paragraph (10) hereof with respect to the obligations of the Corporation to offer to repurchase the Senior 2005 Notes may not be modified or eliminated without the consent of the Holders of not less than two-thirds in principal amount of the Senior 2005 Notes.

(16) DEFINITIONS. The following definitions shall be applicable to this Resolution:

"Additional Assets" means any Property (other than cash or cash equivalents) used in or substantially related to the businesses engaged in by the Corporation or its Restricted Subsidiaries as of the Issue Date.

"Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, (a) any Person which owns directly or indirectly 10% or more of the securities having ordinary voting power for the election of directors or other governing body of a company or 10% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such company or other Person and

(b) each Unrestricted Subsidiary shall be deemed to be an Affiliate of the Corporation and of each other Restricted Subsidiary and Unrestricted Subsidiary. Notwithstanding the foregoing, no Person (other than the Corporation or any Subsidiary of the Corporation) in whom a Receivables Subsidiary makes an investment solely in connection with a Qualified Receivables Transaction shall be deemed to be an Affiliate of the Corporation or any of its Subsidiaries with respect to such investment (but may be deemed an Affiliate with respect to other transactions, if applicable).

"Asset Sale" means, with respect to any Person, any transfer, conveyance, sale, lease or other disposition (an "Assignment") by such Person or any of its Restricted Subsidiaries (including (x) issuances of Capital Stock by any Restricted Subsidiary of such Person and (y) any consolidation, merger or other sale of any such Restricted Subsidiary with, into or to another person in a transaction in which such Restricted Subsidiary ceases to be a Restricted Subsidiary, but excluding (z) any Sale and Leaseback Transaction) in any single transaction or series of transactions of (i) shares of Capital Stock (other than directors' shares of Qualified Capital Stock) or other ownership interests of a subsidiary of such Person or (ii) any other Property (other than cash or cash equivalents) of such Person or any of its Restricted Subsidiaries (other than sales within the ordinary course of business) where the Fair Market Value of the shares, ownership interests, or other Property being sold, leased, or otherwise disposed of, in a single transaction or series of transactions, exceeds $25 million (except in the case of issuances of capital stock described in clause (x) above, as to which the $25 million threshold will not apply); provided that the term "Asset Sale" shall not include (a) any Assignment permitted pursuant to clause (j) of paragraph (10) hereof which constitutes a disposition of all or substantially all of the Corporation's assets or properties, (b) any Assignment, consolidation or merger between or among such Person and its wholly-owned Restricted Subsidiaries and any

issuance of Capital Stock by a Restricted Subsidiary of such Person to such Person or one or more of its Restricted Subsidiaries, (c) any issuance of Capital Stock by CGC Inc. to employees or directors pursuant to employee benefit plan approved by CGC Inc.'s board of directors or to stockholders pursuant to dividend reinvestment plans, (d) sales of accounts receivable and related assets of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Subsidiary, (e) transfers of accounts receivable and related assets of the type specified in the definition of "Qualified Receivables Transaction" (or a fractional undivided interest therein) by a Receivables Subsidiary in a Qualified Receivables Transaction, (f) the surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind, (g) the grant of any license of patents, trademarks, registrations therefor and other similar intellectual property or (h) any Assignment of Property to any Joint Venture if, at the time such Assignment is made, the total of such Assignment and all Assignments previously made to Joint Ventures and not returned to the Corporation or its Restricted Subsidiaries in cash or in kind do not in the aggregate exceed 7.5% of the Corporation's consolidated Property, Plant and Equipment as shown or reflected on the

Corporation's consolidated balance sheet most recently filed under the Exchange Act. In the case of clauses (d) and (e) above, sales or transfers of accounts receivable and related assets shall not be excluded from the definition of Asset Sale to the extent that the Corporation records debt on its consolidated balance sheet in connection therewith in excess of 90% of the consolidated net book value of the Corporation's accounts receivable as shown or reflected on its books.

"Attributable Value" means, as to any particular lease under which any Person is at the time liable, other than a Capital Lease Obligation, and at any date as of which the amount thereof is to be determined, the greater of (i) the Fair Market Value of the property subject to such lease, or (ii) the total net amount of rent required to be paid by such Person under such lease during the initial term thereof as determined in accordance with GAAP, discounted from the last date of such initial term to the date of determination at a rate per annum equal to the interest rate borne by the Senior 2005 Notes compounded semi-annually. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labor costs and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid

under such lease subsequent to the first date upon which it may be so terminated.

"Average Life" means, as of any date, with respect to any debt security or Redeemable Stock that is Preferred Stock, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from such date to the date of each scheduled principal or redemption payment (including any sinking fund or mandatory redemption payment requirements) of such debt or equity security multiplied in each case and (y) the amount of such principal or redemption payment by (ii) the sum of all such principal or redemption payments.

"Capital Lease Obligation" of any Person means the obligation to pay rent or other payment amounts under a lease of (or other Indebtedness arrangement conveying the right to use) real or personal property of such Person which is required to be classified and accounted for as a capital lease or a liability on the face of a balance sheet of such Person in accordance with GAAP. The amount of any such Capital Lease Obligation shall be the capitalized amount thereof, determined in accordance with GAAP and as set forth or reflected in the Corporation's financial statements most recently filed under the Exchange Act.

"Capital Stock" in any Person means any and all shares, interests, participations or other equivalents in the equity interest (however designated) in such Person and any rights (other than debt securities convertible into an equity interest), warrants or options to subscribe for or to acquire an equity

interest in such Person.

"Change of Control" means an event or series of events by which (i)(A) the Corporation consolidates with or merges into any other Person or conveys, transfers or leases all or substantially all of its assets to any Person or group of Persons or (B) any Person consolidates with or merges into the Corporation, in the case of either (A) or (B) pursuant to a transaction or series of transactions (other than a transaction or series of transactions between the Corporation and a wholly owned Restricted Subsidiary of the Corporation if permitted under clause (j) of paragraph (1) hereof) as a result of which the existing shareholders of the Corporation immediately prior thereto would hold less than 50% of the combined voting power of the Voting Stock of the surviving Person, or (ii) any "person" or "group" (each as defined in Section 13(d)(3) and 13d-5 of the Exchange Act) becomes the "beneficial owner" (as defined under Rule 13d-3 of the Exchange Act), directly or indirectly, of more than 50% of the total voting power of all classes of Voting Stock of the Corporation, or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors

(together with any new or replacement directors whose election by the Board of Directors or whose nomination for election by the Corporation's stockholders was approved by a vote of at least 66 2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office; provided that in the event that a Person or group that is beneficial owner of 50% or less of the Voting Stock of the Corporation is able to elect a majority of the Board pursuant to an agreement with another holder or group of holders, a Change of Control will be deemed to have occurred.

"company" includes corporations, associations, companies and business trusts.

"Consolidated EBITDA" of any Person means, for any period, the Consolidated Net Income of such Person, increased (to the extent deducted in determining Consolidated Net Income) by the sum of (i) all income taxes of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP, (ii) the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period, (iii) depletion, depreciation and amortization expenses of such Person and its Restricted Subsidiaries for such period, (iv) other non-cash items of such Person and its Restricted Subsidiaries for such period to the extent such non-cash items reduced Consolidated Net Income, MINUS non-cash items for such period to the extent such non-cash items increased the Consolidated Net Income of such Person and its Restricted Subsidiaries; and (v) items shown as "Other Expense" on the consolidated statement of earnings of such Person and its Restricted Subsidiaries for such period, but only to the extent such items reduced Consolidated Net Income by $3 million or less individually and by $6 million or less in the aggregate on an annualized basis during such period.

"Consolidated Interest Coverage Ratio" means, as of the Transaction Date, the ratio of (i) the aggregate amount of Consolidated EBITDA of such Person, to (ii) the aggregate Consolidated Interest Expense of such Person, in each case for the Determination Period assuming for the purposes of this measurement the continuation of market interest rates prevailing on the Transaction Date and base interest rates in respect of floating interest rate obligations equal to the base interest rates on such obligations in effect as of the Transaction Date; PROVIDED that if such Person or any of its Restricted Subsidiaries is a party to any Interest Rate Protection Agreements which would have the effect of changing the interest rate on any Indebtedness of such Person or any of its Subsidiaries for such Determination Period (or a portion thereof), the resulting rate shall be used for such Determination

Period or portion thereof; and PROVIDED FURTHER that any Consolidated Interest Expense with respect to debt Incurred or retired by such Person or any of its Restricted Subsidiaries during the Determination Period shall be calculated as if such debt was so Incurred or retired on the first day of the Determination Period; and PROVIDED FURTHER that if the transaction giving rise to the need to calculate the Consolidated Interest Coverage Ratio would have the effect of increasing or decreasing EBITDA, EBITDA shall be calculated on a pro forma basis as if such transaction had occurred on the first day of the Determination Period and if, during the same Determination Period (x) such Person or any of its Subsidiaries shall have engaged in any Asset Sale, EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive), or increased by an amount equal to the EBITDA (if negative), directly attributable to the assets which are the subject of such Asset Sale for such period calculated on a pro forma basis as if such Asset Sale and any related retirement of Indebtedness had occurred on the first day of such period or (y) such Person or any of its Restricted Subsidiaries shall have acquired any material assets or Person outside of the ordinary course of business (including in a pooling of interests transaction), EBITDA shall be calculated on a pro forma basis as if such acquisition had occurred on the first day of such period.

"Consolidated Interest Expense" means, with respect to any Person for any period, without duplication (i) the sum of (A) the aggregate amount of cash and non-cash interest expense (including capitalized interest and the interest component of any Capital Lease Obligation) of such Person and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP in respect of Indebtedness (including, without limitation, (x) any amortization of debt discount (but excluding non-cash amortization of debt discount associated with the implementation of the Restructuring), (y) net costs associated with Interest Rate Protection Agreements (including any amortization of discounts) and (z) all accrued interest; (B) Preferred Stock dividends of such Person (and of its Restricted Subsidiaries if paid to a Person other than such Person or its Restricted Subsidiaries) declared and payable in cash multiplied by a fraction the numerator of which is one and the denominator of which is one minus the Corporation's effective tax rate for such period; (C) the portion of any rental obligation of such Person or its Restricted Subsidiaries

in respect of any Capital Lease Obligation allocable to interest expense in accordance with GAAP; (D) the portion of any rental obligation of such Person or its Restricted Subsidiaries in respect of any Sale and Leaseback Transaction allocable to interest expense (determined as if such were treated as a Capital Lease Obligation); and (E) to the extent any Indebtedness of any other Person is Guaranteed by such Person or any of its Restricted Subsidiaries, the aggregate amount of

interest paid, accrued or scheduled to be paid or accrued, by such other Person during such period attributable to any such Indebtedness, minus (ii) to the extent included in (i) above, amortization or write-off of deferred financing costs of such Person and its Restricted Subsidiaries during such period and any charge related to any premium or penalty paid in connection with redeeming or retiring any Indebtedness of such Person and its Restricted Subsidiaries prior to its Stated Maturity; in the case of both (i) and (ii) above, after elimination of intercompany accounts among such Person and its Restricted Subsidiaries and as determined in accordance with GAAP and excluding the amortization of capitalized reorganization debt discount costs associated with the revaluation of assets and liabilities with respect to the Restructuring as determined in accordance with GAAP and as set forth or reflected in the Corporation's financial statements most recently filed under the Exchange Act.

"Consolidated Net Income" of any Person means, for any period, the aggregate net income (or net loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis determined in accordance with GAAP; provided that there shall be excluded therefrom, without duplication, (i) all items classified as extraordinary, (ii) any net loss or net income of any Person other than such Person and its Restricted Subsidiaries, except to the extent of the amount of dividends or other distributions actually paid to such Person or its Restricted Subsidiaries by such other Person during such period, (iii) gains or losses in respect of Asset Sales by such Person or its Restricted Subsidiaries, (iv) the net income of any Restricted Subsidiary of such Person to the extent that the payment of dividends or other distributions to such Person is restricted by contract or otherwise, except for any dividends or distributions actually paid by such Restricted Subsidiary to such Person; provided that the net income of all such Restricted Subsidiaries shall be excluded from Consolidated Net Income only to the extent it exceeds $2 million per annum and (v) amortization of excess reorganization value and capitalized reorganization debt discount costs associated with the revaluation of assets and liabilities with respect to the Restructuring, in each case as set forth or reflected in the Corporation's financial statements most recently filed under the Exchange Act.

"Consolidated Net Tangible Assets" means the aggregate amount of assets (including investments in Unrestricted Subsidiaries, but less applicable reserves and other properly deductible items) minus (i) all liabilities and liability items except (a) indebtedness for money borrowed maturing on, or extendable at the option of the obligor to, a date more than one year from the date of determination thereof, (b) deferred income taxes and (c) stockholders'

equity and (ii) the asset value as reflected in the balance sheet of all goodwill, trade names,

trademarks, patents, unamortized excess reorganization value, unamortized debt discount and expense and other like intangibles, in each case as determined in accordance with GAAP and as set forth or reflected in the Corporation's consolidated balance sheet most recently filed under the Exchange Act.

"Consolidated Net Worth" of any Person means the stockholders' equity of such Person and its Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP, less amounts attributable to Redeemable Stock of such Person and its Restricted Subsidiaries.

"Credit Agreement" means the bank credit agreement entered into as of July 27, 1995 between the Corporation, on the one hand, and the banks signatory thereto on the other, and all related notes, collateral documents, guarantees, instruments and other agreements executed in connection therewith, as the same may be amended, modified, supplemented, restated or Refinanced from time to time, under which the Corporation is permitted to borrow up to $500 million.

"Debt Rating" means the actual rating assigned to the Senior 2005 Notes by Moody's or S&P, as the case may be. (The Indenture provides that the Corporation will use its best efforts to cause both Moody's and S&P to make a rating of the Senior 2005 Notes publicly available, but in the event that either Moody's or S&P does not make a rating of the Senior 2005 Notes publicly available, the Indenture provides that the Corporation shall select any other nationally recognized securities rating agency to make such a rating. In such event, the terms "Moody's" and "S&P," as the case may be, mean, for purposes of this definition, such other nationally recognized securities rating agency.)

"Default" means any event, act or condition the occurrence of which is, or after notice or the passage of time or both would be, an Event of Default.

"Designated Event" shall be deemed to have occurred at such time as (a) a Change of Control occurs or (b) a Designated Restricted Payment Event occurs.

"Designated Restricted Payment Event" means a (i) declaration or payment of any dividend on, or the making of any distribution on account of, the Corporation's capital stock or (ii) purchase, redemption, or acquisition or retirement for value of any capital stock (including any option, warrant or right to purchase capital stock) of the Corporation owned beneficially by a Person other than a wholly owned Restricted Subsidiary of the Corporation, by the Corporation or any Subsidiary of the Corporation, if the aggregate dividends and repurchases referred to

in clauses (i) and (ii) above for the consecutive twelve month period ending on the Transaction Date exceeds one half of the Consolidated Net Income of the Corporation for the eight fiscal quarters immediately prior to the Transaction Date for which consolidated financial statements are publicly available.

"Determination Period" means the four consecutive fiscal quarters for which consolidated financial statements in respect thereof are available immediately prior to the applicable Transaction Date.

"Domestic Joint Ventures" means Joint Ventures having their primary business operations inside the United States.

"Domestic Restricted Subsidiary" means a Restricted Subsidiary having its primary business operations inside the United States.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder.

"Fair Market Value" means, with respect to the total consideration received pursuant to any Asset Sale or any non-cash consideration received by any Person, the fair market value of such consideration as determined in good faith by the Board of Directors or a committee thereof.

"Fiscal Year" means, with respect to the Corporation, the twelve consecutive months ending December 31.

"Foreign Joint Ventures" means Joint Ventures having their primary business operations outside the United States.

"Foreign Restricted Subsidiary" means a Restricted Subsidiary having its primary business operations outside the United States.

"Full Rating Category" means (i) with respect to S&P, any of the following categories: BB, B, CCC, CC, and C, and (ii) with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, and C. In determining whether the rating of the Senior 2005 Notes has decreased by the equivalent of one Full Rating Category, gradation within Full Rating Categories (+ and - for S&P; 1, 2, and 3 for Moody's) shall be taken into account (e.g., with respect to S&P, a decline in rating from BB+ to BB-, or from BB to B+, will constitute a decrease of less than one Full Rating Category.)

"GAAP" or "generally accepted accounting principles," with respect to any computation required or permitted hereunder

shall, except as otherwise specifically provided, mean such accounting principles as are generally accepted in the United States of America at the date of such computation.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); PROVIDED, HOWEVER, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business (and "Guaranteed", "Guaranteeing" and "Guarantor" shall have meanings correlative to the foregoing).

"Incur" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (by conversion, exchange or otherwise), extend, assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation or the recording, as required pursuant to GAAP or otherwise, of any such Indebtedness or obligation on the balance sheet of such Person (and "Incurrence," "Incurred," and "Incurrable" and "Incurring" shall have meanings correlative to the foregoing); provided that the recording by the Corporation of Indebtedness of a Subsidiary as required in the preparation of consolidated financial statements of the Corporation shall not constitute an "Incurrence" of such Indebtedness by the Corporation for purposes of the covenant contained in clause (a) of paragraph (10); and further provided that a change in GAAP that results in an obligation of a Person that exists at such time becoming Indebtedness shall not be deemed an Incurrence of such Indebtedness.

"Indebtedness" means at any time (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person, and whether or not contingent, (i) any obligation of such Person for borrowed money, (ii) any obligation of such Person evidenced by bonds, debentures, notes, Guarantees or other similar instruments, (iii) any reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person (other than obligations with respect to letters of credit securing obligations entered into in the ordinary course of business of such Person to the extent not drawn on or, if and to

the extent drawn on, such drawing is reimbursed promptly following receipt by such Person of a demand for reimbursement following payment on the letter of credit), (iv) any obligation of such Person issued or assumed as the deferred purchase price of Property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business), (v) any Capital Lease Obligation of such Person, (vi) the maximum fixed redemption or repurchase price of Redeemable Stock of such Person at the time of determination, (vii) any

payment obligation of such Person under Interest Rate Protection Agreements at the time of determination, (viii) the Attributable Value of any obligation of such Person to pay rent or other amounts with respect to any Sale and Leaseback Transaction to which such Person is a party, and (ix) any obligation of the type referred to in clauses (i) through (viii) of this paragraph of another Person secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligations so secured. Notwithstanding the foregoing, the following shall not constitute Indebtedness: (w) obligations Incurred in connection with currency hedges and energy hedges entered into in the ordinary course of business and (x) Indebtedness of any Person existing at the time such Person becomes a Restricted Subsidiary if such Indebtedness is defeased in accordance with its terms or, in the event that defeasance is not provided for in the instruments defining such Indebtedness, the Corporation irrevocably deposits in trust for the Holders of such Indebtedness money or noncallable obligations issued or fully guaranteed by the United States of America which through the payment of interest and income thereon and principal thereof will provide money, in each case in an amount sufficient to pay all the principal of (and premium on, if any) and interest on such Indebtedness on the dates such payments are due in accordance with the terms thereof and shall pay or cause to be paid all other sums payable with respect thereto. The maximum fixed repurchase price of any Redeemable Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Stock as if such Redeemable Stock were repurchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture; provided, however, that if such Redeemable Stock is not then permitted to be repurchased, the repurchase price shall be the book value of such Redeemable Stock. The amount of Indebtedness arising from any Guarantee shall be limited to the lesser of (y) the amount of Indebtedness underlying such Guarantee or (z) the limit, if any, on recovery against the Guarantor contained in such Guarantee. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability of any contingent obligations as described above at such date.

"Interest Rate Protection Agreement" means, with respect to any Person, any interest rate swap agreement, interest rate cap agreement, currency swap agreement or other financial agreement or arrangement designed to protect such Person or its Restricted Subsidiaries against fluctuations in interest rate or currency exchange rates, as in effect from time to time.

"Investment Grade" means a rating of at least BBB- (or the equivalent) or higher by S&P and Baa3 (or the equivalent) or higher by Moody's.

"Investment Grade Status" shall be deemed to have been reached on the date that the Debt Rating by both Moody's and S&P is Investment Grade.

"Issue Date" means the first day on which the Senior 2005 Notes are issued.

"Joint Ventures" means joint ventures or other risk sharing arrangements (which may include partnerships or corporations) the purpose of which is to engage in the same or complementary lines of business as the Corporation or a Restricted Subsidiary or in businesses consistent with the fundamental nature of the operating business of the Corporation or a Restricted Subsidiary.

"Lien" means, with respect to any Property, any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien (statutory or other), charge, encumbrance, preference, priority or other security or similar agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such Property (including without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Moody's" means Moody's Investors Service or any successor to the rating agency business thereof.

"Net Cash Proceeds" from any Asset Sale by any Person or its Restricted Subsidiaries means cash, cash equivalents or readily marketable securities received, net of (i) all reasonable out-of-pocket expenses of such Person or such Restricted Subsidiary incurred in connection therewith, including, without limitation, all legal, title and recording tax expenses, commissions and other fees and expenses (but excluding any finder's fee or broker's fee payable to any Affiliate of such Person) and all federal, state, provincial, foreign and local taxes arising in connection with such Asset Sale that are paid or required to be accrued as a liability under GAAP by such Person or its Restricted Subsidiaries, (ii) all

payments made by such Person or its Restricted Subsidiaries on any Indebtedness which is secured by such Properties in accordance with the terms of any Lien upon or with respect to such Properties or which must, by the terms of such Lien, or in order to obtain a necessary consent to such Asset Sale or by applicable law, be repaid out of the proceeds from such Asset Sale, and (iii) all distributions and other payments made to minority interest Holders in Restricted Subsidiaries of such Person as a result of such Asset Sale (except for distributions under this clause (iii) made to Affiliates of such Person or Restricted Subsidiaries); provided that, in the event that any consideration for an Asset Sale (which would otherwise constitute Net Cash Proceeds) is required to be held in escrow pending determination of whether a purchase price adjustment will be made, such consideration (or any portion thereof) shall become Net Cash Proceeds only at such time as it is released to such Person or its Restricted Subsidiaries from escrow, and provided that any non-cash consideration received in connection with an Asset Sale, which is within 90 days converted to cash, shall be deemed to be Net Cash Proceeds at such time and shall thereafter be applied in accordance with clause (j) of paragraph (10) hereof.

"Permitted Refinancing Indebtedness" means Indebtedness of the Corporation, the proceeds of which are used to Refinance outstanding Indebtedness of the Corporation or any Restricted Subsidiary, provided that (i) if the Indebtedness being Refinanced is pari passu with or subordinated in right of payment to the Senior 2005 Notes, then such Indebtedness is pari passu with or subordinated in right of payment to, as the case may be, the Senior 2005 Notes at least to the same extent as the Indebtedness being Refinanced, (ii) such Indebtedness is scheduled to mature no earlier than the Indebtedness being Refinanced and (iii) such Indebtedness has an Average Life at the time such Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced, and (iv) such Indebtedness is in an aggregate principal amount (or, if such Indebtedness is issued at a price less than the principal amount thereof, has an aggregate original issue price) not in excess of the aggregate principal amount then outstanding of the Indebtedness being Refinanced (or if the Indebtedness being Refinanced was issued at a price less than the principal amount thereof, then not in excess of the amount of liability in respect thereof determined in accordance with GAAP) plus all interest accrued thereon and all related fees, expenses, and redemption and repurchase premiums (including any payments made in connection with procuring any required lender or similar consents).

"Preferred Stock," as applied to the Capital Stock of any Person, means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of

dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

"Principal Operating Property" means any manufacturing plant, or distribution or research facility, and related facilities located in the United States and owned and operated by the Corporation or any Subsidiary for more than 90 days, other than any facility acquired for the control or abatement of atmospheric pollutants or contaminants, water pollution, noise, odor or other pollution.

"Priority Indebtedness" means (without duplication) (a) the Capital Lease Obligations and Attributable Value of Sale and Leaseback Transactions of (x) the Corporation Incurred pursuant to clause (a)(B)(iv) of paragraph (10) hereof or (y) any Restricted Subsidiary of the Corporation Incurred pursuant to clause (b)(A)(iii) of paragraph (10) hereof, (b) Indebtedness or Preferred Stock of any Restricted Subsidiary of the Corporation Incurred pursuant to clause (b)(A)(vi) of paragraph (10) hereof, (c) Indebtedness of the Corporation Incurred after the Issue Date which is secured by a Lien of the type covered by clause (d) of paragraph (10) hereof, but with respect to which the Senior 2005 Notes are not equally and ratably secured and (d) the Attributable Value of any Sale and Leaseback Transactions referred to in clause (e)(B)(i) of paragraph (10) hereof to the extent entered into after the Issue Date and not included under clause (a) above.

"Priority Indebtedness Basket" means the greater of (a) 5% of Consolidated Net Tangible Assets of the Corporation and (b) $225 million.

"Project Financing" means Indebtedness incurred to finance the construction, development or acquisition of property or assets, with respect to which Indebtedness recourse is limited to (x) the property or assets constituting all or a portion of the project being financed with the proceeds of such Indebtedness and the funds generated from such project upon the completion of such project, (y) the entity undertaking such project if such entity exists for the primary purpose of operating such project, and/or (z) a Restricted or Unrestricted Subsidiary to the extent it Guarantees such Indebtedness; provided that Indebtedness associated with any Guarantee made by a Restricted Subsidiary shall be charged against the Priority Indebtedness Basket (unless to do so would be duplicative).

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, Capital Stock in any other Person.

"Qualified Capital Stock" means Capital Stock of the Corporation or any of its Restricted Subsidiaries that does not by its terms require any dividends, distributions, mandatory repayment or mandatory redemption prior to the first anniversary following the Stated Maturity of the Senior 2005 Notes.

"Qualified Receivables Transaction" means any transaction or series of transactions that may be entered into by the Corporation or any of its Subsidiaries pursuant to which the Corporation or any of its Subsidiaries may sell, convey or otherwise transfer to (i) a Receivables Subsidiary (in the case of a transfer by the Corporation or any of its Subsidiaries) and (ii) any other person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Corporation or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contacts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

"Rating Decline" means the occurrence of the following on or within 90 calendar days after the date of public disclosure of the occurrence of a Designated Event (which period will be extended, for a period not to exceed 90 calendar days, so long as the Debt Rating is under publicly announced consideration for possible downgrading by both Moody's and S&P): (i) in the event the Senior 2005 Notes are rated Investment Grade by Moody's or S&P on the earlier of the date immediately preceding the date of the public disclosure of (w) the occurrence of a Designated Event or (x) (if applicable) the intention of

the Corporation to effect a Designated Event, the Debt Rating by both Moody's and S&P shall be below Investment Grade; or (ii) in the event the Senior 2005 Notes are rated below Investment Grade by both Moody's and S&P on the earlier of the date immediately preceding the date of the public disclosure of (y) the occurrence of a Designated Event or (z) (if applicable) the intention of the Corporation to effect a Designated Event, the Debt Rating by each of Moody's and S&P shall be decreased by at least one Full Rating Category.

"Receivables Subsidiary" means a wholly owned Subsidiary of the Corporation which engages in no activities other than in connection with the financing of accounts receivable and which is designated by or pursuant to the authority of the Board of Directors of the Corporation (as provided below) as a Receivables Subsidiary (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by

the Corporation or any Subsidiary of the Corporation (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction), (ii) is recourse to or obligates the Corporation or any Subsidiary of the Corporation in any way other than pursuant to representations, warranties, covenants and indemnities entered into in connection with a Qualified Receivables Transaction or (iii) subjects any property or asset of the Corporation or any Subsidiary of the Corporation, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction and (b) with which neither the Corporation nor any Subsidiary of the Corporation has any obligation to maintain or preserve such Subsidiary's financial condition (other than restrictions on dividends and distributions by such Subsidiary) or cause such Subsidiary to achieve certain levels of operating results. Any such designation shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Corporation giving effect to or authorizing such designation and an officer's certificate certifying that such designation complied with the foregoing conditions.

"Redeemable Stock" of any Person means any equity security of such Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or otherwise, is required to be redeemed or is redeemable at the option of the Holder thereof, in whole or part, prior to the Stated Maturity of the Senior 2005 Notes, or is exchangeable for debt at any time, in whole or part, prior to the Stated Maturity of the Senior 2005 Notes.

"Redemption Date" means, when used with respect to any Senior 2005 Note to be redeemed, the date fixed for redemption of such Senior 2005 Note pursuant to the Indenture.

"Refinance" means, with respect to any Indebtedness, to renew, extend, refinance, refund, replace or repurchase, or be substituted for, such Indebtedness and "Refinancing" means the renewal, extension, refinancing, refunding, replacement or repurchasing of, or substitution for, such Indebtedness.

"Restricted Payment" means (i) a dividend or other distribution declared or paid on the Capital Stock of the Corporation or to the Corporation's stockholders (in their capacity as such), or declared or paid to any Person other than the Corporation or a Restricted Subsidiary of the Corporation on the

Capital Stock of any Restricted Subsidiary of the Corporation, in each case, other than dividends, distributions or payments payable or made solely in Qualified Capital Stock of the Corporation, (ii) a payment made by the Corporation or any of its Restricted Subsidiaries (other than to the Corporation or any Restricted Subsidiary of the Corporation) to purchase, redeem, acquire or retire any Capital Stock of the Corporation or of a Restricted Subsidiary or (iii) a payment made by the Corporation or any of its Restricted Subsidiaries to redeem, repurchase, defease (including, but not limited to, in substance or legal defeasance) or otherwise acquire or retire for value, prior to any scheduled maturity, scheduled repayment or scheduled sinking fund or mandatory redemption payment, Indebtedness of the Corporation which is subordinate (whether pursuant to its terms or by operation of law) in right of payment to the Senior 2005 Notes and which was scheduled to mature (after giving effect to any and all options to extend the maturity thereof) on or after the Stated Maturity of the Senior 2005 Notes.

"Restricted Subsidiary" means (i) prior to the Corporation achieving Investment Grade Status, any Subsidiary of the Corporation which is not an Unrestricted Subsidiary and (ii) following the Corporation achieving Investment Grade Status, any Subsidiary of the Corporation which owns any Principal Operating Property; provided, however, that the definition of Restricted Subsidiary contained in clause (i) above shall continue to apply for the purpose of calculating the Consolidated Interest Coverage Ratio of the Corporation and for the purpose of clause (a)(B)(vi) of paragraph (10) hereof.

"Restructuring" means the restructuring of the Corporation's debt through the implementation of a "prepackaged" plan of reorganization under the federal bankruptcy laws completed on May 6, 1993.

"S&P" means Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., or any successor to the rating agency business thereof.

"Sale and Leaseback Transaction" means, with respect to any Person, any direct or indirect arrangement pursuant to which Property is sold or transferred by such Person or a Restricted Subsidiary of such Person and is thereafter leased back from the purchaser or transferee thereof by such Person or one of its Restricted Subsidiaries.

"Senior Indebtedness" means, at any date, any outstanding Indebtedness

of the Corporation that is pari passu in right of payment with the Senior 2005 Notes.

"Stated Maturity" means, when used with respect to any security, the date specified in such security as the fixed date on which the principal or redemption price of such security is due and payable and, when used with respect to any installment of interest on a security, the fixed date on which such installment of interest is due and payable. The Stated Maturity of a Capital Lease Obligation shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Subsidiary" of the Corporation means any corporation at least a majority of the shares of the Voting Stock (or the equivalent thereof, in the case of corporations organized outside the United States of America) of which shall at the time be owned, directly or indirectly, by the Corporation or by one or more Subsidiaries or by the Corporation and one or more Subsidiaries.

"Transaction Date" means the date of any transaction giving rise to the need to calculate the Consolidated Interest Coverage Ratio or to determine whether there has been a Designated Event.

"Unrestricted Subsidiary" means (i) USG Funding Corporation and (ii) any Subsidiary of the Corporation that the Corporation has classified pursuant to "Restricted and Unrestricted Subsidiaries" as an Unrestricted Subsidiary and that has not been reclassified as a Restricted Subsidiary.

"Voting Stock" of any Person means Capital Stock of such Person which ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person, whether at all times or only as long as no senior class of securities has such voting power by reason of any contingency.

BE IT FURTHER RESOLVED: That the form of the Senior 2005 Note attached hereto as Exhibit A is in all respects approved, and that the execution and delivery of the Senior 2005 Notes as provided in the Indenture is hereby authorized, approved and directed, with such changes therein as the officer executing the same shall approve, such execution to be conclusive evidence of such approval.

BE IT FURTHER RESOLVED: That the Underwriting Agreement is in all respects approved, and that the execution and delivery of the Underwriting Agreement is hereby authorized, approved and directed.

BE IT FURTHER RESOLVED: That the Senior 2005 Notes be issued in accordance with the Offering as described in the Preliminary Prospectus and at the times, in the various denominations and for the various consideration to the Corporation as described in the Underwriting Agreement.

BE IT FURTHER RESOLVED: That the Offering is reasonably necessary or desirable for the Corporation in the conduct of its business.

BE IT FURTHER RESOLVED: That the Chief Executive Officer, Chief Financial Officer, President, any Vice President, Secretary, or any Assistant Secretary be, and they hereby are, authorized and directed to take such actions and to execute and deliver such instruments and documents and to do such other things as they or any of them shall deem necessary or advisable to effectuate the purposes and intent of the foregoing Resolutions.

This instrument may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the ____ day of August, 1995.

_____
Eugene B. Connolly

_____
William C. Foote

_____
James C. Cotting

EXHIBIT A

Form of Senior 2005 Note is attached hereto.

THIS INSTRUMENT MAY BE TRANSFERRED IN WHOLE BUT NOT IN PART BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY SELECTED OR APPROVED BY THE CORPORATION OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

- ----------

No. 1 $150,000,000.00

USG CORPORATION

% Senior Note due , 2005

CUSIP:

USG CORPORATION, a Delaware corporation (herein called the "Corporation," which terms includes any successor corporation under the Indenture referred to herein), for value received, hereby promises to pay to:

CEDE & CO.

or registered assigns, the principal sum of

ONE HUNDREDS FIFTY MILLION DOLLARS

on , 2005. This Security bears interest on the outstanding principal amount hereof at the rate of % per annum. Such interest is payable semi-annually in arrears on and of each year (each an "Interest Payment Date"), commencing on , 1996, until the principal hereof is paid or made available for payment. Payment of principal and interest will be made in the method and subject to the terms set forth in the provisions appearing on the reverse hereof, which provisions, in their entirety, will for all purposes have the same effect as if set forth at this place.

No Security will be deemed Outstanding (as defined in the Indenture) for purposes of exercising voting rights of a Holder (as defined in the Indenture) pursuant to the Indenture, unless and until it (or a predecessor Security representing the same Indebtedness) has been issued in accordance with the terms of the Indenture.

IN WITNESS WHEREOF, USG Corporation has caused this instrument to be duly executed.

USG CORPORATION

Dated: , 1995

By:

This is one of the % Senior Notes due , 2005 issued under the within-mentioned Indenture.

Chairman of the Board and Chief Executive Officer

HARRIS TRUST AND SAVINGS BANK, as Trustee

Attest:

Corporate Secretary

By:

Authorized Signature

USG CORPORATION
% SENIOR NOTE DUE , 2005

INTEREST. USG CORPORATION, a Delaware corporation (the "Corporation"), promises to pay interest on the outstanding principal amount of this Security at the rate per annum shown on the face of this Security. The Corporation will pay interest semi-annually in arrears on _____ and _____ of each year, commencing on _____, 1996. Interest on the Securities will accrue from their date of issuance. Interest will be computed on the basis of 360-day year of twelve 30-day months. The Corporation also promises to pay on demand interest on overdue principal at the rate of ____% per annum and interest on overdue installments of interest at the same rate to the extent lawful.

METHOD OF PAYMENT. The Corporation will pay interest on the Securities (except defaulted interest) to the Persons who are registered Holders of Securities at the close of business on _____ or _____ (each the "Regular Record Date") next preceding the Interest Payment Date, even though Securities are canceled after the record date and on or before the Interest Payment Date. Any such interest not so punctually paid or duly provided for, and any interest payable on such defaulted interest (to the extent lawful), will forthwith cease to be payable to the Holder on such Regular Record Date and will be payable to the Person in whose name the Security is registered at the close of business on a subsequent record date established by notice given by mail or on behalf of the Corporation to Holders not less than 15 days preceding such subsequent record

date, such record date to be not less than five days preceding the date of payment of such defaulted interest. Holders must surrender Securities to a paying agent to collect principal payments. Payment of the principal of and interest on this Security will be made at the office of the Trustee or at any office or agency of the Corporation maintained for that purpose, in such coin or currency of the United States of America which as of the time of payment is legal tender for payment of public and private debt; provided, however, that at the option of the Corporation payment of interest may be made by check mailed to the address of the Person entitled thereto at such Person's registered address as it appears in the Security Registrar maintained for such purpose pursuant to the indenture (as defined hereinafter).

PAYING AGENT AND SECURITY REGISTRAR. The Trustee will initially act as paying agent and Security Registrar. The Corporation may change any paying agent or Security Registrar without notice to any Holder. The Corporation may act in any such capacity.

INDENTURE; SERIES OF SECURITIES. This Security is one of a duly authorized series of securities of the Corporation issued by the Corporation under an indenture, dated as of October 1, 1986 (the "Indenture"), among the Corporation and Harris Trust and Savings Bank (the "Trustee," which term includes all successor trustees under the Indenture.) This Security is one of a series of Securities designated by resolution of a special committee of the Corporation dated as of August __, 1995 (the "Designating Resolution") which are limited in aggregate principal amount of $150,000,000 (such series being the "Securities"). The terms of the Securities include those stated in the Indenture and the Designating Resolution and those made part of the Indenture by reference to the Trust Indenture Act as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture, the Designating Resolution and such Act for a statement of such terms. All terms used but not otherwise defined herein have the meanings set forth in the Indenture or the Designating Resolution, as applicable.

DENOMINATIONS, TRANSFER, EXCHANGE. The Securities are in registered form without coupons. The Securities will be in minimum denominations of $1000 or integral multiples thereof. The Securities are registered and transfer of the Securities may be effected only by surrender of the old instrument to the Securities Registrar and issuance of new instruments to the new Holder. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes or other governmental charge that may be imposed in connection therewith. The Security Registrar need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before a selection of Securities to be redeemed.

PERSONS DEEMED OWNERS. Subject to the terms of the Indenture, the registered Holder of a Security may be treated as its owner for all purposes.

NON-CALLABILITY. The Securities may not be called for redemption at the option of the Corporation under the Indenture prior to , 2000. On or after 2000, the Securities may be called for redemption at the option of the Corporation at the redemption prices set forth in the Designating

Resolution plus accrued interest and as more fully described in the Indenture and Designating Resolution.

AMENDMENTS AND WAIVERS. Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the Holders of at least a majority in principal amount of the then outstanding securities of each series under the Indenture to be affected (voting as one class). Without the consent of any Holder, the Indenture or the Securities may be amended to, among other things, cure any ambiguity, defect or inconsistency, provide for assumption of the obligations of the Corporation or any Guarantor thereunder or make any change that does not materially adversely affect the rights of any Holder. The Indenture also contains provisions permitting the Holders of a specified percentage in aggregate principal amount of the Securities of any series at the time outstanding on behalf of the Holders of all the Securities of such series (or of all series then outstanding, as the case may be) to waive certain past defaults by the Corporation under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

DEFAULTS AND REMEDIES If an Event of Default with respect to the Securities shall have occurred and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

NO RECOURSE AGAINST OTHERS. No incorporator, stockholder, officer or director, as such, of the Corporation will have any liability for any obligations of the Corporation under the Indenture or any Security, or for any indebtedness evidenced thereby. Each Holder by accepting a Security waives and releases all such liability.

UNCLAIMED MONEY. If money for the payment of principal of or interest on any Security remains unclaimed for three years, the Trustee or paying agent will pay the money back to the Corporation on demand. After that, Holders entitled to money must look to the Corporation for payment.

DISCHARGE OF INDENTURE. At the option of the Corporation and upon satisfaction of certain conditions specified in the Indenture, either (a) the Corporation will be deemed to have paid and discharged its obligations with respect to the Securities or (b) the Corporation need not comply with certain covenants contained in the Indenture or otherwise applicable to the Securities, in each case upon the irrevocable deposit by the Corporation with the Trustee in trust for the Holders of the Securities an amount of funds or noncallable obligations issued or fully guaranteed by the United States of America sufficient to pay and discharge upon the stated maturity thereof the entire indebtedness evidenced by the Securities, all as more fully provided in the Indenture and the Designating Resolution.

AUTHENTICATION. This Security will not be valid until authenticated by the manual signature of the Trustee.

NEW YORK CONTRACT. The Indenture and each Security will be deemed to be a contract made under the laws of the State of New York, and for all purposes will be construed in accordance with the laws of such State, without giving effect to principles of conflict of laws of such State.

ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and UNIF GIFT MIN ACT (= Uniform Gifts to Minors Act).

ASSIGNMENT FORM

- ----------

To assign this instrument, fill in the form below:

I or we assign and transfer this instrument to

Insert assignee's soc. sec. or tax I.D. no.

_____

(Print or type assignee's name, address and zip code)

_____

_____

and irrevocably appoint _____ agent to transfer this instrument on the books of the Corporation. The agency may substitute another to act for him.

_____

Dated: _____ _____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears on the first page of the within instrument in every particular, without alteration or enlargement or any change whatever and must be guaranteed by a commercial bank or trust company having its principal office or a correspondent in the City of New York or by a member of the New York Stock Exchange.

EXHIBIT 23 (A)

ARTHUR ANDERSEN LLP

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the inclusion and incorporation by reference in this registration statement of our reports dated January 26, 1995 included in USG Corporation's Form 10-K for the year ended December 31, 1994 and to all references to our Firm included in this registration statement.

/s/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP

Chicago, Illinois,
July 28, 1995

EXHIBIT 99(a)

This CREDIT AGREEMENT dated as of July 27, 1995 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "AGREEMENT") among USG CORPORATION, a Delaware corporation (the "BORROWER"), the "LENDERS" and "ISSUING BANKS" (each as defined herein), and CHEMICAL BANK, in its separate capacity as agent for the Lenders and Issuing Banks (the "AGENT").

In accordance with the terms and subject to the conditions set forth in this Agreement, the Borrower has requested the Lenders to provide to the Borrower the Aggregate Revolving Credit Commitments to enable the Borrower to borrow Loans on a revolving basis and to obtain Letters of Credit, at any time and from time to time from and including the Closing Date until the Termination Date.

Accordingly, the Borrower, the Lenders, the Issuing Banks and the Agent agree as follows:

ARTICLE I. DEFINITIONS

SECTION 1.01. DEFINED TERMS. As used above and elsewhere in this Agreement, the following terms shall have the meanings specified below:

"ABR BORROWING" shall mean a Borrowing comprised of ABR Loans.

"ABR LOAN" shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of ARTICLE II.

"ADMINISTRATIVE QUESTIONNAIRE" shall mean an Administrative Questionnaire in the form of EXHIBIT A.

"AFFILIATE" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"AGENT" shall have the meaning given to such term in the preamble to this Agreement, or such successor as shall be appointed pursuant to SECTION 8.04.

"AGENT FEE LETTER" shall mean the Fee Letter dated June 19, 1995, from the Borrower to the Agent.

"AGGREGATE LC COMMITMENTS" shall mean the aggregate amount of the LC

Commitments of all Lenders, which as of the date hereof is $125,000,000.

"AGGREGATE REVOLVING CREDIT COMMITMENTS" shall mean the aggregate amount of the Revolving Credit Commitments of all Lenders, which as of the date hereof is $500,000,000 and which may be reduced from time to time pursuant to SECTION 2.11.

"AGREEMENT" shall have the meaning given to such term in the preamble hereto.

"ALTERNATE BASE RATE" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. "BASE CD RATE" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) Statutory Reserves and (b) the Assessment Rate. "ASSESSMENT RATE" shall mean for any date the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently

estimated by Chemical Bank as the then current net annual assessment rate that will be employed in determining amounts payable by the Agent to the Federal Deposit Insurance Corporation (or any successor) for insurance by such Corporation (or such successor) of time deposits made in dollars at Chemical Bank's domestic offices. "STATUTORY RESERVES" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority to which Chemical Bank is subject for new negotiable nonpersonal time deposits in dollars of over $100,000 with maturities approximately equal to three months. Such reserve percentages shall include those imposed pursuant to Regulation D of the Board. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage. "THREE-MONTH SECONDARY CD RATE" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. "FEDERAL FUNDS EFFECTIVE RATE" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal

Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to CLAUSE (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"APPLICABLE COMMITMENT FEE" shall mean, for any date, the applicable number of basis points (expressed as a percentage) set forth below based on the Debt/EBITDA Ratio as of the last day of the Borrower's most recently ended period of four consecutive fiscal quarters:

Debt/EBITDA Ratio	Applicable Commitment Fee
	(in basis points)
greater than 3.50 to 1.00	37.50
greater than 3.00 to 1.0 but less than or equal to 3.50 to 1.0	31.25
greater than 2.00 to 1.0 but less than or equal to 3.00 to 1.0	25.00
greater than 1.50 to 1.0 but less than or equal to 2.00 to 1.0	22.50
less than or equal to 1.50 to 1.0	20.00

For purposes of the foregoing, the Applicable Commitment Fee at any time shall be determined by reference to the Debt/EBITDA Ratio as of the last day of the Borrower's most recently ended fiscal quarter, PROVIDED, that, in calculating the Debt/EBITDA Ratio for purposes of this definition, Debt shall not include obligations with respect to letters of credit (including Letters of Credit issued hereunder) entered into in the ordinary course of business and having an aggregate outstanding face amount of up to $50,000,000 to the extent such letters of credit are not drawn on or, if and to the extent drawn on, such

drawing is promptly reimbursed following receipt by the applicable account party of a demand for reimbursement following payment on the letter of credit. Following the end of any such fiscal quarter, any change in the Applicable Commitment Fee shall become effective for all purposes on and after the earlier of (i) the date of delivery to the Agent of the Debt/EBITDA Ratio Certificate for such fiscal quarter and (ii) the date of delivery to the Agent of the Financial Officer's certificate and applicable financial statements described in SECTIONS 5.07(a), (b) and (c) relating to such fiscal quarter; PROVIDED, HOWEVER, that until either the DEBT/EBITDA Ratio Certificate or such certificate and financial statements for the fiscal quarter ending September 30, 1995 have been delivered to the Agent, the Applicable Commitment Fee shall be 25.0 basis points. Notwithstanding the foregoing, at any time during which the Borrower has failed to deliver the Financial Officer's certificate and applicable financial statements described in SECTIONS 5.07(a), (b) and (c) with respect to a fiscal quarter in accordance with the provisions thereof for more than five days after such certificate and the applicable financial statements are due, and until such time as such financial statements are so delivered, the Applicable Commitment Fee shall be 37.50 basis points.

"APPLICABLE EURODOLLAR MARGIN" shall mean, for any date, with respect to the Revolving Loans comprising any Eurodollar Borrowing, the applicable margin set forth below based on the Debt/EBITDA Ratio as of the last day of the Borrower's most recently ended period of four consecutive fiscal quarters:

Debt/EBITDA Ratio	Applicable Eurodollar Margin
	(in basis points)
greater than 4.00 to 1.00	175.0
greater than 3.50 to 1.0 but less than or equal to 4.00 to 1.0	150.0
greater than 3.00 to 1.0 but less than or equal to 3.50 to 1.0	125.0
greater than 2.50 to 1.0 but less than or equal to 3.00 to 1.0	87.5
greater than 2.00 to 1.0 but less than or equal to 2.50 to 1.0	75.0
greater than 1.50 to 1.0 but less than or equal to 2.00 to 1.0	62.5
less than or equal to 1.50 to 1.0	50.0

For purposes of the foregoing, the Applicable Eurodollar Margin at any time shall be determined by reference to the Debt/EBITDA Ratio as of the last day of the Borrower's most recently ended fiscal quarter, PROVIDED, that, in calculating the Debt/EBITDA Ratio for purposes of this definition, Debt

shall not include obligations with respect to letters of credit (including Letters of Credit issued hereunder) entered into in the ordinary course of business and having an aggregate outstanding face amount of up to $50,000,000 to the extent such letters of credit are not drawn on or, if and to the extent drawn on, such drawing is promptly reimbursed following receipt by the applicable account party of a demand for reimbursement following payment on the letter of credit. Following the end of any such fiscal quarter, any change in the Applicable Eurodollar Margin shall become effective for all purposes on and after the earlier of (i) the date of delivery to the Agent of the Debt/EBITDA Ratio Certificate and (ii) the date of delivery to the Agent of the Financial Officer's certificate and applicable financial statements described in SECTIONS 5.07(a), (b) and (c) relating to such fiscal quarter; PROVIDED, HOWEVER, that until either the Debt/EBITDA Ratio Certificate or such certificate and financial statements for the fiscal quarter ending September 30, 1995 have been delivered to the Agent, the Applicable Eurodollar Margin shall be 87.50 basis points. Notwithstanding the foregoing, at any time during which the Borrower has failed to deliver the Financial Officer's certificate and applicable financial statements described in SECTIONS 5.07(a), (b) and (c) with respect to a fiscal quarter in accordance with the provisions thereof for more than five days after such certificate and the applicable financial statements are due, and until such time as such financial statements are so delivered, the Applicable Eurodollar Margin shall be 175.00 basis points.

"ASSIGNMENT AND ACCEPTANCE" shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee, approved in accordance with SECTION 9.04 and accepted by the Agent, in the form of EXHIBIT B or such other form as shall be approved by the Agent.

"AVERAGE LIFE" means, as of any date, with respect to any debt or redeemable equity security, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from such date to the date of each scheduled principal or redemption payment (including any sinking fund or mandatory redemption payment requirements) of such debt or equity security multiplied in each case by (y) the amount of such principal or redemption payments by (ii) the sum of all such principal or redemption payments.

"BANKRUPTCY CODE" shall mean Title 11 of the United States Code (11 U.S.C. Sections 101 et seq.), as amended from time to time, or any successor statute.

"BENEFIT PLAN" shall mean a defined benefit plan as defined in Section 3(35) of ERISA (other than a Multiemployer Plan) in respect of which the Borrower or an ERISA Affiliate is, or within the immediately preceding five (5) years was, an "employer" as defined in Section 3(5) of ERISA.

"BOARD" shall mean the Board of Governors of the Federal Reserve

System of the United States of America.

"BORROWING" shall mean a Revolving Loan Borrowing or a Competitive Bid Borrowing.

"BUSINESS DAY" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; PROVIDED, HOWEVER, that, when used in connection with a Eurodollar Loan, the term "BUSINESS DAY" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"CAPITAL LEASE" shall mean any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, the obligations with respect to which are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP.

"CASH EQUIVALENTS" shall mean (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by an agency or instrumentality thereof and backed by the full faith and credit of the United States Government, in each case maturing within 180 days after the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within 180 days after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-1 or the equivalent thereof from S&P or a rating of at least P-1 or the equivalent thereof from Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then an equivalent rating from such other nationally recognized rating services acceptable to the Agent) and not listed in Credit Watch published by S&P; (iii) with respect to CGC (A) marketable direct obligations issued or unconditionally guaranteed by the Canadian Government or issued by an agency thereof and backed by the full faith and credit of Canada, in each case maturing within 180 days after the date of acquisition thereof, and (B) domestic and eurodollar certificates of deposit or time deposits or bankers' acceptances maturing within 180 days after the date of acquisition thereof issued by any commercial bank organized under the laws of Canada or any province thereof having combined capital and surplus of not less than $250,000,000; (iv) commercial paper (other than commercial paper issued by the Borrower or any of its Affiliates) and variable or fixed rate notes maturing no more than 180 days after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-1 or P-1 from either S&P or Moody's, respectively (or, if at any time neither S&P nor Moody's shall be rating such obligations, then an equivalent rating from such other nationally recognized rating services acceptable to the Agent); (v) domestic and eurocurrency certificates of deposit or time deposits or bankers' acceptances issued by (a) any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than

$250,000,000 or (b) any bank with a short-term commercial paper rating from S&P of at least A-1 or the equivalent thereof, or from Moody's of at least P-1 or the equivalent thereof, in each case maturing no more than 180 days from the acquisition thereof; (vi) repurchase agreements with a term of not more than fifteen (15) days with a bank or trust company or recognized securities dealer having capital and surplus in excess of $250,000,000 for direct obligations issued by or fully guaranteed by the United States of America; and (vii) investments in money market funds substantially all of the assets of which are comprised of securities described in (I)-(vi) above.

"CGC" shall mean, collectively, CGC Inc., Donn Canada Limited and C.N.G. Distribution Limited, each a corporation organized under the laws of Canada.

"CLOSING DATE" shall mean July 27, 1995.

"COLLATERAL DOCUMENTS" shall mean the Pledge Agreement, and the Collateral Trust Agreement.

"COLLATERAL TRUST AGREEMENT" shall mean that certain Collateral Trust Agreement of even date herewith by and between the Collateral Trustee and the Borrower, for the benefit of the Senior Secured Creditors, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"COLLATERAL TRUSTEE" shall mean collectively, Wilmington Trust Company, a Delaware banking corporation, its successors and assigns, as corporate trustee, and William J. Wade, as individual trustee, under the Collateral Trust Agreement.

"COMMISSION" shall mean the Securities and Exchange Commission and any Person succeeding to the functions thereof.

"COMMITMENT" shall mean each Lender's Revolving Credit Commitment or LC Commitment, and "COMMITMENTS", when used in respect of any Lender, shall mean such Lender's Revolving Credit Commitment and LC Commitment.

"COMMITMENT FEE" shall have the meaning given to such term in SECTION 2.07.

"COMPETITIVE BID" shall mean an offer by a Lender to make a Competitive Bid Loan pursuant to SECTION 2.04.

"COMPETITIVE BID ACCEPT/REJECT LETTER" shall mean a notification made by the Borrower pursuant to SECTION 2.04 in the form of EXHIBIT C.

"COMPETITIVE BID BORROWING" shall mean a borrowing consisting of a Competitive Bid Loan or concurrent Competitive Bid Loans from the Lender or

Lenders whose Competitive Bids for such Borrowing have been accepted by the Borrower under the bidding procedure described in SECTION 2.04.

"COMPETITIVE BID LOAN" shall mean a Loan from a Lender to the Borrower made pursuant to the bidding procedures set forth in SECTION 2.04. Each Competitive Bid Loan shall be a Eurodollar Loan bearing interest at the LIBO Rate plus the Spread applicable thereto or a Fixed Rate Loan.

"COMPETITIVE BID NOTE" shall have the meaning given to such term in SECTION 2.05.

"COMPETITIVE BID RATE" shall mean, as to any Competitive Bid made by a Lender pursuant to SECTION 2.04 (i) in the case of a Eurodollar Loan, the LIBO Rate plus the Spread, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

"CONSOLIDATED NET INCOME" shall mean, for any period, the aggregate net income or net loss of the Borrower and its Subsidiaries for such period computed on a consolidated basis in accordance with GAAP; PROVIDED, that there shall be excluded therefrom, without duplication, (a) all items classified as extraordinary; (b) any net loss or net income of any Person other than the Borrower and its Subsidiaries, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Subsidiaries by such other Person during such period, (c) the net income of any Subsidiary of the Borrower to the extent that the payment of dividends or other distributions actually paid to the Borrower is restricted by contract or otherwise, except for any dividends or distributions actually paid by such Subsidiaries; PROVIDED that the net income of all such Subsidiaries shall be excluded from Consolidated Net Income only to the extent that it exceeds $2,000,000 per annum, and (d) amortization of excess reorganization value and capitalized reorganization debt discount costs associated with the revaluation of assets and liabilities with respect to the prepackaged plan of reorganization implemented on May 6, 1993, in each case as set forth or reflected in the Borrower's financial statements most recently filed under the Securities Exchange Act.

"CONTAMINANT" shall mean any waste, pollutant (as that term is defined in 42 U.S.C. 9601(33) or in 33 U.S.C. 1362(13)), hazardous substance (as that term is defined in 42 U.S.C. 9601(14)), hazardous chemical (as that term is defined by 29 CFR Sections 1910.1200(c)), toxic substance, hazardous waste (as that term is defined in 42 U.S.C. 6901), radioactive material, special waste, petroleum, including crude oil or any petroleum-derived substance, waste, or breakdown or decomposition product thereof, or any constituent of any such substance or waste, including but not limited to polychlorinated biphenyls.

"CONTRACTUAL OBLIGATION", as applied to any Person, shall mean any provision of any Securities issued by that Person or any indenture, mortgage, deed of trust, contract, undertaking, document, instrument or other agreement

or instrument to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject (including, without limitation, any restrictive covenant affecting such Person or any of its properties).

"CONTROL" shall mean the direct or indirect possession of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"CREDIT EVENT" shall have the meaning given such term in ARTICLE IV.

"CUSTOMARY PERMITTED LIENS" shall mean:

(i) Liens (other than Environmental Liens and any Lien imposed under ERISA) for taxes, assessments or charges of any Governmental Authority for claims not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens (other than any Lien imposed under ERISA) imposed by law, created in the ordinary course of business and for amounts not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

(iii) Liens (other than any Lien imposed under ERISA) incurred or deposits made in the ordinary course of business (including, without limitation, security deposits for leases, surety bonds and appeal bonds) in connection with workers' compensation, liability insurance or self-insurance, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, contracts (other than for the repayment or guarantee of borrowed money or purchase money obligations), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts;

(iv) easements (including, without limitation, reciprocal easement agreements and utility agreements), rights-of-way, liens with respect to municipal and zoning ordinances, covenants, consents, reservations, encroachments, minor defects or irregularities in title, variations and other restrictions, charges or encumbrances (whether or not recorded) affecting the use of real property, which individually or in the aggregate do not or are not reasonably likely to have a Material Adverse Effect;

(v) Liens incurred with respect to rights of agents for collection for the Borrower and its Subsidiaries under assignments of chattel paper, accounts, instruments, or general intangibles for purposes of collection in the ordinary course of business;

(vi) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(vii) purchase money security interests of suppliers with respect to goods supplied, which security interests have not been perfected by filing or by the taking of possession of collateral and which have not been in existence more than ninety (90) days; and

(viii) extensions, renewals or replacements of any Lien referred to in CLAUSES (i) through (vii) above; PROVIDED, that (A) in the case of PARAGRAPHS (i) through (iii) above, the principal amount of the obligation secured thereby is not increased and (B) any such extension, renewal or replacement is limited to the property originally encumbered thereby.

"DEBT" at any time, shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis, without duplication, the sum of (i) the aggregate outstanding principal balance of all Revolving Loans and all Competitive Bid Loans at such time, (ii) the aggregate principal amount of long-term indebtedness of the Borrower and its consolidated Subsidiaries at such time (including the current portion thereof), (iii) the outstanding principal amount of capital leases shown as a liability on the Borrower's consolidated balance sheet at such time, (iv) all reimbursement obligations and other liabilities of the Borrower and its consolidated Subsidiaries with respect to letters of credit, other than letters of credit issued in connection with the incurrence of trade debt, (v) any indebtedness incurred other than in the ordinary course of business, whether or not for borrowed money, secured by any Lien in respect of property owned by such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (vi) any indebtedness (other than trade debt incurred in the ordinary course of business), whether or not for borrowed money, with respect to which such Person has become directly or indirectly liable and which represents or has been incurred to finance the purchase price (or a portion thereof) of any property or services or business acquired by the Borrower or any such consolidated Subsidiary, whether by purchase, consolidation, merger or otherwise, and (vii) the aggregate amount of all Guarantees with respect to indebtedness of third parties of the type described in CLAUSES (ii) through (vi) above at such time.

"DEBT/EBITDA RATIO" shall mean the ratio, calculated as of the last day of each of the Borrower's fiscal quarters, of (i) Debt less the aggregate amount of cash and Cash Equivalents held by the Borrower and its consolidated Subsidiaries to (ii) EBITDA for the four quarter period ending on the last day of such fiscal quarter (in each case as reflected on the Borrower's consolidated financial statements for such fiscal quarter).

"DEBT/EBITDA RATIO CERTIFICATE" shall mean a Debt/EBITDA Ratio

Certificate substantially in the form of EXHIBIT J attached hereto, duly executed and delivered by a Financial Officer.

"DOL" shall mean the Department of Labor and any Person succeeding to the functions thereof.

"DOLLARS" or "$" shall mean lawful money of the United States of America.

"EBITDA" for any period, shall mean the consolidated operating earnings from continuing operations of the Borrower and its Subsidiaries before interest, taxes, depreciation, amortization, other income and expense, minority interests, the impact of fresh start accounting and other non-cash adjustments to operating earnings for such period, PROVIDED, that, for purposes of the period ending September 30, 1995, operating earnings from continuing operations shall not be reduced by the $30,000,000 pre-tax charge which occurred in the fourth fiscal quarter of 1994 in connection with asbestos litigation settlements.

"ELIGIBLE ASSIGNEE" shall mean (a) a commercial bank having total assets in excess of $2,000,000,000, (b) a savings and loan association or a savings bank organized under the laws of the United States of America or any state thereof and having a net worth of at least $300,000,000 computed in accordance with GAAP, (c) a finance company, insurance company or other financial institution or fund that is regularly engaged in making, purchasing

or investing in loans and has total assets in excess of $300,000,000 or (d) an Affiliate of any Lender.

"ENVIRONMENTAL LIEN" shall mean a Lien in favor of any Governmental Authority for (i) any liability under Federal or state environmental laws or regulations, or (ii) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"ERISA AFFILIATE" shall mean each person (as defined in Section 3(9) of ERISA) that is a member of a group of which the Borrower is a member and which is treated as a single employer under Section 414 of the Internal Revenue Code, excluding any foreign Subsidiary of the Borrower which is not subject to ERISA.

"EURODOLLAR BORROWING" shall mean a Borrowing comprised of Eurodollar Loans.

"EURODOLLAR LOAN" shall mean any Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of ARTICLE II.

"EVENT OF DEFAULT" shall have the meaning given to such term in ARTICLE VII.

"EXISTING CREDIT AGREEMENT" shall mean the Amended and Restated Credit Agreement dated as of May 6, 1993 among the Borrower, USG Interiors, Inc., the financial institutions party thereto, Bankers Trust Company, Chemical Bank and Citibank, N.A., as Agents, and Citibank, N.A., as Administrative Agent, as the same was amended, supplemented or otherwise modified from time to time through the date hereof.

"FEDERAL FUNDS EFFECTIVE RATE" shall have the meaning given to such term in the definition of "Alternate Base Rate".

"FEES" shall mean the Commitment Fees, the Issuing Bank Fees and the LC Fees.

"FINANCIAL OFFICER" shall mean the chief financial officer, the controller, the assistant controller, the treasurer or the assistant treasurer of the Borrower.

"FISCAL YEAR" shall mean the fiscal year of the Borrower, which shall be the twelve (12) month period ending on December 31 in each year or such other period as the Borrower may designate and the Agent may approve in writing.

"FIXED RATE LOAN" shall mean any Competitive Bid Loan bearing interest at a fixed percentage rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

"GAAP" shall mean generally accepted accounting principles, applied on a consistent basis.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any Federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTEE" when used with respect to any Person shall mean the incurrence of any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase

or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (b) to purchase property or securities for the purpose of assuring the owner of such Debt of the payment of such Debt or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt; PROVIDED, HOWEVER, that the term "Guarantee" shall not include endorsements of items by any Person for collection or deposit in the ordinary course of business.

"INDEMNITEE" shall have the meaning given to such term in SECTION 9.05(b).

"INTEREST COVERAGE RATIO" of the Borrower for any period shall mean the ratio of (a) EBITDA for such period to (b) the total net consolidated interest expense of the Borrower and its Subsidiaries during such period (as shown on a consolidated income statement of the Borrower for such period), excluding the impact of non-cash amortization resulting from fresh start accounting during such period.

"INTEREST PAYMENT DATE" shall mean, with respect to any Loan, the last day of the Interest Period applicable to such Loan and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Eurodollar Loan.

"INTEREST PERIOD" shall mean (a) as to any Eurodollar Loan, the period commencing on the date of such Eurodollar Loan or on the last day of the immediately preceding Interest Period applicable to such Eurodollar Loan, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect (or as the Borrower may be deemed to elect), (b) as to any ABR Loan, the period commencing on the date of such ABR Loan or on the last day of the immediately preceding Interest Period applicable to such ABR Loan, as the case may be, and ending on the earlier of (i) the next succeeding March 31, June 30, September 30 or December 31, and (ii) the Maturity Date, and (c) in the case of a Fixed Rate Loan, a period commencing on the date of such Fixed Rate Loan and ending on the date specified in the Competitive Bid in which the offer to make such Fixed Rate Loan was extended and accepted pursuant to SECTION 2.04, which shall not be earlier than 7 days after the date, or later than 180 days after the date, that such Fixed Rate Loan was made (but in no event after the Maturity Date); PROVIDED, HOWEVER, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Loan only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"INTEREST RATE CONTRACTS" shall mean interest rate exchange, swap, collar, cap or similar hedging agreements providing interest rate protection.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, and the regulations promulgated and rulings issued thereunder.

"INVESTMENT" shall mean, as applied to any Person, any direct or indirect purchase or other acquisition by that Person of Securities, or of a beneficial interest in Securities, of any other Person, and any direct or indirect loan, advance (other than accounts arising in the ordinary course of business (including, but not limited to, amounts received in compromise of accounts receivable in connection with collection or settlement) and deposits with financial institutions available for withdrawal on demand, prepaid expenses, advances to employees, directors, officers, agents, customers or suppliers, deposits made in connection with the purchase of equipment or other assets, and similar items made or incurred in the ordinary course of business), or capital contribution by such Person to any other Person, including all Debt owed by that other Person which did not arise from sales of goods or services to that Person in the ordinary course of business; PROVIDED, HOWEVER, that "Investment", when applied to the Borrower, shall not include the Obligations under this Agreement. The amount of any Investment shall be determined in conformity with GAAP.

"INVESTMENT GRADE", shall mean, with respect to any security, that such security has been rated BBB- or better by S&P and Baa3 or better by Moody's; PROVIDED, that if such security has been rated by only one of Moody's and S&P, then "Investment Grade" shall mean that such security has been rated BBB- or better by S&P or Baa3 or better by Moody's.

"IRS" shall mean the Internal Revenue Service and any Person succeeding to the functions thereof.

"ISSUING BANK" shall mean any Lender designated as an Issuing Bank in an Issuing Bank Agreement executed by such Lender, the Borrower and the Agent.

"ISSUING BANK AGREEMENT" shall mean, with respect to an Issuing Bank, the collective documents and agreements between the Borrower and such Issuing Bank providing for (I) the commitment of such Issuing Bank to issue Letters of Credit and (ii) such other terms and conditions as such Issuing Bank may require, including provisions respecting reimbursement, with such modifications thereto as may be agreed upon by such Issuing Bank and the Borrower and as are consistent with the provisions hereof; PROVIDED, HOWEVER, in the event of any conflict between the terms of any Issuing Bank Agreement and this Agreement, the terms of this Agreement shall control.

"ISSUING BANK FEES" shall mean, as to any Issuing Bank, the fees set forth in the applicable Issuing Bank Agreement or any letter agreement executed

in connection therewith.

"LC COMMITMENT" shall mean, with respect to each Lender, the commitment of such Lender to acquire participations in Letters of Credit hereunder, which commitment shall be determined by multiplying such Lender's Pro Rata Share by the Aggregate LC Commitments, as the same may be modified from time to time pursuant to SECTION 9.04 or reduced from time to time pursuant to SECTION 2.11.

"LC DISBURSEMENT" shall mean any payment or disbursement made by an Issuing Bank under or pursuant to a Letter of Credit.

"LC EXPOSURE" shall mean, at any time, the sum of (a) the aggregate undrawn amount of all Letters of Credit outstanding at such time plus (b) the aggregate amount which has been drawn under Letters of Credit but for which the applicable Issuing Bank or the Lenders, as the case may be, have not been reimbursed by the Borrower at such time.

"LC FEE" shall have the meaning given to such term in SECTION 2.07(b).

"LENDER" shall mean, at any time, a financial institution that is either set forth on the signature pages hereof or that has become a lender pursuant to SECTION 9.04 and that, as of such time, remains a party hereto.

"LETTERS OF CREDIT" shall mean letters of credit issued by an Issuing Bank for the account of the Borrower pursuant to SECTION 2.15.

"LIABILITIES AND COSTS" shall mean all liabilities, obligations, responsibilities, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including, without limitation, attorneys', experts' and consulting fees and costs of investigation and feasibility studies), fines, penalties, monetary sanctions and interest, whether direct or indirect, known or unknown, absolute or contingent, past, present or future.

"LIBO RATE" shall mean, with respect to any Eurodollar Loan for any Interest Period, an interest rate per annum determined by the Agent to be the arithmetic average of the rates designated as "LIBO" on Telerate screen number 3750 USD-LIBOR-BBA (rounded upwards, if necessary, to the nearest 1/16 of 1%) for deposits with a maturity comparable to a 1-, 2-, 3- or 6- month Interest Period offered in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; PROVIDED, HOWEVER, that if such screen is canceled or becomes otherwise unavailable, the "LIBO Rate" shall be determined by some other reference to be agreed upon by the Borrower and the Agent.

"LIEN" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, collateral deposit arrangement, security interest, encumbrance

(including, but not limited to, easements, rights of way, zoning restrictions, restrictive covenants and the like), lien (statutory or other), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement (other than a financing statement filed by a "true" lessor pursuant to 9-408 of the Uniform Commercial Code) naming the Borrower or any Material Subsidiary as owner of the collateral to which such Lien relates as debtor, under the Uniform Commercial Code or other comparable law of any jurisdiction; PROVIDED, that any financing statement or similar statement filed without the consent of the Borrower or any of its Subsidiaries shall not constitute a Lien if such statement does not secure an obligation due and owing by the Borrower or any such Subsidiary and the Borrower or such Subsidiary, as appropriate, shall take prompt action to have the statement terminated or otherwise removed.

"LOAN DOCUMENTS" shall mean this Agreement, the Notes, the Collateral Trust Agreement, the Pledge Agreement, each Issuing Bank Agreement and the Agent Fee Letter.

"LOANS" shall mean Competitive Bid Loans and/or Revolving Loans.

"MARGIN STOCK" shall have the meaning given such term under Regulation U.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect, or any event which is reasonably likely to have a material adverse effect, upon (I) the financial condition, operations, or properties of the Borrower and its Subsidiaries, taken as a whole and taking into account the cyclical nature of the business of the Borrower and its Subsidiaries or (ii) the ability of the Borrower and its Subsidiaries, taken as a whole, to perform under, or the ability of the Lenders to enforce repayment of the Loans and the other Obligations under, the Loan Documents.

"MATERIAL SUBSIDIARY" shall mean, at any time, any one of (I) United States Gypsum Company, a Delaware corporation, (ii) USG Interiors, Inc., a Delaware corporation, (iii) L&W Supply Corporation, a Delaware corporation, (iv) USG Foreign Investments, Ltd., a Delaware corporation, (v) any other Subsidiary of the Borrower with revenues for the four fiscal quarter period ending on the last day of the most recently ended fiscal quarter of the Borrower greater than or equal to 10% of the total revenues of the Borrower and its Subsidiaries on a consolidated basis for such period, or (vi) any other Subsidiary of the Borrower with assets as of the last day of the Borrower's most recently ended fiscal quarter greater than or equal to 10% of the total assets of the Borrower and its Subsidiaries on a consolidated basis on such date, in each case computed in accordance with GAAP; and "MATERIAL SUBSIDIARIES" shall mean all of the

foregoing.

"MATURITY DATE" shall mean the seventh anniversary of the Closing Date.

"MOODY'S" shall mean Moody's Investors Service, Inc., and any successor thereof.

"MULTIEMPLOYER PLAN" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Internal Revenue Code) is making or accruing an obligation to make contributions, or has within any of the preceding five (5) plan years made or accrued an obligation to make contributions.

"NOTE" shall mean a Competitive Bid Note or a Revolving Loan Note.

"NOTICE OF COMPETITIVE BID BORROWING" shall have the meaning given to such term in SECTION 2.04(a).

"NOTICE OF COMPETITIVE BID REQUEST" shall have the meaning given to such term in SECTION 2.04(a).

"OBLIGATIONS" shall mean the principal of and all interest on all Loans and Letters of Credit, all fees, expense reimbursements, taxes, compensation and indemnities payable by the Borrower to the Agent, any Lender or any Issuing Bank pursuant to this Agreement or any other Loan Document (including liabilities arising under Interest Rate Contracts to which any Lender is a party) of the Borrower owing to the Agent, any Lender, any Issuing Bank or any Person entitled to indemnification pursuant to SECTION 9.05(b), or any of their respective successors, transferees or assigns, of every type and description, arising under this Agreement, any Note or any other Loan Document, whether or not for the payment of money, whether direct or indirect (including those acquired by assignment), absolute or contingent, due and at any time existing.

"OPERATING LEASE" shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee which is not a Capital Lease.

"OUTSTANDINGS" shall mean, at any given time, the aggregate outstanding principal balance of Revolving Loans and Competitive Bid Loans and the LC Exposure.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, or any successor thereto.

"PERMIT" shall mean any permit, approval, authorization, license, variance, or permission required from a Governmental Authority under an applicable Requirement of Law.

"PERMITTED LIENS" shall have the meaning given to such term in SECTION 6.03.

"PERMITTED REFINANCING DEBT" means Debt of the Borrower, the proceeds of which are used to Refinance outstanding Debt of the Borrower or any Subsidiary, provided that (I) if the Debt being Refinanced is pari passu with or subordinated in right of payment to the Obligations, then such Debt is pari passu or subordinated in right of payment to, as the case may be, the Obligations at least to the same extent as the Debt being Refinanced, (ii) such Debt is scheduled to mature (as determined under GAAP) no earlier than the earlier of (A) the maturity date of the Debt being Refinanced and (B) the Maturity Date, (iii) such Debt has an Average Life at the time such Debt is incurred that is equal to or greater than the lesser of (A) the Average Life of the Debt being Refinanced and (B) the period from the date such Debt is incurred to the Maturity Date, and (iv) such Debt is in an aggregate principal amount (or, if such Debt is issued at a price less than the principal amount thereof, has an aggregate original issue price) not in excess of the aggregate principal amount then outstanding of the Debt being Refinanced (or if the Debt being Refinanced was issued at a price less than the principal amount thereof, then not in excess of the amount of liability in respect thereof determined in accordance with GAAP) plus all interest accrued thereon and all related fees, expenses, and redemption or repurchase premiums (including any payments made in connection with procuring any required lender or similar consents).

"PERSON" shall mean any natural person, employee, corporation, limited partnership, general partnership, joint stock company, joint venture, association, limited liability company, limited liability partnership, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, or any other non-governmental entity, or any Governmental Authority.

"PLAN" shall mean any pension plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Internal Revenue Code which is maintained for employees of the Borrower or any ERISA Affiliate.

"PLEDGE AGREEMENT" shall mean that certain Pledge Agreement, of even date herewith, executed by the Borrower in favor of the Collateral Trustee for the benefit of the Senior Secured Creditors, pursuant to which the Borrower shall pledge to the Collateral Trustee the capital stock of its domestic Material Subsidiaries.

"POOLING AND SERVICING AGREEMENT" shall mean that certain Pooling and Servicing Agreement dated as of December 20, 1994, as the same has been amended, restated, supplemented or otherwise modified from time to time through the date hereof, among the Borrower, USG Funding Corporation, a Delaware corporation and a Subsidiary of the Borrower, and Chemical Bank, in its capacity as trustee.

"POTENTIAL EVENT OF DEFAULT" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"PRIME RATE" shall mean the rate of interest per annum publicly announced from time to time by Chemical Bank as its prime rate in effect at its principal office in New York City.

"PRO RATA SHARE" shall mean, at any particular time and with respect to any Lender, a fraction (expressed as a percentage), the numerator of which shall be such Lender's Revolving Credit Commitment and the denominator of which shall be the Aggregate Revolving Credit Commitments, as adjusted from time to time pursuant to the terms of this Agreement; PROVIDED, that if all of the Revolving Credit Commitments are terminated or reduced to zero hereunder, "Pro Rata Share" shall mean, at any particular time and with respect to any Lender, a fraction (expressed as a percentage), the numerator

of which shall be the then amount of such Lender's outstanding Revolving Loans and the denominator of which shall be the then aggregate amount of all Revolving Loans outstanding hereunder.

"PROPERTY" shall mean any real or personal property, plant, building, facility, structure, equipment or unit, or other asset owned, leased or operated by the Borrower or any of its Subsidiaries.

"RECEIVABLES PURCHASE AGREEMENT" shall have the meaning given to such term in the Pooling and Servicing Agreement.

"REFINANCE" shall mean, with respect to any Debt, to renew, extend, refinance, refund, replace or repurchase, or be substituted for, such Debt and "Refinancing" means the renewal, extension, refinancing, refunding, replacement or repurchasing of, or substitution for, such Debt.

"REGISTER" shall have the meaning given to such term in SECTION 9.04(d).

"REGULATION D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"REGULATION G" shall mean Regulation G of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"REGULATION U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"REGULATION X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"RELEASE" shall mean significant release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment or into or upon any land, water or air, including the movement of Contaminants through or in the air, soil, surface water or groundwater.

"REMEDIAL ACTION" shall have the meaning given to such term in SECTION 7.01(n).

"REPORTABLE EVENT" shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder, with respect to which the notice requirements to the PBGC have not been waived.

"REQUIREMENTS OF LAW" shall mean, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including, without limitation, the Securities Act, the Securities Exchange Act, Regulations G, U and X, and any certificate of occupancy, zoning ordinance, building, environmental or land use requirement, approval, Permit or license or occupational safety or health law, rule or regulation.

"REQUISITE LENDERS" shall mean, except as otherwise provided in SECTION 9.18(v), Lenders whose Pro Rata Shares, in the aggregate, are greater than fifty-one percent (51%); PROVIDED, HOWEVER, that for purposes of this definition only, the term "Revolving Loans" that appears twice in the proviso to the definition of the term "Pro Rata Share" shall be replaced with the term "Outstandings".

"RESTRICTED PAYMENTS" shall have the meaning given to such term in SECTION 6.08.

"REVOLVING CREDIT AVAILABILITY" shall mean, as of any particular date of determination, the amount by which Aggregate Revolving Credit Commitments exceed Outstandings. For purposes of calculating Revolving Credit Availability as at any date, all Revolving Loans requested but not yet advanced, Competitive Bid Loans accepted but not yet advanced and Letters of Credit requested but not

yet issued will be treated as advanced in calculating Outstandings unless the Borrower has directed that the requested advance be disbursed to repay the Loans or to reimburse an Issuing Bank for drawings against outstanding Letters of Credit.

"REVOLVING CREDIT COMMITMENT" shall mean, with respect to each Lender, the commitment of such Lender to make Revolving Loans, which Revolving Credit Commitments as of the Closing Date are set forth in SCHEDULE 2.01, as the same may be reduced from time to time pursuant to SECTION 2.11 or modified from time to time pursuant to SECTION 9.04.

"REVOLVING LOAN BORROWING" shall mean a group of Revolving Loans of the same Type made by the Lenders on a single date and as to which a single Interest Period is in effect.

"REVOLVING LOAN NOTE" shall have the meaning given to such term in SECTION 2.05.

"REVOLVING LOANS" shall mean the revolving loans made by the Lenders to the Borrower pursuant to SECTION 2.02. Each Revolving Loan shall be a Eurodollar Loan or an ABR Loan.

"SALE AND LEASE-BACK TRANSACTION" shall have the meaning given to such term in SECTION 6.06.

"SECURITIES" shall mean any stock, shares, voting trust certificates, bonds, debentures, notes or other evidences of Debt, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities," or any certificates of interest, shares, or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire any of the foregoing, but shall not include any evidence of the Obligations.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended to the date hereof and from time to time hereafter, and any successor statute.

"SECURITIES EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended to the date hereof and from time to time hereafter, and any successor statute.

"SENIOR SECURED CREDITORS" shall mean, collectively, the Agent, the Lenders, the Issuing Banks and any trustee with respect to the "Public Debt" and the "Public Lenders" (as such terms are defined in the Collateral Trust Agreement).

"S&P" shall mean Standard & Poor's Ratings Group, and any successor thereof.

"SPREAD" shall mean, as to any Competitive Bid Loan bearing interest at a rate based upon the LIBO Rate, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be

added to or subtracted from the LIBO Rate in order to determine the interest rate applicable to such Competitive Bid Loan, as specified in the Competitive Bid relating to such Competitive Bid Loan.

"SUBSIDIARY" of a Person shall mean any corporation, partnership (limited or general), trust or other entity of which a majority of the stock (or equivalent ownership or controlling interest) having voting power to elect a majority of the Board of Directors (if a corporation) or to select the trustee or equivalent controlling interest, shall, at the time such reference becomes operative, be directly or indirectly owned or controlled by such Person or one or more of the other subsidiaries of such Person or any combination thereof. Except as otherwise provided herein, all references herein to "Subsidiary" shall mean a Subsidiary of the Borrower.

"TERMINATION DATE" shall mean the earlier of (a) the Maturity Date and (b) the date of termination of the Commitments pursuant to ARTICLE VII or the reduction of the Revolving Credit Commitments to zero pursuant to SECTION 2.11.

"TERMINATION EVENT" shall mean (i) any Reportable Event with respect to any Benefit Plan, (ii) the withdrawal of the Borrower, or an ERISA Affiliate from a Benefit Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, (iii) the occurrence of an obligation arising under Section 4041 of ERISA of either the Borrower or an ERISA Affiliate to provide affected parties with a written notice of an intent to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA, (iv) the institution by the PBGC of proceedings to terminate any Benefit Plan, (v) any event or condition which constitutes grounds under Section 4042 of ERISA for the appointment of a Trustee to administer a Benefit Plan, or (vi) the partial or complete withdrawal (within the meaning of Section 4203 and 4205, respectively, of ERISA) of the Borrower or any ERISA Affiliate from a Multiemployer Plan.

"THIRD PARTY CLAIM" shall have the meaning given to such term in SECTION 9.05(b).

"TRANSFEREE" shall have the meaning given to such term in SECTION 2.22(a).

"TRUSTEE'S FEES" shall mean all fees, costs and expenses of the Collateral Trustee of the types described in Sections 5.3, 5.4, 5.5 and 5.6 of the Collateral Trust Agreement.

"TYPE" when used in respect of any Loan or Borrowing, shall refer to the interest rate (i.e. the LIBO Rate, the Alternate Base Rate, or a fixed rate) by reference to which interest on such Loan or portion thereof or on the Loans comprising such Borrowing is determined.

SECTION 1.02. TERMS GENERALLY. The definitions in SECTION 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; PROVIDED, HOWEVER, that if there are any changes in GAAP from those in effect on and as of the Closing Date, which changes are adopted by the Borrower with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants contained SECTION 6.09, the parties hereto agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such changes as if such changes had not been made; PROVIDED, HOWEVER, that no change in GAAP that would affect the method of calculation of any of the

financial covenants, standards or terms shall be given effect in such calculations until such provisions are amended to so reflect such change in accounting principles in a manner satisfactory to the Requisite Lenders. In making any calculation required by this Agreement, for the purpose of determining the net income or deficit or item of expense of or for any Subsidiary of the Borrower, notwithstanding any reference herein to any period, the income, deficit or expense included in such calculation with respect to such Subsidiary shall be included only from the date such Person became a Subsidiary of the Borrower.

ARTICLE II. THE FACILITY

SECTION 2.01. THE REVOLVING CREDIT FACILITY.

(a) Subject to the terms and conditions set forth in this Agreement, each Lender hereby severally and not jointly agrees to make Revolving Loans, in dollars, to the Borrower from time to time during the period from the Closing Date to the Business Day immediately preceding the Termination Date, in an amount which shall not exceed the product of such Lender's Pro Rata Share and the Revolving Credit Availability at such time. The Revolving Credit Commitment of each Lender as of the Closing Date is set forth on SCHEDULE 2.01. Subject to, and upon the satisfaction of, the terms and conditions herein set forth, each Lender severally agrees that the Borrower may incur a Competitive Bid Loan or Competitive Bid Loans pursuant to a Competitive Bid Borrowing from time to time during the period from the Closing Date to the Business Day immediately preceding the Termination Date, provided that such Competitive Bid Borrowing shall not exceed the Revolving Credit Availability at such time.

(b) The Borrower shall not use the proceeds of the Loans for any purpose other than for general corporate purposes, including, without limitation, the refinancing of the indebtedness under the Existing Credit Agreement on the Closing Date.

SECTION 2.02. REVOLVING LOANS. (a) All Revolving Loans comprising the same Borrowing under this Agreement shall be made by the Lenders simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Lender shall be responsible for any failure by any other Lender to perform its obligation to make a Revolving Loan hereunder and that the Revolving Credit Commitment of any Lender shall not be increased or decreased without the prior written consent of such Lender as a result of the failure by any other Lender to perform its obligation to make a Revolving Loan. The failure of any Lender to make available to the Agent its Pro Rata Share of any Borrowing shall not relieve any other Lender of its obligation hereunder to make available to the Agent such other Lender's Pro Rata Share of such Borrowing on the date such funds are to be made available pursuant to the terms of this Agreement.

(b) Each Revolving Loan Borrowing shall be in a minimum principal amount of $5,000,000 and in multiples of $1,000,000 in excess thereof or in an aggregate principal amount equal to the Revolving Credit Availability. Each Revolving Loan Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans, as the Borrower may request pursuant to SECTION 2.03. Each Lender may at its option fulfill its commitment with respect to any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Eurodollar Loan; PROVIDED that any exercise of such option shall not affect the obligation of the Borrower to repay such Eurodollar Loan in accordance with the terms of this Agreement, and PROVIDED, FURTHER, that the Borrower shall not be responsible for any costs or expenses associated with such Lender's exercise of such option. Borrowings of more than one Type may be outstanding at the same time; PROVIDED, HOWEVER, that the Borrower shall not be entitled to request any Borrowing which, if made, would result in an aggregate of more than ten separate Borrowings of Revolving Loans which are Eurodollar Loans being outstanding hereunder at any one time.

(c) Subject to PARAGRAPH (e) below, each Lender shall make a Revolving Loan in the amount of its Pro Rata Share of the amount of each Revolving Loan Borrowing hereunder on the proposed date thereof by wire transfer of immediately available funds to the Agent in New York, New York, not later than 11:00 a.m., New York City time, and the Agent shall, promptly upon receipt of such amounts but in any event not later than 2:00 p.m. on the same Business Day, New York City time, credit the amounts so received to the general deposit account of the Borrower with the Agent or, if a Revolving Loan Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders. Unless the Agent shall have received notice from a Lender prior to the date of

any Revolving Loan Borrowing that such Lender will not make available to the Agent such Lender's portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with this PARAGRAPH (c) and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Revolving Loans comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Effective Rate. If such Lender shall repay to the Agent such corresponding amount, such amount shall constitute such Lender's Revolving Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Revolving Loan Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

(e) The Borrower may refinance all or any part of any Revolving Loan Borrowing with a Borrowing of the same or a different Type, subject to the conditions and limitations set forth in this Agreement. Any Borrowing or part thereof so refinanced shall be deemed to be repaid or prepaid in accordance with SECTION 2.06 or 2.13, as applicable, with the proceeds of a new Borrowing, and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Lenders to the Agent or by the Agent to the Borrower pursuant to PARAGRAPH (c) above.

SECTION 2.03. NOTICE OF BORROWINGS OF REVOLVING LOANS. The Borrower shall give the Agent written or telecopy notice (or telephone notice promptly confirmed in writing or by telecopy) (a) in the case of a Eurodollar Borrowing consisting of Revolving Loans, not later than 12:00 (noon), New York City time, three Business Days before a proposed Borrowing and (b) in the case of an ABR Borrowing consisting of Revolving Loans, not later than 12:00 (noon), New York City time, one Business Day before a proposed Borrowing. Each such notice shall be in substantially the form of EXHIBIT D. Such notice shall be irrevocable (except as expressly set forth herein) and shall in each case refer to this Agreement and specify (i) whether the Revolving Loan Borrowing then being requested is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If the Borrower shall not have given notice in accordance with this SECTION 2.03 of its election to refinance a Revolving Loan Borrowing prior to the end of the Interest Period in effect for such Borrowing,

then the Borrower shall

(unless such Borrowing is repaid at the end of such Interest Period) be deemed to have given notice of an election to refinance such Borrowing with an ABR Borrowing. The Agent shall promptly advise the Lenders of any notice given pursuant to this SECTION 2.03 and of each such Lender's portion of the requested Borrowing.

SECTION 2.04. COMPETITIVE BID PROCEDURES. (a) Whenever the Borrower desires to solicit Competitive Bids, it shall give the Agent at least one Business Day's prior written notice with respect to each proposed Competitive Bid Borrowing of Fixed Rate Loans and at least four Business Days' prior written notice of each proposed Competitive Bid Borrowing of Eurodollar Loans to be made hereunder; PROVIDED, that any such notice shall be deemed to have been given on a certain day only if given before 12:00 noon (New York City time) on such day. Each such notice (a "NOTICE OF COMPETITIVE BID BORROWING") shall be in the form of EXHIBIT E and shall be appropriately completed by the Borrower to specify (i) the aggregate principal amount of the proposed Competitive Bid Loans to be made pursuant to such Borrowing (which shall be in a minimum principal amount of $10,000,000 and in integral multiples of $1,000,000 in excess thereof), (ii) the date of such Borrowing (which shall be a Business Day) and (iii) whether the Competitive Bid Loans proposed to be made pursuant to such Borrowing are to be Fixed Rate Loans or Eurodollar Loans and (iv) the Interest Period relating thereto. The maturity date for repayment of each Competitive Bid Loan to be made as part of such Competitive Bid Borrowing shall be the earlier of (x) the last day of the Interest Period relating thereto and (y) the Termination Date. The Agent, in its sole discretion, may reject a Notice of Competitive Bid Borrowing that does not conform substantially to the format of EXHIBIT E, and the Agent shall promptly notify the Borrower of such rejection. The Agent shall promptly (but in any event on the same Business Day on which such notice was tendered) notify each Lender of each such request for a Competitive Bid Borrowing that it has received from the Borrower and has not rejected by telecopying such Lender a notice in the form of EXHIBIT F (a "NOTICE OF COMPETITIVE BID REQUEST").

(b) Each Lender (or any branch, office or Affiliate of such Lender on behalf of such Lender as such Lender may designate by written notice to the Agent) may, in its sole discretion, make one or more Competitive Bids to the Borrower via telecopier to the Agent in response to a Notice of Competitive Bid Request. Each Competitive Bid by or on behalf of a Lender must be received by the Agent via telecopier, in the form of EXHIBIT G, (i) in the case of a proposed Competitive Bid Borrowing of Eurodollar Loans, not later than 10:00 a.m., New York City time, three Business Days before a proposed Competitive Bid Borrowing and (ii) in the case of a proposed Competitive Bid Borrowing of Fixed Rate Loans, not later than 10:00 a.m., New York City time, on the day of a proposed Competitive Bid Borrowing. Any Lender may submit more than one Competitive Bid in response to any Competitive Bid Request. Competitive Bids

that do not conform substantially to the format of EXHIBIT G may be rejected by the Agent after conferring with, and upon the instruction of, the Borrower, and the Agent shall notify the Lender making such nonconforming Competitive Bid, or the Lender on behalf of which such nonconforming Competitive Bid has been made, of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and shall specify (x) the principal amount (which shall be in a minimum principal amount of $5,000,000 and in a integral multiple of $1,000,000 in excess thereof and which may equal the entire principal amount of the Competitive Bid Borrowing requested by the Borrower) of each Competitive Bid Loan that the applicable Lender is willing to make to the Borrower, (y) with respect to each requested Fixed Rate Loan, the Competitive Bid Rate, or with respect to each requested Eurodollar Loan, the Spread, at which such Lender is prepared to make such Competitive Bid Loan and (z) the Interest Period (which shall be the Interest Period set forth in the applicable Competitive Bid Request) and the last day thereof. If any Lender shall elect not to make a Competitive Bid, such Lender shall so notify the Agent via telecopier (I) in the case of Eurodollar Loans, not later than 10:00 a.m., New York City time, three Business Days before a

proposed Competitive Bid Borrowing, and (II) in the case of Fixed Rate Loans, not later than 10:00 a.m., New York City time, on the day of a proposed Competitive Bid Borrowing; PROVIDED, HOWEVER, that any Lender's failure to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Loan as part of such Competitive Bid Borrowing. A Competitive Bid submitted by or on behalf of a Lender pursuant to this SECTION 2.04 shall be irrevocable.

(c) The Agent shall promptly notify the Borrower by telephone and telecopier of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Bid Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each Competitive Bid. The Agent shall send a copy of all Competitive Bids to the Borrower for its records as soon as practicable (but in any event within one Business Day) after completion of the bidding process set forth in this SECTION 2.04.

(d) The Borrower may in its sole and absolute discretion, subject only to the provisions of this SECTION 2.04, accept or reject any Competitive Bid referred to in SECTION 2.04(b). The Borrower shall notify the Agent by telephone, confirmed by telecopier in the form of a Competitive Bid Accept/ Reject Letter, whether and to what extent it has decided to accept or reject any of or all the Competitive Bids referred to in SECTION 2.04(b), (x) in the case of a Competitive Bid Borrowing of Eurodollar Loans, not later than 11:00 a.m., New York City time, three Business Days before a proposed Competitive Bid Borrowing, and (y) in the case of a Borrowing of Fixed Rate Loans, not later than 11:00 a.m., New York City time, on the day of a proposed Competitive Bid Borrowing; PROVIDED, HOWEVER, that (i) the Borrower's failure to give such notice shall be deemed to be a rejection of all the Competitive Bids referred to in SECTION 2.04(b), (ii) the Borrower shall not accept a Competitive Bid made at

a particular Competitive Bid Rate if the Borrower has decided to reject a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the principal amount specified in the Notice of Competitive Bid Borrowing, (iv) if the Borrower shall accept a Competitive Bid or Competitive Bids made at a particular Competitive Bid Rate but the amount of such Competitive Bid or Competitive Bids shall cause the total amount of Competitive Bids to be accepted by the Borrower to exceed the amount specified in the Notice of Competitive Bid Borrowing, then the Borrower shall accept a portion of such Competitive Bid or Competitive Bids in an amount equal to the amount specified in the Competitive Bids accepted with respect to such Notice of Competitive Bid Borrowing, which acceptance, in the case of multiple Competitive Bids at the highest Competitive Bid Rate accepted by the Borrower, shall be made pro rata in accordance with the amount of each such Competitive Bid at such Competitive Bid Rate, and (v) except pursuant to CLAUSE (iv) above, no Competitive Bid shall be accepted for a Competitive Bid Loan unless such Competitive Bid Loan is in a minimum principal amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof; PROVIDED FURTHER, however, that if a Competitive Bid Loan must be in an amount less than $5,000,000 because of the provisions of CLAUSE (iv) above, such Competitive Bid Loan may be for a minimum of $1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to CLAUSE (iv) the amounts shall be rounded to integral multiples of $1,000,000 in a manner which shall be in the discretion of the Borrower. A notice given by the Borrower pursuant to this SECTION 2.04 shall be irrevocable.

(e) The Agent shall promptly notify each Lender that submitted a Competitive Bid, or on behalf of which a Competitive Bid was submitted, as the case may be, whether or not such Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy. Upon the Borrower's acceptance of any Competitive Bid, the Lender that made such Competitive Bid, or the Lender on behalf of which such Competitive Bid was made, as the case may be, will thereupon become bound, subject to the other

applicable conditions hereof, to make the Competitive Bid Loan in respect of which such Competitive Bid has been accepted.

(f) If the Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their Competitive Bids to the Agent pursuant to SECTION 2.04(b).

SECTION 2.05. NOTES. (a) The Borrower shall execute and deliver to each Lender (or to the Agent on behalf of each Lender) on or before the Closing Date a promissory note substantially in the form of EXHIBIT H-1 (each a "REVOLVING LOAN NOTE" and collectively, the "REVOLVING LOAN NOTES") to evidence

the aggregate amount of that Lender's Revolving Loans and with other appropriate insertions. Each Revolving Loan Note shall be dated the Closing Date and shall be stated to mature on the Termination Date. The Revolving Loan Note executed in favor of any Lender shall be in a principal amount equal to such Lender's Revolving Credit Commitment.

(b) The Borrower's obligation to pay the principal of and interest on all Competitive Bid Loans made to it by a Lender shall be evidenced by its promissory note substantially in the form of EXHIBIT H-2 (each a "COMPETITIVE BID NOTE" and collectively, the "COMPETITIVE BID NOTES"). Each Competitive Bid Note issued to each Lender (i) shall be payable to the order of such Lender and be dated the Closing Date, (ii) shall be in a stated principal amount equal to the Aggregate Revolving Credit Commitments and be payable in the outstanding principal amount of Competitive Bid Loans owing to such Lender evidenced thereby from time to time, (iii) shall mature with respect to each Competitive Bid Loan evidenced thereby on the earlier of (x) the last day of the Interest Period applicable thereto and (y) the Termination Date, (iv) shall bear interest as provided in SECTION 2.08 in respect of Fixed Rate Loans or Eurodollar Loans, as the case may be, evidenced thereby and (v) shall be entitled to the benefits of this Agreement and the other Loan Documents.

(c) Each Lender is hereby authorized to, and prior to any transfer of any Note issued to it, each Lender shall, endorse the date and amount of each Loan made by such Lender and each payment or prepayment of principal of the Loans evidenced thereby on the schedule annexed to and constituting a part of such Note, which endorsement shall constitute PRIMA FACIE evidence, absent manifest error, of the accuracy of the information so endorsed; provided that failure by any such Lender to make such endorsement shall not affect the obligations of the Borrower hereunder or under such Note. In lieu of endorsing such schedule as hereinabove provided, prior to any transfer of such Note, each Lender is hereby authorized, at its option, to record such Loans and such payments or prepayments in its books and records, such books and records constituting PRIMA FACIE evidence, absent manifest error, of the accuracy of the information contained therein.

SECTION 2.06. REPAYMENT OF LOANS. (a) The Borrower agrees to pay the outstanding principal balance of each Revolving Loan on the Termination Date and each Competitive Bid Loan as provided in SECTION 2.04(a). Each Loan shall bear interest from the date of the Borrowing of which such Loan is a part on the outstanding principal balance thereof as set forth in SECTION 2.08.

(b) Each Lender shall, and is hereby authorized by the Borrower to, maintain in accordance with its usual practices records evidencing the indebtedness of the Borrower to such Lender hereunder from time to time, including the amounts and Types of and Interest Periods applicable to the Loans made by such Lender from time to time and the amounts of principal and interest paid to such Lender from time to time in respect of such Loans.

(c) The entries made in the records maintained pursuant to PARAGRAPH (b) of this SECTION 2.06 and in the Register maintained by the Agent pursuant to SECTION 9.04 shall be PRIMA FACIE evidence of the existence and amounts of the Borrower's obligations to which such entries relate; PROVIDED, HOWEVER, that the failure of any Lender or the Agent to maintain or to make any entry in such records or the Register, as applicable, or any error therein, shall not in any manner affect the Borrower's obligation to repay the Loans in accordance with the terms of this Agreement.

SECTION 2.07. FEES. (a) The Borrower agrees to pay to the Lenders, through the Agent, on the last day of March, June, September and December in each year and on the date on which the last of the Commitments shall expire or be terminated as provided herein, a commitment fee (a "COMMITMENT FEE") accruing at an annual rate equal to the Applicable Commitment Fee on the average daily excess of the Aggregate Revolving Credit Commitments over the sum of (i) the aggregate outstanding principal balance of all Revolving Loans and (ii) the LC Exposure. The Commitment Fee shall be payable to the Lenders pro rata in arrears from the Closing Date until the date on which the last of the Revolving Credit Commitments of such Lenders shall expire or be terminated as provided herein. All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(b) The Borrower agrees to pay to each Lender, through the Agent, on the last day of March, June, September and December in each year, and on the date on which the LC Commitment of such Lender shall have been terminated or reduced to zero as provided herein and all Letters of Credit issued pursuant to such LC Commitment shall have expired, a letter of credit fee (an "LC FEE") equal to the Applicable Eurodollar Margin on the average daily undrawn face amount of all outstanding Letters of Credit, payable to the Lenders pro rata in arrears. All LC Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days, as the case may be.

(c) The Borrower agrees to pay to each Issuing Bank, for its own account, the applicable Issuing Bank Fees.

(d) All Fees shall be paid on the dates due in immediately available funds. All Fees, other than the Issuing Bank Fees, shall be paid to the Agent for distribution, if and as appropriate, among the Lenders and to the Issuing Banks. Once paid, none of the Fees shall be refundable under any circumstances, except in the case of overpayment, inadvertent or otherwise.

SECTION 2.08. INTEREST ON LOANS. (a) Subject to the provisions of SECTION 2.09, the Revolving Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate.

(b) Subject to the provisions of SECTION 2.09, the Revolving Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis

of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the LIBO Rate in effect for such Borrowing plus the Applicable Eurodollar Margin.

(c) Subject to the provisions of SECTION 2.09, each Fixed Rate Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at the rate offered by the Lender making such Loan and accepted by the Borrower pursuant to SECTION 2.04(d).

(d) Subject to the provisions of SECTION 2.09, each Eurodollar Loan comprising any Competitive Bid Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at the LIBO Rate plus the applicable Spread offered by the Lender making such Loan and accepted by the Borrower pursuant to SECTION 2.04(d) above.

(e) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. The applicable Alternate Base Rate or LIBO Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.09. DEFAULT INTEREST. If the Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, by acceleration or otherwise, the Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, in the case of amounts bearing interest computed by reference to the Prime Rate and a year of 360 days in all other cases) equal to (a) in the case of any Loan, the rate applicable to such Loan under SECTION 2.08 plus 2% per annum and (b) in the case of any other amount, the rate that would at the time be applicable to an ABR Loan under SECTION 2.08 plus 2% per annum.

SECTION 2.10. ALTERNATE RATE OF INTEREST. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for any Borrowing constituting Eurodollar Loans, the Agent shall have determined that dollar deposits in the principal amounts of Loans constituting such Eurodollar Loans are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining its Eurodollar Loan during such Interest Period, or that reasonable means do not exist for ascertaining the LIBO Rate, the Agent shall, as soon as practicable thereafter, give written or telecopy notice of such determination to the Borrower and the Lenders. In the event of any such determination, any request by the Borrower for Eurodollar Loans pursuant to

SECTION 2.03 or 2.12 shall, until the Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, be deemed to be a request for ABR Loans; PROVIDED, HOWEVER, that the Borrower may revoke any such deemed request for ABR Loans by providing written or telecopy notice to the Agent no later than the end of the Business Day before the day such ABR Loans are to be made. Each determination by the Agent hereunder shall be conclusive absent manifest error.

SECTION 2.11. REDUCTION OR CANCELLATION OF COMMITMENTS. (a) The Revolving Credit Commitments and the LC Commitments shall be automatically terminated on the Maturity Date.

(b) If the Debt/EBITDA Ratio exceeds 2.5 to 1.0 as of the fiscal quarter ended June 30, 2000, the Revolving Credit Commitments shall be permanently reduced (i) by $50,000,000 effective upon the date the financial statements for such quarter are delivered to the Agent (or, if such financial statements are not delivered within five days following the due date therefor, the Debt/EBITDA Ratio shall be deemed for purposes of this PARAGRAPH (b) to exceed 2.5 to 1.0 for such quarter, and such reduction to the Revolving Credit Commitments shall be effective as of such fifth day following the date such financial statements were due) and (ii) by an additional $50,000,000 effective one year following the date of such initial reduction.

(c) Upon at least ten days prior irrevocable written or telecopy notice to the Agent, which shall promptly notify the Lenders, the Borrower may at any time and from time to time permanently reduce all or a portion of the Aggregate Revolving Credit Commitments; PROVIDED, that any partial reduction of the Aggregate Revolving Credit Commitments shall be in minimum amounts of $10,000,000 and in $1,000,000 increments in excess thereof.

(d) Each reduction in the Revolving Credit Commitments hereunder shall be made ratably among the Lenders in accordance with their respective Pro Rata Shares.

(e) If at any time the Aggregate Revolving Credit Commitments are reduced below the Aggregate LC Commitments, then the Aggregate LC Commitments will be automatically and immediately reduced to the amount of the Aggregate Revolving Credit Commitments.

SECTION 2.12. CONVERSION AND CONTINUATION OF BORROWINGS OF REVOLVING LOANS. The Borrower shall have the right, with respect to any Revolving Loan Borrowing, at any time upon prior irrevocable notice to the Agent (i) not later than 12:00 (noon), New York City time, one Business Day prior to conversion, to convert any Eurodollar Borrowing into an ABR Borrowing, (ii) not later than 12:00 noon, New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing into a Eurodollar Borrowing or to continue any Eurodollar Borrowing as a Eurodollar Borrowing at the end of the

Interest Period relating thereto for an additional Interest Period, and (iii) not later than 12:00 noon, New York City time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Borrowing to another permissible Interest Period, subject in each case to the following:

(a) each conversion or continuation shall be made pro rata among the Lenders in accordance with their respective Pro Rata Shares;

(b) if less than all the outstanding principal amount of any Revolving Loan Borrowing shall be converted or continued, the aggregate principal amount of such Borrowing converted or continued shall be an integral multiple of $1,000,000 (and not less than $5,000,000 in the case of a conversion into, or a continuation of, a Eurodollar Borrowing);

(c) each conversion shall be effected by each Lender by applying the proceeds of the new Revolving Loan of such Lender resulting from such conversion to the Revolving Loan (or portion thereof) of such Lender being converted;

(d) if any Eurodollar Borrowing (or the Interest Period with respect thereto) is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to SECTION 2.18;

Each notice pursuant to this SECTION 2.12 shall be in substantially the form of EXHIBIT I. Such notice shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Revolving Loan Borrowing that the Borrower requests be converted or continued, (ii) whether such Borrowing is to be converted to or continued as a Eurodollar Borrowing or an ABR Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Borrowing is to be converted to or continued as a Eurodollar Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Agent shall advise the other Lenders of any notice given pursuant to this SECTION 2.12 and of each such Lender's portion of any converted or continued Revolving Loan Borrowing. If the Borrower shall not have given notice in accordance with this SECTION 2.12 to continue any Revolving Loan Borrowing of Eurodollar Loans into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this SECTION 2.12 to convert such Borrowing), such Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Borrowing.

SECTION 2.13. VOLUNTARY PREPAYMENTS. (a) The Borrower shall have

the right at any time and from time to time to prepay Revolving Loans, in whole or in part, upon prior written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) to the Agent before 12:00 noon, New York City time, (i) three Business Days prior to prepayment, in the case of Eurodollar Loans; and (ii) one Business Day prior to prepayment, in the case of ABR Loans; PROVIDED, HOWEVER, that each partial prepayment shall be in an amount which is an integral multiple of $1,000,000. Competitive Bid Borrowings may not be prepaid unless so required pursuant to the terms hereof.

(b) Each notice of an optional prepayment shall specify the prepayment date and the principal amount of Revolving Loans to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Revolving Loans by the amount stated therein on the date stated therein. All optional prepayments under this SECTION 2.13 shall be subject to SECTION 2.18 but otherwise without premium or penalty. All prepayments of Eurodollar Loans under this SECTION 2.13 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.14. MANDATORY PREPAYMENTS OF REVOLVING LOANS. On the date of any termination or reduction of the Revolving Credit Commitments pursuant to SECTION 2.11, the Borrower shall pay or prepay so much of the Revolving Loans as shall be necessary in order that (a) the sum of (i) the aggregate principal amount of the Loans outstanding and (ii) the LC Exposure will not exceed (b) the Aggregate Revolving Credit Commitments after giving effect to such termination or reduction. Any such prepayment shall be subject to the provisions of SECTION 2.18. All prepayments of Eurodollar Loans under this SECTION 2.14 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.15. LETTERS OF CREDIT. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Issuing Bank agrees, at any time and from time to time on or after the Closing Date until the earlier of the Maturity Date and the termination of the LC Commitments in accordance with the terms hereof, to issue and deliver or to extend the expiry date of Letters of Credit for the account of the Borrower in an aggregate undrawn amount at any one time outstanding which, together with the aggregate undrawn amount at such time outstanding of Letters of Credit issued by other Issuing Banks, does not exceed the Aggregate LC Commitments; PROVIDED, HOWEVER, that no Issuing Bank shall issue or extend the expiry of any Letter of Credit if, immediately after giving effect to such issuance or extension (i) the aggregate LC Exposure at such time would exceed the Aggregate LC Commitments or (ii) the sum of the aggregate outstanding principal balance of the Loans and the LC Exposure would exceed the Aggregate Revolving Credit Commitments. Each Letter of Credit (x) shall be in a form approved in writing by the Borrower, the Agent and the applicable Issuing Bank and (y) shall permit drawings upon the presentation of one or more sight drafts and such other documents as shall be specified by the Borrower in the applicable notice delivered pursuant to PARAGRAPH (c) below.

(b) Each Letter of Credit shall by its terms expire not later than the earlier of (i) the first anniversary of the date of issuance or the date of

the most recent extension (subject to extension for additional one-year periods by the applicable Issuing Bank as contemplated by PARAGRAPH (a) above) and (ii) the Maturity Date. Each Letter of Credit shall by its terms provide for payment of drawings in dollars.

(c) The Borrower shall give the applicable Issuing Bank irrevocable written or telecopy notice not later than 12:00 noon, New York City time, three Business Days (or such shorter period as shall be acceptable to such Issuing Bank and the Agent) prior to any proposed issuance or proposed extension of the expiry date of a Letter of Credit. Each such notice shall refer to this Agreement and shall specify (I) the date on which such Letter of Credit is to be issued (which shall be a Business Day), the face amount of

such Letter of Credit (which shall be an amount in dollars), (ii) the name and address of the beneficiary, (iii) whether such Letter of Credit shall permit a single drawing or multiple drawings, (iv) the form of the sight draft and any other documents required to be presented at the time of any drawing (together with the exact wording of such documents or copies thereof) and (v) the expiry date of such Letter of Credit (which shall conform to the provisions of PARAGRAPH (b) above). Each Issuing Bank shall give the Agent, which shall in turn give to each other Issuing Bank and to each Lender, prompt written or telecopy advice of any notice received from the Borrower pursuant to this paragraph.

(d) By the issuance of a Letter of Credit and without any further action on the part of the applicable Issuing Bank or the Lenders in respect of such Letter of Credit, the applicable Issuing Bank hereby grants to each Lender, and each Lender hereby agrees to and does acquire from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the face amount of such Letter of Credit, effective upon the issuance of such Letter of Credit; PROVIDED, HOWEVER, that no Lender shall be required to acquire participations in Letters of Credit that would result in its Pro Rata Share of the LC Exposure exceeding its LC Commitment. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, on behalf of each Issuing Bank, in accordance with PARAGRAPH (f) below, such Lender's Pro Rata Share of each unreimbursed LC Disbursement made by such Issuing Bank; PROVIDED, HOWEVER, that the Lenders shall not be obligated to make any such payment with respect to any wrongful payment or disbursement made under any Letter of Credit as a result of the gross negligence or willful misconduct of such Issuing Bank.

(e) Each Lender acknowledges and agrees that its acquisition of participations pursuant to PARAGRAPH (d) above in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of any Potential Event of Default or Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(f) Promptly after it shall have ascertained that any draft and any accompanying documents presented under a Letter of Credit appear to be in conformity with the terms and conditions of such Letter of Credit, the applicable Issuing Bank shall give written or telecopy notice to the Borrower and the Agent of the receipt and amount of such draft and the date on which payment thereon will be made. If the Agent shall not have received from the Borrower the payment required pursuant to PARAGRAPH (g) below by 12:00 noon, New York City time, one Business Day after the date on which payment of a draft presented under any Letter of Credit has been made, the Agent shall promptly so notify the applicable Issuing Bank and each Lender, specifying in the notice to each Lender its Pro Rata Share on the date of such notice, of such LC Disbursement. Each Lender shall pay to the Agent, not later than 2:00 p.m., New York City time, on such date, such Lender's Pro Rata Share of such LC Disbursement, which the Agent shall promptly pay to the applicable Issuing Bank. Each such payment by a Lender pursuant to this PARAGRAPH (f) in respect of any LC Disbursement shall be deemed to be a Revolving Loan made to the Borrower, and all such Revolving Loans made in respect of any one LC Disbursement shall be deemed to be a Revolving Loan Borrowing. The Revolving Loans constituting such Borrowing initially shall accrue interest at the Alternate Base Rate. The Borrower hereby irrevocably authorizes the Lenders to make such Revolving Loans for the purpose of paying an Issuing Bank for any LC Disbursements which the Borrower fails to pay (together with any interest on the LC Disbursement for the period prior to the making of such Revolving Loans) and agrees that all such Loans so made shall be deemed to have been requested by the Borrower.

(g) If an Issuing Bank shall pay any draft presented under a Letter of Credit under circumstances entitling it to reimbursement under

succeeding provisions of this PARAGRAPH (g), the Borrower shall pay to such Issuing Bank or to the Agent for the account of such Issuing Bank or, if the Agent shall have received the payments provided in PARAGRAPH (f) above with respect to such drawing, for the accounts of the Lenders, an amount equal to the amount of such draft before 12:00 noon, New York City time, on the Business Day immediately following the date of payment of such draft, together with interest on such amount at a rate per annum equal to the interest rate in effect for ABR Borrowings from (and including) the date of payment of such draft to (but excluding) the date of such payment by the Borrower. The obligation of the Borrower to pay the amounts referred to above in this PARAGRAPH (g) shall be absolute, unconditional and irrevocable and shall be satisfied strictly in accordance with their terms irrespective of:

(I) any lack of validity or enforceability of any Letter of Credit;

(ii) the existence of any claim, setoff, defense or other right which the Borrower or any other Person may at any time have against the beneficiary under any Letter of Credit, the Agent, any Issuing Bank, any

confirming bank or any Lender (other than the defense of payment in accordance with the terms of this Agreement or a defense based on gross negligence or willful misconduct of the applicable Issuing Bank or confirming bank) or any other Person in connection with this Agreement or any other transaction;

(iii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect; PROVIDED that payment by the applicable Issuing Bank or confirming bank under such Letter of Credit against presentation of such draft or document shall not have constituted gross negligence or willful misconduct by such Person;

(iv) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document which does not comply in any immaterial respect with the terms of such Letter of Credit; PROVIDED that such payment shall not have constituted gross negligence or willful misconduct; or

(v) any other circumstance or event whatsoever, whether or not similar to any of the foregoing; PROVIDED that such other circumstance or event shall not have been the result of gross negligence or willful misconduct of the applicable Issuing Bank.

It is understood that in making any payment under a Letter of Credit (x) the applicable Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including, without limitation, reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be forged, fraudulent or invalid in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever, and (y) any noncompliance in any immaterial respect of the documents presented under a Letter of Credit with the terms thereof shall, in either case, not be deemed willful misconduct or gross negligence of such Issuing Bank.

(h) TRANSITIONAL PROVISIONS. SCHEDULE 2.15 contains a schedule of certain letters of credit issued for the account of the Borrower or an Affiliate thereof and outstanding as of the Closing Date by one or more of the Issuing Banks (the "EXISTING FACILITY LETTERS OF CREDIT"). On the Closing

Date, (I) such Existing Facility Letters of Credit shall be deemed to be Letters of Credit issued pursuant to and in compliance with this SECTION 2.15, (ii) the face amount of such Existing Facility Letters of Credit shall be included in the

calculation of the available LC Commitment and the LC Exposure, (iii) the provisions of this SECTION 2.15 shall apply thereto, and the Borrower and the Lenders hereunder hereby expressly assume all obligations with respect to such Letters of Credit and (iv) all liabilities of the Borrower with respect to such Existing Facility Letters of Credit shall constitute Obligations.

SECTION 2.16. ADDITIONAL INTEREST ON EURODOLLAR LOANS; RESERVE REQUIREMENTS; CHANGE IN CIRCUMSTANCES. (a) The Borrower shall pay to the Agent for the account of each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including "EUROCURRENCY LIABILITIES" (as such term is defined in Regulation D), additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender, from the date of such Loan until such Loan ceases to be a Eurodollar Loan, at an interest rate per annum equal to all times to the remainder obtained by subtracting (I) the LIBO Rate for the Interest Period for such Loan from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest shall be determined by such Lender and notified to the Borrower through the Agent. For purposes of this Section, "EURODOLLAR RATE RESERVE PERCENTAGE" of any Lender for the Interest Period for any Eurodollar Loan means the reserve percentage applicable during such Interest Period and actually required to be maintained by such Lender as a result of the funding of Eurodollar Loans made by such Lender to the Borrower hereunder (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

(b) Notwithstanding any other provision herein, if after the Closing Date any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender of the principal of or interest on any of such Lender's Loans or any other amounts payable hereunder (other than taxes imposed on the overall net income of such Lender) or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, such Lender or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or such Lender's Loans, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) in respect thereof by an amount deemed by such Lender to be material, then such additional amount or amounts as will compensate such Lender for such additional costs or reduction will be paid to such Lender by the Borrower upon demand by such Lender.

(c) If any Lender or Issuing Bank shall have determined that the applicability of any law, rule, regulation, agreement or guideline adopted pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation, agreement or guideline regarding capital adequacy, or any change in any of the foregoing or

in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or Issuing Bank or any Lender's or Issuing Bank's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has had the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender or the Letters of Credit issued by such Issuing Bank pursuant hereto (or the participations of the Lenders therein) to a level below that which such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy) by an amount deemed by such Lender or Issuing Bank to be material, then from time to time the Borrower shall pay to such Lender or Issuing Bank such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company on an after-tax basis for any such reduction suffered. Notwithstanding the foregoing, no Lender shall be entitled to compensation under this SECTION 2.16 with respect to any Competitive Bid Loan if it knew or should have known of the change giving rise to such request and of the impact of such change on the cost of making such Competitive Bid Loans at the time of submission of the Competitive Bid pursuant to which such Competitive Bid Loan shall have been made.

(d) A certificate of each Lender or Issuing Bank setting forth such amount or amounts as shall be necessary to compensate such Lender or Issuing Bank or its holding company as specified in PARAGRAPH (a), (b) or (c) above, as the case may be, shall be delivered to the Borrower, which certificate shall be rebuttably presumptive evidence of such costs or reductions. The Borrower shall pay each such Lender, Issuing Bank and holding company the amount shown as due on any such certificate delivered by it within 10 Business Days after the Borrower's receipt of the same; PROVIDED, that the Borrower shall have no obligation to pay such costs or reductions to the extent such costs or reductions were incurred by any such Lender, Issuing Bank or holding company more than ninety (90) days prior to the date of the certificate in which such costs or reductions were set forth.

(e) Except as otherwise expressly provided in this paragraph, failure on the part of any Lender or Issuing Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's or Issuing Bank's right to demand compensation with respect to such period or any other period. The protection of this SECTION 2.16 shall be available to each Lender and Issuing Bank regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed. No Lender or Issuing Bank shall be entitled to compensation under this SECTION 2.16 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the Borrower that it will demand compensation for such costs or reductions under PARAGRAPH (c) above not more than six months after the later of (I) such date and (ii) the date on which it shall have become aware of such costs or reductions.

SECTION 2.17. CHANGE IN LEGALITY. (a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Borrower and to the Agent, such Lender may:

(I) declare that Eurodollar Loans will not thereafter be made or maintained by such Lender hereunder, whereupon (y) any request by the Borrower for Eurodollar Loans shall, as to such Lender only, be deemed a request for an ABR Loan; and (z) any request by the Borrower to continue Eurodollar Loans or to convert into Eurodollar Loans shall, as to such Lender only, be deemed a request to convert into or continue as an ABR Loan; in either case unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in PARAGRAPH (b) below.

In the event any Lender shall exercise its rights under (I) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans. Notwithstanding the foregoing, no Lender shall be entitled to compensation under this SECTION 2.17 with respect to any Competitive Bid Loan and no Competitive Bid Loan shall be deemed converted to an ABR Loan if

such Lender knew or should have known of the change giving rise to such request and of the impact of such change on the cost of making such Competitive Bid Loans at the time of submission of the Competitive Bid pursuant to which such Competitive Bid Loan shall have been made.

(b) For purposes of this SECTION 2.17, a notice to the Borrower by any Lender shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Borrower.

(c) In the event that such Lender determines at any time following its giving of the notice referred to in SECTION 2.17(a) that such Lender may lawfully make Eurodollar Loans, such Lender shall promptly give notice (by telephone confirmed in writing) to the Borrower and the Agent (which notice the Agent shall promptly transmit to each Lender) of that determination, whereupon the right of the Borrower to request of such Lender and such Lender's obligation to make Eurodollar Loans shall be restored.

(d) Each Lender agrees (to the extent consistent with internal policies) to designate a different lending office for Eurodollar Loans if such designation would avoid the illegality described in SECTION 2.17(a); PROVIDED, HOWEVER, that such designation need not be made if it would result in any additional costs, expenses or risks to such Lender that are not reimbursed by the Borrower pursuant hereto or would, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.18. INDEMNITY. The Borrower shall indemnify each Lender against any loss or expense which such Lender may sustain or incur as a consequence of (a) any failure by the Borrower to borrow or to refinance, convert or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing, conversion or continuation has been given pursuant to SECTION 2.03, 2.04 or 2.12 (b) any payment, prepayment or conversion of a Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, (c) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (d) the occurrence of any Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or

maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall be an amount equal to the excess, if any, as reasonably determined by such Lender, of (I) its cost of obtaining the funds for the Loan being paid, prepaid, converted or not borrowed, converted, continued,

refinanced, paid or prepaid (assumed to be the LIBO Rate applicable thereto) for the period from the date of such payment, prepayment, conversion or failure to borrow, convert, continue, refinance, pay or prepay to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, convert, continue or refinance, the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid, converted or not borrowed, converted, continued, refinanced, paid or prepaid for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error.

SECTION 2.19. PRO RATA TREATMENT. (a) Except as required under SECTION 2.17 and SECTION 9.18, each Revolving Loan Borrowing, each payment or prepayment of principal of any Revolving Loans, each payment of interest on the Revolving Loans, each payment of the Commitment Fees and LC Fees, each reduction of the Revolving Credit Commitments or the LC Commitments, and each refinancing of any Revolving Loan Borrowing with, conversion of any Revolving Loan Borrowing to or continuation of any Revolving Loan Borrowing as a Borrowing of any Type (other than with respect to Competitive Bid Borrowings) shall be allocated among the Lenders in accordance with their respective Pro Rata Shares. Each Lender agrees that in computing such Lender's portion of any Revolving Loan Borrowing to be made hereunder, the Agent may, in its discretion, round each Lender's percentage of such Borrowing, computed in accordance with SECTION 2.01, to the next higher or lower whole dollar amount.

(b) All payments of principal of any Competitive Bid Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Bid Loans comprising such Borrowing. All payments of interest on any Competitive Bid Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Bid Loans comprising such Borrowing.

(c) So long as the Loans have not become due and payable in full pursuant to SECTION 7.02, and subject to the terms and conditions of this Agreement, the Borrower shall designate whether any payment hereunder is to be applied to a Revolving Loan Borrowing or a Competitive Bid Borrowing. After the Loans have become due and payable in full pursuant to SECTION 7.02, all amounts remitted to the Agent shall be applied, subject to the provisions of this Agreement, (I) first, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Agent from the Borrower under this Agreement or any other Loan Document; (ii) second, to pay Obligations in respect of any fees, expense reimbursements or indemnities then due to the Lenders and the Issuing Banks from the Borrower; (iii) third, to pay interest due in respect of the Loans (ratably, in respect of Revolving Loans and Competitive Bid Loans); (iv) fourth, to pay or prepay principal of Loans and LC Disbursements (ratably, in respect of Revolving Loans, Competitive Bid Loans and LC Disbursements); (v) fifth, to provide cash collateral in respect of Letters of Credit; and (vi)

sixth, to the ratable payment of all other Obligations.

SECTION 2.20. SHARING OF SETOFFS. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such

Lender under any applicable bankruptcy, insolvency or other similar law or otherwise (except pursuant to SECTION 2.24 or 9.04), or by any other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans (which, for purposes of this SECTION 2.20, shall include reimbursement obligations with respect to LC Disbursements) as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans of such other Lender, so that the aggregate unpaid principal amount of the Loans and participations in Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; PROVIDED, HOWEVER, that, if any such purchase or purchases or adjustments shall be made pursuant to this SECTION 2.20 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to the Borrower in the amount of such participation.

SECTION 2.21. PAYMENTS. (a) The Borrower shall make each payment (including principal of or interest on the Loans, any Fees other than Issuing Bank Fees or other amounts) hereunder and under any other Loan Document not later than 12:00 noon, New York City time, on the date when due in dollars to the Agent at its offices at 270 Park Avenue, New York, New York, in immediately available funds. Any payment received after 12:00 noon, New York City time, on any date shall be deemed to have been received on the next succeeding Business Day.

(b) Whenever any payment (including principal of or interest on any Loans or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day,

such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable, unless, in the case of a Eurodollar Loan only, such next succeeding Business Day would fall in the next calendar month, in which case such payment shall be made on the next preceding Business Day.

SECTION 2.22. TAXES. (a) Any and all payments by the Borrower hereunder shall be made, in accordance with SECTION 2.21, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, EXCLUDING (I) taxes imposed on the net income of the Agent, any Issuing Bank or any Lender (or any transferee or assignee thereof that is permitted by SECTION 9.04, including a participation holder (any such entity being called a "TRANSFEREE")), (ii) franchise or similar taxes imposed on the Agent, any Issuing Bank or any Lender (or Transferee) by the United States of America or any jurisdiction under the laws of which the Agent, such Issuing Bank or any such Lender (or Transferee) is organized or in which the applicable lending office is situated, or subject to such tax other than solely as a result of the transactions provided for herein or any political subdivision thereof and (iii) all taxes not imposed by the United States of America, the states or a political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "TAXES"). For purposes of this provision, taxes imposed on net income include United States of America withholding taxes imposed upon the payment of interest unless such taxes are imposed as a result

of a change in the laws, treaties, regulations or interpretations in existence on the Closing Date. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Lenders (or any Transferee), any Issuing Bank or the Agent, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this SECTION 2.22) such Lender (or Transferee), such Issuing Bank or the Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law; PROVIDED, HOWEVER, that no Transferee of any Lender shall be entitled to receive any greater payment under this PARAGRAPH (a) than such Lender would have been entitled to receive with respect to the rights assigned, participated or otherwise transferred.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "OTHER TAXES").

(c) The Borrower will indemnify each Lender (or Transferee), the Agent and each Issuing Bank for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee), the Agent or such Issuing Bank as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 Business Days after the date any Lender (or Transferee), the Agent or any Issuing Bank, as the case may be, makes written demand therefor. If a Lender (or Transferee), the Agent or an Issuing Bank shall become aware that it is entitled to receive a refund in respect of Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this SECTION 2.22 or a credit in respect of any Taxes or Other Taxes paid by the Borrower pursuant to this SECTION 2.22 against taxes it would otherwise have owed that are not Taxes or Other Taxes, it shall promptly notify the Borrower of the availability of such refund or credit and shall apply for such refund or credit at the Borrower's expense. If any Lender (or Transferee), the Agent or any Issuing Bank receives a refund or it becomes entitled to take a credit in respect of any Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this SECTION 2.22, it shall promptly notify the Borrower of such refund or credit and shall promptly repay such refund or pay the amount of such credit, as the case may be, to the Borrower (to the extent of amounts that have been paid by the Borrower under this SECTION 2.22 with respect to such refund or credit), net of all out-of-pocket expenses of such Lender, the Agent or such Issuing Bank; PROVIDED that the Borrower, upon the request of such Lender (or Transferee), the Agent or such Issuing Bank agrees to return such refund or the amount of such credit (plus penalties, interest or other charges) to such Lender (or Transferee), the Agent or such Issuing Bank in the event such Lender (or Transferee), the Agent or such Issuing Bank is required to repay such refund or is prohibited from taking such credit against taxes that are not Taxes or Other Taxes. Nothing contained in this PARAGRAPH (c) shall require any Lender (or Transferee), the Agent or any Issuing Bank to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

(d) Within 30 Business Days after the date of any payment of Taxes or Other Taxes withheld by the Borrower in respect of any payment to any Lender (or Transferee), the Agent or any Issuing Bank, the Borrower will furnish to the Agent, at its address referred to in SECTION 9.01, the original or a certified copy of a receipt evidencing payment thereof to the extent that the relevant taxing authority delivers such receipts.

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this SECTION 2.22 shall survive the payment in full of the Obligations hereunder.

(f) Each Lender and Issuing Bank represents to the Agent and the

Borrower that under applicable laws, treaties, regulations and interpretations in existence on the Closing Date, no Taxes imposed by the United States of America will be required to be withheld with respect to interest on the Loans. Each Lender, the Agent and each Issuing Bank that is organized under the laws of a jurisdiction outside the United States of America shall, on the Closing Date and, if legally able to do so, at the beginning of each of its tax years thereafter, deliver to the Borrower such certificates, documents or other evidence, as required by the Internal Revenue Code or Treasury Regulations issued pursuant thereto, including Internal Revenue Service Form 1001 or Form 4224 and any other certificate or statement of exemption required by Treasury Regulation Section 1.1441-1, 1.1441-4 or 1.1441-6(c) or any subsequent version thereof or successors thereto, properly completed and duly executed by such Lender (or Transferee), the Agent or such Issuing Bank establishing that payments made pursuant to this Agreement to such Lender (i) are not subject to United States Federal withholding tax under the Internal Revenue Code because such payment is effectively connected with the conduct by such Lender (or Transferee), the Agent or such Issuing Bank of a trade or business in the United States of America or (ii) are totally exempt from United States Federal withholding tax, or are subject to a rate of such tax that has been reduced to zero under a provision of an applicable tax treaty. Unless the Borrower and the Agent have received forms or other documents satisfactory to them indicating that such payments hereunder are not subject to United States Federal withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Borrower or the Agent shall withhold taxes from such payments at the applicable statutory rate.

(g) The Borrower shall not be required to pay any additional amounts to any Lender (or Transferee), the Agent or any Issuing Bank in respect of United States Federal withholding tax pursuant to PARAGRAPH (a) above if the obligation to pay such additional amounts does not result from a change in laws, treaties, regulations or interpretations in existence on the Closing Date. Thus the Borrower shall not reimburse for Taxes or Other Taxes arising from a failure by the Lender (or Transferee), the Agent or such Issuing Bank (if required to do so) to comply with the provisions of PARAGRAPH (f) above or from a transfer of the Loans to another applicable lending office; PROVIDED, HOWEVER, that the Borrower shall be required to pay those amounts to any Lender (or Transferee), the Agent or any Issuing Bank that it was required to pay hereunder prior to the failure of such Lender (or Transferee), the Agent or such Issuing Bank to comply with the provisions of PARAGRAPH (f).

SECTION 2.23. DUTY TO MITIGATE ADDITIONAL COSTS, REDUCTIONS IN RATE OF RETURN AND TAXES. Any Lender (or Transferee), the Agent or any Issuing Bank claiming any amounts pursuant to SECTION 2.16 or 2.22 shall use reasonable efforts (consistent with legal and regulatory restrictions) to avoid any costs, reductions, Taxes or Other Taxes in respect of which such amounts are claimed, including the filing of any certificate or document reasonably requested by the Borrower or the changing of the jurisdiction of its lending office if such efforts would avoid the need for or reduce the amount of any such amounts which would thereafter accrue and would not, in the sole determination of such Lender (or Transferee), the Agent or such Issuing Bank, result in any additional costs, expenses or risks to such Lender (or Transferee), the Agent or such Issuing Bank

or would be otherwise disadvantageous to such Lender (or Transferee), the Agent or such Issuing Bank.

SECTION 2.24. ASSIGNMENT OF COMMITMENTS UNDER CERTAIN CIRCUMSTANCES.

In the event a Lender (an "AFFECTED LENDER") shall have: (i) failed to either fund its Pro Rata Share of any Revolving Loan Borrowing requested by the Borrower which such Lender is obligated to fund under the terms of SECTION 2.03 or its Competitive Bid Loan which such Lender is obligated to fund under the terms of SECTION 2.04, and in either case such failure has not been cured within five (5) Business Days, (ii) failed to fund its Pro Rata Share of a payment to the Agent on behalf of an Issuing Bank which such Lender is obligated to fund under the terms of SECTION 2.15 and such failure has not been cured within five (5) Business Days, (iii) either repudiated its obligations under this Agreement or failed to reaffirm such obligations in writing within five (5) Business Days of a written request therefor from the Agent or any Issuing Bank, (iv) delivered to the Borrower a notice described in the last sentence of this SECTION 2.24, or (v) made demand for additional amounts pursuant to SECTION 2.16 or 2.22, as a result of any condition described in any such Section, then, unless such Affected Lender has theretofore taken steps to remove or cure, and has removed or cured within five (5) Business Days, such failure or the circumstances described in such notice or the conditions creating the cause for such demand for such additional amounts, as the case may be, the Borrower may require the Affected Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in SECTION 9.04) all its interests, rights and obligations under this Agreement to a bank designated by the Borrower and which is reasonably acceptable to the Agent (such bank being herein called a "REPLACEMENT LENDER"); PROVIDED, that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the Replacement Lender shall pay to the Affected Lender in immediately available funds on the date of such termination or assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder. Each Lender agrees to use its best efforts to notify the Borrower as promptly as practicable upon such Lender's becoming aware that circumstances exist which would cause the Borrower to become obligated to pay additional amounts to such Lender pursuant to SECTION 2.16 or 2.22; PROVIDED, that the failure by any Lender to give such notice shall not affect the obligations of the Borrower under such Sections.

ARTICLE III. REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders, the Issuing Banks and the Agent to enter into this Agreement and to make and/or maintain Loans and provide Letters of Credit hereunder, the Borrower hereby represents and warrants to the Lenders, the Issuing Banks, and the Agent that the following statements are true, correct and complete:

SECTION 3.01. ORGANIZATION; CORPORATE POWERS. Each of the Borrower and its Subsidiaries (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified to do business as a foreign corporation and in good standing under the laws of each jurisdiction in which it owns or leases real property or in which the nature of its business requires it to be so qualified, except for those jurisdictions (other than Alabama, Arkansas, Mississippi and Vermont) where failure to so qualify and be in good standing does not have a Material Adverse Effect and (iii) has all requisite corporate power and authority to own, operate and encumber its property and assets and to conduct its business as presently conducted.

SECTION 3.02. AUTHORITY.

(i) The Borrower has the requisite corporate power and authority to execute, deliver and perform each of the Loan Documents.

(ii) The execution, delivery and performance of each of the Loan Documents and the consummation of the transactions contemplated

thereby have been duly approved by the Board of Directors of the Borrower, and no other corporate proceedings on the part of the Borrower is necessary to consummate such transactions.

(iii) The Borrower has duly executed and delivered each of the Loan Documents to which it is party, and each such Loan Document constitutes the Borrower's legal, valid and binding obligation, enforceable against it in accordance with its terms, and is in full force and effect subject to the effect of bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance, voidable preference or similar laws and the application of equitable principles generally.

SECTION 3.03. SUBSIDIARIES; OWNERSHIP OF CAPITAL STOCK. As of the Closing Date, SCHEDULE 3.03 sets forth all of its Subsidiaries and the identity of the holders (other than the public holders of the capital stock of CGC) of all shares of each class of capital stock of each of its Subsidiaries.

SECTION 3.04. NO CONFLICT. The Borrower's execution, delivery and performance of each Loan Document, and each of the transactions contemplated thereby, do not (i) constitute a tortious interference with any of the Borrower's or any of its Subsidiaries' Contractual Obligations, or (ii) violate the Borrower's certificate of incorporation or by-laws, or other organizational documents, as the case may be, or (iii) result in a breach of or constitute (with or without notice or lapse of time or both) a default under any material Requirement of Law or material Contractual Obligation of the Borrower or any of its Subsidiaries, or require termination of any material Contractual Obligation,

or (iv) result in or require the creation or imposition of any material Lien whatsoever upon any of the properties or assets of the Borrower or of any of its Subsidiaries (other than Liens in favor of the Collateral Trustee arising pursuant to the Loan Documents or Liens permitted pursuant to SECTION 6.03) or (v) require any approval of stockholders or any approval or consent of any Person under any Contractual Obligation of the Borrower or any of its Subsidiaries, which have not been obtained on or before the Closing Date.

SECTION 3.05. GOVERNMENTAL CONSENTS. The Borrower's execution, delivery and performance of each Loan Document and the transactions contemplated thereby do not require any registration with, consent or approval of, or notice to, or other action to, with or by any Governmental Authority.

SECTION 3.06. GOVERNMENTAL REGULATION. As of the Closing Date, neither the Borrower nor any of its Subsidiaries is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act or the Investment Company Act of 1940.

SECTION 3.07. DEBT. Set forth on SCHEDULE 3.07 hereto is a complete and correct list of all Debt of the Borrower and each of its Subsidiaries outstanding as of the Closing Date having an outstanding principal amount in excess of $1,000,000 (other than Debt incurred pursuant to the Loan Documents and Debt permitted under SECTION 6.01), which SCHEDULE 3.07 specifies the aggregate principal amount thereof outstanding as of the Closing Date.

SECTION 3.08. LITIGATION; MATERIAL ADVERSE EFFECTS. As of the Closing Date:

(a) except as set forth in SCHEDULE 3.08 hereto, there exists no action, suit, proceeding, governmental investigation or arbitration, at law or in equity, or before or by any Governmental Authority, pending, or to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries or any property of any of them which would have a Material Adverse Effect; and

(b) neither the Borrower nor any of its Subsidiaries is (A) in violation of any applicable law which violation would have a Material Adverse Effect, or (B) subject to or in default with respect to any final judgment, writ, order, injunction, decree, rule or regulation of any court or Governmental Authority which would have a Material Adverse Effect.

SECTION 3.09. PAYMENT OF TAXES. As of the Closing Date: (i) all federal tax returns and reports of the Borrower and each of its Subsidiaries and, to the Borrower's knowledge, all other tax returns and reports of the Borrower and each such Subsidiary, required to be filed, have been timely filed, and all taxes, assessments, fees and other governmental charges thereupon and upon their respective properties, assets, income and franchises which are shown

on such returns, or have been assessed by any Governmental Authority, as being due and payable, have been paid when due and payable, except such taxes, if any, that are reserved against in accordance with GAAP, such taxes as are being contested in good faith by appropriate proceedings or such taxes the failure to make payment of which when due and payable would not have, in the aggregate, a Material Adverse Effect; and (ii) the Borrower has no knowledge of any proposed tax assessment against the Borrower or any of its Subsidiaries that would have a Material Adverse Effect, which is not being contested in good faith by such Person.

SECTION 3.10. MARGIN STOCK. Neither the Borrower nor any of its Subsidiaries is engaged principally in the business of extending credit for the purpose of purchasing or carrying any Margin Stock.

SECTION 3.11. NO MATERIAL MISSTATEMENTS. As of the Closing Date: (i) the schedules, certificates and other written statements and information (taken as a whole) furnished by or on behalf of the Borrower and/or its Subsidiaries to the Agent and the Lenders, do not contain any material misstatement of fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and (ii) neither the Borrower nor any of its Subsidiaries has intentionally withheld any fact known to it which would have a Material Adverse Effect which has not been set forth or referred to in this Agreement or the other Loan Documents.

SECTION 3.12. REQUIREMENTS OF LAW. As of the Closing Date, the Borrower, each of its Subsidiaries and each Person acting on behalf of any of them is in compliance with all Requirements of Law (including, without limitation, the Securities Act and the Securities Exchange Act, and the applicable rules and regulations thereunder, the Bankruptcy Code, state securities law and "Blue Sky" law) applicable to them and their respective businesses, in each case, except to the extent that the failure to so comply would not have a Material Adverse Effect.

SECTION 3.13. ENVIRONMENTAL MATTERS. Except as disclosed in the report attached as SCHEDULE 3.13:

(a) neither the Borrower nor any of its Subsidiaries have received or are aware of any of the following: (i) notice or claim to the effect that the Borrower or any of its domestic Subsidiaries is or may be liable to any Person as a result of the Release or threatened Release of any Contaminant into the environment; (ii) notice that the Borrower or any of its domestic Subsidiaries has been identified as potentially responsible for, or is subject to investigation by any Governmental Authority relating to, the Release or threatened Release of any Contaminant into the environment; (iv) notice that any Property of the Borrower or any of its domestic Subsidiaries is subject to an Environmental Lien; (iv) notice of violation to the Borrower or any of its domestic Subsidiaries or awareness by the Borrower or any of its domestic Subsidiaries of a condition which might reasonably result in a notice of violation of any environmental, health or safety Requirement of Law, which would have a Material Adverse Effect; (v) commencement or threat of any

judicial or administrative proceeding alleging a violation of any environmental Requirement of Law; (vi) commencement of any judicial proceeding alleging a violation of any health or safety Requirement of Law; or (vii) any proposed acquisition of stock, assets, real estate, or leasing of Property, or any other action by the Borrower or any of its Subsidiaries that could subject the Borrower or any of its Subsidiaries to environmental, health or safety Liabilities and Costs that would have a Material Adverse Effect; and

(b) neither the Borrower nor any of its Subsidiaries have made any filing or report with any Governmental Authority with respect to (i) the violation of any environmental, health or safety Requirement of Law, (ii) any unpermitted Release or threatened Release of a Contaminant or (iii) any unsafe or unhealthful condition at any Property of the Borrower or any of its Subsidiaries, any of which would have a Material Adverse Effect.

SECTION 3.14. ERISA. Neither the Borrower nor any ERISA Affiliate maintains or contributes to any Benefit Plan other than a Benefit Plan listed on SCHEDULE 3.14 annexed hereto. Except as otherwise provided on SCHEDULE 3.14, each Plan which is intended to be a qualified plan has been determined by the IRS to be qualified under Section 401(a) of the Internal Revenue Code, and each trust related to any such Plan has been determined to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code prior to its amendment by the Tax Reform Act of 1986, and such Plan and trust are being operated in all material respects in compliance with the Tax Reform Act of 1986 and all other amendments to the Internal Revenue Code and ERISA as interpreted by the regulations promulgated thereunder. Except as otherwise provided on SCHEDULE 3.14, neither the Borrower nor any ERISA Affiliate maintains or contributes to any employee welfare benefit plan within the meaning of Section 3(1) of ERISA which provides lifetime benefits to retirees. The Borrower and all of its ERISA Affiliates are in compliance in all material respects with the responsibilities, obligations and duties imposed on them by ERISA or regulations promulgated thereunder with respect to all Plans. No accumulated funding deficiency (as defined in Section 302(a)(2) of ERISA and Section 412(a) of the Internal Revenue Code) exists with respect to any Benefit Plan. Except as otherwise provided on SCHEDULE 3.14, neither the Borrower nor any ERISA Affiliate nor any fiduciary of any Plan which is not a Multiemployer Plan (i) has engaged in a nonexempt "prohibited transaction" described in Sections 406 and 408 of ERISA or Section 4975 of the Internal Revenue Code or (ii) has taken any action which would constitute or result in a Termination Event with respect to any Plan which would result in a material liability to the Borrower. Neither the Borrower nor any ERISA Affiliate has incurred any material liability to the PBGC that has not been paid within the applicable period permitted by law. Schedule B to the most recent annual report filed with the Internal Revenue Service with respect to each Benefit Plan and furnished to the Lenders is complete and accurate. Except as provided on SCHEDULE 3.14, since the date

of each such Schedule B, there has been no material adverse change in the funding status or financial condition of the Benefit Plan relating to such Schedule B which would result in a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate has failed to make a required contribution or payment to a Multiemployer Plan on or before the required due date for such contribution or installment which failure would have a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate has failed to make a required installment under subsection (m) of Section 412 of the Internal Revenue Code or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment, which failure would have a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate is required to provide security to a Plan under Section 401(a)(29) of the Internal Revenue Code due to a Benefit Plan amendment that results in an increase in current liability for the plan year.

SECTION 3.15. ASSETS AND PROPERTIES. As of the Closing Date: (i) the Borrower and each of its Subsidiaries has good and marketable title to all of its assets (tangible and intangible) owned by it, and all such assets are

free and clear of all Liens except as specifically permitted or contemplated by the terms and provisions of this Agreement; and (ii) substantially all of the assets and properties owned by, leased to or used by the Borrower and/or each such Subsidiary are in adequate operating condition and repair, ordinary wear and tear excepted, are free and clear of any known defects except such defects as do not substantially interfere with the continued use thereof in the conduct of normal operations, and are able to serve the function for which they are currently being used, except in each case where the failure of such asset to meet such requirements would not have a Material Adverse Effect.

SECTION 3.16. AGREEMENTS. Neither the Borrower nor any of its Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Debt, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets is or may be bound, where such default would result in a Material Adverse Effect.

SECTION 3.17. FINANCIAL STATEMENTS. The Borrower has heretofore furnished to the Lenders consolidated financial statements (i) as of December 31, 1994, audited by and accompanied by the opinion of Arthur Andersen & Co. or other independent certified public accountants of recognized national standing satisfactory to the Agent and (ii) as of March 31, 1995. Such financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and each of its consolidated Subsidiaries and as of such dates and for such periods. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of the Borrower and its consolidated Subsidiaries (including the Borrower) as of the dates thereof that are required to be disclosed under GAAP. Such financial statements

were prepared in accordance with GAAP applied on a consistent basis, except as set forth in the notes to such financial statements. There has been no material adverse change in the business, assets, operations or financial condition of the Borrower and its Subsidiaries since December 31, 1994.

ARTICLE IV. CONDITIONS PRECEDENT

The obligations of the Lenders to make Loans and the obligation of the Issuing Banks to issue or extend the expiry date of Letters of Credit (each of the foregoing events being called a "CREDIT EVENT") from and after the Closing Date, are subject to the satisfaction of all of the applicable conditions set forth below:

SECTION 4.01. ALL CREDIT EVENTS. On the date of each Credit Event:

(a) NOTICE OF BORROWING. The Agent and, where applicable, an Issuing Bank shall have received a notice of such Credit Event as required by SECTION 2.03, SECTION 2.04 or Section 2.15(c).

(b) REPRESENTATIONS AND WARRANTIES. The representations and warranties set forth in SECTIONS 3.01, 3.02, 3.04 and 3.10 shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date.

(c) NO DEFAULT. The Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Credit Event no Potential Event of Default or Event of Default shall have occurred and be continuing.

(d) NO INJUNCTION. No law or regulation shall prohibit, and no order, judgment or decree of any Governmental Authority shall enjoin,

prohibit or restrain, any Lender from making the requested Loan or any Lender or Issuing Bank from issuing, renewing, extending or increasing the face amount of or participating in the Letter of Credit requested to be issued, renewed, extended or increased.

(e) NO MATERIAL ADVERSE EFFECT. Since December 31, 1994, no event has occurred which has had or would have a Material Adverse Effect; PROVIDED, HOWEVER, that the foregoing condition precedent shall not apply in the case of (i) a continuation of a Loan as either an ABR Loan or a Eurodollar Loan, (ii) a conversion of ABR Loans into Eurodollar Loans or Eurodollar Loans into ABR Loans, (iii) a refinancing of any Borrowing that does not increase the aggregate outstanding principal amount of any Revolving Loan or Competitive Bid Loan, or (iv) the extension of an

outstanding Letter of Credit.

Each Credit Event shall be deemed to constitute a representation and warranty by the Borrower on the date of such Credit Event as to the matters specified in PARAGRAPHS (b), (c) and, when applicable, (e) of this SECTION 4.01.

SECTION 4.02. FIRST CREDIT EVENT. The obligations of the Lenders and the Issuing Banks hereunder, including, without limitation, the obligation to make the initial Loans and other extensions of credit, shall be of no force or effect until all of the following conditions precedent are satisfied:

(a) DOCUMENTATION. The Agent shall have received all of the following, each in form and substance satisfactory to the Lenders (as indicated by each Lender's signature hereto) and, in the case of item (1) below, in sufficient copies for each of the Lenders:

(1) This Agreement, executed by the Borrower, together with all Schedules hereto;

(2) A Revolving Loan Note, with appropriate insertions, executed by the Borrower and payable to the order of each Lender;

(3) A Competitive Bid Note, with appropriate insertions, executed by the Borrower and payable to the order of each Lender;

(4) The Pledge Agreement, executed by the Borrower in favor of the Collateral Trustee, together with stock certificates and appropriate stock powers endorsed in blank;

(5) The Collateral Trust Agreement, executed by all parties thereto;

(6) The opinion of Kirkland & Ellis, counsel to the Borrower, and the opinion of the assistant general counsel of the Borrower, in each case relating to such matters as the Agent deems appropriate, in form and substance reasonably satisfactory to the Agent and the Lenders;

(7) The Borrower's Restated Certificate of Incorporation, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by the Secretary of State of Delaware, together with good standing certificates from the Secretaries of State of Delaware and Illinois, each to be dated a date at most ten (10) days prior to the Closing Date;

(8) A certificate of the Secretary or Assistant Secretary of the Borrower certifying (A) the names and true signatures of the Borrower's incumbent officers who are authorized to sign this Agreement and all other Loan Documents to be executed by the Borrower, (B) the Borrower's By-Laws as in effect on the date of such certification, (c) the resolutions of the Borrower's Board of Directors approving and

authorizing the execution, delivery and performance of this Agreement and all other Loan Documents executed by the Borrower, (D) that there have been no changes in the Restated Certificate of Incorporation of the Borrower since the date of the most recent certification thereof by the Secretary of State of Delaware; and

(9) An opinion of Richards, Layton & Finger, counsel to the Collateral Trustee, relating to such matters as the Agent deems appropriate, which opinion is in form and substance reasonably satisfactory to the Agent and the Lenders.

(b) PAY DOWN OF EXISTING CREDIT AGREEMENT. The Existing Credit Agreement (except for those provisions which survive termination of such arrangement) shall have been or shall simultaneously with the Credit Events occurring on the Closing Date be terminated, all loans outstanding and other amounts owed to the lenders thereunder shall have been or shall simultaneously with such Credit Events be paid in full and all letters of credit outstanding thereunder shall have been or shall simultaneously with such Credit Events become subject to the provisions of this Agreement.

(c) PAYMENT OF FEES. The Agent, the Issuing Banks and the Lenders shall have received all Fees and other amounts due and payable hereunder or under the other Loan Documents on or prior to the Closing Date.

ARTICLE V
AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that, on and after the Closing Date and so long as any Lender shall have any Commitment hereunder and until payment in full of all of the Obligations (other than any contingent indemnity Obligations arising pursuant to SECTION 2.16, 2.18, 2.22 or 9.05), unless the Requisite Lenders shall otherwise give prior written consent:

SECTION 5.01. CORPORATE EXISTENCE; CORPORATE POWERS; ETC. The Borrower shall, and shall cause each Material Subsidiary to, at all times maintain its corporate existence and preserve and keep in full force and effect its rights and franchises unless the failure to maintain such rights and franchises would not have a Material Adverse Effect. The Borrower shall promptly provide the Agent with a complete list of its Subsidiaries upon the occurrence of any change in the list of such Subsidiaries as set forth on SCHEDULE 5.01 hereto. The Borrower shall, and shall cause each Material Subsidiary to, qualify and remain qualified to do business in each jurisdiction in which the nature of its business requires it to be so qualified except for those jurisdictions (other than Alabama, Arkansas, Mississippi and Vermont) where the failure to so qualify would not have a Material Adverse Effect.

SECTION 5.02. COMPLIANCE WITH LAWS, ETC. The Borrower shall, and

shall cause each Material Subsidiary to, (a) comply with all Requirements of Law, and all restrictive covenants affecting such Person or the business, properties, assets or operations of such Person, and (b) obtain as needed all Permits necessary for its operations and maintain such in good standing, except where the failure to comply with either of CLAUSES (a) or (b) above would not have a Material Adverse Effect.

SECTION 5.03. MAINTENANCE OF PROPERTIES; INSURANCE. The Borrower shall, and shall cause each Material Subsidiary to, maintain or cause to be maintained in good repair, working order and condition, excepting ordinary wear and tear and damage due to casualty or condemnation, all of its properties material to its operations and will make or cause to be made all appropriate repairs, renewals and replacements thereof, consistent with past practice. The Borrower and each Material Subsidiary shall maintain or cause to be maintained, with financially sound and reputable insurers reasonably acceptable to the Agent, the insurance policies and programs listed on

SCHEDULE 5.03 hereto (including liability insurance) or substantially similar programs or policies and amounts or other programs, policies and amounts reasonably acceptable to the Agent. With respect to the renewal, replacement or material modification of any policy or program, the Borrower shall deliver or cause to be delivered to the Lenders, concurrently with the delivery of the financial statements required to be delivered pursuant to SECTION 5.07(b) a detailed schedule setting forth for each such policy or program: (I) the amount of such policy, (ii) the risks insured against by such policy, (iii) the name of the insurer and each insured party under such policy, and (iv) the policy number of such policy.

SECTION 5.04. PAYMENT OF TAXES AND CLAIMS. The Borrower shall pay or cause to be paid, and shall cause each Material Subsidiary to pay, (a) all material taxes, assessments and other governmental charges imposed upon it or on any of its properties or assets or in respect of any of its franchises, business, income or property when finally due and payable, and (b) all material claims (including, without limitation, claims for labor, services, materials and supplies) for sums, material in the aggregate to the Borrower or any such Subsidiary, as the case may be, which have become due and payable and which by law have or may become a Lien (other than a Customary Permitted Lien) upon any of the Borrower's or such Subsidiary's properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; PROVIDED that no such taxes, assessments and governmental charges referred to in CLAUSE (a) above or claims referred to in CLAUSE (b) above need be paid if being contested in good faith by appropriate proceedings and if adequate reserves, if required, shall have been accrued therefor in accordance with GAAP.

SECTION 5.05. INSPECTION OF PROPERTY; BOOKS AND RECORDS. The Borrower shall permit, and shall cause each of its Material Subsidiaries to permit, any authorized representative(s) designated by the Agent or any Lender

to visit and inspect any of its properties or the properties of any of its Subsidiaries, including their financial and accounting records, and to make copies and take extracts therefrom, and to discuss their affairs, finances and accounts with their officers, employees, representatives, agents or independent certified public accountants, all at such times during normal business hours and as often as may be reasonably requested. Each such visitation and inspection by or on behalf of the Agent shall be at the Borrower's expense. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which entries in conformity with GAAP shall be made of all dealings and transactions in relation to their businesses and activities.

SECTION 5.06. ERISA. The Borrower shall comply in all material respects with the applicable provisions of ERISA and (b) furnish to the Agent and each Lender (I) as soon as possible, and in any event within 30 days after any Responsible Officer of the Borrower or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Borrower to the PBGC in an aggregate amount exceeding $5,000,000, a statement of a Financial Officer of the Borrower setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (ii) promptly after receipt thereof, a copy of any notice the Borrower or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Internal Revenue Code) or to appoint a trustee to administer any Plan or Plans, (iii) within 10 Business Days after the due date for filing with the PBGC pursuant to Section 412(n) of the Internal Revenue Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer of the Borrower setting forth details as to such failure and the action proposed to be taken with respect thereto,

together with a copy of such notice given to the PBGC and (iv) promptly and in any event within 30 days after receipt thereof by the Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of withdrawal liability or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, in each case within the meaning of Title IV of ERISA.

SECTION 5.07. FINANCIAL STATEMENTS. The Borrower and each of its Material Subsidiaries shall maintain or cause to be maintained a system of accounting established and administered in accordance with sound business practices and consistent with past practice to permit preparation of financial statements in conformity with GAAP, and each of the financial statements described below shall be prepared from such system and records. The Borrower

shall deliver or cause to be delivered to each of the Lenders, the items described below:

(a) As soon as practicable, and in any event within forty-five (45) days after the end of each fiscal quarter in each Fiscal Year, the consolidated balance sheet, consolidated statement of income and consolidated statement of cash flow for such fiscal quarter. The Borrower shall also provide at such times the consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter and the consolidating statement of income of the Borrower and its Subsidiaries for such fiscal quarter and for the period from the beginning of the current Fiscal Year to the end of such fiscal quarter. These statements shall all be in reasonable detail and certified by a Financial Officer that they fairly present in all material respects the financial condition and results of operations of, and changes in financial position for, the Borrower and its Subsidiaries as at the dates and for the periods indicated, subject to changes resulting from audit and normal year-end adjustment;

(b) As soon as practicable, and in any event within ninety (90) days after the end of each Fiscal Year, the same consolidated and consolidating balance sheet and statement of income, and the same consolidated statement of cash flow of the Borrower and its Subsidiaries as described in CLAUSE (a) above. These statements shall all be in reasonable detail and accompanied by a report thereon of Arthur Andersen & Co. or other independent certified public accountants of recognized national standing satisfactory to the Requisite Lenders, which report shall be unqualified and shall state that such consolidated financial statements present fairly in all material respects the financial position of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and changes in their financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (or, in the event of a change in accounting principles, such accountants' concurrence with such change) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(c) Simultaneously with the delivery of the financial statements referred to in CLAUSE (b) above, a statement of the firm of independent certified public accountants which reported on the financial statements included therein that nothing has come to their attention to cause such independent certified public accountants to believe that such financial statements are inaccurate, and simultaneously with the delivery of the financial statements referred to in CLAUSES (a) and (b) above, a certificate of a Financial Officer of the Borrower (A) certifying that no Event of Default or Potential Event of Default has occurred or, if such an Event of Default or Potential Event of Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, and (B) setting forth computations in reasonable detail satisfactory to the Agent demonstrating compliance with the covenants contained in SECTIONS 6.01 through 6.04, 6.06, and 6.08 through 6.10;

(d) As soon as available, copies of any management reports prepared by the Borrower's independent certified public accountants in connection with the annual audit;

(e) As soon as available, copies of (i) all reports, proxy statements and other statements or schedules that have been filed with the Commission under the Securities Exchange Act by the Borrower or any of its Subsidiaries (except reports filed pursuant to Section 16(a) of the Securities Exchange Act), (ii) all registration statements and prospectuses that have been filed by the Borrower or any of its Subsidiaries with the Commission under the Securities Act, except those on Form S-8 and Form 11-K, (iii) all reports and other information that has been disseminated generally to holders of any class of the Borrower's publicly traded equity or debt securities, and (iv) all press releases made available generally by the Borrower or any of its Subsidiaries to the public concerning material developments in the business of the Borrower or any such Subsidiary; and

(f) Such other information respecting the Borrower's or any of its Subsidiaries' business or condition (financial or otherwise), operations, performance or properties as any Lender (through the Agent) may, from time to time, reasonably request. The Borrower authorizes the Agent to communicate directly with its independent certified public accountants and authorizes such accountants, in accordance with procedures reasonably satisfactory to such accountants, to disclose to the Agent any and all financial statements and other information of any kind, including copies of any management letter or the substance of any oral information, that such accountants may have with respect to the Borrower's or any such Subsidiary's condition (financial or otherwise), operations, properties and performance. The Agent shall provide the Borrower with a copy of any written request for information submitted to such accountants. The Agent and the Lenders shall treat any non-public information so obtained as confidential. Prior to the Closing Date, the Borrower shall have delivered a letter addressed to such accountants instructing them to disclose such information in compliance with this SECTION 5.07(f), and the Borrower prior to the end of each Fiscal Year shall deliver a letter addressed to such accountants notifying them that the Lenders will be relying on the financial statements audited by such accountants and delivered to the Lenders pursuant to SECTION 5.07(b).

SECTION 5.08. DEFAULT AND MATERIAL ADVERSE EFFECT. Promptly upon the Borrower obtaining knowledge of (i) any condition or event which constitutes an Event of Default or Potential Event of Default, or becoming aware that any Lender has given any notice with respect to a claimed Event of Default or Potential Event of Default under this Agreement, or (ii) any condition or event which would have a Material Adverse Effect, a certificate of a Financial Officer specifying the nature and period of existence of any such condition or event, or specifying the notice given by such Lender and the nature of such claimed default, Event of Default, Potential Event of Default, event or condition, and

what action the Borrower and/or any of its Subsidiaries have taken, are taking and propose to take with respect thereto.

SECTION 5.09. PLEDGE OF STOCK OF DOMESTIC MATERIAL SUBSIDIARY. The Borrower agrees that until such time as its senior public debt is rated Investment Grade, it will immediately pledge, or cause to be pledged, to the Collateral Trustee all shares of stock of any direct or indirect domestic Subsidiary of the Borrower, whether formed or acquired after the Closing Date or otherwise, at the time such Subsidiary becomes a Material Subsidiary.

ARTICLE VI
NEGATIVE COVENANTS

The Borrower covenants and agrees that, on and after the Closing Date and so long as any Lender shall have any Commitment hereunder and until payment in full of all of the Obligations (other than any contingent indemnity Obligations arising pursuant to SECTION 2.16, 2.18, 2.22 or 9.05), unless the

Requisite Lenders (except as otherwise provided below) shall otherwise give prior written consent:

SECTION 6.01. DEBT. (a) Neither the Borrower nor any of its Subsidiaries shall directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to, any Debt, the incurrence of which would cause the Borrower to violate the financial covenants set forth in SECTION 6.09.

(b) Neither the Borrower nor any of its domestic Subsidiaries shall at any time permit the sum of (i) all Debt secured by Liens PLUS, without duplication, (ii) all Debt of all of its domestic Subsidiaries to exceed $125,000,000.

(c) Until such time as the Borrower's senior public debt is rated Investment Grade, neither the Borrower nor any of its Subsidiaries shall at any time permit the sum of (i) all Debt secured by Liens PLUS, without duplication, (ii) all Debt of all of its Subsidiaries to exceed $225,000,000.

(d) Notwithstanding anything to the contrary contained in PARAGRAPHS (b) and (c) of this SECTION 6.01, the following Debt of the Borrower and its Subsidiaries shall not be prohibited and shall not be included in calculating the levels of permitted Debt under such PARAGRAPHS (b) and (c):

(i) Debt incurred under this Agreement and Debt existing on the Closing Date identified on SCHEDULE 6.01;

(ii) Permitted Refinancing Debt;

(iii) Debt which is outstanding under Investor Certificates (as such term is defined in the Pooling and Servicing Agreement) up to an aggregate principal balance of $175,000,000 (it being understood that the portion of any such Investor Certificates having an aggregate principal amount in excess of $175,000,000 shall be subject to the limitation described in PARAGRAPH (b) above); and

(iv) Debt of the Borrower to any of its Subsidiaries, Debt of any Subsidiary to the Borrower and Debt of any Subsidiary to any other Subsidiary.

SECTION 6.02. SALES OF ASSETS. Neither the Borrower nor any of its Material Subsidiaries shall sell, assign, transfer, lease, convey or otherwise dispose of any properties or assets or any group of properties or assets, whether now owned or hereafter acquired, or any income or profits therefrom, except:

(I) any sales of assets occurring in the ordinary course of business of the Borrower and its Material Subsidiaries;

(ii) the sale of equipment by the Borrower or any of its Material Subsidiaries to the extent that such equipment is traded in for credit against the purchase price of similar replacement equipment or that the proceeds of such sale are reasonably promptly applied to the purchase price of such replacement equipment;

(iii) the sale by the Borrower or any of its Material Subsidiaries of obsolete equipment;

(iv) any Sale and Lease-Back Transaction permitted under SECTION 6.06;

(v) the transfer of accounts and related assets pursuant to the Receivables Purchase Agreements and the Pooling and Servicing Agreement;

(vi) any sale of any assets by the Borrower or any of its Material Subsidiaries not described in clauses (I) through (v) above, PROVIDED, that at least 70% of the proceeds of any such sale shall consist of cash, Cash Equivalents, and/or the assumption by the purchaser of liabilities; PROVIDED, FURTHER, that the proceeds of any such sale received by the Borrower or any Material Subsidiary (x) from any such individual sale or related group of sales does not exceed $25,000,000 and (y) from all such sales in any Fiscal Year of the Company does not exceed an aggregate amount of $50,000,000;

(vii) any sale of assets described on SCHEDULE 6.02 attached hereto;

(viii) any sale or license of patents, trademarks, registrations therefor and other similar intellectual property occurring outside the ordinary course of business; and

(ix) any sale or other transfer of assets between the Borrower and any of its Subsidiaries, or between any of the Borrower's Subsidiaries; PROVIDED, HOWEVER, that no Material Subsidiary may sell or otherwise transfer all or a substantial part of its assets, whether in one transaction or in a series of related transactions, to any other Subsidiary, unless after giving effect to such sale or transfer the transferee of such assets constitutes a Material Subsidiary.

SECTION 6.03. LIENS. Neither the Borrower nor any of its Material Subsidiaries shall directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of their Property or assets except the following (each, a "PERMITTED LIEN):

(i) Liens governed by the Collateral Trust Agreement;

(ii) any interest or title of a lessor or secured by a lessor's interest under any lease permitted by this Agreement (including any related precautionary UCC financing statements filed in connection therewith);

(iii) to the extent any Operating Lease existing on the Closing Date is reclassified as a Capital Lease;

(iv) Liens existing on the Closing Date and identified in SCHEDULE 6.03;

(v) Customary Permitted Liens;

(vi) Liens with respect to judgments or attachments or arising in connection with court proceedings which do not result in an Event of Default or Potential Event of Default hereunder;

(vii) Liens securing Debt permitted pursuant to SECTION 6.01;

(viii) Liens arising under Section 302(f) of ERISA or Section 412(n) of the Internal Revenue Code where the delinquent contribution which gave rise to the Lien is paid within thirty (30) days of its original due date;

(ix) Liens securing the reimbursement obligations under any Letter of Credit which is drawable upon presentation of documents evidencing the sale or shipment of goods purchased by the Borrower or any of its Subsidiaries in the ordinary course of its business (a

"COMMERCIAL LETTER OF CREDIT"), if such Lien attaches only to (A) cash collateral or (B) the goods acquired through the issuance of such Commercial Letter of Credit;

(x) Liens consisting of purchase money security interests of suppliers with respect to office equipment supplied in the ordinary course of business, which Liens have not been perfected by the taking of possession of collateral and, unless the applicable Debt has been paid in full, which have not been in existence more than ninety (90) days.

(xi) Liens arising in connection with the the transfer of accounts and related assets pursuant to the Pooling and Servicing Agreement and the Receivables Purchase Agreements.

SECTION 6.04. INVESTMENTS. Until such time as the Borrower's senior public debt is rated Investment Grade, neither the Borrower nor any of its Material Subsidiaries shall directly or indirectly make or own any Investment in any Person except:

(i) Investments in Cash Equivalents;

(ii) Investments existing on the Closing Date and identified on SCHEDULE 6.04;

(iii) Investments in its domestic Material Subsidiaries;

(iv) Investments in its Subsidiaries in existence on the Closing Date (other than its Material Subsidiaries); PROVIDED, HOWEVER, that from and after the Closing Date, neither the Borrower nor any of its Material Subsidiaries shall make any Investment pursuant to this CLAUSE (iv) in any such Subsidiary which involves a transfer by the Borrower or such Material Subsidiary, as the case may be, of cash or other property of the Borrower or such Material Subsidiary;

(v) Investments which constitute Debt permitted pursuant to SECTION 6.01 and SECTION 6.08;

(vi) Investments in any Person made with the proceeds of any dividend or other distribution from such Person to the Borrower or Material Subsidiary making such Investment; and

(vii) other Investments in an aggregate amount not to exceed $175,000,000 MINUS the aggregate amount paid by CGC for the purchase of its publicly-traded capital stock.

SECTION 6.05. RESTRICTION ON FUNDAMENTAL CHANGES. Neither the Borrower nor any of its Material Subsidiaries shall enter into any merger or consolidation, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or convey, lease, sell, transfer or otherwise dispose of, in one transaction or in a series of related transactions, all or any substantial part

(to the extent not otherwise permitted in this Agreement) of its business, property or assets, whether now existing or hereafter acquired; unless: (i) the Borrower shall be the surviving corporation, or (ii) the successor entity which acquires the Borrower or its assets shall expressly assume all obligations of the Borrower hereunder and, in either case, (iii) after such merger, consolidation, sale, lease or conveyance, (x) the Borrower or such successor entity shall not be in default hereunder and (y) on a consolidated pro forma basis giving effect to such transaction, any Person of which the Borrower shall be a subsidiary (A) would have been in compliance with SECTION 6.09 as of the most recent fiscal quarter end and (B) would be permitted to incur an additional $1 of Debt under Section 6.01, in each case with all references to the Borrower in SECTION 6.01 or 6.09 or in the definitions of the terms employed therein being deemed references to such other Person, as the case may be; PROVIDED, HOWEVER, that notwithstanding the

foregoing, at any time a Subsidiary of the Borrower may merge with and into the Borrower, or merge with and into or consolidate with another of the Borrower's Subsidiaries.

SECTION 6.06. SALES AND LEASE-BACK. Neither the Borrower nor any of its Material Subsidiaries shall become liable, directly or by way of a Guarantee, with respect to any lease, whether or not such lease is a Capital Lease, of any property (whether real or personal or mixed) whether now owned or hereafter acquired, which the Borrower or any of its Subsidiaries has sold or transferred or is to sell or transfer to any other Person (a "SALE AND LEASE-BACK TRANSACTION"); PROVIDED that the Borrower or a Subsidiary may enter into any Sale and Lease-Back Transaction if (a) at the time of such Sale and Lease-Back Transaction no Event of Default shall have occurred and be continuing, and (b) the proceeds from the sale of the subject property shall be at least equal to 80% of its fair market value.

SECTION 6.07. RESTRICTIONS ON ABILITY OF MATERIAL SUBSIDIARIES TO DECLARE DIVIDENDS. The Borrower shall not permit any of its Material Subsidiaries to enter into any agreements (other than the Collateral Trust Agreement) with any other Person or Persons the effect of which would be to restrict, directly or indirectly, the ability of such Material Subsidiary to declare and pay dividends, other than any agreement that indirectly restricts the declaration and payment of dividends solely through the inclusion of a net worth covenant.

SECTION 6.08. DIVIDENDS, DISTRIBUTIONS AND PREPAYMENTS. Until such time as the Borrower's senior public debt is rated Investment Grade, neither the Borrower nor any of its Material Subsidiaries shall (i) declare or pay, directly or indirectly, any dividend, repurchase or redeem any shares of its capital stock, or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any shares of its capital stock, or (ii) prepay, defease, acquire for value or

exchange for any subordinated Debt, except as otherwise required pursuant to the terms of the agreements governing such subordinated Debt as in existence on and as of the Closing Date (except that the foregoing shall not prohibit prepayment of Obligations to the extent permitted by this Agreement) (the foregoing transactions being collectively called "RESTRICTED PAYMENTS"); PROVIDED, that (a) the Borrower may declare and pay dividends payable solely in shares of its common stock, (b) any Subsidiary of the Borrower may make Restricted Payments to the Borrower or another Subsidiary of the Borrower, (c) the Borrower may make Restricted Payments under employee equity incentive plans and (d) the Borrower may make additional Restricted Payments of cash and securities of the Borrower (each, an "ADDITIONAL RESTRICTED PAYMENT") so long as immediately after giving effect to any such proposed Additional Restricted Payment, (x) no Event of Default shall have occurred and be continuing and (y) the aggregate amount of all such Additional Restricted Payments made on or after the Closing Date shall not exceed the sum of (i) $175,000,000 MINUS the aggregate amount invested by the Borrower and all of its Material Subsidiaries (other than CGC, if CGC is a Material Subsidiary) from and after the Closing Date in connection with the purchase of CGC's publicly-traded capital stock, (ii) 100% of the proceeds received by the Borrower from and after the Closing Date from capital contributions or from the issuance or sale of stock, convertible securities or convertible debt, and (iii) 50% of Consolidated Net Income (or, if Consolidated Net Income shall be a deficit, minus 100% of such deficit) for the period beginning on the first day following the end of the fiscal quarter during which the Closing Date occurs, and ending on the last day of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to SECTION 5.07 (taken as a single accounting period). For purposes of CLAUSE (d) above, each Additional Restricted Payment made in securities of the Borrower shall be valued at the fair market value of such securities at the time such Additional Restricted Payment is made.

SECTION 6.09. FINANCIAL COVENANTS. The Borrower shall not permit:

(a) MAXIMUM DEBT/EBITDA RATIO. The Debt/EBITDA Ratio for the twelve-month period ending with the last day of any fiscal quarter in any Fiscal Year to exceed 4.50 to 1.00.

(b) MINIMUM INTEREST COVERAGE RATIO. The Interest Coverage Ratio for the twelve-month period ending with the last day of any fiscal quarter in any Fiscal Year to be less than 2.25 to 1.00.

SECTION 6.10. NO MORE RESTRICTIVE COVENANTS. Neither the Borrower nor any Material Subsidiary of the Borrower shall permit the financial covenants (which require the maintenance or satisfaction of financial performance tests and are of the nature that, if breached, would result in an event of default) or events of default (excluding a breach of a covenant which is not a financial covenant as described above) contained in any debt agreement relating to a principal amount in excess of $25,000,000, as the same may be amended, restated,

supplemented or otherwise modified at any time and from time to time, in the reasonable and good faith determination of the Borrower, to be more restrictive than the financial covenants contained in this Agreement, unless the Lenders are afforded the benefit of such more restrictive covenant or event of default; PROVIDED, that if the Lenders shall be afforded the benefit of any such more restrictive covenant or event of default, such benefit shall cease upon the termination of the debt agreement containing such more restrictive covenant or event of default.

SECTION 6.11. ACQUISITIONS. From and after the Closing Date, neither the Borrower nor any Material Subsidiary of the Borrower shall purchase or otherwise acquire, directly or indirectly, (I) a controlling interest of the issued and outstanding shares of capital stock or other equity interest of any Person or (ii) all or substantially all of the assets of such Person, unless the primary business of such Person, its Subsidiaries and its controlled Affiliates (taken as a whole) is within or is related to the building materials industry.

ARTICLE VII
EVENTS OF DEFAULT; RIGHTS AND REMEDIES

SECTION 7.01. EVENTS OF DEFAULT. Each of the following occurrences shall constitute an Event of Default under this Agreement:

(a) FAILURE TO MAKE PRINCIPAL PAYMENTS WHEN DUE. The Borrower shall fail to pay when due any principal on any Loan.

(b) FAILURE TO MAKE OTHER PAYMENTS WHEN DUE. The Borrower shall fail to pay when due any interest, fee or other amount payable under this Agreement (other than principal on any Loan) and, with respect to which such failure shall continue unremedied for five (5) Business Days.

(c) BREACH OF REPRESENTATION OR WARRANTY. Any representation or warranty made or deemed made by the Borrower to the Agent, any Issuing Bank or any Lender herein or in any of the other Loan Documents or in any statement or certificate at any time given by the Borrower or any of its Subsidiaries pursuant to any of the Loan Documents shall be untrue in any material respect on the date as of which made or deemed made.

(d) BREACH OF FINANCIAL COVENANTS. The Borrower shall fail to perform or observe the financial covenants contained in SECTION 6.09.

(e) BREACH OF OTHER TERMS. The Borrower or any Material Subsidiary of the Borrower shall default in the performance of or compliance with any material term contained in this Agreement or in any of the Loan

Documents or any default or event of default shall occur under any of the

Collateral Documents (other than as covered by subsection (a) through (d) above or by subsection (k) below), and such default or event of default shall continue for twenty (20) days after the Borrower receives written notice from the Agent of the occurrence of such default or event of default.

(f) DEFAULT AS TO OTHER INDEBTEDNESS. The Borrower or any Material Subsidiary of the Borrower shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) on any Debt, other than with respect to the Obligations, if the aggregate amount of such Debt is twenty-five million dollars ($25,000,000) or more; or any breach, default or event of default shall occur, or any other event shall occur or condition shall exist, under any instrument, agreement or indenture pertaining thereto, and shall continue after the applicable grace period, if any, specified in such instrument, agreement or indenture, if the aggregate amount of such Debt is twenty-five million dollars ($25,000,000) or more and if the effect thereof (with or without the giving of notice or lapse of time or both) is to accelerate, or permit the holder(s) of such Debt (or any Person on behalf of such holders) to accelerate, the maturity of any such Debt; or any such Debt shall be declared in accordance with the terms of the underlying agreement to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment prior to the stated maturity thereof).

(g) INVOLUNTARY BANKRUPTCY; APPOINTMENT OF RECEIVER, ETC.

(I) An involuntary case shall be commenced against the Borrower or any of its Material Subsidiaries, and the petition shall not be dismissed within sixty (60) days after commencement of the case, or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower or any of its Material Subsidiaries, in an involuntary case, under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or any other similar relief shall be granted under any applicable federal, state or foreign law.

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Borrower or any of its Material Subsidiaries, or over all or a substantial part of the property of the Borrower or any of its Material Subsidiaries, shall be entered; or an interim receiver, trustee or other custodian of the Borrower or any of its Material Subsidiaries or of all or a substantial part of the property of the Borrower or any of its Material Subsidiaries shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the Borrower or any of its Material Subsidiaries shall be issued and any such event shall not be stayed, vacated, dismissed, bonded or discharged within sixty (60) days of entry, appointment or issuance.

(h) VOLUNTARY BANKRUPTCY; APPOINTMENT OF RECEIVER, ETC. The Borrower or any of its Material Subsidiaries shall have an order for relief entered with respect to it or commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of

an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking of possession by a receiver, trustee or other custodian for it or for all or a substantial part of its property; the Borrower or any of its Material Subsidiaries shall make any assignment for the benefit of creditors; or the board of directors (or any committee thereof) of the Borrower or any of the Material Subsidiaries adopts any resolution or otherwise authorizes any action to approve any of the foregoing.

(I) JUDGMENTS AND ATTACHMENTS. Any money judgment (other than a money judgment to the extent covered by insurance, but only if the insurer has not denied coverage with respect to such money judgment), writ or warrant of attachment, or similar process involving in any case an amount in excess of twenty-five million dollars ($25,000,000) shall be entered or filed against the Borrower or any of its Material Subsidiaries, or any of their respective assets by a court of competent jurisdiction and shall remain undischarged, unvacated, unbonded or unstayed for a period ending on the first to occur of (I) the last day on which such order, judgment or decree becomes final and unappealable or (ii) sixty (60) days.

(j) DISSOLUTION. Any order, judgment or decree shall be entered against the Borrower or any of its Material Subsidiaries decreeing its involuntary dissolution or split up and such order shall remain undischarged and unstayed for a period in excess of thirty (30) days.

(k) COLLATERAL DOCUMENTS; FAILURE OF SECURITY. For any reason other than in connection with the release of the Collateral Trustee's Lien on the capital stock of the domestic Material Subsidiaries as contemplated by SECTION 9.07, (I) any Collateral Document ceases to be in full force and effect or any Lien intended to be created thereby ceases to be or is not valid and perfected; or any Lien in favor of the Collateral Trustee; (ii) any Obligations contemplated by this Agreement or any Collateral Document shall, at any time, be invalidated or otherwise cease to be in full force and effect; (iii) any such Lien or any Obligation shall be subordinated or shall not have the priority contemplated by this Agreement or the Collateral Documents for any reason other than as set forth in this PARAGRAPH (k); or (iv) the Borrower or any Subsidiary of the Borrower shall institute any action seeking a determination of any of the foregoing.

(l) CHANGE IN CONTROL. Any Person (other than the Borrower or any Subsidiary of the Borrower) shall purchase or otherwise acquire directly or indirectly beneficial ownership of the Borrower's common stock on or after the Closing Date, and immediately after such purchase or acquisition such Person and its Affiliates and "Associates" (as defined below) shall directly or indirectly beneficially own in the aggregate 50% or more of the Borrower's common stock then outstanding. For purposes of this SECTION 7.01(l), (I) "beneficial ownership" shall be determined in accordance with Rule 13d-3 (or any successor rule) of the Commission under the Securities Exchange Act; PROVIDED, HOWEVER,

that any employee benefit plan of the Borrower or a trustee or other Person holding common stock for or pursuant to the terms of any such plan shall not be deemed to have beneficial ownership of such common stock so long as each participant in such plan has the right to direct the trustee or other Person (A) to vote the common stock held by such plan for his or her benefit and (B) to tender such common stock in the event of a tender offer for common stock; and (ii) "ASSOCIATE" shall mean, with respect to any Person, (A) an officer, employee or partner of such Person, (B) a trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, or (c) a relative or spouse of such Person, or a relative of such spouse, who has the same home as such Person.

(m) ERISA LIABILITIES. Any Termination Event occurs which will or is reasonably likely to subject either the Borrower or an ERISA Affiliate to a liability which would have a Material Adverse Effect, or, the plan administrator of any Benefit Plan applies for and receives approval under Section 412(d) of the Internal Revenue Code for a waiver of the minimum funding standards of Section 412(a) of the Internal Revenue Code and the business hardship upon which the Section 412(d) waiver was based will or is reasonably likely to subject either the Borrower or an ERISA Affiliate to a liability which would have a Material Adverse Effect.

(n) ENVIRONMENTAL LIABILITIES. The Borrower or any of its Subsidiaries shall become subject to any Liabilities and Costs arising out of

or related to (a) the Release or threatened Release at any location of any Contaminant into the environment, or any Remedial Action in response thereto, or (b) any violation of any environmental, health or safety Requirements of Law, which Liabilities and Costs, individually or in the aggregate, would have a Material Adverse Effect. "REMEDIAL ACTION" shall mean any action required to (I) clean up, remove or treat or in any other way address Contaminants in the indoor or outdoor environment; (ii) prevent a Release or threat of Release or minimize the further Release of Contaminants so they do not migrate or endanger or seriously threaten to endanger public health or welfare or the indoor or outdoor environment; or (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care.

(o) BREACH AS TO HEDGING AGREEMENTS. (i) The Borrower or any Material Subsidiary shall have defaulted under one or more Interest Rate Contracts or any other contract providing interest rate, currency or commodity hedging or protection between the Borrower or such Material Subsidiary and any Lender or any Affiliate thereof, (ii) the sum of required liquidation or termination payments under all such defaulted agreements exceeds $5,000,000, and (iii) all of such payments shall not have been made within the period or periods provided in such agreement or agreements.

An Event of Default shall be deemed "continuing" until cured or waived in

writing in accordance with SECTION 9.09.

7.02. RIGHTS AND REMEDIES.

(a) ACCELERATION. Upon the occurrence of any Event of Default described in the foregoing SECTION 7.01(g) or 7.01(h), all Commitments shall automatically and immediately terminate and the unpaid principal amount of and any and all accrued interest on the Loans, all Obligations in respect of LC Exposure and all accrued Commitment Fees and all other fees payable hereunder shall automatically become immediately due and payable by the Borrower, with all additional interest from time to time accrued thereon and without presentment, demand, or protest or other requirements of any kind (including, without limitation, valuation or appraisal, diligence, presentment or notice of intent to demand or accelerate or of acceleration), all of which are hereby expressly waived by the Borrower, and the obligation of each Lender to make any Revolving Loan hereunder or each Issuing Bank to issue or each Lender to participate in any additional Letter of Credit shall thereupon terminate; and upon the occurrence and during the continuance of any other Event of Default, by written notice to the Borrower, the Agent shall, at the request, or may with the consent, of the Requisite Lenders, (I) declare that the Commitments are terminated, whereupon the Commitments and the obligation of each Lender to make any Revolving Loan hereunder, or each Issuing Bank to issue or each Lender to participate in any additional Letter of Credit shall immediately terminate, and/or (ii) declare the unpaid principal amount of and any and all accrued and unpaid interest on the Loans to be, and the same shall thereupon be, immediately due and payable with all additional interest from time to time accrued thereon and without presentment, demand, or protest or other requirements of any kind (including, without limitation, valuation or appraisal, diligence, presentment or notice of intent to demand or accelerate or of acceleration), all of which are hereby expressly waived by the Borrower.

(b) CASH COLLATERAL. In addition, following the occurrence of any Event of Default, the Borrower shall, upon the request of an Issuing Bank, promptly deposit with the Agent for the benefit of the Lenders and such Issuing Bank, in connection with an extension of the expiry date of any Letters of Credit issued by such Issuing Bank, cash or Cash Equivalents in an amount up to the greatest amount for which such Letters of Credit may be drawn. Such deposit shall be held by the Agent for the benefit of the Lenders and the Issuing Banks, as security for, and to provide for the payment of, LC Obligations. The Borrower hereby grants to the Agent, for the benefit of the Lenders and the Issuing Banks, a lien and security interest in all such sums held by the Agent.

(c) RESCISSION. If at any time after acceleration of the maturity of the Loans, the Borrower shall pay all arrears of interest and all payments on account of principal of the Loans and LC Obligations which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement)

and all Events of Default and Potential Events of Default (other than nonpayment of principal of and accrued interest on the Loans and the Notes and with respect to Letters of Credit, due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to SECTION 9.09, then by written notice to the Borrower, the Requisite Lenders may elect, in the sole discretion of such Requisite Lenders, to rescind and annul the acceleration and its consequences; but such action shall not affect any subsequent Event of Default or Potential Event of Default or impair any right or remedy consequent thereon. The provisions of the preceding sentence are intended merely to bind the Lenders to a decision which may be made at the election of the Requisite Lenders; they are not intended to benefit the Borrower and do not give the Borrower the right to require the Lenders to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

ARTICLE VIII. THE AGENT

SECTION 8.01. APPOINTMENT. In order to expedite the transactions contemplated by this Agreement, Chemical Bank is hereby appointed to act as Agent on behalf of the Lenders and the Issuing Banks. Each of the Lenders and the Issuing Banks hereby irrevocably authorizes the Agent to take such actions on its behalf and to exercise such powers as are specifically delegated to the Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Agent is hereby expressly authorized by the Lenders and the Issuing Banks, without hereby limiting any implied authority, and the Agent hereby agrees, (a) to receive on behalf of the Lenders and the Issuing Banks all payments of principal of and interest on the Loans and the LC Disbursements and all other amounts due to the Lenders and the Issuing Banks hereunder, and promptly to distribute to each Lender and Issuing Bank its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the Borrower of any Event of Default specified in this Agreement of which the Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender and Issuing Bank copies of all notices, financial statements and other materials delivered by the Borrower pursuant to this Agreement as received by the Agent.

SECTION 8.02. NATURE OF DUTIES. The Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. The Agent's duties shall be mechanical and administrative in nature. The Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender or any Issuing Bank. Nothing in this Agreement or any of the other Loan Documents, expressed or implied, is intended to or shall be construed to impose upon the Agent any obligations in respect of this Agreement or any of the other Loan Documents except as expressly set forth herein or therein. With respect to the taking or refraining from taking any action hereunder, if the Agent seeks the consent or approval of the Requisite Lenders, the Agent shall send notice thereof to each Lender. The Agent shall promptly notify each Lender at any time that the Requisite Lenders or, where expressly required, all of the Lenders, have instructed the Agent to act or refrain from acting pursuant hereto.

SECTION 8.03. RIGHTS, EXCULPATION, ETC. Neither the Agent nor any of its directors, officers, employees, Affiliates or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any

inquiry concerning the performance or observance by the Borrower of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Agent shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements. The Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Requisite Lenders or all of the Lenders, as appropriate, and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders and the Issuing Banks. The Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper Person or Persons. Neither the Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower on account of the failure of or delay in performance or breach by any Lender or Issuing Bank of any of its obligations hereunder or to any Lender or Issuing Bank on account of the failure of or delay in performance or breach by any other Lender or Issuing Bank or the Borrower of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders and the Issuing Banks hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Requisite Lenders.

SECTION 8.04. SUCCESSOR AGENT; RESIGNATION OF THE AGENT. Subject to the appointment and acceptance of a successor Agent as provided below, the Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Requisite Lenders shall have the right to appoint a successor acceptable to the Borrower. If no successor shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a United States of America bank with an office in

New York, New York, having a combined capital and surplus of at least $500,000,000 or an Affiliate of any such bank, and which shall be reasonably acceptable to the Borrower. Upon the acceptance of any appointment as Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations hereunder. After the Agent's resignation hereunder, the provisions of this ARTICLE and SECTION 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

SECTION 8.05. THE AGENT INDIVIDUALLY. With respect to the Loans made by it hereunder, Chemical Bank, in its individual capacity and not as Agent, shall have the same rights and powers as any other Lender and may exercise the same as though it was not the Agent, and Chemical Bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower, or any Subsidiary or any other Affiliate thereof, as if it was not the Agent.

SECTION 8.06. INDEMNIFICATION. Each Lender agrees (I) to reimburse the Agent, on demand, in the amount of its Pro Rata Share of any expenses incurred for the benefit of the Lenders or the Issuing Banks by the Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders or the Issuing Banks, which shall not have been reimbursed by the Borrower and (ii) to indemnify and hold

harmless the Agent and any of its directors, officers, employees or agents, on demand, in the amount of such Pro Rata Share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrower; PROVIDED that no Lender shall be liable to the Agent under CLAUSE (I) or (ii) above for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Agent or any of its directors, officers, employees or agents.

SECTION 8.07. INDEPENDENT CREDIT ANALYSIS. Each Lender and Issuing Bank acknowledges that it has, independently and without reliance upon the Agent or any other Lender or Issuing Bank and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or Issuing Bank and based on such documents and information as it shall from time to time deem appropriate, make its own credit analysis and decision to make

Loans hereunder from and after the Closing Date and continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

SECTION 8.08. RELATIONS AMONG LENDERS. Each Lender and each Issuing Bank agrees that it will not take any action, nor institute any actions or proceedings, against the Borrower with respect to this Agreement or any other Loan Document without the prior written consent of the Requisite Lenders.

ARTICLE IX. MISCELLANEOUS

SECTION 9.01. NOTICES. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy, as follows:

(a) if to the Borrower, to it at 125 South Franklin Street, Chicago, Illinois 60606, Attention of John E. Malone, Vice President and Treasurer, Telecopy No. (312) 606-3883;

(b) if to Chemical Bank, to it at 270 Park Avenue, New York, New York 10017, Attention of Christopher C. Wardell, Managing Director, Telecopy No. (212) 270-6125, with a copy to Chemical Securities Inc., 10 South LaSalle, Chicago, Illinois 60603, Attention of Steven J. Faliski, Vice President, Telecopy No. (312) 443-1964;

(c) if to any Issuing Bank, to it at the address for notices specified in the applicable Issuing Bank Agreement; and

(d) if to a Lender, to it at its address (or telecopy number) set forth in SCHEDULE 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto;

in each case, or to such other address as such Person may from time to time direct in writing to the Agent and the Borrower.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy, or on the date five Business Days after dispatch by

certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this SECTION 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this SECTION 9.01.

SECTION 9.02. SURVIVAL OF AGREEMENT. All covenants, agreements,

representations and warranties made by the Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Lenders and the Issuing Banks and shall survive the making by the Lenders of the Loans and the issuance by the Issuing Banks of Letters of Credit, regardless of any investigation made by the Lenders or the Issuing Banks or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement (other than any contingent indemnity Obligations arising pursuant to SECTION 2.16, 2.18, 2.22 or 9.05) or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated.

SECTION 9.03. BINDING EFFECT. This Agreement shall become effective when it shall have been executed by the Borrower and the Agent and when the Agent shall have received copies hereof which, when taken together, bear the signatures of each Lender, and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent, each Lender and Issuing Bank and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior consent of the Issuing Banks and all the Lenders.

SECTION 9.04. SUCCESSORS AND ASSIGNS. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower, the Agent, the Issuing Banks or the Lenders that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more Eligible Assignees all or a percentage of such assigning Lender's interests, rights and obligations under this Agreement and the other Loan Documents (including all or a portion of the Loans owing to it, the Notes held by it and its Commitments); PROVIDED, HOWEVER, that (I) except in the case of an assignment to a Lender or an Affiliate of a Lender, the Agent, the Borrower and the Issuing Banks must give their prior written consent to such assignment (which consent of the Agent, the Borrower and the Issuing Banks shall not be unreasonably withheld), (ii) the aggregate amount of the Revolving Credit Commitments of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Agent) shall not be less than $5,000,000 or, if less, the full amount of the assigning Lender's Revolving Credit Commitments, (iii) the parties to each such assignment shall execute and deliver to the Agent an Assignment and Acceptance, and such Eligible Assignee shall deliver to the Agent a processing and recordation fee of $3500 and (iv) such Eligible Assignee, if it shall not be a Lender, shall deliver to the Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to PARAGRAPH (e) of this SECTION 9.04, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days (except as otherwise agreed by the assignor, the assignee and the Agent) after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and

the other Loan Documents and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's

rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of SECTIONS 2.16, 2.18, 2.22 and 9.05, as well as to any interest and Fees accrued for its account and not yet paid).

Notwithstanding the foregoing, any Lender assigning rights and obligations under this Agreement may retain any Competitive Bid Loans made by it outstanding at such time and in such case shall retain its rights hereunder in respect of any Loans so retained until such Loans have been repaid in full in accordance with this Agreement.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (I) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitments and/or the outstanding balances of its Loans, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in CLAUSE (I) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, any other Loan Document, or any other instrument or document furnished pursuant hereto or thereto, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto or thereto, or the financial condition of the Borrower or any Subsidiary of the Borrower or the performance or observance by the Borrower or any Subsidiary of the Borrower of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance and that it is an Eligible Assignee; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to SECTION 5.07 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Agent to take such action as Agent on its behalf and to exercise such powers under this

Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Agent shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "REGISTER"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to

in PARAGRAPH (b) above and, if required, the written consent of the Borrower, the Agent, and the Issuing Banks to such assignment, the Agent shall (I) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower, the Lenders and the Issuing Banks.

(f) Upon the acceptance by the Agent of any Assignment and Acceptance, the parties to such Assignment and Acceptance may at any time request that a new Revolving Loan Note and a new Competitive Bid Note be issued to the Lender assignee by (I) providing written notice of such request to the Agent and the Borrower and (ii) delivering to the Borrower such assigning Lender's Revolving Loan Note and Competitive Bid Note for cancellation and substitution; PROVIDED that the Competitive Bid Note shall only be so delivered if the assignor is assigning all of its Revolving Credit Commitment; PROVIDED, FURTHER, that if the Lender is assigning all of its Revolving Credit Commitment, and such Lender is retaining any outstanding Competitive Bid Loans, the Competitive Bid Note shall be delivered when such Competitive Bid Loans have been paid in full. With respect to each such Note so delivered, promptly following receipt by the Borrower of any such notice and such Note, and verification from the Agent that the applicable Assignment and Acceptance shall have been accepted by the Agent, the Borrower forthwith shall cause to be executed, and shall deliver to the Lender assignee, a new Note to the order of the assignee and, if applicable, a replacement Note to the order of the Lender assignor, and such Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of the assigning Lender's surrendered

Note issued by the Borrower immediately prior to the acceptance by the Agent of the applicable Assignment and Acceptance; PROVIDED, HOWEVER, that each Competitive Bid Note shall be in the principal amount of the Aggregate Revolving Credit Commitments. The Borrower shall, immediately upon delivery of such new Note(s), cancel the original Note or Notes delivered by the Lender assignor to the Borrower.

(g) Each Lender, without the consent of the Borrower, the Agent or any Issuing Bank, may sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); PROVIDED, HOWEVER, that (I) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection and indemnity provisions contained in SECTIONS 2.16, 2.18, 2.22 and 9.05 to the same extent as if they were Lenders (except that no participant shall be entitled to claim any amount greater than its pro rata share of the amount that could have been claimed by the Lender from which it acquired its participation) and (iv) the Borrower, the Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder (other than Issuing Bank Fees) or the amount of principal of or the rate at which interest is payable on the Loans or LC Disbursements, extending the final maturity of the Loans or any date fixed for the payment of interest on the Loans or LC Disbursements or any Fees (other than Issuing Bank Fees) or extending the Commitments).

(h) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this SECTION 9.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower and its Subsidiaries furnished to such Lender by or on behalf of the Borrower; PROVIDED that, prior to any such disclosure of information designated by the Borrower as confidential, each such assignee or participant or proposed

assignee or participant shall execute an agreement substantially in the form of that executed in connection with the syndication of the Revolving Credit Commitments by those Lenders party hereto as of the Closing Date, whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information.

(I) Any Lender may at any time pledge or assign all or any portion of its rights under this Agreement and the Notes issued to it to a Federal Reserve

Bank; PROVIDED that no such assignment shall release a Lender from any of its obligations hereunder.

(j) The Borrower shall not assign or delegate any of its rights or duties hereunder without the consent of each Lender.

SECTION 9.05. EXPENSES; INDEMNITY. (a) The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Agent in connection with the preparation of this Agreement and the other Loan Documents or in connection with any amendments, modifications or waivers of the provisions hereof or thereof requested by the Borrower or incurred by the Agent, any Issuing Bank or any Lender following an Event of Default or Potential Event of Default in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made or Letters of Credit issued hereunder, including in each case the reasonable fees, charges and disbursements of counsel for the Agent, and, in connection with any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel for the Agent, any Issuing Bank or any Lender. The Borrower further agrees that it shall indemnify the Agent, the Issuing Banks and the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery or enforcement of this Agreement or any of the other Loan Documents.

(b) The Borrower agrees to indemnify the Agent, each Issuing Bank, each Lender and each of their respective directors, officers, employees, Affiliates, attorneys and agents (each such Person being called an "INDEMNITEE") against, and to hold each Indemnitee harmless from, any and all liabilities, damages, obligations, losses, penalties, actions, judgments, suits, costs and expenses which (if such liabilities, damages, obligations, losses, penalties, actions, judgments, suits, costs and expenses arise in a judicial forum) are found in a final judgment by a court of competent jurisdiction, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of any third party claim, litigation, investigation or proceeding (whether or not any Indemnitee shall be party thereto) relating to, in any way connected with, or as a result of (I) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, or (ii) the use of the Letters of Credit or the proceeds of the Loans (a "THIRD PARTY CLAIM"); PROVIDED that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, damages, obligations, losses, penalties, actions, judgments, suits, costs and expenses are found in a final judgment by a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee; PROVIDED FURTHER that (A) each Indemnitee shall promptly (but in any event within ten (10) Business Days) notify the Borrower in writing upon becoming aware of the initiation of any Third Party Claim against it, (B) the Borrower shall be entitled to participate in the defense of any such Third Party Claim and, if the Borrower so chooses, to assume the defense, at the Borrower's expense, of any such Third Party Claim with counsel selected by the Borrower (it being understood that any Indemnitee shall have the right to participate in such defense and employ counsel separate from

the counsel employed by the Borrower, and that such counsel shall be at the expense of such Indemnitee unless such Indemnitee shall have been advised by counsel that there may be legal defenses available to it that are inconsistent with or in addition to those available to the Borrower, in which case such counsel shall be at the expense of the Borrower)

and (c) no Indemnitee shall settle any Third Party Claim without the prior written consent of the Borrower (which consent shall not be unreasonably withheld).

(c) None of the Agent, any Lender, any Issuing Bank, the Borrower or any of their respective directors, officers, employees, Affiliates, attorneys and agents shall be responsible or liable to any other party hereto or any other Person or entity for consequential damages which may be alleged as a result of the transactions contemplated hereby, except to the extent specifically set forth in this Agreement.

(d) The provisions of this SECTION 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Agent, any Issuing Bank or any Lender. All amounts due under this SECTION 9.05 shall be payable within ten Business Days after written demand therefor.

SECTION 9.06. RIGHT OF SETOFF. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any of and all the Obligations now or hereafter existing under this Agreement and other Loan Documents to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Lender under this SECTION 9.06 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.07. CONCERNING THE COLLATERAL DOCUMENTS; ACTIONS BY THE LENDERS; TRUSTEE'S FEES; RELEASE OF COLLATERAL. (a) Each Lender and each Issuing Bank hereby consents and agrees to the terms of the Collateral Documents and authorizes and directs the Collateral Trustee to execute the Collateral Documents. Each Lender and each Issuing Bank hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that any action taken by the Requisite Lenders or the Agent (as appropriate), in accordance with the provisions of this Agreement or the Collateral Documents, and the exercise

by the Requisite Lenders or the Agent (as appropriate) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders, Issuing Banks and the holders of any Note.

(b) If the Borrower fails to pay any amount of Trustee's Fees owed by it to the Collateral Trustee pursuant to the Collateral Trust Agreement, the Lenders agree to pay to the Collateral Trustee such unpaid Trustee's Fees, apportioned among the Lenders ratably in accordance with each Lender's Pro Rata Share (and no Lender shall have any obligation to pay any other Lender's Pro Rata Share of such fees). Any such Trustee's Fees paid by the Lenders pursuant to this SECTION 9.07 shall be deemed to be a Revolving Loan hereunder made to the Borrower, which Loan (together with all interest thereon) shall be payable upon demand by the Agent and shall accrue interest for the period during which it is outstanding at a rate equal to two percent (2.0%) per annum above the Alternate Base Rate as in effect during such period. The Borrower hereby irrevocably authorizes the Lenders to make such Revolving Loans for the purpose of paying any Trustee's Fees which the Borrower fails to pay and agrees that all such Loans so made shall be deemed to have been requested by the Borrower.

(c) Prior to the satisfaction of the condition specified in Section 7.1(a) of the Collateral Trust Agreement (without limiting PARAGRAPH

(d) below), the release of the capital stock of any Material Subsidiary from the Lien granted to the Collateral Trustee may occur only as follows:

(I) the Agent, on behalf of the Lenders, shall direct the Collateral Trustee to release the Lien on the capital stock of any Material Subsidiary if such Material Subsidiary is sold with the consent of the Requisite Lenders; and

(ii) in addition, the Requisite Lenders may direct the Collateral Trustee to release the Lien on the capital stock of any Material Subsidiary; PROVIDED, that all of the Lenders shall be required to direct the Collateral Trustee to release all or substantially all of the Collateral as provided in Section 7 of the Collateral Trust Agreement.

(d) Prior to the satisfaction of the condition specified in Section 7.1(a) of the Collateral Trust Agreement, the Agent shall direct the Collateral Trustee to release its Lien on the capital stock of all of the domestic Material Subsidiaries if the Borrower's senior public debt is rated Investment Grade.

SECTION 9.08. APPLICABLE LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.09. WAIVERS; AMENDMENT. (a) No failure or delay of the

Agent, any Issuing Bank or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent, the Issuing Banks and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by PARAGRAPH (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Requisite Lenders; PROVIDED, HOWEVER, that no such agreement shall (I) decrease the principal amount of, or extend the maturity of, any scheduled principal payment date or date for the payment of any interest on any Loan or LC Disbursement, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan or LC Disbursement, without the prior written consent of each Lender affected thereby, (ii) change or extend any Commitment or decrease the amount or extend the time of payment of the Commitment Fees or LC Fees of any Lender without the prior written consent of such Lender, or (iii) amend or modify the provisions of SECTION 2.19, the provisions of this SECTION 9.09 or the definitions of "Requisite Lenders" or "Pro Rata Share" without the prior written consent of each Lender; PROVIDED FURTHER that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent or the Issuing Banks hereunder without the prior written consent of the Agent or the Issuing Banks, as the case may be.

SECTION 9.10. INTEREST RATE LIMITATION. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the "CHARGES"), as provided for herein or in any other document

executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the "MAXIMUM RATE") which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable on such Lender's Loans, together with all Charges payable to such Lender, shall be limited to the Maximum Rate.

SECTION 9.11. CONFIDENTIALITY. Each of the Agent and the Lenders shall hold all non-public information obtained pursuant to this Agreement (which

has been reasonably identified as such by the Borrower) in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices and will use such information only in connection with the transactions contemplated by the Loan Documents, and in any event may make disclosure of any such information (I) to any Agent, or any Lender, (ii) to the extent required by law (including statute, rule, regulation or judicial process), (iii) to counsel for any Lender or the Agent or to their respective accountants, each of whom shall also be bound by the confidentiality obligations set forth herein, (iv) to bank examiners and auditors and appropriate government examining authorities, (v) to the extent necessary or appropriate in connection with any litigation to which any Lender or the Agent is a party, or (vi) subject to SECTION 9.04, to any actual or prospective participant in or assignee of any Loan owing to or Note held by such Lender.

SECTION 9.12. ENTIRE AGREEMENT. This Agreement, including the exhibits and schedules hereto, and the other Loan Documents constitute the entire contract between the parties relative to the subject matter hereof and thereof. Any previous agreement among the parties with respect to the subject matter hereof or thereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.13. WAIVER OF JURY TRIAL. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any of the other Loan Documents. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents, as applicable, by, among other things, the mutual waivers and certifications in this SECTION 9.13.

SECTION 9.14. SEVERABILITY. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.15. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in SECTION 9.03.

SECTION 9.16. HEADINGS. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not

part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.17. JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) THE BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PRECEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO ITS NOTICE ADDRESS SPECIFIED IN SECTION 9.01, SUCH NOTICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER ITS MAILING. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS IN THE COURTS OF ANY JURISDICTION.

(b) THE BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

SECTION 9.18. DEFAULTING LENDER. If any Lender fails to fund its Pro Rata Share of any Revolving Loan Borrowing requested or deemed requested by the Borrower (the funded portion of such Borrowing being hereinafter referred to as a "NON PRO RATA LOAN"), then until the earlier of such Lender's cure of such failure or the termination of the Commitments, upon the Borrower's request, the proceeds of all amounts thereafter repaid to the Agent by the Borrower and otherwise required to be applied to such Lender's share of all other Obligations pursuant to the terms of this Agreement shall be advanced to the Borrower by the Agent on behalf of such Lender to cure, in full or in part, such failure by such Lender, but shall nevertheless be deemed to have been paid to such Lender in

satisfaction of such other Obligations. Notwithstanding anything in this Agreement to the contrary:

(I) the foregoing provisions of this SECTION 9.18 shall apply only with respect to the proceeds of payments of Obligations and shall not affect the conversion or continuation of Loans pursuant to SECTION 2.12;

(ii) any such Lender shall be deemed to have cured its failure to fund its Pro Rata Share of any Revolving Loan Borrowing at such time as an amount equal to such Lender's original Pro Rata Share of the requested principal portion of such Borrowing is fully funded to the Borrower, whether made by such Lender itself or by operation of the terms of this SECTION 9.18, and whether or not the Non Pro Rata Loan with respect thereto has been converted or continued;

(iii) amounts advanced to the Borrower under this SECTION 9.18 to cure, in full or in part, any such Lender's failure to fund its Pro Rata Share of any Revolving Loan Borrowing ("CURE LOANs") shall bear interest at the rate applicable to ABR Loans under SECTION 2.08 in effect from

time to time, and for all other purposes of this Agreement shall be treated as if they were ABR Loans;

(iv) regardless of whether or not an Event of Default has occurred or is continuing, and notwithstanding the instructions of the Borrower as to its desired application, all repayments of principal which would be applied to the outstanding ABR Loans shall be applied FIRST, ratably to all ABR Loans constituting Non Pro Rata Loans, SECOND, ratably to ABR Loans other than those constituting Non Pro Rata Loans or Cure Loans and, THIRD, ratably to ABR Loans constituting Cure Loans;

(v) unless and until the earlier of any such Lender's cure of the failure to fund its Pro Rata Share of any Revolving Loan Borrowing and the termination of the Commitments, the term "Requisite Lenders" for all purposes of this Agreement shall exclude all Lenders whose failure to fund their respective Pro Rata Shares of such Revolving Loan Borrowing have not been so cured; and

(vi) unless and until any such Lender's failure to fund its Pro Rata Share of any Revolving Loan Borrowing is cured in accordance with this SECTION 9.18, such Lender shall not be entitled to any Commitment Fees with respect to its Revolving Credit Commitment, and such Lender shall be required to refund to the Borrower any portion of the Commitment Fees attributable to the period beginning on the day of such Lender's failure to fund and ending on the day the Commitments are terminated or such default has been cured.

IN WITNESS WHEREOF, the Borrower, the Agent, and the Lenders have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

USG CORPORATION

By_____
Name:_____
Title:_____

CHEMICAL BANK, individually and
as Agent

By_____
Name:_____
Title:_____

EXHIBIT 99(b)

COLLATERAL TRUST AGREEMENT

by and among

USG CORPORATION,
THE OTHER GRANTORS FROM TIME TO TIME
PARTY HERETO

and

WILMINGTON TRUST COMPANY AND WILLIAM J. WADE, TRUSTEE

Dated as of July 27, 1995

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SCHEDULES

COLLTRST.EXE

COLLATERAL TRUST AGREEMENT

This COLLATERAL TRUST AGREEMENT ("AGREEMENT") dated as of July 27, 1995 by and among USG CORPORATION, a Delaware corporation (the "COMPANY"), each of the Company's direct and indirect Subsidiaries that from time to time becomes a party hereto (the foregoing Subsidiaries, together with the Company, collectively referred to herein as the "GRANTORS" and individually as a "GRANTOR"), and WILMINGTON TRUST COMPANY, a Delaware banking corporation, and WILLIAM J. WADE acting, except to the extent expressly stated otherwise in SECTIONS 2.2(a) and 6.2(c) of this Agreement, not in their individual capacities but solely as trustee (in such capacities, Wilmington Trust Company being herein referred to as the "CORPORATE TRUSTEE," William J. Wade being herein referred to as the "INDIVIDUAL TRUSTEE," and the Corporate Trustee and the Individual Trustee being herein referred to collectively as the "TRUSTEE") under this Agreement for the Holders of the Secured Debt referred to below.

W I T N E S S E T H:

WHEREAS, the Company, the Lenders, the Issuing Banks, and the Agent have entered into the Credit Agreement;

WHEREAS, to induce the Lenders to enter into the Credit Agreement, the Borrower has agreed to secure, subject to the terms and conditions of this Agreement and the Security Documents, the payment of the Secured Debt; and

WHEREAS, the extension of the credit facilities contemplated by the Credit Agreement is conditioned upon this Agreement and the Pledge Agreements having been duly executed and delivered and not terminated;

DECLARATION OF TRUST:

NOW, THEREFORE, to secure equally and ratably the payment, observance and performance of the Secured Debt and in consideration of the premises and the mutual agreements set forth herein, the Trustee does hereby declare that it holds as trustee in trust under this Agreement all of its right, title and interest in, to and under all the following (and the Grantors hereby consent thereto):

(A) the Pledge Agreements and the Collateral granted to the Trustee thereunder;

(B) the share certificates evidencing the Pledged Stock delivered or to be delivered to the Trustee pursuant to the Pledge Agreements;

(C) each agreement entered into and delivered, from time to time, pursuant to SECTION 2.4, SECTION 5.7 or SECTION 8.1 of this Agreement or pursuant to the terms of the Pledge Agreements, and the Collateral granted to the Trustee in each case thereunder;

(D) the "TRUST AGREEMENT COLLATERAL" (as defined in SECTION 4.2 of this Agreement); and

(E) the Proceeds of each of the foregoing.

TO HAVE AND TO HOLD the foregoing Security Documents and the Collateral and the Proceeds of any and all thereof (the right, title and interest of the Trustee in the Security Documents and the Collateral and such Proceeds being hereinafter referred to as the "TRUST ESTATE") unto the Trustee and its successors in trust under this Agreement and its assigns and the assigns of its successors in trust forever.

IN TRUST NEVERTHELESS, under and subject to the terms and conditions set forth herein and in the Security Documents, and for the benefit of the Secured Parties and for the enforcement of the payment of all Secured Debt, and for the performance of and compliance with the covenants and conditions of this Agreement, the Credit Agreement, the Public Indentures, the Refinancing Instruments and each of the Security Documents.

PROVIDED, HOWEVER, that these presents are upon the condition that if the Grantors, or their respective successors or assigns, shall satisfy all of the conditions set forth in SECTION 7 of this Agreement with respect to all or any part of the Collateral, as the case may be, then (if with respect to all of the Collateral) this Agreement, and the estates and rights assigned in the Security Documents, shall cease, terminate and be void or (if with respect to part of the Collateral) this Agreement, and the estates and rights assigned in the Security Documents, shall cease, terminate and be void with respect to such part of the Collateral; otherwise they shall remain and be in full force and effect.

IT IS HEREBY FURTHER COVENANTED AND DECLARED that the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trust hereinafter set forth.

SECTION 1

(a) As used in this Agreement, including the introductory provisions hereof, the following terms shall have the following meanings:

"ACTIONABLE DEFAULT" means an Event of Default shall have occurred under the Credit Agreement, any of the Public Indentures or Refinancing Instruments and the Holders thereunder shall have accelerated the Secured Debt thereunder.

"AFFILIATE" means any Person (a) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the Company, (b) that directly or beneficially owns or holds 5% or more of any class of the voting stock of the Company or (c) 5% or more of the voting stock (or in the case of a person which is not a corporation, 5% or more of the equity interest) of which is owned directly or beneficially or held by the Company.

"AGENT" means the "Agent" as defined in the Credit Agreement.

"AUTHORIZED OFFICER" means, with respect to any Person, the chief executive officer, the chief financial officer, the controller, the assistant controller, the treasurer, the assistant treasurer or the chief accounting officer of such Person.

"BANKRUPTCY CODE" means Title 11 of the United States Code, 11 U.S.C. Section 101 ET SEQ., as the same may be amended from time to time, and any successor statute thereto.

"BUSINESS DAY" means any day other than Saturdays, Sundays, days which are legal holidays under the law of the States of New York, Illinois or Delaware, and days on which banking institutions located in any of such States are required or authorized by law or other governmental action to close or the Corporate Trustee is required or authorized by law or other governmental action to close.

"COLLATERAL" means all property in which the Trustee has, or purportedly has, an interest (including, without limitation, a Lien) from time to time under this Agreement or one or more of the Security Documents.

"COLLATERAL ACCOUNT" means the "Collateral Account" as defined in

SECTION 4.1 of this Agreement.

"COMPANY PLEDGE AGREEMENT" means the "Pledge Agreement" as defined in the Credit Agreement.

"CREDIT AGREEMENT" means that certain Credit Agreement dated as of July 27, 1995 by and among the Borrower, the financial institutions from time to time party thereto, and Chemical Bank, as Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"DEBT INSTRUMENTS" means the Credit Agreement, the Public Indentures, the Refinancing Instruments, the notes or other instruments or securities issued pursuant thereto and the other agreements, documents and instruments executed in connection therewith.

"DISCHARGE NOTICE" means a written notice, signed by an Authorized Officer of the Company, which requests a discharge of the Security Documents in accordance with the provisions of SECTION 7.2 of this Agreement and which certifies to the Trustee that:

(i) one of the events enumerated in SECTION 7.1 of this Agreement has occurred (specifying which event), and

(ii) all Trustee's Fees have been paid in full.

"DISTRIBUTION DATES" means the Business Days fixed by the Trustee for the distribution of all moneys held by the Trustee in the Collateral Account, the first of which shall occur within ninety (90) days after the giving of a Notice of Actionable Default which has not theretofore been withdrawn and the balance of which shall, so long as such Notice of Actionable Default shall not have been withdrawn, be on the corresponding date or, if the corresponding date is not a Business Day, the next succeeding Business Day, in each calendar month thereafter.

"EVENT OF DEFAULT" means (i) an "Event of Default" as defined in the Credit Agreement or (ii) the occurrence of an event which would result in the acceleration of, or permit the Public Lenders or Refinancing Lenders to accelerate, the Public Debt or the Refinancing Debt, respectively, under any Public Indenture or Refinancing Instruments, respectively; PROVIDED, that in each case any required notice thereof has been given and any grace periods provided for therein have expired.

"GOVERNMENTAL AUTHORITY" means "Governmental Authority" as defined in the Credit Agreement.

"HOLDERS" means, as of any date, (i) any holder of Secured Debt on such date and (ii) any Lender having a Revolving Credit Commitment in effect on such date or to which any Obligations are owing on such date.

"ISSUING BANK" means "Issuing Bank" as defined in the Credit Agreement.

"LENDER" means "Lender" as defined in the Credit Agreement.

"LETTERS OF CREDIT" means "Letters of Credit" as defined in the Credit

Agreement.

"LIEN" means "Lien" as defined in the Credit Agreement.

"MATERIAL SUBSIDIARY" means "Material Subsidiary" as defined in the Credit Agreement.

"NOTICE OF ACTIONABLE DEFAULT" means a written certification to the Trustee and the Company (i) from the Agent or from or on behalf of the Requisite Lenders certifying that an Actionable Default has occurred with respect to the Obligations or (ii) from any Public Trustee or Representative or the requisite Public Lenders or Refinancing Lenders under any Public Indenture or Refinancing Instrument, respectively (to be determined by reference to such Public Indenture or Refinancing Instrument) certifying that an Actionable Default has occurred with respect to the Public Debt or Refinancing Debt under such Public Indenture or Refinancing Instrument.

"OBLIGATIONS" means "Obligations" as defined in the Credit Agreement.

"PERSON" means "Person" as defined in the Credit Agreement.

"PLEDGE AGREEMENTS" means, collectively, the Company Pledge Agreement and each other pledge agreement that may be entered into from time to time by a Subsidiary of the Borrower in accordance with SECTION 5.09 of the Credit Agreement.

"PLEDGED STOCK" means any and all "Pledged Shares" as defined in the Pledge Agreements.

"PROCEEDS" means "proceeds" as defined in Section 9-306(1) of the UCC and, whether or not the following constitute proceeds under such Section, any and all amounts from time to time paid or payable to any of the Grantors upon the sale, exchange, collection or other disposition of any part of the Collateral.

"PUBLIC DEBT" means, as of any date, the indebtedness outstanding on such date under the Public Indentures.

"PUBLIC INDENTURES" means the Trust Indentures listed and described on SCHEDULE 2 attached hereto and made a part hereof.

"PUBLIC LENDERS" means, as of any date, the holders of the Public Debt.

"PUBLIC TRUSTEES" means, as of any date, the trustees under the Public Indentures.

"REFINANCING DEBT" means, as of any date, the indebtedness outstanding on such date under the Refinancing Instruments.

"REFINANCING INSTRUMENTS" means those instruments, indentures, documents or agreements pursuant to which indebtedness is incurred to refinance, replace, extend, renew, refund, restate, modify, defer, substitute, supplement, re-issue or resell any Secured Debt.

"REFINANCING LENDERS" means, as of any date, the holders of Refinancing Debt.

"REPRESENTATIVE" means any Person acting in a fiduciary, trust or custodial capacity under the Refinancing Instruments for the holders of Refinancing Debt.

"REQUISITE LENDERS" means the "Requisite Lenders" as defined in the Credit Agreement.

"REVOLVING CREDIT COMMITMENTS" means the "Revolving Credit Commitments" as defined in the Credit Agreement.

"SECURED DEBT" means, as of any date, the Obligations, the Public Debt and the Refinancing Debt, regardless of whether such obligations and liabilities are absolute or contingent, due or not due, liquidated or unliquidated and whether or not for the payment of money or the performance or nonperformance of any act, arising under any Debt Instrument, this Agreement or any Security Document.

"SECURED PARTY" means the Trustee, any Lender, any Issuing Bank, the Agent, any Public Lender, and Refinancing Lender, any Public Trustee or any Representative.

"SECURITY DOCUMENTS" means each Pledge Agreement existing as of the date hereof or entered into from time to time, any additional documents executed to reflect the grant to the Trustee of any interest (including, without limitation, a Lien) in any Collateral, any Uniform Commercial Code financing statements executed and filed to perfect the grant of such interest, and any other agreement or document referred to in SECTION 2.4, SECTION 5.7 or SECTION 8.1 of this Agreement or in the Pledge Agreements, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with their respective terms.

"SUBSIDIARY" means "Subsidiary" as defined in the Credit Agreement.

"TRUST AGREEMENT COLLATERAL" means "Trust Agreement Collateral" as

defined in SECTION 4.2(a) of this Agreement.

"TRUSTEE'S FEES" means all fees, costs and expenses of the Trustee of the types described in SECTIONS 5.3, 5.4, 5.5 and 5.6 of this Agreement.

"TRUSTEE'S LIENS" means all Liens against the Trust Estate which result from (i) claims against the Trustee (whether in its or his individual capacity or its or his capacity as Trustee) unrelated to the transactions contemplated by this Agreement and the Security Documents or (ii) affirmative acts by the Trustee (whether in its or his individual or trust capacity) creating a Lien other than as contemplated by this Agreement.

"UCC" means the Uniform Commercial Code as in effect in the State of New York, as the same may be amended from time to time.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement and all section references herein are to this Agreement unless otherwise specified.

(c) Subject to SECTION 4.5 of this Agreement, in each case herein where any payment or distribution is to be made or notice is to be given to "Secured Parties", such payments, distributions and notices shall be made to the Public Trustees, and the Representatives for their benefit and for the benefit of the Public Lenders and the Refinancing Lenders and to the Agent for its benefit and for the benefit of the Lenders, the Issuing Banks and their respective successors and assigns.

(d) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

(e) Terms not otherwise defined herein which are defined in or used in Article 9 of the UCC on the date hereof shall herein have the meanings given to them in such Article 9.

SECTION 2

CERTAIN OBLIGATIONS AND DUTIES OF THE TRUSTEE AND THE COMPANY; POWERS OF ATTORNEY

Section 2.1. AUTHORIZATION TO EXECUTE SECURITY DOCUMENTS. The Trustee shall execute and deliver each of the Security Documents requiring execution and delivery by it and shall accept delivery from the Grantors of those Security Documents which do not require the Trustee's execution.

Section 2.2. CERTAIN REPRESENTATIONS AND WARRANTIES. (a) The

Corporate Trustee, in its capacity as trustee hereunder, and Wilmington Trust Company, in its individual capacity, each represent and warrant to the Holders as follows:

(i) Wilmington Trust Company is a banking corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all required corporate power and authority to enter into and perform its obligations under this Agreement and the Security Documents to which it is a party.

(ii) The execution, delivery and performance by the Corporate Trustee of this Agreement and the Security Documents to which it is a party have been duly authorized by all necessary corporate action on the part of Wilmington Trust Company.

(iii) There are no Trustee's Liens and Wilmington Trust Company, in its individual capacity, has no Liens against any portion of the Trust Estate.

(iv) There are no actions or proceedings pending or, to the actual knowledge of any officers of Wilmington Trust Company's Corporate Trust Administration, threatened against it before any Governmental Authority (A) which question the validity or enforceability of this Agreement or any Security Documents to which it is a party or any other actions or proceedings before any Governmental Authority; or (B) which relate to the banking or trust powers of Wilmington Trust Company and which, if determined adversely to the position of Wilmington Trust Company, would materially and adversely affect the ability of Wilmington Trust Company, the Corporate Trustee, William J. Wade or the Individual Trustee to perform their respective obligations under this Agreement or any of the Security Documents to which any one or more of them is a party.

(v) This Agreement and all of the Security Documents to which the Corporate Trustee is a party have been duly executed and delivered by it.

(vi) No Uniform Commercial Code financing statements or other filings or recordations executed by or on behalf of Wilmington Trust Company (in its individual capacity) have been filed by or against it with respect to any of the Collateral.

(b) The Individual Trustee, in his capacity as trustee hereunder, and William J. Wade, in his individual capacity, each represent and warrant to the Holders as follows:

(i) William J. Wade has full capacity to enter into and perform his obligations under this Agreement and the Security Documents to which he is a party.

(ii) This Agreement and the Security Documents to which the Individual Trustee is a party have been duly executed and delivered by him.

(iii) No Uniform Commercial Code financing statements or other filings or recordations executed by or on behalf of William J. Wade (in his individual capacity) have been filed by or against him with respect to any of the Collateral.

(iv) There are no actions or proceedings pending, or, to the knowledge of William J. Wade, threatened against William J. Wade before any Governmental Authority which question the validity or enforceability of this Agreement or any Security Document to which he is a party.

(v) There are no Trustee's Liens resulting from claims against or acts or breaches by the Individual Trustee, and William J. Wade, in his individual capacity, has no Liens against any portion of the Trust Estate.

Section 2.3. ACTIONS. The Trustee shall take any action with respect to the Collateral and the Security Documents requested in writing by the Requisite Lenders, including, without limitation, the release in accordance with SECTION 7.4 of any portion of the Collateral from the Liens created under the Security Documents, and shall release all of the Collateral when required by SECTION 7.3 hereof from the Liens created under the Security Documents, PROVIDED, HOWEVER, that the Trustee shall not be obligated to take any such action which is in conflict with any provisions of law or of this Agreement or the Security Documents or with respect to which the Trustee has not received adequate security or indemnity as provided in SECTION 6.4(d). The Trustee, prior to its receipt of a Notice of Actionable Default, shall with reasonable promptness give notice to the Company of any such request from the Lenders or from the Agent on behalf of the Lenders, but it is hereby expressly agreed that the Trustee's failure to give such notice to the Company shall not affect the validity of the Lenders' or the Agent's request to the Trustee.

Section 2.4. ADDITIONAL SECURITY DOCUMENTS. The Company shall immediately notify the Trustee in the event that any Grantor or any other Subsidiary of the Company becomes obligated to grant a Lien in any property to the Trustee under the terms of the Credit Agreement or the Pledge Agreements but which is not covered by a Security Document in a manner which will perfect the Lien on such property in favor of the Trustee without further act or deed of the Trustee, such Grantors or such Subsidiary and, to the extent that such security interest may be perfected by the execution and/or filing of Security Documents, such Grantor or other Subsidiary of the Company shall immediately prepare, execute and deliver to the Trustee such Security Documents (including, without limitation, a Pledge Agreement), in form and substance satisfactory to the

Requisite Lenders, as are necessary to perfect the Lien on such property in favor of the Trustee. If the signature of the Trustee is required on any such Security Document, the applicable Grantor shall present such Security Document to the Trustee for signature and the Trustee shall execute such Security Document and such Grantor shall file such Security Document with appropriate public filing and/or recording offices if such filing and/or recording is required or advisable to perfect or protect the Lien upon and security interest in such property in favor of the Trustee. Such Grantor shall supply the Trustee with an executed copy of each such Security Document and satisfactory proof that each such Security Document has been properly filed or recorded, if filing or recording is required under this SECTION 2.4.

2.5. POWERS OF ATTORNEY. The Grantors hereby irrevocably constitute and appoint the Trustee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power

and authority in the name of the Grantors or any of them or the name of such attorney-in-fact, from time to time in the Trustee's discretion, for the purpose of signing documents and taking other action to perfect, preserve and protect the Liens and security interests of the Trustee in the Collateral. This power of attorney is a power coupled with an interest, shall be irrevocable and shall not be subject to the limitations of SECTION 3.2(a) of this Agreement.

SECTION 3
ACTIONABLE DEFAULTS; REMEDIES

Section 3.1. ACTIONABLE DEFAULT. (a) Upon receipt of a Notice of Actionable Default, the Trustee shall, within five (5) days thereafter, notify each Holder and the Company in the manner provided in SECTION 8.2 of this Agreement that an Actionable Default exists. Upon receipt of any written directions pursuant to SECTION 3.6(a) of this Agreement, the Trustee shall, within five (5) Business Days thereafter, send a copy thereof to each Lender, each Public Trustee and each Representative.

(b) The party or parties giving a Notice of Actionable Default (or successors in interest thereto) shall be entitled to withdraw it by delivering written notice of withdrawal to the Trustee (i) before the Trustee takes any action to exercise any remedy with respect to the Collateral, or (ii) thereafter, if (A) the Company otherwise indemnifies the Secured Parties (in a manner satisfactory to the Secured Parties in their sole discretion) with respect to all costs and expenses incurred by the Secured Parties in connection with reversing all actions the Trustee has taken to exercise any remedy or remedies with respect to the Collateral, and (B) the Requisite Lenders shall have consented in writing to such reversal. The Trustee shall immediately notify the Company as to the receipt and contents of any such notice of withdrawal and shall promptly notify each Holder, in the manner provided in

SECTION 8.2 of this Agreement, of the withdrawal of any Notice of Actionable Default. A party giving a Notice of Actionable Default shall be deemed to have delivered a written notice of withdrawal as provided in the first sentence of this SECTION 3.1(b) upon the Trustee's receipt of confirmation in writing from such party that it has been paid in full the Secured Debt owing to it.

(c) To the extent that any Notice of Actionable Default shall give rise to any of the rights and remedies provided in this SECTION 3 and the rights and remedies provided in any of the Security Documents or shall prohibit the Company or any Grantor from taking certain actions as specified herein, such rights and remedies shall be suspended, and any exercise thereof by the Trustee shall cease, and such prohibitions on the Company shall not remain in effect, upon the withdrawal of such Notice of Actionable Default pursuant to the terms and provisions of SECTION 3.1(b) of this Agreement, PROVIDED, that such rights and remedies, and such prohibitions, shall be reinstated upon the giving of any later Notice of Actionable Default.

Section 3.2. REMEDIES. (a) If and only if the Trustee shall have received a Notice of Actionable Default, and during such time as such Notice of Actionable Default shall not have been withdrawn in accordance with the provisions of SECTION 3.1(b) hereof, the Trustee may, and upon the written direction of the Requisite Lenders shall, exercise the rights and remedies provided in this SECTION 3 and the rights and remedies provided in any of the Security Documents.

(b) The Grantors hereby waive presentment, demand, protest or any notice (to the extent permitted by applicable law and except as otherwise expressly provided in this Agreement or the Credit Agreement) of any kind in connection with this Agreement, any Collateral or any Security Document.

(c) Each of the Grantors hereby irrevocably constitute and appoint the Trustee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Grantors, or any of them, or in its own name, from time to time in the Trustee's discretion, upon the occurrence and during the continuance of any Actionable Default, for the purpose of carrying out the terms of this Agreement and any of the Security Documents, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof and thereof and, without limiting the generality of the foregoing, hereby give the Trustee the power and right on behalf of the Grantors, or any of them, without notice to or assent by any of the Grantors, to the extent permitted by applicable law, to do the following:

(i) to ask for, demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due with respect to the Collateral,

(ii) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, acceptances, documents and other negotiable and nonnegotiable instruments, documents and chattel paper taken or received by the Trustee in connection with this Agreement or any of the Security Documents,

(iii) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral,

(iv) to sell, transfer, assign or otherwise deal in or with the Collateral or any part thereof pursuant to the terms and conditions of this Agreement and the Security Documents, and

(v) to do, at its option and at the expense and for the account of any or all of the Grantors, at any time or from time to time, all acts and things which the Trustee deems reasonably necessary to protect or preserve the Collateral or the Trust Estate and to realize upon the Collateral.

Section 3.3. RIGHT TO INITIATE JUDICIAL PROCEEDINGS, ETC. If and only if the Trustee shall have received a Notice of Actionable Default and during such time as such Notice of Actionable Default shall not have been withdrawn in accordance with the provisions of SECTION 3.1(b) hereof, (i) the Trustee shall have the right and power to institute and maintain such suits and proceedings as it may deem appropriate to protect and enforce the rights vested in it by this Agreement and the Security Documents, and (ii) the Trustee may proceed by suit or suits at law or in equity to enforce such rights and to foreclose upon the Collateral or any portion thereof and to sell all or, from time to time, any of the Trust Estate under the judgment or decree of a court of competent jurisdiction.

Section 3.4. APPOINTMENT OF A RECEIVER. If a receiver of the Trust Estate shall be appointed in judicial proceedings, Wilmington Trust Company may be appointed as such receiver. Notwithstanding the appointment of a receiver, the Trustee shall, to the extent permitted by law, be entitled to retain possession and control of all cash held by or deposited with it or its agents or co-trustees pursuant to any provision of this Agreement or any Security Document.

Section 3.5. EXERCISE OF POWERS. All of the powers, remedies and rights of the Trustee as set forth in this Agreement may be exercised by the Trustee in respect of any Security Document as though set forth at length therein and all the powers, remedies and rights of the Trustee as set forth in any Security Document may be exercised from time to time as herein and therein

provided.

Section 3.6. CONTROL BY THE REQUISITE LENDERS. (a) Subject to SECTION 3.6(b) of this Agreement, if the Trustee shall have received a Notice of Actionable Default and during the period from such receipt until such Notice of Actionable Default is withdrawn in accordance with the provisions of SECTION 3.1(b) hereof, the Requisite Lenders shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the Trustee to exercise, or to refrain from exercising, any right, remedy, trust or power available to or conferred upon the Trustee hereunder, and in connection therewith, to direct the time, method and place of conducting any proceeding for any right or remedy available to the Trustee, or of exercising any trust or power conferred on the Trustee, or for the appointment of a receiver, or for the taking of any other action authorized by this SECTION 3, provided that the Trustee shall have received adequate security or indemnity as provided in SECTION 6.4(d) of this Agreement.

(b) The Trustee shall not be obligated to follow any written directions received pursuant to SECTION 3.6(a) or SECTION 2.3 of this Agreement to the extent the Trustee has received a written opinion of Richards, Layton & Finger or other counsel reasonably satisfactory to the Requisite Lenders to the effect that such written directions are in conflict with any provisions of law or this Agreement; PROVIDED, HOWEVER, under no circumstances shall the Trustee be liable for following the written instructions of the Requisite Lenders.

(c) Nothing in this SECTION 3.6 shall impair the right of the Trustee in its discretion to take or omit to take any action which action or omission is deemed proper by the Trustee and which is not inconsistent with any direction of the Requisite Lenders; PROVIDED, HOWEVER, the Trustee shall not be under any obligation, as a result of this SECTION 3.6, to take any action which is discretionary with the Trustee under the provisions hereof or under any Security Document unless so directed by the Requisite Lenders.

Section 3.7. REMEDIES NOT EXCLUSIVE. (a) No remedy conferred upon or reserved to the Trustee herein or in the Security Documents is intended to be exclusive of any other remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or in any of the Security Documents or now or hereafter existing at law or in equity or by statute.

(b) No delay or omission by the Trustee in the exercise of any right, remedy or power accruing upon any Actionable Default shall impair any such right, remedy or power or shall be construed to be a waiver of any such Actionable Default or an acquiescence therein; and every right, power and remedy given by this Agreement or any Security Document to the Trustee may be exercised from time to time and as often as may be deemed expedient by the Trustee.

(c) In case the Trustee shall have proceeded to enforce any right, remedy or power under this Agreement or any Security Document and the proceeding for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then, and in every such case, subject to any effect of or determination in such proceeding,

(i) the Grantors, the Trustee and the Holders shall severally and respectively be restored to their former positions and rights hereunder and under such Security Document with respect to the Trust Estate and in all other respects, and (ii) thereafter all rights, remedies and powers of the Trustee shall continue in all other respects as though no such proceeding had been taken.

(d) All rights of action and rights to assert claims upon or under this Agreement and the Security Documents may be enforced by the Trustee

without the possession of any Debt Instrument or the production thereof in any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee and any recovery of judgment shall be held as part of the Trust Estate.

Section 3.8. WAIVER OF CERTAIN RIGHTS. The Grantors, to the extent they may lawfully do so, on behalf of themselves and all who may claim through or under them, including, without limitation, any and all subsequent creditors, vendees, assignees and lienors, expressly waive and release any, every and all rights to demand or to have any marshalling of the Trust Estate upon any sale, whether made under any power of sale granted under the Security Documents, pursuant to judicial proceedings, or upon any foreclosure or any enforcement of this Agreement or the Security Documents, and consent and agree that the Trust Estate may at any such sale be offered and sold as an entirety or in part.

Section 3.9. LIMITATION ON TRUSTEE'S DUTIES IN RESPECT OF COLLATERAL. Other than the Trustee's duties set forth in this Agreement and the Security Documents as to the custody of moneys, stock certificates and stock powers received by the Trustee hereunder and the accounting to the Grantors and the Holders therefor, the Trustee shall have no duty to the Grantors or the Holders with respect to any Collateral in its possession or control or in the possession or control of its agent or nominee, any income thereon, or the preservation of rights against prior parties or any other rights pertaining thereto.

Section 3.10. LIMITATION BY LAW. All the provisions of this SECTION 3 are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable in whole or in part.

Section 3.11. ABSOLUTE RIGHTS OF HOLDERS. Notwithstanding any other provision of this Agreement or any provision of any Security Document, but subject in all cases to the rights of the Requisite Lenders under SECTION 3.6 hereof, neither the right of each Holder, which is absolute and unconditional, to receive payments of the Secured Debt held by such Holder on or after the due date thereof as therein expressed, to institute suit for the enforcement of such payment on or after such due date, or to assert its position and views as a secured creditor in, and to otherwise exercise any right (other than the right

to enforce any Lien on the Collateral, which shall in all circumstances be exercisable only by the Trustee at the direction of the Requisite Lenders) it may have in connection with, a case under the Bankruptcy Code in which any of the Grantors is a debtor, nor the obligation of any of the Grantors, which is also absolute and unconditional, to pay the Secured Debt owing by the Company, to each Holder at the time and place expressed in the Debt Instruments, shall be impaired or affected without the consent of such Holder.

Section 3.12. EQUAL AND RATABLE SECURITY. This Agreement and the Security Documents are intended to secure the unpaid principal of and accrued interest and premium, if any, on the Public Debt and the Refinancing Debt, together with all expenses, charges or other amounts arising under the Public Indentures and the Refinancing Instruments, respectively, equally and ratably with all other Secured Debt to the extent required by the Public Indentures and the Refinancing Instruments, respectively, and shall be construed and enforced to give effect to such intention.

SECTION 4
COLLATERAL ACCOUNT; APPLICATION OF MONEYS

Section 4.1. THE COLLATERAL ACCOUNT. Until the trusts created by this Agreement shall have terminated, there shall be maintained with the Corporate Trustee an account which shall be entitled the "Collateral Account" (herein called the "COLLATERAL ACCOUNT"). The Collateral Account shall be established and maintained by the Corporate Trustee at the principal office of the Corporate Trustee at which the corporate trust activities of the Corporate Trustee are administered. After a Notice of Actionable Default has been received by the Trustee and prior to its withdrawal, the Requisite Lenders may give a notice to the Grantors (with a copy to the Trustee) directing the Grantors to pay, or cause to be paid, all dividends and distributions payable with respect to the Collateral (until such time as such Notice of Actionable Default is withdrawn) directly to the Trustee for deposit into the Collateral Account. All moneys which are received by the Trustee with respect to the Collateral after the Trustee shall have received a Notice of Actionable Default which shall not have been withdrawn in accordance with the terms of SECTION 3.1(b) hereof shall be deposited in the Collateral Account and thereafter shall be held, applied and/or disbursed by the Corporate Trustee in accordance with the terms of this Agreement. All moneys received by the Trustee with respect to all or any part of the Collateral EITHER (i) prior to Trustee's receipt of a Notice of Actionable Default, OR (ii) after the withdrawal of all pending Notices of Actionable Default in accordance with the terms of SECTION 3.1(b) hereof and prior to Trustee's receipt of any additional Notice of Actionable Default, shall be delivered to the Company, the Grantors or any other Person entitled thereto at such Person's instruction. All moneys received by the Trustee with respect to all or any part of the Collateral between the receipt by the Trustee of any Notice of Actionable Default and the withdrawal of all pending Notices of Actionable Default in accordance with the terms of

SECTION 3.1(b) hereof shall, to the extent not distributed pursuant to the terms of SECTION 4.4 of this Agreement, be delivered to the Company or any other Person entitled thereto at such Person's instruction following the withdrawal of all pending Notices of Actionable Default in accordance with SECTION 3.1(b).

Section 4.2. GRANT OF SECURITY INTEREST; CONTROL OF COLLATERAL ACCOUNT. (a) To secure the prompt and complete payment, when due, of the Secured Debt and all amounts owing to the Secured Parties hereunder and under the Security Documents, and the performance by the Grantors of their respective covenants and obligations to be performed by them pursuant to the Debt Instruments, this Agreement and the Security Documents, the Grantors hereby assign and pledge to the Trustee and grant to the Trustee a security interest in all of the right, title and interest of the Grantors, or any of them, in and to the following, whether presently existing or hereafter arising or acquired (the "TRUST AGREEMENT COLLATERAL"): the Collateral Account, all cash deposited therein, all certificates and instruments, if any, from time to time representing the Collateral Account; all investments from time to time made pursuant to SECTION 4.3 hereof; all notes, certificates of deposit and other instruments from time to time hereafter delivered to or otherwise possessed by the Trustee in substitution for, or in addition to, any or all of the then existing Trust Agreement Collateral; all interest, dividends, cash, instruments and other property from time to time received in respect of or in exchange for any or all of the then existing Trust Agreement Collateral so long as they are required to be deposited in the Collateral Account; and to the extent not covered above, all Proceeds of any and all collections, earnings and accruals with respect to any or all of the foregoing (whether the same are acquired before or after the commencement of a case under the Bankruptcy Code by or against any of the Grantors as a debtor).

(b) All right, title and interest in and to the Collateral Account shall vest in the Corporate Trustee, and funds on deposit in the Collateral Account and other Trust Agreement Collateral shall constitute part

of the Trust Estate. The Collateral Account shall be subject to the exclusive dominion and control of the Corporate Trustee.

Section 4.3. INVESTMENT OF FUNDS DEPOSITED IN COLLATERAL ACCOUNT. The Corporate Trustee shall invest and reinvest moneys on deposit in the Collateral Account at any time in:

(i) marketable obligations of the United States having a maturity not exceeding the date one year from the date of acquisition;

(ii) marketable obligations directly and fully guaranteed by the United States having a maturity not exceeding the date one year from the date of acquisition;

(iii) bankers' acceptances and certificates of deposit and other interest-bearing obligations issued by Wilmington Trust Company or any bank organized under the laws of the United States or any state thereof (PROVIDED, HOWEVER, that such bank has capital, surplus and undivided profits aggregating at least $100,000,000), in each case having a maturity not exceeding the date one year from the date of acquisition;

(iv) commercial paper (except for commercial paper issued by the Company or any of its Affiliates) rated A-1 or the equivalent thereof by Standard & Poor's Ratings Group or P-1 or the equivalent thereof by Moody's Investors Service, Inc., and having a maturity not exceeding the date two hundred and seventy (270) days from the date of acquisition; and

(v) repurchase obligations entered into with Wilmington Trust Company or any bank (PROVIDED, HOWEVER, that such bank meets the requirements set forth in SECTION 4.3(iii) above), having a maturity not exceeding the earlier of the Distribution Date next following the date of acquisition or the date thirty (30) days from the date of acquisition, and collateralized by investments described in SECTIONS 4.3(i) and 4.3(ii) hereof, provided that the Trustee takes immediate physical possession of such collateral;

PROVIDED, HOWEVER, that in order to provide the Holders with a perfected security interest therein, each such investment shall be either:

(A) evidenced, or deemed under applicable federal regulations to be evidenced, by negotiable certificates or instruments or nonnegotiable certificates or instruments issued in the name of the Corporate Trustee, which (together with any appropriate instruments of transfer) are delivered to, and held by, the Corporate Trustee or an agent thereof (which shall not be the Company or any of its Affiliates) in New York; or

(B) in book-entry form and issued in the State of New York and in which (in the opinion of independent counsel to the Trustee) the Trustee shall have a perfected ownership or security interest which under applicable law shall not be subject to any other ownership or security interest;

and PROVIDED FURTHER that the maximum amount of the funds held in the Collateral Account which may be invested in obligations of the types described in clauses (iii), (iv) and (v) above of any one issuer shall not exceed the lesser of five percent (5.0%) of such funds or $10,000,000. All such investments and the interest and income received thereon and therefrom and the net proceeds realized on the sale thereof shall be held in the Collateral Account as part of the Trust Estate.

Section 4.4. APPLICATION OF MONEYS. (a) Subject to SECTION 4.1 and SECTION 4.5 hereof, all moneys held by the Corporate Trustee in the Collateral Account shall, to the extent available for distribution, be distributed (or deposited in separate accounts for the benefit of any Public Trustee or Representative pursuant to SECTION 4.5) by the Corporate Trustee on the first and each succeeding Distribution Date as follows:

FIRST: To the Trustee in an amount equal to the Trustee's Fees which are unpaid as of such Distribution Date, and to any Secured Party which has theretofore advanced or paid any such Trustee's Fees in an amount equal to the amount thereof so advanced or paid by such Secured Party prior to such Distribution Date; PROVIDED, HOWEVER, that nothing herein is intended to relieve any of the Grantors of their respective obligations to pay such costs, fees, expenses and liabilities from funds outside of the Collateral Account;

SECOND: To the Secured Parties in an amount equal to the unpaid Secured Debt which is then due and payable and to secure unpaid Secured Debt which is not yet due and payable as provided in SECTION 4.4(b) below; PROVIDED, if such moneys shall be insufficient to pay and/or secure in full such amounts, then to the payment and/or security thereof ratably (without priority of any one over any other, except in accordance with applicable subordination provisions, if any, contained in the Debt Instruments) in proportion to the unpaid amounts thereof on the relevant Distribution Date; and

THIRD: Any surplus then remaining shall be paid to the Grantors or their respective successors or assigns, or to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct, PROVIDED, HOWEVER, that if any Secured Party shall have notified the Trustee in writing that a claim is pending for which such Secured Party is entitled to the benefits of an indemnification, reimbursement or similar provision under which amounts are not yet due but with respect to which any of the Grantors continue to be contingently liable, and amounts payable by such Grantor with respect thereto are secured by the Trust Estate, the Trustee shall continue to hold the amount specified in such notice in the Collateral Account until such Grantor's liability with respect thereto is discharged or released to the satisfaction of such Secured Party.

(b) In the event any of the Obligations, Public Debt or Refinancing Debt consisting of principal is not due and payable on any Distribution Date, the Grantors shall be deemed for purposes of the distribution made on such Distribution Date to have an obligation to provide cash collateral in the amount of such principal, and the amount distributed with respect to such obligation to provide cash collateral shall be held by the Agent (if with respect to the Obligations) or the applicable Public Trustee or Representative (if with respect to the Public Debt or Refinancing Debt), subject to the provisions of this SECTION 4.4(b), as cash collateral for such Secured Debt. In the event any

Obligations with respect to Letters of Credit (other than fees or unincurred costs and expenses) are not due and payable on any Distribution Date, the Grantors shall be deemed for purposes of the distribution made on such Distribution Date to have an obligation to provide cash collateral in an amount equal to the maximum amount of such Obligations, and the amount distributable with respect to such obligation to provide cash collateral shall be held by the Agent, subject to the provisions of this SECTION 4.4(b), as cash collateral for such Obligations. Amounts held by the Agent, any Public Trustee, any Representative or the Trustee as cash collateral under this SECTION 4.4(b) shall be invested in investments of the kinds referred to in SECTION 4.3(i) or 4.3(ii) of this Agreement having

maturities of ninety (90) days or less, and interest earned on such investments shall be (i) first, applied to interest accruing on the Secured Debt with respect to which such cash collateral is held and (ii) second, deposited in the Collateral Account. The amount of any Secured Debt secured by such cash collateral shall be reduced by the amount of such cash collateral for purposes of calculating the amount of subsequent distributions under SECTION 4.4(a). When any Secured Debt secured by cash collateral as provided above becomes due and payable, the amount due and payable shall be paid out of such cash collateral, up to but not in excess of the percentage of the principal amount of other Secured Debt theretofore paid out of distributions from the Collateral Account. The balance of such cash collateral, if any, shall be deposited in the Collateral Account.

Section 4.5. APPLICATION OF MONEYS DISTRIBUTABLE TO HOLDERS OF PUBLIC DEBT AND REFINANCING DEBT. If at any time any moneys collected or received by the Trustee pursuant to this Agreement or any of the Security Documents are distributable pursuant to SECTIONS 4.4(a) or 4.4(b) of this Agreement to any Public Trustee or Representative, and if such Public Trustee or Representative shall notify the Trustee that no provision is made under the applicable Public Indenture or Refinancing Instrument (i) for the application by such Public Trustee or Representative of such amounts so distributable (whether by virtue of the Public Debt or Refinancing Debt not having become due and payable or otherwise), or (ii) for the receipt and the holding by such Public Trustee or Representative of such amounts pending the application thereof, then the Trustee shall invest such amounts in investments of the kinds referred to in SECTIONS 4.3(i) or 4.3(ii) of this Agreement having maturities of ninety (90) days or less, and shall hold all such amounts so distributable, and all such investments and the proceeds thereof, in lieu of such Public Trustee or Representative if such amounts are distributable as cash collateral pursuant to SECTION 4.4(b), or otherwise in trust solely for such Public Trustee or Representative (in its capacity as trustee) and for no other purpose, until such time as such Public Trustee or Representative shall request the delivery thereof by the Trustee to such Public Trustee or Representative for application by it pursuant to the Public Debt or Refinancing Debt (to the extent such application is permitted hereunder).

SECTION 5
AGREEMENTS WITH TRUSTEE

Section 5.1. DELIVERY OF DEBT INSTRUMENTS. On the date of this Agreement the Company will deliver to the Trustee true and complete copies of the Debt Instruments and the Security Documents. The Grantors agree that, promptly upon the execution thereof, the Grantors will deliver to the Trustee a true and complete copy of any and all other Debt Instruments, Security Documents and all amendments, restatements, modifications or supplements to any Debt Instrument or any Security Documents entered into by the Grantors subsequent to the date of this Agreement.

Section 5.2. INFORMATION AS TO HOLDERS. The Company agrees that it shall deliver to the Trustee, upon the Trustee's request, a list setting forth, by each Debt Instrument, (i) the aggregate principal amount outstanding thereunder, (ii) with respect to the Obligations, to the extent known to the Company, the names of the Holders of the Obligations, the unpaid principal amount thereof owing to each Lender and whether any amount of Obligations outstanding is subordinated to any extent to any of the other Secured Debt, (iii) with respect to the Public Debt, the name of the Public Trustee appointed under each Public Indenture and whether any amount of Public Debt outstanding under each Public Indenture is subordinated to any extent to any of the other Secured Debt, and (iv) with respect to the Refinancing Debt, the name of the Representative appointed under each Refinancing Instrument and whether any amount of Refinancing Debt outstanding under each Refinancing Instrument is subordinated to any extent to any other Secured Debt. The

Company agrees, from time to time, to furnish the Trustee with any information necessary to update the foregoing list. The Company will furnish to the Trustee on the date of this Agreement a list setting forth the name and address of each party to whom notices must be sent under the Debt Instruments, and the Company agrees to furnish promptly to the Trustee any changes or additions to such list.

Section 5.3. COMPENSATION AND EXPENSES. The Grantors jointly and severally agree to pay to the Trustee the Trustee's customary fees as compensation for the Trustee's services hereunder and under the Security Documents and for administering the Trust Estate, and from time to time following notice thereof and 10 Business Days, all of the fees, costs and expenses of the Trustee (including, without limitation, the reasonable fees and disbursements of its counsel and such special counsel, accountants or other experts as the Trustee elects to retain) (i) arising in connection with the preparation, execution, delivery, modification (requested by the Company), restatement, amendment (requested by the Company) or termination of this Agreement and each Security Document or the enforcement (whether in the context of a civil action, adversary proceeding, workout or otherwise) of any of the

provisions hereof or thereof, or (ii) incurred or required to be advanced in connection with the administration of the Trust Estate, the sale or other disposition or the custody, preservation or protection of Collateral pursuant to any Security Document and the exercise or enforcement of the Trustee's rights under this Agreement and in and to the Collateral and the Trust Estate. As security for such payment, the Trustee shall have a Lien prior to the Secured Debt upon all Collateral and other property and funds held or collected by the Trustee as part of the Trust Estate.

Section 5.4. STAMP AND OTHER SIMILAR TAXES. The Grantors jointly and severally agree to indemnify and hold harmless the Trustee and each Holder from, and shall reimburse the Trustee and each Holder for, any present or future claim for liability for any stamp or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any jurisdiction in connection with this Agreement, any Security Document, the Trust Estate, or the attachment or perfection of the security interest granted to the Trustee in any Collateral. The obligations of the Grantors under this SECTION 5.4 shall survive the termination of the other provisions of this Agreement.

Section 5.5. FILING FEES, EXCISE TAXES, ETC. The Grantors jointly and severally agree to pay or to reimburse the Trustee for any and all amounts in respect of all search, filing, recording and registration fees, taxes, excise taxes and other similar imposts which may be payable or determined to be payable in respect of the execution, delivery, performance and enforcement of this Agreement and each Security Document and agree to save the Trustee harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. The obligations of the Grantors under this SECTION 5.5 shall survive the termination of the other provisions of this Agreement.

Section 5.6. INDEMNIFICATION. (a) The Grantors jointly and severally agree to pay, indemnify and hold the Trustee and each of its agents harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and the Security Documents, unless arising from the gross negligence, bad faith or willful misconduct of such of the Trustee or the agents that are seeking indemnification. As security for such payment, the Trustee shall have a Lien prior to the Secured Debt upon all Collateral and other property and funds held or collected by the Trustee as part of the Trust Estate.

(b) In any suit, proceeding or action brought by the Trustee

under or with respect to the Collateral for any sum owing thereunder, or to enforce any provisions thereof, or of any of the Security Documents or this

Agreement, the Grantors jointly and severally agree to save, indemnify and keep the Trustee and the Holders harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by the Company or any of the Grantors of any of their respective obligations hereunder or thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from the Company or Grantors, and all such obligations of the Company or the Grantors shall be and remain enforceable against and only against the Company and the Grantors and shall not be enforceable against the Trustee or any Holder.

(c) The agreements in this SECTION 5.6 shall survive the termination of the other provisions of this Agreement.

Section 5.7. FURTHER ASSURANCES. At any time and from time to time, upon the written request of the Trustee, and at the expense of the applicable Grantor, each Grantor will promptly execute and deliver any and all such further instruments and documents and take such further action as the Trustee may reasonably deem necessary or desirable in obtaining the full benefits of this Agreement and the Security Documents and of the rights and powers herein and therein granted, including, without limitation, the filing of any financing or continuation statements or other instruments to perfect the Liens and security interests granted thereby. The Grantors shall, not later than thirty (30) days after the Requisite Lenders' or the Trustee's request therefor, deliver to the Trustee an opinion of independent counsel, addressed to the Trustee for the benefit of the Holders, concerning the continued perfection and priority of the Liens and security interests created by the Security Documents (excluding, however, those Liens and security interests which, in accordance with the terms of this Agreement and the Security Documents, have been released); PROVIDED, HOWEVER, that the Trustee shall have no obligation to request such opinion from any of the Grantors. The Grantors shall, in all of their published financial statements customarily prepared with footnotes or filed with the Securities and Exchange Commission, indicate by footnote or otherwise that the Secured Debt is secured pursuant to this Agreement and the Security Documents.

SECTION 6
THE TRUSTEE

Section 6.1. ACCEPTANCE OF TRUST. The Trustee, for itself and its successors, hereby accepts the trusts created by this Agreement upon the terms and conditions hereof, including those contained in this SECTION 6.

Section 6.2. EXCULPATORY PROVISIONS. (a) The Trustee shall not be responsible in any manner whatsoever for the correctness of any recitals, statements, representations or warranties contained herein or in the Security Documents, except for those made by the Trustee. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Grantors thereto or as to the security afforded by the Security Documents or this Agreement or, except as set forth in

SECTION 2.2 of this Agreement, as to the validity, execution, enforceability, legality or sufficiency of this Agreement, any Security Document or of the Secured Debt secured hereby and thereby, and the Trustee shall incur no liability or responsibility in respect of any such matters. The Trustee shall not be responsible for insuring the Trust Estate or for the payment of taxes, charges, assessments or Liens upon the Trust Estate or otherwise as to the maintenance of the Trust Estate, except that (i) in the event the Trustee enters into possession of a part or all of the Trust Estate, the Trustee shall preserve the part in its possession, and (ii) the Trustee

will promptly, and at its own expense, take such action as may be necessary duly to remove and discharge (by bonding or otherwise) any Trustee's Lien on any part of the Trust Estate or any other Lien on any part of the Trust Estate resulting from claims against it (whether individually or as Trustee) not related to the administration of the Trust Estate or (if so related) resulting from gross negligence, bad faith or willful misconduct on its part.

(b) The Trustee shall not be required to ascertain or inquire as to the performance by any of the Grantors of any of the covenants or agreements contained herein, in any Security Document or in any Debt Instrument. Whenever it is necessary, or in the opinion of the Trustee advisable, for the Trustee to ascertain the amount of Secured Debt then held by a Holder, the Trustee may rely on a certificate of such Holder as to such amount.

(c) Wilmington Trust Company shall, in its individual capacity and at its own cost and expense, promptly take all action as may be necessary to discharge any Trustee's Liens or any other Lien resulting from claims against it or William J. Wade (whether individually or as Trustee) not related to the administration of the Trust Estate or (if so related) resulting from gross negligence, bad faith or willful misconduct on its or his part.

(d) Subject to the provisions of the Pledge Agreements concerning the Trustee's duty of care with respect to certificates evidencing the Pledged Stock in the Trustee's possession, the Trustee shall not be personally liable for any acts, omissions, errors of judgment or mistakes of fact or law made, taken or omitted to be made or taken by it in accordance with this Agreement or any Security Document (including, without limitation, acts, omissions, errors or mistakes with respect to the Collateral), except for those arising out of or in connection with the Trustee's gross negligence, bad faith or willful misconduct. Notwithstanding anything set forth herein to the contrary, the Trustee shall have a duty of reasonable care with respect to any "instruments" (as defined in the UCC) which are delivered to the Trustee or its designated representatives as part of the Collateral and are in the Trustee's or its designated representatives' possession and control.

Section 6.3. DELEGATION OF DUTIES. The Trustee may execute any of the trusts or powers hereof and perform any duty hereunder either directly or by

or through agents, nominees or attorneys-in-fact, which (except with respect to the Trustee's duties to maintain possession of any Collateral or any other portion of the Trust Estate as expressly set forth herein or in the Security Documents) may include employees or officers of the Company, PROVIDED, that the Trustee shall obtain a written acknowledgment from such agents, nominees or attorneys-in-fact that they shall be liable to the Holders for losses or damages incurred by any such Holder as a result of such agent's, nominee's or attorneys'-in-fact gross negligence, bad faith or willful misconduct as and to the extent the Trustee would be liable for such losses or damages if the actions or omissions of such agents, nominees or attorneys-in-fact constituting such gross negligence, bad faith or willful misconduct had been actions or omissions of the Trustee. The Trustee shall be entitled to advice of counsel concerning all matters pertaining to such trusts, powers and duties. The Trustee shall not be responsible for the negligence or misconduct of any agents, nominees or attorneys-in-fact selected by it without gross negligence, bad faith or willful misconduct.

Section 6.4. RELIANCE BY TRUSTEE. (a) Whenever in the administration of the trusts of this Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established with respect to any of the Grantors in connection with the taking, suffering or omitting of any action hereunder by the Trustee, such matter (unless other evidence in respect thereof is herein specifically prescribed) may be deemed to be conclusively provided or established by a certificate of an Authorized Officer of the Company delivered to the Trustee, and such certificate shall be full

warranty to the Trustee for any action taken, suffered or omitted in reliance thereon, subject, however, to the provisions of SECTION 6.5 of this Agreement.

(b) The Trustee may consult with Richards, Layton & Finger or other counsel reasonably satisfactory to the Requisite Lenders, accountants or other experts in connection with the fulfillment of its duties hereunder, and the Trustee shall be entitled to rely on the opinion of such counsel, accountants or other experts in connection with any action taken, omitted to be taken or suffered by the Trustee in fulfilling its duties hereunder. The Trustee shall have the right at any time to seek instructions concerning the administration of the Trust Estate from any court of competent jurisdiction.

(c) The Trustee may rely, and shall be fully protected in relying, upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document which it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, telecopies and telexes, to have been sent by the proper party or parties, PROVIDED, HOWEVER, that for the purpose of identifying the Requisite Lenders and the amounts of their Revolving Credit Commitments and of Secured Debt held by them, the information provided by the Company to the Trustee pursuant to SECTION 5.2 of

this Agreement must be confirmed in writing by the Agent. In the absence of its gross negligence, bad faith or willful misconduct, the Trustee may conclusively rely, except as provided above, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement or any Security Document.

(d) If the Trustee has been requested to take action pursuant to SECTION 2.3 or SECTION 3.6 of this Agreement, the Trustee shall not be under any obligation to exercise any of the rights or powers vested in the Trustee by this Agreement or any Security Document unless the Trustee shall have been provided adequate security and indemnity against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction, including such reasonable advances as may be requested by the Trustee.

Section 6.5. LIMITATIONS ON DUTIES OF TRUSTEE. (a) The Trustee shall be obliged to perform such duties and only such duties as are specifically set forth in this Agreement or in any Security Document, and no implied covenants or obligations shall be read into this Agreement or any Security Document against the Trustee. The Trustee shall, upon receipt of a Notice of Actionable Default and during such time as such Notice of Actionable Default shall not have been withdrawn in accordance with the provisions of SECTION 3.1(b) hereof, exercise the rights and powers vested in it by this Agreement or by any Security Document, and the Trustee shall not be liable with respect to any action taken or omitted by it in accordance with the direction of the Requisite Lenders pursuant to SECTION 3.6 of this Agreement.

(b) Except as herein otherwise expressly provided, including, without limitation, upon the written request of the Requisite Lenders pursuant to SECTION 3.6 of this Agreement, the Trustee shall not be under any obligation to take any action which is discretionary with the Trustee under the provisions hereof or under any Security Document. The Trustee shall furnish to each Holder promptly upon receipt thereof a copy of each certificate or other paper furnished to the Trustee by any of the Grantors under or in respect of this Agreement, any Security Document or any of the Trust Estate, unless by the express terms of any Security Document a copy of the same is required to be furnished by some other Person directly to the Holders, or the Trustee shall have determined that the same has already been so furnished.

Section 6.6. MONEYS TO BE HELD IN TRUST. All moneys received by

the Trustee under or pursuant to any provision of this Agreement or any Security Document shall be held in trust for the purposes for which they were paid or are held.

Section 6.7. RESIGNATION AND REMOVAL OF THE TRUSTEE. (a) The Corporate Trustee or Individual Trustee may at any time, by giving sixty (60)

days' prior written notice to the Company and the Holders, resign and be discharged of the responsibilities hereby created, such resignation to become effective upon the appointment of a successor Trustee by the Requisite Lenders with the consent of the Company, such consent not to be unreasonably withheld, and the acceptance of such appointment by such successor Trustee. The Corporate Trustee or Individual Trustee may be removed at any time and a successor Trustee appointed by the affirmative vote of the Requisite Lenders; PROVIDED THAT the Corporate Trustee or Individual Trustee shall be entitled to its or his fees and expenses to the date of removal. If no successor Trustee shall be appointed and approved within sixty (60) days from the date of the giving of the aforesaid notice of resignation or within sixty (60) days from the date of such removal, the Corporate Trustee or Individual Trustee, as applicable, shall, or any Holder may, apply to any court of competent jurisdiction to appoint a successor trustee or trustees to act until such time, if any, as a successor trustee or trustees shall have been appointed as above provided. Any successor trustee or trustees so appointed by such court shall immediately and without further act be superseded by any successor trustee or trustees approved by the Requisite Lenders with the consent of the Company, such consent not to be unreasonably withheld, as above provided.

(b) If at any time the Corporate Trustee or Individual Trustee shall resign, be removed or otherwise become incapable of acting, or if at any time a vacancy shall occur in the office of the Corporate Trustee or Individual Trustee for any other cause, a successor trustee or trustees may be appointed by the Requisite Lenders, with the consent of the Company, such consent not to be unreasonably withheld, and the powers, duties, authority and title of the predecessor trustee or trustees terminated and canceled without procuring the resignation of such predecessor trustee or trustees, and without any other formality (except as may be required by applicable law) than the appointment and designation of a successor trustee or trustees in writing, duly acknowledged, delivered to the predecessor trustee or trustees and the Company, and filed for record in each public office, if any, in which this Agreement is required to be filed.

(c) The appointment and designation referred to in SECTION 6.7(b) of this Agreement shall, after any required filing, be full evidence of the right and authority to make the same and all of the facts therein recited, and this Agreement shall vest in such successor trustee or trustees, without any further act, deed or conveyance, all of the estate and title of its predecessor or their predecessors, and upon any required filing for record the successor trustee or trustees shall become fully vested with all the estates, properties, rights, powers, trusts, duties, authority and title of its predecessor or their predecessors; but such predecessor or predecessors shall, nevertheless, on the written request of the Requisite Lenders, the Company, or any successor trustee or trustees, execute and deliver an instrument transferring to such successor or successors all the estates, properties, rights, powers, trusts, duties, authority and title of such predecessor or predecessors hereunder and shall deliver all securities and moneys held by it or them to such successor trustee or trustees. Should any deed, conveyance or other instrument in writing from any of the Grantors be required by any successor trustee or trustees for more fully and certainly vesting in such successor trustee or trustees the estates,

properties, rights, powers, trusts, duties, authority and title vested or intended to be vested in the predecessor trustee or trustees, any and all such deeds, conveyances and other instruments in writing shall, on request of such successor trustee or trustees, be so executed, acknowledged and delivered.

(d) Any required filing for record of the instrument appointing a successor trustee or trustees as hereinabove provided shall be at the expense of the Company. The resignation of any trustee or trustees and the instrument or instruments removing any trustee or trustees, together with all other instruments, deeds and conveyances provided for in this SECTION 6 shall, if required by law, be forthwith recorded, registered and filed by and at the expense of the Company, wherever this Agreement is recorded, registered and filed.

Section 6.8. STATUS OF SUCCESSORS TO THE CORPORATE TRUSTEE. Every successor to Wilmington Trust Company appointed pursuant to SECTION 6.7 of this Agreement and every corporation resulting from a merger or consolidation pursuant to SECTION 6.9 of this Agreement shall be a bank or trust company in good standing and having power so to act, incorporated under the laws of the United States or any State thereof or the District of Columbia, and having its principal corporate trust office within the forty-eight (48) contiguous States, and shall also have capital, surplus and undivided profits of not less than $100,000,000.

Section 6.9. MERGER OF THE CORPORATE TRUSTEE. Any corporation into which the Corporate Trustee shall be merged, or with which it shall be consolidated, or any corporation resulting from any merger or consolidation to which the Corporate Trustee shall be a party, shall be the Corporate Trustee under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto.

Section 6.10. ADDITIONAL CO-TRUSTEES; SEPARATE TRUSTEES. (a) If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which any of the Collateral shall be located, or the Trustee shall be advised by counsel, satisfactory to it, that it is necessary or prudent in the interest of the Holders, or the Requisite Lenders shall in writing so request, or the Trustee shall deem it desirable for its own protection in the performance of its duties hereunder, the Trustee and the Grantors shall execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company, or one or more persons approved by the Trustee and the Grantors either to act as co-trustee or co-trustees of all or any of the Collateral, jointly with the Trustee originally named herein or any successor or successors, or to act as separate trustee or trustees of any such property. In the event the Grantors shall not have joined in the execution of such instruments and agreements within ten (10) days after the receipt of a written request from the Trustee so to do, or in case an Actionable Default shall have occurred and be continuing, the Trustee may act

under the foregoing provisions of this SECTION 6.10 without the concurrence of the Grantors, and the Grantors hereby irrevocably appoint the Trustee as their agent and attorney to act for them under the foregoing provisions of this SECTION 6.10 in either of such contingencies.

(b) Every separate trustee and every co-trustee, other than any trustee which may be appointed as successor to Wilmington Trust Company or William J. Wade, shall, to the extent permitted by law, be appointed and act and be such, subject to the following provisions and conditions, namely:

(i) all rights, powers, duties and obligations conferred upon the Trustee in respect of the custody, control and management of moneys, papers or securities shall be exercised solely by Wilmington Trust Company, or its successors as Trustee hereunder;

(ii) all rights, powers, duties and obligations conferred or imposed upon the Trustee hereunder shall be conferred or imposed and exercised or performed by the Trustee and such separate trustee or separate trustees or co-trustee or co-trustees, jointly, as shall be provided in the instrument appointing such separate trustee or separate trustees or

co-trustee or co-trustees, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate trustee or separate trustees or co-trustee or co-trustees;

(iii) no power given hereby to, or which it is provided hereby may be exercised by, any such co-trustee or co-trustees or separate trustee or separate trustees, shall be exercised hereunder by such co-trustee or co-trustees or separate trustee or separate trustees, except jointly with, or with the consent in writing of, the Trustee, anything herein contained to the contrary notwithstanding;

(iv) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(v) the Grantors and Trustee, at any time by an instrument in writing, executed by them jointly, may accept the resignation of or remove any such separate trustee or co-trustee, and in that case, by an instrument in writing executed by the Grantors and the Trustee jointly, may appoint a successor to such separate trustee or co-trustee, as the case may be, anything herein contained to the contrary notwithstanding. In the event that the Grantors shall not have joined in the execution of any instrument within ten (10) days

after the receipt of a written request from the Trustee so to do, or in case an Actionable Default shall have occurred and be continuing, the Trustee shall have the power to accept the resignation of or remove any such separate trustee or co-trustee and to appoint a successor without the concurrence of the Grantors, the Grantors hereby irrevocably appointing the Trustee their agent and attorney to act for them in such connection in either of such contingencies. In the event that the Trustee shall have appointed a separate trustee or separate trustees or co-trustee or co-trustees as above provided, it may at any time, by an instrument in writing, accept the resignation of or remove any such separate trustee or co-trustee, the successor to any such separate trustee or co-trustee to be appointed by the Grantors and the Trustee, or by the Trustee alone, as hereinabove provided in this SECTION 6.10.

SECTION 7
RELEASE OF COLLATERAL

Section 7.1. CONDITIONS TO RELEASE. Subject to this SECTION 7.1, all the Collateral shall be released on the earliest of:

(a) the date on which (i) all the Obligations shall have been paid to, or in the case of any Obligations which shall then not be due and payable, secured to the satisfaction of, the Lenders and the Revolving Credit Commitments of the Lenders shall have been terminated pursuant to the terms of the Credit Agreement and (ii) all accrued and unpaid Trustee's Fees shall have been paid in full;

(b) the date on which (i) the Company shall have received written instructions from all of the Lenders instructing the Company to direct the Trustee to release the Collateral, and (ii) all accrued and unpaid Trustee's Fees shall have been paid in full; or

(c) the date on which (i) the Company shall have received from the Agent written instructions to direct the Trustee to release the Collateral in accordance with the provisions of SECTION 9.07(d) of the Credit Agreement and (ii) all accrued and unpaid Trustee's Fees shall have been paid in full.

Section 7.2. PROCEDURE FOR RELEASE. Upon the occurrence of the events specified in either SECTION 7.1(a), 7.1(b) or 7.1(c), the Company, on behalf of the Grantors, shall deliver a Discharge Notice to the Trustee (with a copy thereof given to the Agent, each Public Trustee and each Representative). Upon receipt by the Trustee of a Discharge Notice certifying that events set forth in SECTION 7.1(a), 7.1(b) or 7.1(c) above have occurred, the Trustee shall request the Agent to confirm in writing that the event described in

SECTION 7.1(a)(i), 7.1(b)(i) or 7.1(c)(i) of this Agreement has occurred.

Section 7.3. EFFECTIVE TIME OF RELEASE. (a) The Trustee shall release the Collateral upon receipt by the Trustee of (i) a Discharge Notice and (ii) the written confirmation from the Agent specified in SECTION 7.2 of this Agreement. The Trustee shall promptly notify the Company, the Agent and the Holders, in the manner specified in SECTION 8.2 of this Agreement, when the release of the Collateral is effective.

(b) When the release of the Collateral is effective, all right, title and interest of the Trustee in, to and under the Trust Estate, the Collateral and the Security Documents shall terminate and shall revert to the Grantors or their respective successors and assigns, and the estate, right, title and interest of the Trustee therein shall thereupon cease, terminate and become void. In such case, the Grantors shall deliver to the Trustee one or more instruments of discharge, satisfaction and release in form reasonably satisfactory to the Trustee, and, upon the written request of the Company or its successors or assigns, and at the cost and expense of the Company or its successors or assigns, the Trustee shall execute a satisfaction of the Security Documents and such instruments as are necessary or desirable to terminate and remove of record any documents constituting public notice of the Security Documents and the Liens and assignments granted thereunder and shall assign and transfer, or cause to be assigned and transferred, and shall deliver or cause to be delivered to each of the Grantors, all property, including all moneys, instruments and securities of each Grantor, then held by the Trustee. The cancellation and satisfaction of the Security Documents shall be without prejudice to the rights of the Trustee or any successor trustee to charge and be reimbursed for any expenditures which it may thereafter incur in connection therewith.

Section 7.4. RELEASE OF CERTAIN COLLATERAL. To the extent that the Requisite Lenders or the Agent, on behalf of the Requisite Lenders, at the request of any of the Grantors, instruct the Trustee to release specified portions of the Collateral pursuant to SECTION 2.3 of this Agreement and in accordance with SECTION 9.07(c) of the Credit Agreement, all right, title and interest of the Trustee in, to and under such Collateral and the security interest of the Trustee therein shall terminate and shall revert to the applicable Grantor or its successors and assigns, and the estate, right, title and interest of the Trustee therein shall thereupon cease, terminate and become void. Any Grantor's request for any such release shall be accompanied by a written certification by such Grantor, in form reasonably satisfactory to the Trustee, that, as of the date of such release, no Actionable Default has occurred and is continuing. Following such instructions, the Trustee shall, upon the written request of such Grantor, its successors or assigns and at the cost and expense of such Grantor or its successors or assigns, execute such instruments and take such other actions as are necessary or desirable to terminate any such security interest and otherwise effectuate the release of the specified portions of the Collateral from the Lien of such security

interest. Such termination and release shall be without prejudice to the rights of the Trustee or any successor trustee to charge and be reimbursed for any expenditures which it may thereafter incur in connection therewith.

SECTION 8
MISCELLANEOUS

Section 8.1. AMENDMENTS, SUPPLEMENTS, AND WAIVERS. (a) With the prior written consent of the Requisite Lenders, the Trustee and the Grantors may, from time to time, enter into written agreements supplemental hereto for the purpose of adding to or waiving any provision of this Agreement or any of the Security Documents or amending the definition of any capitalized term used herein or therein, as such capitalized term is used herein or therein, or changing in any manner the rights of the Trustee, the Holders or the Grantors hereunder or thereunder; PROVIDED, HOWEVER, that no such supplemental agreement shall:

(i) modify the definition of Requisite Lenders without the written consent of all Lenders; or

(ii) amend, modify or waive any provision of this Agreement or any Security Document so as to adversely affect any of the Trustee's rights, immunities or indemnities hereunder or thereunder or enlarge its duties hereunder or thereunder, without the written consent of the Trustee.

Any such supplemental agreement shall be binding upon the Grantors, the Holders and the Trustee and their respective successors and assigns. The Trustee shall not enter into any such supplemental agreement unless it shall have received a certificate signed by an Authorized Officer of the Company to the effect that such supplemental agreement will not result in a breach of any provision or covenant contained in the Credit Agreement, any of the Public Indentures or any of the Refinancing Instruments. Prior to executing any amendment pursuant to the terms of this SECTION 8.1(a), the Trustee shall be entitled to receive an opinion of counsel to the effect that the execution of such document is authorized hereunder.

(b) Without the consent of the Holders, at any time and from time to time, with the consent of the Agent, the Grantors and the Trustee may enter into additional Security Documents or one or more agreements supplemental hereto or to any Security Document, in form satisfactory to the Trustee:

(i) to add to the covenants of the Grantors for the benefit of the Holders;

(ii) to mortgage, pledge or grant a security interest in favor

of the Trustee as additional security for the Secured Debt pursuant to any Security Document; or

(iii) to cure any ambiguity or to correct or supplement any provision herein or in any Security Document which may be defective or inconsistent with any other provision herein or therein; PROVIDED, HOWEVER, that any such action contemplated in this CLAUSE (iii) shall not adversely affect the interests of the Holders in any manner whatsoever.

(c) Without the consent of the Holders, the Grantors and the Trustee may, at the direction of the Agent and at any time and from time to time, add additional Persons ("ADDITIONAL GRANTORS") to this Agreement, or any of the Security Documents, and such additional provisions hereto and thereto as may be necessary or appropriate to effect the grant by such Additional Grantors of Liens on any assets of such Additional Grantors as additional

security for the Secured Debt. Upon its addition hereto, such Additional Grantor shall have all of the rights and obligations of a Grantor hereunder.

Section 8.2. NOTICES. All notices, requests, demands and other communications provided for or permitted hereunder shall be in writing (including telex and telecopy communications), shall be sent by mail, telex, telecopier or hand delivery and, except as otherwise provided in this Agreement, the cost thereof shall be for the sole account of the Company and shall be added to the Secured Debt:

(a) if to the Company, at: USG Corporation, 125 South Franklin Street, Chicago, Illinois 60606-4678, Attention: Corporate Secretary, with a copy thereof to Kirkland & Ellis, 200 E. Randolph Drive, Chicago, Illinois, 60601, Attention: Michael G. Timmers; or at such other address as shall be designated by it in a written notice to the Trustee and the Secured Parties;

(b) if to the Trustee, at: Wilmington Trust Company, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, with a copy to Richards, Layton and Finger, One Rodney Square, Wilmington, Delaware 19899. Attention: William J. Wade; or at such other address as shall be designated by it in a written notice to the Company and the Secured Parties;

(c) if to the Agent or any Lender, to the Agent at its address at: Chemical Bank, 270 Park Avenue, New York, New York 10017, Attention: Christopher C. Wardell, with a copy to Chemical Securities Inc., 10 South LaSalle, Chicago, Illinois 60603, Attention: Steven J. Faliski, and a copy to Sidley & Austin, One First National Plaza,

Chicago, Illinois 60603, Attention: Gary B. Stern; and or at such other address as shall be designated by the Agent in a written notice to the Trustee;

(d) if to any Public Lender, to the applicable Public Trustee at the address for such Public Trustee set forth on SCHEDULE 2 hereto, or at such other address as shall be designated by any Public Trustee in a written notice to the Trustee; and

(e) if to any Refinancing Lender, to the applicable Representative, at such address as shall be designated by such Representative in a written notice to the Trustee.

All such notices, requests, demands and communications shall, to be effective hereunder, be in writing or by a telecommunications device capable of creating a written record, and shall be deemed to have been given or made when delivered by hand or five (5) Business Days after its deposit in the mail, first class or air postage prepaid (except that any notice to the Company by mail that an Actionable Default has occurred or given by the Company pursuant to SECTION 7.2 hereof shall be sent by registered or certified mail), or in the case of notice by such a telecommunications device, when properly transmitted; PROVIDED, HOWEVER, that any notice, request, demand or other communication to the Trustee shall not be effective until received.

Section 8.3. HEADINGS. Section, subsection and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

Section 8.4. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction; PROVIDED THAT this Agreement shall be

construed so as to give effect to the intention expressed in SECTION 3.12 hereof.

Section 8.5. TREATMENT OF PAYEE OR INDORSEE BY TRUSTEE. (a) The Trustee may treat the registered holder of any registered note, and the payee or indorsee of any note or debenture which is not registered, as the absolute owner thereof for all purposes hereunder and shall not be affected by any notice to the contrary, whether such promissory note or debenture shall be past due or not.

(b) Any Person which shall be designated as the duly authorized representative of one or more Holders to act as such in connection with any matters pertaining to this Agreement or any Security Document or the Collateral

shall present to the Trustee such documents, including, without limitation, opinions of counsel, as the Trustee may reasonably request, in order to demonstrate to the Trustee the authority of such Person to act as the representative of such Holders; PROVIDED THAT, unless the Trustee has received a prior written notice to the contrary from any Lender, the Trustee may conclusively presume that the Agent is the duly authorized representative of all Lenders and Issuing Banks.

Section 8.6. DEALINGS WITH THE COMPANY. (a) Upon any application or demand by any of the Grantors to the Trustee to take or permit any action under any of the provisions of this Agreement or any Security Document, such Grantor shall furnish to the Trustee a certificate signed by an Authorized Officer of such Grantor stating that all conditions precedent, if any, provided for in this Agreement or any Security Document relating to the proposed action have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Agreement or any Security Document relating to such particular application or demand, no additional certificate or opinion need be furnished.

(b) Any opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate of Authorized Officers of the applicable Grantor delivered to the Trustee.

Section 8.7. CLAIMS AGAINST THE TRUSTEE. Any claims or causes of action which the Holders or the Grantors shall have against the Trustee shall survive the termination of this Agreement and the release of the Collateral hereunder.

Section 8.8. BINDING EFFECT. (a) This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and shall inure to the benefit of the Holders and their respective successors and assigns, and nothing herein or in any Security Document is intended or shall be construed to give any other Person any right, remedy or claim under, to or in respect of this Agreement, any Security Document, the Collateral or the Trust Estate.

(b) The Grantors jointly and severally agree to pay the Trustee's Fees on demand. In the event the Grantors fail to pay the Trustee's Fees and the Trustee's Fees cannot be paid out of amounts received in the Collateral Account, each Lender agrees to pay the Trustee's Fees, ratably in accordance with the proportion of the Obligations held by it.

Section 8.9. CONFLICT WITH OTHER AGREEMENTS. The parties agree that in the event of any conflict between the provisions of this Agreement and the provisions of any of the Security Documents, the provisions of this Agreement shall control.

Section 8.10. GOVERNING LAW. The provisions of this Agreement creating a trust for the benefit of the Holders and setting forth the rights,

duties, obligations and responsibilities of the Trustee hereunder shall be governed by and construed in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Delaware, so long as Wilmington Trust Company shall serve as Trustee hereunder. In all other respects, including, without limitation, all matters governed by the Uniform Commercial Code, and in all respects if Wilmington Trust Company shall cease to serve as Trustee hereunder, this Agreement shall be governed by and construed in accordance with the laws and decisions of the State of New York.

Section 8.11. COUNTERPARTS. This Agreement may be executed in separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

Section 8.12. COMPANY AS AGENT FOR GRANTORS. Each Grantor hereby designates and appoints the Company as the agent of such Grantor, and each Grantor irrevocably authorizes the Company, to execute and deliver any notice required hereunder on behalf of such Grantor. Any notice required to be delivered to any Grantor hereunder shall be deemed delivered to such Grantor when any such notice is delivered to the Company in accordance with the terms hereof. The Company hereby accepts such designation as agent for the Grantors until all Obligations have been paid in full and this Agreement has been terminated. Each Grantor agrees not to revoke, modify or withdraw such designation until all Obligations have been paid in full and this Agreement has been terminated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

USG CORPORATION

By_____
Title:

WILMINGTON TRUST COMPANY, not in its individual capacity (except as otherwise expressly provided in this Agreement) but solely as Trustee

By_____
Title:

_____
William J. Wade, not in his individual capacity (except as otherwise expressly provided in this Agreement) but solely as Trustee

SCHEDULE 1
to
COLLATERAL TRUST AGREEMENT

PUBLIC INDENTURES

1. Indenture dated as of October 1, 1986 between the Company and Harris Trust and Savings Bank, Trustee, under which the Company has issued those certain 8% Senior Notes due 1996, those certain 8% Senior Notes due 1997 and those certain 8-3/4% Debentures due 2017, and under which the Company proposes to issue those certain __% Senior Notes due 2005.(1)

Public Trustee Notice Address:

Corporate Trust Department
311 West Monroe Street
Chicago, Illinois 60690

2. Indenture dated as of January 1, 1974, between United States Gypsum Company, and The First National Bank of Chicago, Trustee, as supplemented by that certain First Supplemental Indenture, dated as of January 1, 1985, between United States Gypsum Company, the Company, and The First National Bank of Chicago, under which those certain 7.875% Sinking Fund Debentures due January 1, 2004 have been issued.

Public Trustee Notice Address:

Corporate Trust Department
One First National Plaza
Chicago, Illinois 60670

3. (a) Indenture dated as of April 26, 1993 between the Company and State Street Bank and Trust Company, as Trustee, under which the Company has issued those certain 10-1/4% Senior Notes due 2002.

(b) Indenture dated as of August 10, 1993 between the Company and State Street Bank and Trust Company, as Trustee, under which the Company has issued those certain 10 1/4% Senior Notes due 2002, Series B.

Public Trustee Notice Address:

Corporate Trust Department
225 Franklin Street
Boston, Massachusetts 02110]

_____

(1) The proceeds from the sale of the __% Senior Notes due 2005 (together with other available funds) will be used to refinance those certain 10-1/4% Senior Notes due 2002 and those certain 10-1/4% Senior Notes due 2002, Series B.

EXHIBIT 99(c)

COMPANY PLEDGE AGREEMENT

THIS COMPANY PLEDGE AGREEMENT (this "AGREEMENT") dated as of July 27, 1995 by and among USG CORPORATION, a Delaware corporation (the "PLEDGOR"), WILMINGTON TRUST COMPANY, a Delaware banking corporation ("WILMINGTON"), and WILLIAM J. WADE ("WADE"), Wilmington and Wade acting not in their individual capacities, but solely as trustees (collectively and individually, the "TRUSTEE") under the "Collateral Trust Agreement" referred to below. Terms capitalized and used herein which are not otherwise defined herein shall have the meanings given them in the Collateral Trust Agreement.

W I T N E S S E T H:

WHEREAS, the Pledgor is party to that certain Credit Agreement dated as of July 27, 1995 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT") with the financial institutions from time to time party thereto (the "LENDERS") and Chemical Bank, in its separate capacity as agent for the Lenders (in such capacity, the "AGENT");

WHEREAS, in connection with the Credit Agreement, the Pledgor has entered into that certain Collateral Trust Agreement dated as of July 27, 1995 (as the same may amended, restated, supplemented or otherwise modified from time to time, the "COLLATERAL TRUST AGREEMENT");

WHEREAS, in connection with the Collateral Trust Agreement, and in order to secure the prompt and complete payment, observance and performance of the Secured Debt, the Pledgor and the Trustee have agreed to enter into this Agreement; and

WHEREAS, the Pledgor is the owner of the issued and outstanding shares of capital stock of the subsidiaries listed on EXHIBIT A attached hereto and made a part hereof (the "SUBSIDIARIES");

NOW, THEREFORE, for and in consideration of the foregoing and of any financial accommodations or extensions of credit (including, without limitation, any loan or advance by renewal, refinancing or extension of the agreements described hereinabove or otherwise) heretofore, now or hereafter made to or for the benefit of the Pledgor by any of the Lenders or Issuing Banks in connection with the transactions contemplated by the Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. GRANT OF SECURITY INTEREST. The Pledgor hereby grants to the

Trustee for the equal and ratable benefit of the Secured Parties, as security for the prompt and complete payment, observance and performance of all of the Secured Debt, a security interest in (a) all shares of the capital stock of the Subsidiaries now or at any time or times hereafter owned by Pledgor (the "PLEDGED SHARES"), (b) all warrants, options and other rights to acquire capital stock of the Subsidiaries now or at any time or times hereafter owned by the Pledgor (the "RIGHTS"), and (c) all proceeds thereof (the Pledged Shares, the Rights together with the "POWERS" (as defined below), the property and interests in property described in PARAGRAPHS 7 and 8 below, dividends and distributions payable with respect to the Pledged Shares that are required to be deposited in the Collateral Account pursuant to PARAGRAPH 4 below, and all proceeds of any of the foregoing, being hereinafter collectively referred to as the "PLEDGED COLLATERAL"). The Pledgor agrees to execute and deliver to the Trustee (i) stock powers in the form of EXHIBIT B attached hereto and made a part hereof, appropriately endorsed in blank, with respect to the Pledged Shares and any warrants or options for the purchase of capital stock of the Subsidiaries included in the Rights, and (ii) such other documents of transfer as the Trustee may from time to time reasonably request to enable the Trustee

(when and as permitted under the Collateral Trust Agreement) to transfer the Pledged Shares and the Rights into its name or the name of its nominee (all of the foregoing being hereinafter referred to as the "POWERS").

2. PERFECTION OF SECURITY INTEREST. The Pledgor agrees (i) to deliver immediately to the Trustee or the Trustee's nominee all certificates evidencing any of the Pledged Collateral which may at any time come into the possession of Pledgor, (ii) to execute and deliver to the Trustee such financing statements as the Trustee may request with respect to the Pledged Collateral, and (iii) to take such other steps as the Trustee may from time to time reasonably request to perfect the Trustee's security interest in the Pledged Collateral under applicable law. The Pledgor further agrees, at the reasonable request of the Trustee, to use its best efforts to cause the Subsidiaries to issue, in substitution for existing certificates evidencing any of the Pledged Collateral, one or more new certificates ("SUBSTITUTE CERTIFICATE(S)") intended to evidence all of the Pledged Collateral evidenced by the certificates which are exchanged for the Substitute Certificate(s), and the Pledgor shall immediately thereafter deliver such Substitute Certificates to the Trustee, together with attached Powers. The Pledgor agrees that this Agreement or a photocopy of this Agreement shall be sufficient as a financing statement.

3. VOTING RIGHTS. During the term of this Agreement, and so long as no Notice of Actionable Default has been given and has not been withdrawn pursuant to the Collateral Trust Agreement, and the Trustee has not given the notice referred to in the final sentence of this PARAGRAPH 3, the Pledgor shall have the right to vote the Pledged Shares and exercise any voting rights pertaining to the Pledged Collateral (which may, subject to any registration of the Trustee's security interest pursuant to PARAGRAPH 2 above, be registered on the books and records of the Subsidiaries in the Pledgor's name except as otherwise provided in PARAGRAPH 12 below), and to give consents, ratifications

and waivers with respect thereto for all purposes not prohibited by the terms of the Credit Agreement, the Collateral Trust Agreement or any of the other "LOAN DOCUMENTS" (as defined in the Credit Agreement). The Trustee shall, at the request of the Pledgor, provide the Pledgor with appropriate proxies and any other documents necessary or appropriate to permit the Pledgor to exercise the rights set forth in the preceding sentence. Upon or at any time after the giving of a Notice of Actionable Default and during the time any Notice of Actionable Default which has been given has not been withdrawn pursuant to the Collateral Trust Agreement, the Trustee shall be entitled, at the Trustee's option and following written notice from the Trustee to the Pledgor, to exercise all voting powers pertaining to the Pledged Collateral.

4. DIVIDENDS AND OTHER DISTRIBUTIONS. Upon receipt of notice in accordance with Section 3.1 of the Collateral Trust Agreement that the Trustee has received a Notice of Actionable Default, the Pledgor shall, at the written request of the Requisite Lenders, send a written notice (a "DIVIDENDS AND DISTRIBUTIONS NOTICE") to each of the Subsidiaries specified in such request, no later than five (5) days after the date of receipt of such request, instructing such Subsidiaries to remit all dividends and other distributions payable with respect to the Pledged Collateral (until such time as such Notice of Actionable Default is withdrawn pursuant to the Collateral Trust Agreement) directly to the Trustee to be deposited in the Collateral Account as additional Pledged Collateral, and promptly send a copy of the Dividends and Distributions Notice to the Agent and the Trustee. Nothing contained in this PARAGRAPH 4 shall be deemed to permit the payment of any dividend or the making of any distribution which is prohibited by the Credit Agreement or any of the other agreements and documents executed in connection with the transactions contemplated thereby.

5. REPRESENTATIONS. On the date hereof, the Pledgor warrants and represents as follows:

(a) The Pledgor is the sole, direct, legal and beneficial owner of the Pledged Shares, free and clear of any Lien except for the security interests created by this Agreement and "PERMITTED LIENS" (as defined in Section 6.03 of the Credit Agreement), and such stock has been duly authorized and is fully paid and nonassessable;

(b) The Pledged Shares constitute the percentage of the issued and outstanding capital stock of the Subsidiaries as set forth on EXHIBIT A, and there are no Rights associated with such capital stock;

(c) The Pledgor has full corporate power and authority to enter into this Agreement;

(d) There are no restrictions upon the voting rights associated with, or the transfer of, any of the Pledged Collateral except as provided by (i) the "Securities Act" (as defined in PARAGRAPH 9 of this Agreement), and/or

(ii) the terms and provisions of the Loan Documents, and/or (iii) any restrictions in connection with the Existing Credit Agreement (as such term is defined in the Credit Agreement);

(e) The Pledgor has the right, subject to the provisions of the Loan Documents, (i) to vote the Pledged Collateral, and (ii) to pledge and grant a security interest in all or any part of the Pledged Collateral free of any Lien;

(f) The Pledgor has the right (subject, however, to the Securities Act and/or the terms and provisions of the Loan Documents) to transfer all or any part of the Pledged Collateral free of any Lien;

(g) No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body which has not heretofore been taken or obtained is required either (i) for the pledge of the Pledged Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor or (ii) for the exercise by the Trustee of the voting or other rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement (except as may be required in connection with any disposition thereof by laws affecting the offering and sale of securities generally);

(h) The pledge of the Pledged Collateral pursuant to this Agreement creates a valid and perfected (and, with respect to the Pledged Shares only, first priority) security interest in the Pledged Collateral, in favor of the Trustee, securing the payment and performance of the Secured Debt; and

(i) The Powers are duly executed and give the Trustee the authority they purport to confer.

6. SUBSEQUENT CHANGES AFFECTING PLEDGED COLLATERAL. The Pledgor represents to the Trustee that the Pledgor has made its own arrangements for keeping informed of changes or potential changes affecting the Pledged Collateral (including, but not limited to, rights to convert, rights to subscribe, payment of dividends, reorganization or other exchanges, tender offers and voting rights), and Pledgor agrees that neither the Trustee nor any Secured Party shall have any responsibility or liability for informing Pledgor of any such changes or potential changes or for taking any action or omitting to take any action with respect thereto.

7. PLEDGED SHARES ADJUSTMENTS. In the event that, during the term of this Agreement, any stock dividend, reclassification, readjustment or other change is declared or made in the capital structure of any of the Subsidiaries (including, without limitation, the issuance of additional shares

of capital stock of any of the Subsidiaries), or any of the Rights are exercised, or both, then the Trustee shall have a security interest in all new, substituted and additional shares or other securities issued to or acquired by the Pledgor by reason of any such change or exercise, and such shares or other securities shall become part of the Pledged Collateral; PROVIDED, HOWEVER, that nothing contained in this PARAGRAPH 7 shall be deemed to permit any stock dividend, issuance of additional stock, reclassification, readjustment or other change in the capital structure of any of the Subsidiaries which is prohibited by the Credit Agreement, the Collateral Trust Agreement or any other Loan Document.

8. WARRANTS, OPTIONS AND OTHER RIGHTS. The Pledgor shall not permit any Subsidiary to issue any capital stock or Rights, other than in favor of Pledgor. In the event that, during the term of this Agreement, any Rights shall be issued by any of the Subsidiaries in connection with the Pledged Collateral or otherwise issued to or acquired by the Pledgor, then the Trustee shall have a security interest in such Rights, and such Rights shall become part of the Pledged Collateral; PROVIDED, HOWEVER, that nothing contained in this PARAGRAPH 8 shall be deemed to permit the issuance of any warrants or other rights or options by any of the Subsidiaries which is prohibited by the Credit Agreement, the Collateral Trust Agreement or any other Loan Document.

9. REGISTRATION. Upon or at any time after the giving of a Notice of Actionable Default and during the time any Notice of Actionable Default which has been given has not been withdrawn pursuant to the Collateral Trust Agreement, in the event the Trustee determines to exercise its right to sell the Pledged Collateral pursuant to PARAGRAPH 12 below, Pledgor shall, upon the request of Trustee, at Pledgor's expense:

(a) execute and deliver, and cause the Subsidiaries, their respective officers and directors to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Trustee, the Requisite Lenders or its or their counsel, advisable to register the Pledged Collateral or any part thereof under the provisions of the Securities Act of 1933, as from time to time amended (the "Securities Act"), and to cause each registration statement relating thereto to become effective and to remain effective for such period as prospectuses are required by law to be furnished, and to make all amendments and supplements thereto and to the related prospectus which, in the opinion of the Trustee, the Requisite Lenders or its or their counsel, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto;

(b) use its best efforts to qualify the Pledged Collateral under applicable state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of the Pledged Collateral or any thereof, as requested by the Trustee or the Requisite Lenders;

(c) cause each or any of the Subsidiaries to make available to the

Pledgor, as soon as practicable, an earnings statement which will satisfy the provisions of Section 11(a) of the Securities Act; and

(d) do or cause to be done all such other acts and things as may be necessary to make such sale of the Pledged Collateral or any part thereof valid and binding and in compliance with applicable law.

The Pledgor will reimburse the Trustee for any expense incurred by the Trustee, including, without limitation, reasonable attorneys' and accountants' fees and expenses in connection with the foregoing. Upon or at any time after the giving of a Notice of

Actionable Default and during the time any Notice of Actionable Default which has been given has not been withdrawn pursuant to the terms of the Collateral Trust Agreement, should the Trustee or the Requisite Lenders reasonably determine that, prior to any public offering of any securities constituting all or any part of the Pledged Collateral, such securities should be registered under the Securities Act and/or registered or qualified under any other federal or state law, and that such registration and/or qualification is not practical, then the Pledgor agrees that it will be commercially reasonable to hold a private sale, upon at least five (5) Business Days' notice to the Pledgor, so as to avoid a public offering, even though the sales price established and/or obtained at such private sale may be substantially less than prices which could have been obtained for such security on any market or exchange or in any other public sale.

10. NO DISCHARGE. The Pledgor shall remain bound and its obligations hereunder shall be unconditional, irrespective of (i) the subordination of the Secured Debt or any of the Debt Instruments, (ii) the absence of any attempt to collect the Secured Debt from any guarantor thereof or other action to enforce the same or the election of any remedy by the Trustee or any of the Secured Parties, (iii) the waiver, consent, extension, forbearance or granting of any indulgence by the Trustee or any of the Secured Parties with respect to any provision of any of the Debt Instruments, (iv) the failure by the Trustee to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any of the Pledged Collateral, (v) the election by any of the Secured Parties, in any proceeding instituted under Chapter 11 of the Bankruptcy Code of the application of Section 1111(b)(2) of the Bankruptcy Code, (vi) any borrowing or grant of a security interest by any Grantor, as debtor-in-possession, under Section 364 of the Bankruptcy Code, (vii) the disallowance under Section 502 of the Bankruptcy Code of all or any portion of the claims of the Secured Parties for repayment of the Secured Debt, or (viii) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor or of the Pledgor; all of the foregoing being expressly waived by the Pledgor to the extent permitted by applicable law.

11. WAIVERS. To the extent permitted by applicable law, the Pledgor

hereby waives any requirement of diligence, presentment, demand of payment, filing of claims with a court in the event of receivership or bankruptcy of any Grantor, protest or notice with respect to the Secured Debt and all demands whatsoever (and shall not require that the same be made on any other Grantor as a condition precedent to the Pledgor's obligations hereunder), and covenants that this Agreement will not be discharged, except as provided in PARAGRAPH 13 hereunder. Notwithstanding anything to the contrary contained in this Agreement, the Pledgor does not waive any rights to notice provided to it as the "Borrower" under the Credit Agreement.

12. REMEDIES OF TRUSTEE FOLLOWING A NOTICE OF ACTIONABLE DEFAULT. The Trustee may, upon or at any time after the giving of a Notice of Actionable Default and during the time any Notice of Actionable Default which has been given has not been withdrawn pursuant to the Collateral Trust Agreement, at its option, transfer or register the Pledged Collateral or any part thereof into its or its nominee's name with or without any indication that such Pledged Collateral is subject to the security interest hereunder. The Pledgor hereby appoints the Trustee as its attorney-in-fact to arrange at the Trustee's option for such transfer. The Trustee shall have, in addition to the foregoing and any other rights given under this Agreement or by law, all of the rights and remedies with respect to the Pledged Collateral of a secured party under the Uniform Commercial Code as in effect in the State of New York. In addition, following the receipt by the Trustee of a Notice of Actionable Default, and during the time any Notice of Actionable Default which has been given has not been withdrawn pursuant to the terms of the Collateral Trust Agreement, the Trustee shall have such powers of sale and other powers as may be conferred by applicable law. With respect to the Pledged Collateral or any part thereof which shall then be in or shall thereafter come into the

possession or custody of the Trustee or which the Trustee shall otherwise have the ability to transfer under applicable law, the Trustee may, in its sole discretion, without notice except as specified below, following the giving of a Notice of Actionable Default and during such time as any Notice of Actionable Default which has been given has not been withdrawn pursuant to the terms of the Collateral Trust Agreement, sell or cause the same to be sold at any broker's board or at public or private sale, in one or more sales or lots, at such price as the Trustee may deem best, for cash or on credit or for future delivery, without assumption of any credit risk on the part of the Trustee or any other Secured Party, and the purchaser of any or all of the Pledged Collateral so sold shall thereafter own the same, absolutely free from any claim, encumbrance or right of any kind whatsoever.

The Trustee will give the Pledgor reasonable notice of the time and place of any public sale of the Pledged Collateral, or of the time after which any private sale or other intended disposition is to be made. Any sale of the Pledged Collateral conducted in conformity with reasonable commercial practices of banks, commercial finance companies, insurance companies or other financial

institutions disposing of property similar to the Pledged Collateral shall be deemed to be commercially reasonable. Notwithstanding any provision to the contrary contained herein, any requirements of reasonable notice shall be met if five (5) Business Days' notice of such sale or disposition is provided to Pledgor. Any other requirement of notice, demand or advertisement for sale is, to the extent permitted by law, waived. The Trustee or any Secured Party may, in its own name or in the name of a designee or nominee, buy all or any part of the Pledged Collateral at any public sale and, if permitted by applicable law, buy all or any part of the Pledged Collateral at any private sale. The Pledgor will pay to the Trustee all expenses (including, without limitation, court costs and attorneys' and paralegals' fees and expenses) of, or incident to, (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale or collection of or other realization upon, any of the Pledged Collateral, (iii) the exercise or enforcement of any of the rights of the Trustee hereunder, or (iv) the failure by the Pledgor to perform or observe its duties and obligations hereunder. In view of the fact that federal and state securities laws may impose certain restrictions on the method by which a sale of the Pledged Collateral may be effected, the Pledgor agrees that upon the giving of a Notice of Actionable Default and during the time any Notice of Actionable Default which has been given has not been withdrawn pursuant to the terms of the Collateral Trust Agreement, the Trustee may, from time to time, attempt to sell all or any part of the Pledged Collateral by means of a private placement restricting the bidders and prospective purchasers to those who are qualified and will represent and agree that they are purchasing for investment only and not for distribution. In so doing, the Trustee may solicit offers to buy the Pledged Collateral, or any part of it, from a limited number of investors deemed by the Trustee, in its reasonable judgment, to be financially responsible parties who might be interested in purchasing the Pledged Collateral. If the Trustee solicits such offers, then the acceptance by the Trustee of the highest offer obtained therefrom shall be deemed to be a commercially reasonable method of disposing of such Pledged Collateral.

13. TERM. This Agreement shall remain in full force and effect until such time as all of the Pledged Collateral has been released pursuant to the terms of the Collateral Trust Agreement and the Credit Agreement. The security interest under this Agreement in all or any portion of the Pledged Collateral (the "RELEASED COLLATERAL") may be released pursuant to the terms and provisions of the Collateral Trust Agreement and the Credit Agreement, and thereupon the Released Collateral shall no longer be "PLEDGED SHARES" or "PLEDGED COLLATERAL" as defined and used herein. The Trustee shall promptly take all steps Pledgor may reasonably request to release its security interest in the Released Collateral, as required by Section 7.4 of the Collateral Trust Agreement.

14. TRUSTEE'S EXERCISE OF RIGHTS AND REMEDIES UPON RECEIPT OF A NOTICE OF ACTIONABLE DEFAULT. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that, upon the Trustee's receipt of a Notice of Actionable Default, the Trustee may, and upon the written direction of

the Requisite Lenders shall, exercise any of the rights and remedies provided in this Agreement, the Collateral Trust Agreement or any other "COLLATERAL DOCUMENT" (as defined in the Credit Agreement).

15. DEFINITIONS. The singular shall include the plural and vice versa and any gender shall include any other gender as the context may require.

16. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the Pledgor, the Trustee and their respective successors and assigns. The Pledgor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for the Pledgor.

17. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

18. FURTHER ASSURANCES. The Pledgor agrees that it will cooperate with the Trustee and will execute and deliver, or cause to be executed and delivered, all such other stock powers, proxies, instruments, documents and resignations of officers and directors, and will take all such other action, including, without limitation, the filing of financing statements, as the Trustee may reasonably request from time to time in order to carry out the provisions and purposes hereof.

19. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. All judicial proceedings brought against the Pledgor with respect to this Agreement may be brought in any state or federal court of competent jurisdiction in the state of New York, and by execution and delivery of this Agreement, the Pledgor accepts, for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Agreement from which no appeal has been taken or is available. The Pledgor irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to its notice address specified on the signature pages hereof, such service to become effective ten (10) days after such mailing. The Pledgor irrevocably waives any objection (including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens) which it may now or hereafter have to the bringing of any such action or proceeding with respect to this Agreement in any jurisdiction set forth above. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of any Secured Party to bring proceedings against the Pledgor in the courts of any other jurisdiction.

20. WAIVER OF JURY TRIAL. EACH OF THE PLEDGOR AND THE TRUSTEE WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT,

OR OTHERWISE, BETWEEN THE TRUSTEE AND THE PLEDGOR ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH. EITHER THE PLEDGOR OR THE TRUSTEE MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT

OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

21. TRUSTEE APPOINTED ATTORNEY-IN-FACT. The Pledgor hereby appoints the Trustee as the Pledgor's attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, following the Pledgor's receipt of a Notice of Actionable Default that has not been withdrawn pursuant to the Collateral Trust Agreement, to take any action and to execute any instrument which the Trustee may deem necessary or advisable to accomplish the purposes of this Agreement, in the Trustee's discretion, including, without limitation, to receive, endorse and collect all instruments made payable to the Pledgor representing any distribution, interest payment or other dividend distribution in respect of the Pledged Collateral or any part thereof to the extent required to be deposited into the Collateral Account in accordance with Section 4.1 of the Collateral Trust Agreement and to give full discharge for the same. This power of attorney created under this PARAGRAPH 21, being coupled with an interest, shall be irrevocable for the term of this Agreement and thereafter as long as any of the Secured Debt shall be outstanding, but shall not be deemed to authorize the Trustee to take any action which the Pledgor could not be required to take hereunder.

22. TRUSTEE'S DUTY. The Trustee shall not be liable for any acts, omissions, errors of judgment or mistakes of fact or law including, without limitation, acts, omissions, errors or mistakes with respect to the Pledged Collateral, except for those arising out of or in connection with the Trustee's (i) gross negligence, bad faith or willful misconduct, or (ii) failure to use reasonable care with respect to the safe custody of any certificate evidencing any of the Pledged Collateral which is in the physical possession of the Trustee. Without limiting the generality of the foregoing, the Trustee shall be under no obligation to take any steps necessary to preserve rights in the Pledged Collateral against any other parties but may do so at its option, and all expenses incurred in connection therewith shall be for the sole account of the Pledgor, and shall be added to the Secured Debt secured hereby.

23. NOTICES. Any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, telexed or sent by courier service or United States mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or telex or five (5) Business Days after being deposited in the United States mail (registered or certified mail, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the

parties hereto (until notice of a change thereof is delivered as provided in this paragraph) shall be as set forth below each party's name on the signature pages hereof, or, as to each party, at such other address as may be designated by such party in a written notice to each of the other parties.

24. COUNTERPARTS. This Agreement may be executed in separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

25. PARAGRAPH HEADINGS. The paragraph headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

IN WITNESS WHEREOF, the Pledgor and the Trustee have executed this Agreement as of the day first above written.

USG CORPORATION

By:_____
Title:

Notice Address:
---

125 South Franklin Street
Chicago, Illinois 60606-4678
Attention: Vice President and
Treasurer

With a copy to:
125 South Franklin Street
Chicago, Illinois 60606-4678
Attention: Corporate Secretary

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Collateral Trustee under the Collateral Trust Agreement

By:_____
Title:

Notice Address:

Wilmington Trust Company

Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust
Administration

_____
William J. Wade, not in his individual capacity but solely as Collateral Trustee under the Collateral Trust Agreement

Notice Address:

Richards, Layton & Finger
One Rodney Square
Wilmington, Delaware 19899
Attention: William J. Wade

ACKNOWLEDGMENT

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Company Pledge Agreement, agrees promptly to note on the books of the corporation the transfer of the security interest in the stock of the corporation as provided in such Agreement, and waives any right or requirement at any time hereafter to receive a copy of such Agreement in connection with the registration of any Pledged Collateral in the name of the Trustee or its nominee or the exercise of voting rights by the Trustee.

Dated: _____.

L&W SUPPLY CORPORATION

By_____
Title:

USG FOREIGN INVESTMENTS, LTD.

By_____
Title:

USG INTERIORS, INC.

By_____
Title:

UNITED STATES GYPSUM COMPANY

By_____
Title:

EXHIBIT A
to
COMPANY PLEDGE AGREEMENT

SUBSIDIARIES AND CAPITAL STOCK

List of Subsidiaries	Percentage of Issued and Outstanding Capital Stock owned by the Pledgor	Shares of Capital Stock owned by Pledgor Subject to Pledge
L&W Supply Corporation	100%	1000
USG Foreign Investments, Ltd.	100%	100
USG Interiors, Inc.	100%	250
United States Gypsum Company	100%	250

EXHIBIT B
to
COMPANY PLEDGE AGREEMENT

FORM OF POWERS

Attached.

STOCK POWER

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer to _____, Federal Identification No. _____, _____ share(s) of the capital stock of _____, a _____ corporation, represented by certificate no. _____, standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint _____ attorney to transfer the shares of said corporation, with full power of substitution in the premises.

Dated:_____.

USG CORPORATION

By:_____
Title:

ATTEST:

By:_____

EXH-99C.USG July 27, 1995