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**United States
Securities and Exchange Commission
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly period Ended
December 31, 2000

or

TRANSITION REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 1-12984



Centex Construction Products, Inc.

A Delaware Corporation

IRS Employer Identification No. 75-2520779
2728 N. Harwood
Dallas, Texas 75201
(214) 981-5000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

As of the close of business on February 12, 2001, 18,330,532 shares of Centex Construction Products, Inc. common stock were outstanding.

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**Centex Construction Products, Inc. and Subsidiaries
Form 10-Q Table of Contents**

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Centex Construction Products, Inc. and Subsidiaries

Part I. Financial Information

Consolidated Financial Statements

Item 1.

The consolidated financial statements include the accounts of Centex Construction Products, Inc. and subsidiaries ("CXP" or the "Company"), and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. The Company suggests that these unaudited consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K. In the opinion of the Company, all adjustments necessary to present fairly the information in the following unaudited consolidated financial statements of the Company have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

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Centex Construction Products, Inc. and Subsidiaries

Consolidated Statements of Earnings

(dollars in thousands, except per share data)
(unaudited)

<i>For the Three Months Ended</i>	December 31,	
	2000	1999
REVENUES		
Cement	\$ 39,599	\$ 38,982
Gypsum Wallboard	30,612	56,506
Paperboard	8,872	—
Concrete and Aggregates	14,359	14,017
Other, net	2,743	320
Less: Intersegment Sales	(5,775)	(1,455)
	<u>90,410</u>	<u>108,370</u>

COSTS AND EXPENSES		
Cement	23,074	27,238
Gypsum Wallboard	30,004	24,892
Paperboard	9,057	—
Concrete and Aggregates	13,220	11,843
Less: Intersegment Purchases	(5,775)	(1,455)
Corporate General & Administrative	1,158	1,230
Interest Expense (Income), net	1,533	(1,123)
	72,271	62,625
EARNINGS BEFORE INCOME TAXES		
Income Taxes	18,139	45,745
	6,603	16,651
NET EARNINGS	\$ 11,536	\$ 29,094
EARNINGS PER SHARE:		
Basic	\$ 0.63	\$ 1.53
Diluted	\$ 0.63	\$ 1.52
AVERAGE SHARES OUTSTANDING:		
Basic	18,325,677	19,014,622
Diluted	18,386,906	19,093,019
CASH DIVIDENDS PER SHARE	\$ 0.05	\$ 0.05

See notes to unaudited consolidated financial statements.

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Centex Construction Products, Inc. and Subsidiaries

Consolidated Statements of Earnings

(dollars in thousands, except per share data)
(unaudited)

<i>For the Nine Months Ended</i>	December 31,	
	2000	1999
REVENUES		
Cement	\$ 129,417	\$ 128,047
Gypsum Wallboard	111,028	155,976
Paperboard	8,872	—
Concrete and Aggregates	46,655	43,296
Other, net	3,935	820
Less: Intersegment Sales	(9,400)	(4,748)
	290,507	323,391
COSTS AND EXPENSES		
Cement	81,272	83,916
Gypsum Wallboard	79,740	73,713
Paperboard	9,057	—
Concrete and Aggregates	40,814	35,667
Less: Intersegment Purchases	(9,400)	(4,748)
Corporate General & Administrative	3,520	3,512
Interest Income, net	(2,196)	(2,371)
	202,807	189,689
EARNINGS BEFORE INCOME TAXES		
Income Taxes	87,700	133,702
	31,923	48,667
NET EARNINGS	\$ 55,777	\$ 85,035
EARNINGS PER SHARE:		
Basic	\$ 3.03	\$ 4.41
Diluted	\$ 3.02	\$ 4.39

AVERAGE SHARES OUTSTANDING:

Basic	18,428,547	19,285,458
	<u> </u>	<u> </u>
Diluted	18,485,855	19,375,700
	<u> </u>	<u> </u>
CASH DIVIDENDS PER SHARE	\$ 0.15	\$ 0.15
	<u> </u>	<u> </u>

See notes to unaudited consolidated financial statements.

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Centex Construction Products, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Earnings

(dollars in thousands)
(unaudited)

	Three Months Ended December 31,	
	2000	1999
NET EARNINGS	\$11,536	\$29,094
OTHER COMPREHENSIVE EARNINGS BEFORE TAX:		
Unrealized Gain on Investment in Securities	570	0
	<u> </u>	<u> </u>
COMPREHENSIVE EARNINGS BEFORE INCOME TAXES	12,106	29,094
INCOME TAX RELATED TO OTHER ITEMS OF COMPREHENSIVE EARNINGS	(200)	0
RECLASSIFICATION ADJUSTMENT, NET OF TAX	(1,268)	0
	<u> </u>	<u> </u>
COMPREHENSIVE EARNINGS	\$10,638	\$29,094
	<u> </u>	<u> </u>
	Nine Months Ended December 31,	
	2000	1999
NET EARNINGS	\$55,777	\$85,035
OTHER COMPREHENSIVE EARNINGS BEFORE TAX:		
Unrealized Gain on Investment in Securities	4,703	0
	<u> </u>	<u> </u>
COMPREHENSIVE EARNINGS BEFORE INCOME TAXES	60,480	85,035
INCOME TAX RELATED TO OTHER ITEMS OF COMPREHENSIVE EARNINGS	(1,646)	0
RECLASSIFICATION ADJUSTMENT, NET OF TAX	(1,268)	0
	<u> </u>	<u> </u>
COMPREHENSIVE EARNINGS	\$57,566	\$85,035
	<u> </u>	<u> </u>

See notes to unaudited consolidated financial statements.

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Centex Construction Products, Inc. and Subsidiaries

Consolidated Balance Sheets

(dollars in thousands)

	December 31, 2000	March 31, 2000
	<u> </u>	<u> </u>
ASSETS	(unaudited)	(*)
Current Assets -		
Cash and Cash Equivalents	\$ 11,755	\$ 96,170

Accounts and Notes Receivable, net	98,911	54,459
Inventories	52,401	38,582
Total Current Assets	163,067	189,211
Property, Plant and Equipment -	788,409	413,933
Less Accumulated Depreciation	(191,117)	(178,033)
Property, Plant & Equipment, net	597,292	235,900
Notes Receivable, net	2,066	367
Goodwill	21,636	762
Other Assets	8,414	11,899
	\$ 792,475	\$ 438,139
<u>CURRENT LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities -		
Accounts Payable	\$ 38,351	\$ 22,348
Accrued Liabilities	51,420	49,112
Current Portion of Long-term Debt	80	80
Income Taxes Payable	3,143	1,447
Total Current Liabilities	92,994	72,987
Long-term Debt	272,928	400
Deferred Income Taxes	37,092	24,360
Stockholders' Equity -		
Common Stock, Par Value \$0.01; Authorized 50,000,000 Shares; Issued and Outstanding 18,328,432 and 18,571,732 Shares, respectively	183	186
Capital in Excess of Par Value	14,490	20,302
Accumulated Other Comprehensive Earnings	—	(1,789)
Retained Earnings	374,788	321,773
Total Stockholders' Equity	389,461	340,472
	\$ 792,475	\$ 438,139

(*) From Audited Financial Statements.

See notes to unaudited consolidated financial statements.

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Centex Construction Products, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(dollars in thousands)
(unaudited)

For the Nine Months Ended

December 31,

	2000	1999
Cash Flows from Operating Activities		
Net Earnings	\$ 55,777	\$ 85,035
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities, Net of Effect on Non-Cash Activity		
Depreciation, Depletion and Amortization	15,310	13,928
Deferred Income Tax Provision (Benefit)	11,768	(577)
Decrease (Increase) in Accounts and Notes Receivable	15,324	(3,794)
Decrease (Increase) in Inventories	802	(278)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(6,047)	8,488
Decrease (Increase) in Other, net	7,818	(3,014)
Increase in Income Taxes Payable	1,696	2,863
Net Cash Provided by Operating Activities	102,448	102,651
Cash Flows from Investing Activities		
Acquisition of Net Assets	(442,200)	—
Property, Plant and Equipment Additions, net	(8,682)	(21,898)

Net Cash Used in Investing Activities	(450,882)	(21,898)
Cash Flows from Financing Activities		
Additions to Long-term Debt	262,600	—
Assumption of Subordinated Debt	100,000	—
Payment of Subordinated Debt	(89,992)	—
Dividends Paid to Stockholders	(2,774)	(2,918)
Retirement of Common Stock	(6,198)	(31,234)
Proceeds from Stock Option Exercises	383	764
Net Cash Provided by (Used in) Financing Activities	264,019	(33,388)
Net (Decrease) Increase in Cash and Cash Equivalents	(84,415)	47,365
Cash at Beginning of Period	96,170	49,646
Cash at End of Period	<u>\$ 11,755</u>	<u>\$ 97,011</u>

See notes to unaudited consolidated financial statements.

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Centex Construction Products, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

December 31, 2000

(A) A summary of changes in stockholders' equity is presented below.

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Earnings	Total
			(dollars in thousands)		
Balance March 31, 1999	\$197	\$ 62,376	\$217,347	\$ —	\$279,920
Net Earnings	—	—	108,232	—	108,232
Stock Option Exercises	—	1,148	—	—	1,148
Dividends to Stockholders	—	—	(3,806)	—	(3,806)
Other Comprehensive Earnings	—	—	—	(1,789)	(1,789)
Retirement of Common Stock	(11)	(43,222)	—	—	(43,233)
Balance March 31, 2000	186	20,302	321,773	(1,789)	340,472
Net Earnings	—	—	55,777	—	55,777
Stock Option Exercises	—	383	—	—	383
Dividends to Stockholders	—	—	(2,762)	—	(2,762)
Other Comprehensive Earnings	—	—	—	1,789	1,789
Retirement of Common Stock	(3)	(6,195)	—	—	(6,198)
Balance December 31, 2000	<u>\$183</u>	<u>\$ 14,490</u>	<u>\$374,788</u>	<u>\$ -0-</u>	<u>\$389,461</u>

(B) Inventories:

Inventories are stated at the lower of average cost (including applicable material, labor, depreciation, and plant overhead) or market. Inventories consist of the following:

	Unaudited December 31, 2000	Audited March 31, 2000
	(dollars in thousands)	
Raw Materials and Materials-in-Progress	\$13,347	\$13,248
Finished Cement	5,189	5,523
Gypsum Wallboard	5,683	1,913
Paperboard	6,068	—
Aggregates	1,745	2,071
Repair Parts and Supplies	19,628	15,323
Fuel and Coal	741	504
	<u>\$52,401</u>	<u>\$38,582</u>

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(C) Earnings Per Share:

The Company computes earnings per share in accordance with the provisions of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS No. 128"). Basic earnings per share is computed using the average number of common shares outstanding in each of the three and nine month periods ended December 31, 2000 and 1999. Diluted earnings per share for the periods ended December 31, 2000 and 1999 assume the dilutive impact of stock options. Anti-dilutive options to purchase shares of common stock that were excluded from the computation of diluted earnings per share were 614,000 shares at an average price of \$35.83 and 627,000 shares at an average price of \$35.83 for the three months and nine months ended December 31, 2000, respectively. All anti-dilutive options have expiration dates ranging from April 2008 to January 2010.

(D) Segment Information:

The Company operates in four business segments: Cement, Gypsum Wallboard, Paperboard, and Concrete and Aggregates, with Cement and Gypsum Wallboard being the Company's principal lines of business. These operations are conducted in the United States and include the following: the mining and extraction of limestone; the manufacture, production, distribution and sale of Portland cement (a basic construction material which is the essential binding ingredient in concrete); the mining and extraction of gypsum and the manufacture and sale of gypsum wallboard; the manufacture and sale of recycled paperboard to the gypsum wallboard industry and other paperboard converters; the sale of ready-mix concrete; and the mining, extraction and sale of aggregates (crushed stone, sand and gravel). These products are used primarily in commercial and residential construction, public construction projects and projects to build, expand and repair roads and highways. Intersegment sales are recorded at prices which approximate market prices. Segment operating earnings represent revenues less direct operating expenses, segment depreciation, and segment selling, general and administrative expenses. Corporate general and administrative expense includes corporate overhead and other administrative expenses.

The following table sets forth certain business segment information:

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2000	1999	2000	1999
(dollars in thousands)				
Revenues (External Customers):				
Cement	\$38,125	\$ 37,650	\$124,618	\$123,677
Gypsum Wallboard	30,612	56,506	111,028	155,976
Paperboard	4,711	—	4,711	—
Concrete and Aggregates	14,219	13,894	46,215	42,918
Other, net	2,743	320	3,935	820
	<u>\$90,410</u>	<u>\$108,370</u>	<u>\$290,507</u>	<u>\$323,391</u>
Intersegment Sales:				
Cement	\$ 1,474	\$ 1,332	\$ 4,799	\$ 4,370
Paperboard	4,161	—	4,161	—
Concrete and Aggregates	140	123	440	378
	<u>\$ 5,775</u>	<u>\$ 1,455</u>	<u>\$ 9,400</u>	<u>\$ 4,748</u>
Operating Income:				
Cement	\$16,525	\$ 11,744	\$ 48,145	\$ 44,131
Gypsum Wallboard	608	31,614	31,288	82,263
Paperboard	(185)	—	(185)	—
Concrete and Aggregates	1,139	2,174	5,841	7,629
Other, net	2,743	320	3,935	820
	<u>20,830</u>	<u>45,852</u>	<u>89,024</u>	<u>134,843</u>
Total	20,830	45,852	89,024	134,843
Corporate General and Administrative	(1,158)	(1,230)	(3,520)	(3,512)
Interest (Expense) Income, net	(1,533)	1,123	2,196	2,371
	<u>\$18,139</u>	<u>\$ 45,745</u>	<u>\$ 87,700</u>	<u>\$133,702</u>

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Total assets by segment are as follows:

December 31,

March 31,

	2000	2000
Cement	\$142,090	\$147,270
Gypsum Wallboard	314,421	159,780
Paperboard	281,628	—
Concrete and Aggregates	31,960	30,018
Corporate and Other	22,376	101,071
	<u>\$792,475</u>	<u>\$438,139</u>

The increase in Gypsum Wallboard and Paperboard assets resulted primarily from the purchase of strategic assets on November 10, 2000 (see Note G). The decrease in Corporate and Other assets is due to utilization of cash on hand to fund the November 10, 2000 strategic assets purchase. Corporate and Other assets consist primarily of cash and cash equivalents, general office assets and miscellaneous Other assets.

(E) Comprehensive Earnings:

Comprehensive earnings as presented in the accompanying Consolidated Statements of Comprehensive Earnings is defined as the total of net income and all other non-owner changes in equity. Securities that are classified as available-for-sale are stated at market value as determined by the most recently traded price at the balance sheet date. The unrealized gains and losses, net of deferred tax, are excluded from earnings and reported in a separate component of stockholders' equity as "Accumulated Other Comprehensive Earnings."

(F) Risk Factors:

The majority of the Company's business is seasonal with peak revenue and profits occurring primarily in the months of April through November. Bad weather conditions during this period could adversely affect operating income and cash flow and could therefore have a disproportionate impact on the Company's results for the full year. Quarterly results have varied significantly in the past and are likely to vary significantly from quarter to quarter in the future.

A majority of the Company's revenues are from customers who are in industries and businesses that are cyclical in nature and subject to changes in general economic conditions. In addition, since operations occur in a variety of geographic markets, the Company's business is subject to the economic conditions in each such geographic market. General economic downturns or localized downturns in the regions where the Company has operations, including any downturns in the construction industry, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's operations are subject to and affected by federal, state and local laws and regulations including such matters as land usage, street and highway usage, noise level and health, safety and environmental matters. In many instances, various permits are required. Although management believes that the Company is in compliance with regulatory requirements, there can be no assurance that the Company will not incur material costs or liabilities in connection with regulatory requirements.

Certain of the Company's operations may from time to time involve the use of substances that are classified as toxic or hazardous substances within the meaning of these laws and regulations. Risk of environmental liability is inherent in the operation of the Company's business. As a result, it is possible that environmental liabilities could have a material adverse effect on the Company in the future.

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(G) Acquisitions:

On November 10, 2000, the Company and a wholly owned subsidiary (together, the "Purchasers") entered into a purchase agreement to acquire certain strategic assets summarized below (collectively, the "Strategic Assets"):

1. A 1.1 billion square foot gypsum wallboard plant located in Duke, Oklahoma;
2. A short line railroad and railcars linking the Duke plant to adjacent railroads;
3. A 220,000 ton-per-year lightweight paper mill in Lawton, Oklahoma;
4. A 50,000 ton-per-year Commerce City (Denver), Colorado paper mill; and
5. Three recycled paper fiber collection sites.

Pursuant to the purchase agreement, the Purchasers paid aggregate consideration consisting of (1) \$338,200,000 in cash, plus (2) the assumption by the subsidiary of \$100,000,000 of 9.5% senior subordinated notes due 2008. In exchange for this consideration, the subsidiary acquired the assets described above and a \$49,300,000 secured note receivable, which is expected to be retired within twelve months from the date of the acquisition.

A summary of debt incurred in conjunction with the acquisition follows:

New Bank Borrowings	\$188,200
Cash Received for Disposition of Investment Securities	(10,830)
Loan Costs	<u>2,065</u>

New Borrowings	179,435
Assumption of Subordinated Debt	100,000
	279,435
Net Debt at Closing	\$279,435

The acquisition has been accounted for as a purchase, and accordingly, the purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair market values at the date of acquisition. The results of operations of the Strategic Assets since November 10, 2000 are included in the Company's financial statements. The fair value of tangible assets purchased, goodwill (amortized over a 20-year period) and other intangible assets are as follows:

Cash consideration Paid -	
CXP Cash	\$ 150,000
Bank Borrowings	188,200
	338,200
CXP Transaction Costs	4,000
Subordinated Debt Assumed	100,000
	442,200
Total Consideration	442,200
Liabilities Assumed	24,358
	466,558
Fair Value of Property, Plant, Equipment, Inventory, Receivables and Other Miscellaneous Assets	(445,560)
	20,998
Goodwill and Other Intangible Assets	\$ 20,998

The unaudited proforma results for the nine months ended December 31, 2000 and December 31, 1999, assumes that the acquisition was completed on April 1, 1999:

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	Nine Months Ended December 31,	
	2000	1999
Revenues	\$357,691	\$412,062
Net Earnings	\$ 43,430	\$ 99,587
Net Earnings per Dilutive Share	\$ 2.35	\$ 5.14

The proforma results have been prepared for comparative purposes only and include certain adjustments such as additional depreciation expense, goodwill amortization and interest expense on new bank borrowings and debt assumed. They do not purport to be indicative of the results of operations which actually would have resulted had the combination been in effect at April 1, 1999 or of future results of operations of the consolidated entities.

(H) The following components are included in interest income/expense, net:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2000	1999	2000	1999
Interest Income	\$ 1,811	\$1,148	\$ 5,649	\$2,435
Interest (Expense)	(3,287)	(25)	(3,396)	(64)
Other Expenses	(57)	0	(57)	0
	(\$1,533)	\$1,123	\$ 2,196	\$2,371
Interest (Expense) Income, net	(\$1,533)	\$1,123	\$ 2,196	\$2,371

Interest income includes interest on investments of excess cash and interest on notes receivable. Components of interest expense include interest associated with the assumed subordinated debt and the new bank credit facility and commitment fees based on the unused portion of the new bank credit facility. Other expenses include amortization of debt issue costs and bank credit facility costs.

(I) Certain 1999 balances were reclassified to conform with the 2000 presentation.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

Although sales volume during the quarter was strong, earnings declined due to higher fuel and energy costs, lower Gypsum Wallboard pricing, and increased interest expense. Late in the third quarter, each of CXP's segments began to experience seasonal slowdowns, more so this year due to a colder winter. Gypsum Wallboard experienced a greater challenge due to an industry oversupply situation, decreased demand, and falling sales prices. Revenues for the third quarter of fiscal 2001 were \$90,410,000, down 17% from revenues of \$108,370,000 for the same quarter last year. CXP's net earnings for the quarter ended December 31, 2000 were \$11,536,000, a 60% decrease from \$29,094,000 for the same quarter last year. Diluted earnings per share for this year's third quarter of \$0.63 decreased 59% from \$1.52 per share for the same quarter in fiscal 2000. On November 10, 2000 the Company completed its acquisition of the Strategic Assets, which included the assumption by a subsidiary of \$100 million of subordinated debt.

For the nine months ended December 31, 2000, CXP's net earnings decreased 34% to \$55,777,000 or \$3.02 per diluted share from \$85,035,000 or \$4.39 per diluted share for the same period a year ago. Revenues for the current nine months declined 10% to \$290,507,000 from \$323,391,000 for the same period in the prior

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fiscal year. The earnings decline resulted from lower Cement and Gypsum Wallboard pricing and increased Aggregates cost of sales. Diluted earnings per share for the current quarter and nine months decreased less than net earnings due to fewer average shares outstanding in the current periods versus the same periods a year ago.

The following table compares sales volume, average unit sales prices and unit operating margins for the Company's operations:

	Cement (Ton)		Gypsum Wallboard (MSF)		Concrete (Cubic Yard)		Aggregates (Ton)		Paperboard (Ton)	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Quarter Ended December 31,										
Sales Volume (M)	587	568	392	341	175	186	1,160	964	24	—
Average Net Sales Price	\$67.46	\$68.72	\$78.08	\$165.53	\$55.08	\$52.89	\$ 4.07	\$4.31	\$374.91	—
Operating Margin (1)	\$28.15	\$20.70	\$ 1.55	\$ 92.61	\$ 4.54	\$ 6.73	\$ 0.30	\$0.95	(\$7.84)	—
	Cement (Ton)		Gypsum Wallboard (MSF)		Concrete (Cubic Yard)		Aggregates (Ton)		Paperboard (Ton)	
Nine Months Ended December 31,	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Sales Volume (M)	1,901	1,837	1,098	994	622	611	3,194	2,651	24	—
Average Net Sales Price	\$68.07	\$69.72	\$101.13	\$156.86	\$53.60	\$52.17	\$ 4.16	\$ 4.30	\$374.91	—
Operating Margin (1)	\$25.32	\$24.03	\$ 28.50	\$ 82.73	\$ 7.65	\$ 7.94	\$ 0.34	\$ 1.05	(\$7.84)	—

(1) Segment operating margins represent revenues less direct operating expenses, segment depreciation, and segment selling, general and administrative expenses.

Cement revenues for the current quarter totaled \$39,599,000, up 2% from \$38,982,000 million for the same quarter in the prior year. Operating earnings for the current quarter were \$16,525,000, a 41% increase over \$11,744,000 for the same quarter last year. Increased sales volume and lower production costs offset by a decline in average sales prices accounted for the quarterly operating earnings gain. Sales volume of 587,000 tons for the quarter was 3% above the prior year's quarter. The sales volume gain resulted mostly from increased sales at the Laramie, Wyoming plant. Demand continues to be strong in all of the Company's cement markets, and the Company expects fiscal 2001 to be another "sold out" year. Total U.S. cement shipments through October, 2000 were 4% ahead of shipments for the same period last year. Average cement sales prices declined to \$67.46 per ton from \$68.72 per ton for the same quarter last year due to pricing pressures in the Houston, Texas market. Cost of sales decreased 18% to \$39.31 per ton as a result of a 53% reduction this year in manufacturing costs at the Laramie plant because a kiln was down 35 days last year for major renovations.

For the current nine months, Cement revenues were \$129,417,000 million, up 1% from \$128,047,000 for the same period a year ago. Operating earnings from Cement for the nine months ended December 31, 2000 were \$48,145,000, up 9% over \$44,131,000 for the similar period last year. The operating earnings gain resulted primarily from reduced production cost and increased manufactured sales volume at the Laramie plant. Cement sales volume of 1,901,000 tons for the current nine months was 4% greater than sales volume for the first nine months of fiscal 2000, mainly due to increased Laramie plant sales volume. Average net sales price of \$68.07 per ton was down 2% mostly as a result of lower pricing in the Houston, Texas market.

Gypsum Wallboard revenues of \$30,612,000 for the current quarter decreased 46% from last year's same quarter revenues of \$56,506,000. Operating earnings for the quarter were \$608,000, down 98% from \$31,614,000 for the same period last year. Increased sales volume offset by higher cost of sales and lower net sales price resulted in the quarterly earnings decline. Sales volume of 392 million square feet ("MMSF") for this year's quarter was 15% greater than 341 MMSF sold during the prior year's quarter. All of the sales volume increase came from the recently acquired Duke, Oklahoma plant. U.S. wallboard consumption of 28.1 billion square feet for calendar 2000 was down over 3% from last year's record level. New wallboard capacity additions

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continue to raise industry production capacity, resulting in an industry utilization rate in the low 80% range. The Company's average net sales price for the third quarter of fiscal 2001 declined to \$78.08 per thousand square feet ("MSF"), 53% below \$165.53 per MSF for the same quarter last year. Cost of sales of \$76.53 per MSF increased 5% over the prior year's cost of sales due to higher fuel costs. Also, three of the Company's four gypsum wallboard plants were idle during the last week of December 2000.

For the current nine month period, Gypsum Wallboard revenues were \$111,028,000, down 29% from \$155,976,000 for the same period a year ago. Operating earnings from Gypsum Wallboard declined 62% to \$31,288,000 for the first nine months of this fiscal year from \$82,263,000 for last year's similar period. The decrease in operating earnings resulted from the combination of increased sales volume and decreased production costs being more than offset by a 35% reduction in average net sales prices. Gypsum Wallboard sales volume for the current nine months increased 11% to 1,098 MMSF due to increased production at all of the Company's existing plants plus volume from the recently acquired Duke, Oklahoma plant. Average net sales price of \$101.13 per MSF for the current nine months was \$55.73 per MSF less than the prior year's net sales price. Cost of sales of \$72.63 per MSF for the current nine months was 2% below the prior year's period despite higher gas costs.

Paperboard reported an operating loss of \$185,000 for the third quarter. Earnings were adversely impacted by a large percentage of low-priced off grade paper sales volume to total sales. Paperboard sales volume of 23,665 tons for the quarter were low due to three of CXP's four wallboard plants being down between Christmas and New Years along with curtailed production by a major paper customer. Average net sales price of \$374.91 per ton was negatively impacted by the large percentage of low-priced off grade paper sales volume. Included in other income is \$85,000 of recycle operating earnings from shipments of 32,315 tons of reclaimed paper.

Revenues from Concrete and Aggregates were \$14,359,000 for the quarter, up 2% from \$14,017,000 for the same quarter a year ago. Concrete and Aggregates reported operating earnings for the quarter of \$1,139,000, down 48% from \$2,174,000 for the same quarter last year. The earnings decline is attributable to reductions in both Concrete and Aggregates operating margins. Concrete operating earnings of \$794,000 decreased 37% from last year's comparable quarter mainly due to a 33% decline in operating margins. Concrete sales volume for the quarter was 175,000 cubic yards compared to 186,000 cubic yards for the same quarter last year. The decline was primarily attributable to reduced sales in the Texas market. The Company's average Concrete net sales price of \$55.08 per cubic yard for the quarter was 4% higher than \$52.89 per cubic yard for the same quarter a year ago. Cost of sales increased 10% to \$50.54 per cubic yard due to higher materials and delivery costs. Aggregates operating earnings of \$345,000 for the current quarter declined 63% from the prior year's quarter, as increased sales volume was more than offset by lower operating margins. The Company's Aggregates operation reported sales volume of 1,160,000 tons for the quarter, 20% above sales volume of 964,000 tons for the same quarter last year. Most of the sales volume gain came from the Georgetown, Texas operation. A higher percentage this year of lower priced Georgetown road aggregate sales to total sales resulted in an Aggregates net sales price of \$4.07 per ton, a 6% decrease from \$4.31 per ton for the same quarter last year. Cost of sales for the current quarter increased \$0.41 per ton or 12% to \$3.77 per ton due to major quarry mobile equipment repairs and major plant maintenance.

For the current nine months, Concrete and Aggregates revenues were \$46,655,000, up 8% from \$43,296,000 for the same period last year. Operating earnings were \$5,841,000 for the nine months this year, a 23% decline from \$7,629,000 for the same period last year. Concrete earnings of \$4,760,000 for the current nine months decreased 2% due to increased sales volume being offset by lower operating margins. Sales volume of 622,000 cubic yards for the first nine months of fiscal 2001 were 2% above the prior year's nine month total due to increased demand in the northern California market. Concrete net sales price of \$53.60 per cubic yard was 3% above the prior year's nine month net sales price. Aggregates operating earnings of \$1,081,000 for the nine months this year were 61% below \$2,773,000 earnings for the same period last year.

Increased sales volume offset by lower net sales prices and higher cost of sales resulted in the earnings decline. Sales volume of 3,194,000 tons for the current nine months improved 21% due to sales this year from the Georgetown facility. The average net sales price of \$4.16 per ton for the current nine months was 3% lower than the same period for the prior year due to product mix (a greater percentage this year of lower-priced Georgetown road aggregates to total sales). Cost of sales increased 18% to \$3.82 per ton for the current nine months due to increased maintenance and materials costs.

Included in other income for this year's third quarter is a gain of \$1.9 million arising from the disposition of investment securities owned by the Company. Other income includes clinker sales income, non-inventoried aggregates income, gypsum wallboard distribution center income, recycled waste paper income, trucking income, asset sales and other miscellaneous income and cost items.

Net interest expense of \$1,533,000 and interest income of \$2,196,000 for the current quarter and nine months, respectively, compares to interest income of \$1,123,000 and \$2,371,000 for last year's quarter and nine months, respectively. On November 10, 2000 the Company utilized \$150 million of cash on hand and incurred \$280 million of new debt to complete the acquisition of the Strategic Assets.

Stock Repurchase Program

The Company's Board of Directors previously approved the repurchase of up to 6,101,430 shares of the Company's common stock. The Company repurchased from the public 264,300 shares since March 31, 2000. As a consequence of such stock repurchases, Centex Corporation now owns approximately 65.3% of the outstanding shares of CXP common stock. There are approximately 743,300 shares remaining under the Company's current repurchase authorization.

Financial Condition

On November 10, 2000 the Company's \$35 million unsecured revolving credit facility used to finance its working capital and capital expenditures requirements was cancelled and replaced with a new \$325 million senior revolving credit facility. The principal balance amount

of the new credit facility matures on November 10, 2003. At December 31, 2000, the Company had \$262,600,000 outstanding under the new revolving credit facility. The borrowings under the new credit facility are guaranteed by all major operating subsidiaries of the Company. Outstanding principal amounts on the credit facility bear interest at a variable rate equal to, at the election of the Company, (i) LIBOR, plus an agreed margin (ranging from 100 to 175 basis points), which is to be established quarterly based upon the Company's ratio of EBITDA to total funded debt or (ii) an alternate base rate which is the higher of (a) prime rate or (b) the federal funds rate plus 1/2% per annum, plus an agreed range (from 0 to 75 basis points). Interest payments are payable monthly or at the end of the LIBOR advance periods, which can be up to a period of six months at the option of the Company. Under the new credit facility, the Company is required to adhere to a number of financial and other covenants, including covenants relating to the Company's interest coverage ratio, consolidated funded indebtedness ratio, and minimum tangible net worth, and limitations on dividends and capital expenditures. Also, on November 10, 2000, a subsidiary of the Company assumed \$100 million of 9.5% senior subordinated notes (the "Notes") with a maturity date of July 15, 2008. Interest payments on the Notes are due on January 15 and July 15. The Notes are redeemable at the option of the subsidiary, in whole or in part, at any time after July 15, 2003. Upon the acquisition of the Strategic Assets on November 10, 2000, the subsidiary was required to commence a tender offer for the Notes at 101%. On December 20, 2000, \$89,992,000 in principal amount of the Notes were tendered, leaving \$10,008,000 outstanding. The Notes include financial and other covenants of the kind generally included in similar indebtedness.

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Based on its financial condition at December 31, 2000, CXP believes that its internally generated cash flow coupled with funds available under the new credit facility will enable CXP to provide adequately for its current operations and future growth.

Working capital at December 31, 2000 was \$70.1 million as compared to \$116.2 million at March 31, 2000. The decline resulted mainly from a \$84.4 million decrease in cash and a \$18.3 million increase in accounts payable partially offset by a \$58.2 million increase in accounts and notes receivable and inventories.

Cash and cash equivalents decreased \$84.4 million from March 31, 2000 to \$11.8 million at December 31, 2000. The net cash used in or provided by the operating, investing, and financing activities for the nine months ended December 31, 2000 is summarized as follows.

	For the Nine Months Ended December 31,	
	2000	1999
	(dollars in thousands)	
Net Cash (Used In) Provided by:		
Operating Activities	\$ 102,448	\$102,651
Investing Activities	(450,882)	(21,898)
Financing Activities	264,019	(33,388)
Net (Decrease) Increase in Cash	\$ (84,415)	\$ 47,365

Cash provided by operating activities of \$102.4 million for the current nine months decreased \$203,000 from last year's nine month period due to the combination of a \$29.3 million reduction in net earnings, a \$10.9 million decrease in accounts payable and accrued liabilities, a \$19.1 million decrease in receivables, a \$13.3 million increase in deferred income taxes payable, and a \$5.3 million decline in inventories and other assets. Cash used for investing activities increased by \$429.0 million over last year's nine month period due to the \$442.2 million purchase this year of the Strategic Assets partially offset by a \$13.2 million decline in capital expenditures. Capital expenditures of \$8.7 million for the nine months ended December 31, 2000 declined from \$21.9 million for the prior year's nine month period as a result of the completion last year of the Eagle gypsum wallboard and Illinois cement plant expansion projects. Cash provided by financing activities for the current nine months increased \$297.4 million from last year's nine month period due to a \$25.0 million decrease in the amount of stock repurchased during this year's nine month period and a \$272.6 increase in long-term debt to fund the acquisition of the Strategic Assets.

Cash payments for income taxes totaled \$15.8 million and \$43.1 million for the first nine months of fiscal 2001 and 2000, respectively.

Outlook

While demand for CXP's products remains strong, Gypsum Wallboard prices have fallen dramatically, mainly as a result of new production capacity coming on stream. CXP's earnings from Gypsum Wallboard, Cement, Paperboard and Aggregates have been negatively impacted by higher fuel and power costs. Although CXP implemented Gypsum Wallboard price increases totalling approximately 20% in late December 2000 and early January 2001, these price increases have significantly eroded. Cement price increases also have been announced in certain of CXP's markets. Despite the cement price increases, CXP expects to report lower earnings for both its fourth quarter and fiscal 2001.

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Purchase of Strategic Assets

On November 10, 2000 the Company acquired selected strategic assets. The purchase price was \$392 million (which included the assumption by a subsidiary of \$100 million of subordinated debt plus accrued interest). In addition, the Company acquired a \$49,300,000 secured note receivable which is expected to be retired within twelve months from the date of the acquisition. Funding came from cash on hand and borrowings under a new \$325 million senior credit facility entered into during November 2000.

The principal strategic assets acquired were: a 1.1 billion square foot gypsum wallboard plant located at Duke, Oklahoma; a short line railroad and railcars linking the Duke plant to adjacent railroads; a recently completed 220,000 ton-per-year lightweight paper mill in Lawton, Oklahoma; a 50,000 ton-per-year Commerce City (Denver), Colorado paper mill; and three recycled paper fiber collection sites. The gypsum wallboard operations will be operated by CXP's American Gypsum Company located in Albuquerque, New Mexico. The paper operations will be located in Lawton, Oklahoma and will focus primarily on the gypsum paper business.

As required by the terms of the subordinated debt, upon the acquisition of the strategic assets, the Company commenced a tender offer for the subordinated debt at a price of 101% of the par value of the debt plus accrued but unpaid interest. On December 20, 2000, \$89,992,000 in principal amount of the subordinated debt was tendered, leaving \$10,008,000 outstanding. Payment was funded from the new senior revolving credit facility.

New Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". The impact on the Company's results of operations, financial position or cash flows will be dependent on the level and types of derivative instruments the Company will have entered into, if any, as of April 1, 2001 the time when the Company must adopt this new standard. The Company had no derivative instruments at December 31, 2000.

Forward-Looking Statements

The Management's Discussion and Analysis of Financial Condition and Results of Operations, Outlook and other sections of this report on Form 10-Q contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements are not guarantees of future performance and involve known and unknown risks and uncertainties that may cause the Company's actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to, the cyclical and seasonal nature of the Company's business, public infrastructure expenditures, adverse weather, availability of raw materials, unexpected operational difficulties, governmental regulation and changes in governmental and public policy, changes in economic conditions specific to any one or more of the Company's markets, competition, announced increases in capacity in the gypsum wallboard, paperboard and cement industries, general economic conditions and interest rates. Investors should take such risks and uncertainties into account when making investment decisions. These and other factors are described in the Annual Report on Form 10-K for Centex Construction Products, Inc. for the fiscal year ended March 31, 2000. The report is filed with the Securities and Exchange Commission. The Company undertakes no obligation to update publicly any forward-looking statement as a result of new information, future events or other factors.

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Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits
 - 2.1 Securities Purchase Agreement, entered into as of November 10, 2000 (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on November 16, 2000 (File No. 1-12984), as amended by the Company's current report on Form 8-K/A filed on January 22, 2001 (File No. 1-12984) and incorporated herein by reference).
 - 4.1 Credit Agreement dated as of November 10, 2000 (filed herewith). Upon request from the Securities and Exchange Commission, the registrant will furnish supplementally a copy of any omitted exhibit or schedule.
 - 4.2 First Amendment to Credit Agreement entered into as of December 20, 2000 (filed herewith).
- (b) Reports on Form 8-K

On November 16, 2000, the Company filed with the Securities and Exchange Commission a Current Report on Form 8-K in connection with its acquisition of certain strategic assets. On January 22, 2001, the Company filed a Current Report on Form 8-K/A, which amended the original Form 8-K to include the audited financial statements of the businesses acquired and proforma financial information.

All other items required under Part II are omitted because they are not applicable.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTEX CONSTRUCTION PRODUCTS, INC.

	_____ Registrant
February 12, 2001	/s/ RICHARD D. JONES, JR. _____ Richard D. Jones, Jr. President and Chief Executive Officer (principal executive officer)
February 12, 2001	/s/ ARTHUR R. ZUNKER, JR. _____ Arthur R. Zunker, Jr. Senior Vice President-Finance and Treasurer (principal financial and chief accounting officer)

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	Securities Purchase Agreement, entered into as of November 10, 2000 (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on November 16, 2000 (File No. 1-12984), as amended by the Company's current report on Form 8-K/A filed on January 22, 2001 (File No. 1-12984) and incorporated herein by reference).
4.1	Credit Agreement dated as of November 10, 2000 (filed herewith). Upon request from the Securities and Exchange Commission the registrant will furnish supplementally a copy of any omitted exhibit or schedule.
4.2	First Amendment to Credit Agreement entered into as of December 20, 2000 (filed herewith).

=====
CREDIT AGREEMENT

DATED AS OF NOVEMBER 10, 2000

AMONG

CENTEX CONSTRUCTION PRODUCTS, INC.,
AS PARENT BORROWER,

REPUBLIC HOLDING CORPORATION,
AS SUBSIDIARY BORROWER,

THE LENDERS,

BANK ONE, TEXAS, NA,
AS ADMINISTRATIVE AGENT,

BANK OF AMERICA, N.A.,
AS SYNDICATION AGENT,

PNC BANK, NATIONAL ASSOCIATION,
AS DOCUMENTATION AGENT,

BANK ONE, NA,
AS LC ISSUER,

AND

BANC ONE CAPITAL MARKETS, INC.,
AS LEAD ARRANGER AND SOLE BOOK MANAGER

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PRICING SCHEDULE

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- B - COMPLIANCE CERTIFICATE
- C - ASSIGNMENT AGREEMENT
- D - LOAN/CREDIT RELATED MONEY TRANSFER INSTRUCTION
- E - NOTE

SCHEDULES:

- 1 - SUBSIDIARIES AND OTHER INVESTMENTS
- 2 - INDEBTEDNESS AND LIENS
- 3 - EXISTING FACILITY LCS
- 4 - CORPORATE STRUCTURE

CREDIT AGREEMENT

This Agreement, dated as of November 10, 2000, is among Centex Construction Products, Inc., a Delaware corporation, Republic Holding Corporation, a Nevada corporation, the Lenders, Bank of America, N.A., a national banking association, as Syndication Agent, PNC Bank, National Association, a national banking association, as Documentation Agent, Bank One, NA, as LC Issuer, and Bank One, Texas, NA, a national banking association, having its principal office in Dallas, Texas, as Administrative Agent. The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement:

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Parent Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company, including without limitation, the November 2000 Acquisition.

"Advance" means (a) a borrowing hereunder, (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurodollar Loans, for the same Interest Period, (b) a Swing Line Advance, and (c) a payment under a Facility LC.

"Administrative Agent" means Bank One in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Article X.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agents" means, collectively, the Administrative Agent, the Syndication Agent and the Documentation Agent.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders, as reduced from time to time pursuant to the terms hereof.

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all the Lenders.

"Agreement" means this credit agreement, as it may be amended, restated or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

"Applicable Fee Rate" means, at any time, the percentage rate per annum at which Commitment Fees are accruing on the unused portion of the Aggregate Commitment at such time as set forth in the Pricing Schedule.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Arranger" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as Lead Arranger and Sole Book Manager.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Authorized Officer" means any of the President, Chief Executive Officer, Executive Vice President, Chief Financial Officer, Senior Vice President or Assistant Treasurer of the Parent Borrower, acting singly.

"Available Aggregate Commitment" means, at any time, the Aggregate Commitment then in effect minus the Aggregate Outstanding Credit Exposure at such time.

"Bank One" means Bank One, Texas, NA, a national banking association having its principal office in Dallas, Texas, in its individual capacity, and its successors.

"Borrowers" means Parent Borrower and Subsidiary Borrower.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Dallas and New York for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Dallas for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Parent Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles excluding (i) the cost of assets acquired with Capitalized Lease Obligations, (ii) expenditures of insurance proceeds to rebuild or replace any asset after a casualty loss, (iii) leasehold improvement expenditures for which the Parent Borrower or a Subsidiary is reimbursed promptly by the lessor, and (iv) any Permitted Acquisition.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-2 or better by S&P or P-2 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, and (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000; provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

"Change in Control" means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 50% or more of the outstanding shares of voting stock of the Parent Borrower; or (ii) Centex Corporation shall cease to own, free and clear

of all Liens or other encumbrances, greater than 50% of the outstanding shares of voting stock of the Parent Borrower on a fully diluted basis.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral Shortfall Amount" is defined in Section 8.1.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans to, and participate in Facility LCs issued upon the application of, the Borrowers in an aggregate amount not exceeding the amount set forth opposite its signature below or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.2, as such amount may be modified from time to time pursuant to the terms hereof.

"Consolidated Capital Expenditures" means, with reference to any period, the Capital Expenditures of the Parent Borrower and its Subsidiaries calculated on a consolidated basis for such period.

"Consolidated EBIT" means Consolidated EBITDA minus depreciation and amortization, all calculated for the Parent Borrower and its Subsidiaries on a consolidated basis.

"Consolidated EBITDA" means Consolidated Net Income plus, to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization and (v) extraordinary losses incurred other than in the ordinary course of business, minus, to the extent included in Consolidated Net Income, extraordinary gains realized other than in the ordinary course of business, all calculated for the Parent Borrower and its Subsidiaries on a consolidated basis. Notwithstanding anything herein to the contrary, but without duplication, Consolidated EBITDA shall be inclusive of either (a) in the case of an Acquisition of equity interests in a Person, the EBITDA (calculated on a basis consistent with this definition of Consolidated EBITDA) of such Person before it became a Subsidiary of the Parent Borrower or (b) in the case of an Acquisition of assets, or any other acquisition of assets if the Administrative Agent so agrees, the EBITDA associated with such acquired assets before such acquisition by the Parent Borrower or any Subsidiary but exclusive of either (1) in the case of a disposition of equity interests in a Person, the EBITDA (calculated on the basis consistent with this definition of Consolidated EBITDA) of such Person after it is directly or indirectly disposed of by the Parent Borrower or (2) in the case of a disposition of assets, the EBITDA associated with such assets after such assets are disposed of by the Parent Borrower or any Subsidiary, all of which amounts shall be based upon audited financial statements.

"Consolidated Funded Indebtedness" means at any time the aggregate dollar amount of Consolidated Indebtedness which has actually been funded and is outstanding at such time, whether or not such amount is due or payable at such time.

"Consolidated Indebtedness" means at any time the Indebtedness of the Parent Borrower and its Subsidiaries calculated on a consolidated basis as of such time.

"Consolidated Interest Expense" means, with reference to any period, the interest expense and preferred stock dividends of the Parent Borrower and its Subsidiaries calculated on a consolidated basis for such period.

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of the Parent Borrower and its Subsidiaries calculated on a consolidated basis for such period.

"Consolidated Net Worth" means at any time the consolidated stockholders' equity of the Parent Borrower and its Subsidiaries calculated on a consolidated basis as of such time.

"Consolidated Tangible Net Worth" means at any time the Consolidated Net Worth, minus any intangible assets, including, without limitation, patents, patent rights, trademarks, trade names, franchises, copyrights, goodwill, and other similar intangible assets of the Parent Borrower and its Subsidiaries calculated on a consolidated basis as of such time.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

"Conversion/Continuation Notice" is defined in Section 2.9.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Parent Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Credit Extension" means the making of an Advance or the issuance of a Facility LC hereunder.

"Credit Extension Date" means the Borrowing Date for an Advance or the issuance date of a Facility LC.

"Default" means an event described in Article VII.

"Documentation Agent" means PNC Bank, National Association in its capacity as documentation agent, and not in its individual capacity as a Lender.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, (i) if Reuters Screen FRBD is not available to the Administrative Agent for any reason, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, and (ii) if no such British Bankers' Association Interest Settlement Rate is available to the Administrative Agent, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which Bank One or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurodollar Loan and having a maturity equal to such Interest Period.

"Eurodollar Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Administrative Agent, taxes imposed on its overall net income, and franchise taxes imposed on

it, by (i) the jurisdiction under the laws of which such Lender or the Administrative Agent is incorporated or organized or (ii) the jurisdiction in which the Administrative Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Existing Facility LCs" is defined in Section 2.19.1.

"Facility LC" is defined in Section 2.19.1.

"Facility LC Application" is defined in Section 2.19.3.

"Facility LC Collateral Account" is defined in Section 2.19.11.

"Facility Termination Date" means November 10, 2003, or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding 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 at approximately 10:00 a.m. (Dallas time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Financial Contract" of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (ii) any Rate Management Transaction.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Guarantors" means collectively, all of the Significant Subsidiaries of the Parent Borrower and their respective successors and assigns.

"Guaranty" means that certain Guaranty dated as of the date hereof executed by the Guarantors in favor of the Administrative Agent, for the ratable benefit of the Lenders, as it may be amended, restated, supplemented or modified and in effect from time to time.

"Indebtedness" of a Person means, without duplication, such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens on or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) Net Mark-to-Market Exposure under Rate Management Transactions and other Financial Contracts, (viii) Contingent Obligations, (ix) Letters of Credit, (x) Sale and Leaseback Transactions, (xi) Off-Balance Sheet Liabilities, and (xii) any other obligation for borrowed money or other financial accommodation which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person.

"Indenture" is defined in Section 4.1.

"Interest Period" means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Parent Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"Joint and Several Obligations" shall mean that portion of the Obligations consisting of (a) the Loans under the Revolving Subfacility and all principal, interest and fees in connection with such Loans, (b) all fees incurred or owed by the Subsidiary Borrower pursuant to the terms of the Loan Documents, including, without limitation, its portion of the commitment fees, (c) any indemnification

obligations of the Subsidiary Borrower under the Loan Documents and (d) any and all other costs and expenses that the Subsidiary Borrower is liable for pursuant to the terms of the Loan Documents.

"LC Fee" is defined in Section 2.19.4.

"LC Issuer" means Bank One, NA (or any subsidiary or Affiliate of Bank One, NA designated by Bank One, NA) in its capacity as issuer of Facility LCs hereunder.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"LC Payment Date" is defined in Section 2.19.5.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or Affiliate of such Lender or the Administrative Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.17.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"Leverage Ratio" means, as of any date of calculation, the ratio of (i) Consolidated Funded Indebtedness outstanding on such date to (ii) Consolidated EBITDA for the Parent Borrower's then most-recently ended four fiscal quarters.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, or priority or other security agreement (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's loan made pursuant to Article II (or any conversion or continuation thereof).

"Loan Documents" means this Agreement, the Facility LC Applications, any Notes issued pursuant to Section 2.13, the Guaranty and any other related documents, instruments and agreements now or hereafter executed by either Borrower or any Guarantor in connection with any of the foregoing.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, financial condition, or results of operations of the Parent Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrowers to perform their obligations under the Loan Documents to which either of them is a party, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent, the LC Issuer or the Lenders thereunder.

"Material Indebtedness" is defined in Section 7.5.

"Maximum Rate" means, at any time and with respect to any Lender, the maximum rate of interest under applicable law that such Lender may charge the Borrowers. The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges in respect of the Loan Documents that constitute interest under applicable law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to either Borrower at the time of such change in the Maximum Rate. For purposes of determining the Maximum Rate under Texas law, the applicable rate ceiling shall be the weekly rate ceiling described in, and computed in accordance with, Chapter 303 of the Texas Finance Code, as amended from time to time.

"Modify" and "Modification" are defined in Section 2.19.1.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Parent Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Net Mark-to-Market Exposure" of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Rate Management Transactions. "Unrealized losses" means the fair market value of the cost to such Person of replacing such Rate Management Transaction as of the date of determination (assuming the Rate Management Transaction were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Rate Management Transaction as of the date of determination (assuming such Rate Management Transaction were to be terminated as of that date).

"Net Cash Proceeds" means, with respect to any sale, lease, transfer or disposition of any asset of any Person or issuance of any Indebtedness or equity of any Person, the aggregate amount of cash received by such Person in connection with such transaction minus reasonable fees, costs and expenses, related taxes paid or payable, and repayment of any Indebtedness secured by assets sold, leased, transferred or disposed of which is required to be repaid as a result of such transaction.

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" is defined in Section 2.13.

"November 2000 Acquisition" means the purchase by Subsidiary Borrower of all of the issued and outstanding limited liability interests in the Target pursuant to the November 2000 Acquisition Agreement.

"November 2000 Acquisition Agreement " means that certain Securities Purchase Agreement dated as of November 10, 2000 by and among Republic Group LLC (formerly known as Republic Group, Incorporated), the Parent Borrower, and the Subsidiary Borrower.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all Reimbursement Obligations, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrowers or either of them to the Lenders or to any Lender or any of their Affiliates, the Administrative Agent, the LC Issuer or any indemnified party arising under the Loan Documents.

"Off-Balance Sheet Liability" of a Person means (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any Sale and Leaseback Transaction which is not a Capitalized Lease, (iii) any liability under any Synthetic Lease entered into by such Person, (iv) any obligation or liability arising with respect to any sale or transfer of an interest in trade receivables of the Parent Borrower or any Subsidiary on a limited recourse basis, or (v) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person, but excluding from this clause (v) Operating Leases.

"Operating Lease" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"Operating Lease Obligations" means, as at any date of determination, the amount obtained by aggregating the present values, determined in the case of each particular Operating Lease by applying a discount rate (which discount rate shall equal the discount rate which would be applied under Agreement Accounting Principles if such Operating Lease were a Capitalized Lease) from the date on which each fixed lease payment is due under such Operating Lease to such date of determination, of all fixed lease payments due under all Operating Leases of the Parent Borrower and its Subsidiaries.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Loans outstanding at such time, plus (ii) an amount equal to its Pro Rata Share of the LC Obligations at such time, plus (iii) an amount equal to its Pro Rata Share of the Swing Line Advances at such time.

"Parent Borrower" means Centex Construction Products, Inc., a Delaware corporation, and its successors and assigns.

"Participants" is defined in Section 12.2.1.

"Payment Date" means the first day of each calendar quarter.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Acquisition" means (a) the November 2000 Acquisition and (b) any other Acquisition by Parent Borrower or any Subsidiary which meets the following criteria:

(i) the acquisition target is in the construction products or building materials industry, and if assets are being acquired, the assets are located in the continental United States of America;

(ii) the Parent Borrower has completed not less than customary due diligence on the acquisition target and provided evidence thereof to the Administrative Agent, including without limitation as to compliance with all Environmental Laws;

(iii) if the proposed Acquisition is of stock or other ownership interests, the Acquisition will be structured so that the acquisition target becomes a Subsidiary of the Parent Borrower and complies with Section 6.25 of this Agreement, if applicable;

(iv) the interests being acquired shall not be subject to any contingent liabilities, unsatisfied judgments, or any pending or threatened action, charge, claim, demand, suit, proceeding, or governmental investigation that could reasonably be expected to have a Material Adverse Effect;

(v) if the total purchase price (as determined in accordance with clause (vi) below) to be paid in connection with the proposed Acquisition is greater than \$15,000,000, the Parent Borrower shall have provided to the Administrative Agent and each Lender (a) copies of the audited financial statements of the acquisition target for the most recent twelve (12) month period prior to the closing of the Acquisition and interim financial statements of the acquisition target, each containing at a minimum a balance sheet, statement of income, and a statement of cash flow, and (b) a pro forma financial projection of the Parent Borrower for the twelve (12) month period following the date of the consummation of the proposed Acquisition which reflects pro forma compliance with the financial covenants contained in Section 6.22 and a certificate of an Authorized Officer of the Parent Borrower confirming such calculations both before and after giving effect to the Acquisition;

(vi) the total purchase price (including cash consideration paid however classified, assumed indebtedness, noncompete payments and consulting payments whether such amounts

are paid at closing or over time, and the dollar value of all assets to be transferred by the purchaser to the seller in connection with such Acquisition) to be paid to acquire the equity interests or assets in any single such Acquisition does not exceed an amount equal to fifteen percent (15%) of the Consolidated Tangible Net Worth as of the date of such Acquisition (which calculation for purposes herein shall not include the tangible net worth of the Person being acquired) unless the prior written consent of Required Lenders has otherwise been obtained;

(vii) when no Default exists or will result therefrom, an acquisition other than the Permitted Acquisitions described in clauses (v) or (vi) above, subject to compliance with clauses (i), (ii), (iii), (iv), and (viii) hereof, for which the total purchase price (as determined in accordance with clause (vi) above) given does not exceed \$15,000,000;

(viii) the total aggregate purchase price (as determined in accordance with clause (vi) above) paid in connection with all Permitted Acquisitions shall not exceed \$150,000,000 in the aggregate unless the prior written consent of Required Lenders has otherwise been obtained; and

(ix) the name of the acquisition target and a summary description of the terms of the Acquisition shall have been provided to the Lenders at least ten (10) Business Days prior to the date that the proposed Acquisition is to be consummated.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Parent Borrower or any member of the Controlled Group may have any liability.

"Premier Acquisition Agreement" is defined in Section 4.1.

"Pricing Schedule" means the Schedule attached hereto identified as such.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Commitment and the denominator of which is the Aggregate Commitment.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Purchasers" is defined in Section 12.3.1.

"Rate Management Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Parent Borrower then outstanding under Section 2.19 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

"Rentals" of a Person means the aggregate fixed amounts payable by such Person under any Operating Lease.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Reports" is defined in Section 9.6.

"Required Lenders" means Lenders in the aggregate having at least 51% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 51% of the Aggregate Outstanding Credit Exposure.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Revolving Credit Facility" means the revolving credit facility described in Section 2.1.

"Revolving Subfacility" means the subfacility provided to the Borrowers under the Revolving Credit Facility which is described in Section 2.22.

"Revolving Subfacility Limit" is defined in Section 2.22.

"RGI" is defined in Section 4.1.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Significant Subsidiary" means any Subsidiary which at any time has total assets with a book or fair market value (determined in accordance with Agreement Accounting Principles) equal to or greater than ten percent (10%) of the Consolidated Tangible Net Worth. Significant Subsidiaries shall in any event at all times be comprised of Subsidiaries which, when aggregated with the total assets of the Parent Borrower, in the aggregate have total assets with a book or fair market value (determined in accordance with Agreement Accounting Principles) equal to or greater than ninety percent (90%) of the total assets of the Parent Borrower and its Subsidiaries.

"Single Employer Plan" means a Plan maintained by the Parent Borrower or any member of the Controlled Group for employees of the Parent Borrower or any member of the Controlled Group.

"Subordinated Indebtedness" of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Obligations to the written satisfaction of the Required Lenders.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Parent Borrower.

"Subsidiary Borrower" means Republic Holding Corporation, a Nevada corporation, and its successors and assigns.

"Substantial Portion" means, with respect to the Property of the Parent Borrower and its Subsidiaries, Property which (i) represents more than 10% of the consolidated assets of the Parent Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the Parent Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales or of the Consolidated EBITDA of the Parent Borrower and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"Syndication Agent" means Bank of America, N.A., in its capacity as syndication agent, and not in its individual capacity as a Lender.

"Synthetic Lease" means a lease (i) that is treated as an operating lease under Agreement Accounting Principles and (ii) (a) in respect of which the leased asset is treated as owned by the lessee for purposes of the Code and/or (b) that is treated as a loan to the lessee for commercial law or insolvency law purposes.

"Swing Line Advance" means any Advance under the Swing Line Subfacility.

"Swing Line Subfacility" means a subfacility under the Revolving Credit Facility described in Section 2.21.

"Target" means collectively, Republic Gypsum Operating LLC, a Delaware limited liability company, Republic Gypsum Holding LLC, a Delaware limited liability company, Republic Paperboard Company LLC, a Delaware limited liability company, and LaPorte Minerals LLC, a Delaware limited liability company, and their Subsidiaries and successors and assigns.

"Target Senior Subordinated Notes" means those certain 9.5% Senior Subordinated Notes in the aggregate principal amount of \$100,000,000 executed by the Republic Group Incorporated and payable to the order of certain Persons named therein, as assumed by the Subsidiary Borrower pursuant to the supplemental indenture, dated as of November 10, 2000, by and between UMB Bank N.A., as Trustee, and the Subsidiary Borrower.

"Taxes" means any and all present or future governmental taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance.

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans using PBGC actuarial assumptions for single employer plan terminations.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDITS

2.1. Commitment. From and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to (i) make Loans (other than Swing Line Advances) to the Parent Borrower, (ii) participate in Swing Line Advances, (iii) participate in Facility LCs issued upon the request of the Parent Borrower, and (iv) make Loans to the Borrowers under the Revolving Subfacility, provided that, after giving effect to the making of each such Loan (including the Swing Line Advances) and the issuance of each such Facility LC, such Lender's Outstanding Credit Exposure shall not exceed its Commitment. Subject to the terms of this Agreement, the Parent Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date. The Commitments to extend credit hereunder shall expire on the Facility Termination Date. The LC Issuer will issue Facility LCs hereunder on the terms and conditions set forth in Section 2.19. The Administrative Agent will make

Swing Line Advances hereunder on the terms and conditions set forth in Section 2.21. Loans under the Revolving Subfacility will be made on the terms and conditions set forth in Section 2.22.

2.2. Required Payments; Termination. The Aggregate Outstanding Credit Exposure and all other unpaid Obligations shall be paid in full by the Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, on the Facility Termination Date.

2.3. Ratable Loans. Each Advance under the Revolving Credit Facility shall consist of Loans made from the several Lenders ratably according to their Pro Rata Shares.

2.4. Types of Advances. The Advances under the Revolving Credit Facility may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, in accordance with Sections 2.8 and 2.9.

2.5. Commitment Fee; Reductions in Aggregate Commitment. The Parent Borrower agrees to pay to the Administrative Agent for the account of each Lender according to its Pro Rata Share a commitment fee at a per annum rate equal to the Applicable Fee Rate on the average daily Available Aggregate Commitment from the date hereof to and including the Facility Termination Date, payable on each Payment Date hereafter and on the Facility Termination Date. The Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in integral multiples of \$5,000,000, upon at least five Business Days' written notice to the Administrative Agent, which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Commitment may not be reduced below the Aggregate Outstanding Credit Exposure. All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Credit Extensions hereunder.

2.6. Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof), and each Floating Rate Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof); provided, however, that any Floating Rate Advance may be in the amount of the Available Aggregate Commitment.

2.7. Optional Principal Payments. The Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances, or, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Floating Rate Advances upon two Business Days' prior notice to the Administrative Agent. The Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurodollar Advances, or, in a minimum aggregate

amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Eurodollar Advances upon three Business Days' prior notice to the Administrative Agent.

2.8. Method of Selecting Types and Interest Periods for New Advances. Except with respect to Swing Line Advances, the Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time. The Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (Dallas time) at least one Business Day before the Borrowing Date of each Floating Rate Advance and three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,
- (ii) the aggregate amount of such Advance,
- (iii) the Type of Advance selected, and
- (iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than noon (Dallas time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available in Dallas to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will make the funds so received from the Lenders available to the Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, at the Administrative Agent's aforesaid address. Notwithstanding anything to the contrary contained herein, no Eurodollar Advances shall be made until the earlier of the following has occurred: (a) the Administrative Agent has determined in its reasonable discretion that syndication of the Loans has been completed and (b) ninety (90) days after the date hereof.

2.9. Conversion and Continuation of Outstanding Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7 or (y) the Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.6, the Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, may elect from time to time to convert all or any part of a Floating Rate Advance (other than Swing Line Advances) into a Eurodollar Advance. The Parent Borrower or, with respect to the Revolving Subfacility only, the Subsidiary Borrower, shall give the Administrative Agent irrevocable

notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 10:00 a.m. (Dallas time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.10. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the lesser of (a) the Maximum Rate, or (b) the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. If at any time the Floating Rate shall exceed the Maximum Rate, thereby causing the interest accruing on an Advance to be limited to the Maximum Rate, then any subsequent reduction in the Floating Rate for such Advance shall not reduce the rate of interest on such Advance below the Maximum Rate until the aggregate amount of interest accrued on such Advance equals the aggregate amount of interest which would have accrued on such Advance if the Floating Rate had at all times been in effect. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurodollar Advance based upon the Parent Borrower's or, with respect to the Revolving Subfacility only, the Subsidiary Borrower's, selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date.

2.11. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrowers, declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrowers, declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period (but calculated as if the highest Applicable Margin was then in effect) plus 2% per annum, (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time (but calculated as if the highest Applicable Margin was then in effect) plus 2% per annum and (iii) the LC Fee shall be calculated as if the highest Applicable

Margin was then in effect and increased by 2% per annum, provided that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above and the increase in the LC Fee set forth in clause (iii) above shall be applicable to all Credit Extensions without any election or action on the part of the Administrative Agent or any Lender, subject in all events to the limitations of the Maximum Rate.

2.12. Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrowers, by noon (local time) on the date when due and shall (except in the case of Reimbursement Obligations for which the LC Issuer has not been fully indemnified by the Lenders, or as otherwise specifically required hereunder) be applied ratably by the Administrative Agent among the Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The Administrative Agent is hereby authorized to charge the account of the Parent Borrower and, with respect to the Revolving Subfacility only, the Subsidiary Borrower, maintained with Bank One for each payment of principal, interest, Reimbursement Obligations and fees as it becomes due hereunder. Each reference to the Administrative Agent in this Section 2.12 shall also be deemed to refer, and shall apply equally, to the LC Issuer, in the case of payments required to be made by the Parent Borrower to the LC Issuer pursuant to Section 2.19.6.

2.13. Noteless Agreement; Evidence of Indebtedness.

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

(ii) The Administrative Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder, (c) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, and (d) the amount of any sum received by the Administrative Agent hereunder from the Borrowers and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to

maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loans under the Revolving Credit Facility be evidenced by a promissory note in substantially the form of Exhibit E (a "Note"). In such event, the Parent Borrower and, with respect to the Revolving Subfacility only, the Subsidiary Borrower, shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender in a form supplied by the Administrative Agent. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 12.3, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in clauses (i) and (ii) above.

2.14. Telephonic Notices. Each of the Parent Borrower and, with respect to the Revolving Subfacility only, the Subsidiary Borrower, hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrowers, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. Each Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.15. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof and at maturity. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest, commitment fees and LC Fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal or of interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, and

repayment notice received by it hereunder. Promptly after notice from the LC Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.17. Lending Installations. Each Lender may book its Loans and its participation in any LC Obligations and the LC Issuer may book the Facility LCs at any Lending Installation selected by such Lender or the LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility LCs, participations in LC Obligations and any Notes issued hereunder shall be deemed held by each Lender or the LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and the LC Issuer may, by written notice to the Administrative Agent and the Borrowers in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs will be issued by it and for whose account Loan payments or payments with respect to Facility LCs are to be made.

2.18. Non-Receipt of Funds by the Administrative Agent. Unless the Borrowers or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of either Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrowers, the interest rate applicable to the relevant Loan.

2.19. Facility LCs.

2.19.1. Issuance. Subject to the terms and conditions of this Agreement, the LC Issuer agrees to keep outstanding on and after the date hereof the standby letters of credit for the account of the Parent Borrower which were issued by the LC Issuer and which are further described on Schedule 3 (collectively, the "Existing Facility LCs"). Each Existing Facility LC shall constitute a Facility LC for all purposes of this Agreement. For purposes hereof, the Existing Facility LCs are deemed to be issued on the date hereof. Furthermore, the LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby and commercial letters of credit (each, a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility

LC ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of the Parent Borrower; provided that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed \$15,000,000 and (ii) the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. No Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Facility Termination Date and (y) one year after its issuance.

2.19.2. Participations. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this Section 2.19, the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

2.19.3. Notice. Subject to Section 2.19.1, the Parent Borrower shall give the LC Issuer notice prior to 10:00 a.m. (Dallas time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which the LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be reasonably satisfactory to the LC Issuer and that the Parent Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each, a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

2.19.4. LC Fees. The Parent Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, (i) with respect to each standby Facility LC, a letter of credit fee at a per annum rate equal to the Applicable Margin for Eurodollar Loans in effect from time to time on the average daily undrawn stated amount under such standby Facility LC, such fee to be payable in arrears on each Payment Date, and (ii) with respect to each commercial Facility LC, a one-time letter of credit fee in an amount equal to 0.125% of the initial stated amount (or, with respect to a Modification of any such commercial Facility LC which increases the stated amount thereof, such increase in the stated amount) thereof, such fee to be payable on the date of such issuance or increase (each such fee described in this sentence an "LC Fee"). The Parent Borrower shall also pay to the LC Issuer for its own account (x) at the time of issuance of each Facility LC, a fronting fee in an amount to be

agreed upon between the LC Issuer and the Parent Borrower, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

2.19.5. Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Parent Borrower and each other Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the Parent Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Parent Borrower pursuant to Section 2.19.6 below, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Dallas time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances.

2.19.6. Reimbursement by Parent Borrower. The Parent Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amounts to be paid by the LC Issuer upon any drawing under any Facility LC, without presentment, demand, protest or other formalities of any kind; provided that neither the Parent Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Parent Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the Parent Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the rate applicable to Floating Rate Advances for such day if such day falls on or before the applicable LC Payment Date and (y) the sum of 2% plus the rate applicable to Floating Rate Advances for such day if such day falls after such LC Payment Date. The LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the

Parent Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.19.5. Subject to the terms and conditions of this Agreement (including without limitation the submission of a Borrowing Notice in compliance with Section 2.8 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Parent Borrower may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

2.19.7. Obligations Absolute. The Parent Borrower's obligations under this Section 2.19 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Parent Borrower may have or have had against the LC Issuer, any Lender or any beneficiary of a Facility LC. The Parent Borrower further agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and the Parent Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Parent Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Parent Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Parent Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence, bad faith or willful misconduct, shall be binding upon the Parent Borrower and shall not put the LC Issuer or any Lender under any liability to the Parent Borrower. Nothing in this Section 2.19.7 is intended to limit the right of the Parent Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.19.6.

2.19.8. Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document reasonably believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.19, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act

pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

2.19.9. Indemnification. The Parent Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses (including reasonable attorneys' fees and disbursements) which such Lender, the LC Issuer or the Administrative Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any rights the Parent Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that the Parent Borrower shall not be required to indemnify any Lender, the LC Issuer or the Administrative Agent or any director, officer, agent or employee thereof for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct, bad faith or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.19.9 is intended to limit the obligations of the Parent Borrower under any other provision of this Agreement.

2.19.10. Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its Affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Parent Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.19 or any action taken or omitted by such indemnitees hereunder.

2.19.11. Facility LC Collateral Account. The Parent Borrower agrees that it will, after the occurrence of a Default and upon the request of the Administrative Agent or the Required Lenders and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuer or the Lenders in respect of any Facility LC, maintain a special

collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "Facility LC Collateral Account") at the Administrative Agent's office at the address specified pursuant to Article XIII, in the name of such Parent Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders and in which such Parent Borrower shall have no interest other than as set forth in Section 8.1. The Parent Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the LC Issuer, a security interest in all of the Parent Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of Bank One having a maturity not exceeding 30 days. Nothing in this Section 2.19.11 shall either obligate the Administrative Agent to require the Parent Borrower to deposit any funds in the Facility LC Collateral Account or limit the right of the Administrative Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 8.1.

2.19.12. Rights as a Lender. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

2.20. Replacement of Lender. If either Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.3 (any Lender so affected an "Affected Lender"), the Borrowers may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, provided that no Default or Unmatured Default shall have occurred and be continuing at the time of such replacement, and provided further that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrowers and the Administrative Agent shall agree, as of such date, to purchase for cash the Credit Extensions and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit C and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrowers shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrowers hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Credit Extensions of such Affected Lender been prepaid on such date rather than sold to the replacement Lender.

2.21. Swing Line Subfacility.

2.21.1. Conditions. For the convenience of the parties, Administrative Agent, solely for its own account, may make any requested Advance under the Revolving Credit Facility (which request must be made before 1:00 p.m. (Dallas time) on the Business Day the Advance is to be

made and may be telephonic if confirmed in writing within two Business Days) in the minimum amount of \$100,000 (or a greater integral multiple of \$100,000) directly to Parent Borrower as a Swing Line Advance without requiring each other Lender to fund its Pro Rata Share thereof on such Business Day. Swing Line Advances are subject to the following conditions:

(i) Each Swing Line Advance must occur on a Business Day before the Facility Termination Date;

(ii) The aggregate principal outstanding of all Swing Line Advances may not exceed \$15,000,000; the aggregate principal outstanding of all Swing Line Advances, all other Advances under the Revolving Credit Facility, and all LC Obligations may not exceed the Aggregate Commitment under the Revolving Credit Facility; and no Swing Line Advance shall be made which would cause the aggregate principal outstanding of all Loans (including Swing Line Advances) made by the Administrative Agent under the Revolving Credit Facility to exceed the Administrative Agent's Commitment under the Revolving Credit Facility;

(iii) Each Swing Line Advance shall be paid in full by the Parent Borrower on the Business Day immediately succeeding the date of such Swing Line Advance by the funding of an Advance under the Revolving Credit Facility and in any event on the Facility Termination Date; and

(iv) Each Swing Line Advance shall be a Floating Rate Advance.

2.21.2. Lenders' Funding of Swing Line Advances as Advances Under Revolving Credit Facility. The Administrative Agent shall give to the Lenders notice of each Swing Line Advance not later than 3:00 p.m. (Dallas time) on the date of such Swing Line Advance, which notice shall, on behalf of the Parent Borrower (and for such purpose the Parent Borrower hereby irrevocably directs the Administrative Agent to act on its behalf), request each Lender to make, and each Lender hereby agrees to make, an Advance in an amount equal to such Lender's Pro Rata Share of the aggregate amount of the Swing Line Advances (the "Refunded Swing Line Advances") outstanding on the date of such notice, to repay the Administrative Agent. Each Lender shall make the amount of such Advance available to the Administrative Agent in immediately available funds, not later than noon (Dallas time) one Business Day after the date of such notice. The proceeds of such Advance shall be immediately made available to the Administrative Agent for application by the Administrative Agent to the repayment of the Refunded Swing Line Advances. The Parent Borrower irrevocably authorizes the Administrative Agent to charge the Parent Borrower's accounts with the Administrative Agent in order to immediately pay the amount of such Refunded Swing Line Advances to the extent amounts received from the Lenders are not sufficient to repay in full such Refunded Swing Line Advances (with notice of such charge being provided to the Parent Borrower, provided that the failure to give such notice shall not affect the validity of such charge). All such Refunded Swing Line Advances shall be subject to all provisions of this Agreement concerning Advances under the Revolving Credit Facility. If prior to the time an Advance would otherwise have been made pursuant to this section, Advances may not be made

as contemplated by this section, each Lender shall irrevocably and unconditionally purchase and receive from Administrative Agent a ratable participation in such Swing Line Advance and shall make available to Administrative Agent in immediately available funds its Pro Rata Share of such unpaid amount, together with interest from the date when its payment was due to, but not including, the date of payment. If a Lender does not promptly pay its amount upon Administrative Agent's demand, and until such Lender makes the required payment, Administrative Agent is deemed to continue to have outstanding a Swing Line Advance in the amount of such Lender's unpaid obligation. Parent Borrower shall make each payment of all or any part of any Swing Line Advance to Administrative Agent for the ratable benefit of Administrative Agent and those Lenders who have funded their participations in Swing Line Advances under this Section (but all interest accruing on Swing Line Advances before the funding date of any Advance under the Revolving Credit Facility to repay such Swing Line Advance or any participation is payable solely to Administrative Agent for its own account).

2.22. Revolving Subfacility.

- (a) From and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans to the Borrowers from time to time for the purposes hereinafter set forth; provided that the aggregate principal amount of the Loans outstanding under this Section 2.22 shall not at any time exceed \$10,000,000 (as such aggregate amount may be increased or reduced from time to time, the "Revolving Subfacility Limit"), and provided further that after giving effect to the making of each such Loan, such Lender's Outstanding Credit Exposure shall not exceed its Commitment. Subject to the terms of this Agreement, the Borrowers may borrow, repay, and reborrow at any time prior to the Facility Termination Date amounts under the Revolving Subfacility. The Borrowers hereby designate Loans under the Revolving Subfacility Limit as Designated Senior Debt under the Indenture.
- (b) Loans under this Section 2.22 may consist of Floating Rate Advances or Eurodollar Advances, or a combination thereof, as a Borrower may request, and may be repaid and reborrowed in accordance with the provisions hereof. The principal amount of all Loans under the Revolving Subfacility shall be paid in full by the Borrowers on the Facility Termination Date. The obligation to repay the Loans under the Revolving Subfacility shall be joint and several obligations of the Borrowers.

2.23. Prepayments from Sale of Assets. Concurrently with the receipt of Net Cash Proceeds from the sale or disposition by the Parent Borrower or any Subsidiary of any assets at any time which are permitted to be sold or disposed of pursuant to Section 6.13 of this Agreement (other than (i) the sale of inventory in the ordinary course of business, (ii) when no Default exists, the sale of accounts or notes receivable described in Section 6.13(iii), and (iii) when no Default exists, other sales or dispositions which

yield Net Cash Proceeds in an amount not to exceed \$5,000,000 in the aggregate during the term of this Agreement), the Parent Borrower shall prepay or cause to be prepaid the Advances in a principal amount equal to 100% of such Net Cash Proceeds. Notwithstanding anything to the contrary contained herein, any prepayment required by this Section 2.23 to be applied to Eurodollar Loans may be paid by the Parent Borrower into a segregated interest bearing account of Parent Borrower designated by the Administrative Agent for application to the Loans upon the last day of an Interest Period applicable thereto.

2.24. Joint and Several Liability of the Borrowers.

(a) Each of the Borrowers is accepting joint and several liability hereunder with respect to the Joint and Several Obligations in consideration of the financial accommodation to be provided by the Lenders under Section 2.22 of this Agreement, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each of the Borrowers to accept joint and several liability for the Joint and Several Obligations of each of them under Section 2.22.

(b) Each of the Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrower with respect to the payment and performance of all of the Joint and Several Obligations arising under this Agreement and the other Loan Documents, it being the intention of the parties hereto that all the Joint and Several Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them.

(c) If and to the extent that either of the Borrowers shall fail to make any payment with respect to any of the Joint and Several Obligations hereunder as and when due or to perform any of such Joint and Several Obligations in accordance with the terms thereof, then in each such event, the other Borrower will make such payment with respect to, or perform, such Joint and Several Obligations.

(d) The obligations of each Borrower under the provisions of this Section 2.24 constitute full recourse obligations of such Borrower, enforceable against it to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided herein, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of occurrence of any Default or Unmatured Default (except to the extent notice is expressly required to be given pursuant to the terms of this Agreement), or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by the Administrative Agent or the Lenders under or in respect of any of the Joint and Several Obligations hereunder, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Agreement. Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Joint and Several Obligations hereunder, the acceptance of any partial

payment thereon, any waiver, consent or other action or acquiescence by the Administrative Agent or the Lenders at any time or times in respect of any default by a Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement or any other Loan Document, any and all other indulgences whatsoever by the Administrative Agent or the Lenders in respect of any of the Joint and Several Obligations hereunder, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of such Joint and Several Obligations or the addition, substitution or release, in whole or in part, of either Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or any failure to act on the part of the Administrative Agent or the Lenders, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder which might, but for the provisions of this Section 2.24, afford grounds for terminating, discharging or relieving such Borrower, in whole or in part, from any of its obligations under this Section 2.24, it being the intention of each Borrower that, so long as any of the Joint and Several Obligations remain unsatisfied, the obligations of such Borrower under this Section 2.24 shall not be discharged except by performance and then only to the extent of such performance. The obligations of each Borrower under this Section 2.24 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any reconstruction or similar proceeding with respect to a Borrower or any Lender. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of a Borrower or any Lender.

(f) The provisions of this Section 2.24 are made for the benefit of the Administrative Agent and the Lenders and their respective successors and assigns, and may be enforced by any such Person from time to time against either of the Borrowers as often as occasion therefor may arise and without requirement on the part of any Lender first to marshal any of its claims or to exercise any of its rights against the other Borrower or to exhaust any remedies available to it against the other Borrower or to resort to any other source or means of obtaining payment of any of the Joint and Several Obligations or to elect any other remedy. The provisions of this Section 2.24 shall remain in effect until all the Joint and Several Obligations hereunder shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Joint and Several Obligations, is rescinded or must otherwise be restored or returned by the Lenders upon the insolvency, bankruptcy or reorganization of either of the Borrowers, or otherwise, the provisions of this Section 2.24 will forthwith be reinstated and in effect as though such payment had not been made.

(g) Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents, the obligations of Subsidiary Borrower hereunder shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provisions of any applicable state law.

2.25. Prepayments from Sales of Capital Stock. Concurrently with the receipt of Net Cash Proceeds from the sale or disposition by Parent Borrower to any Person of any common stock, preferred stock, warrant or other equity interests of Parent Borrower, the Parent Borrower shall prepay Advances in a principal amount equal to 100% of such Net Cash Proceeds; provided however, the Parent Borrower is not required to make a prepayment under this Section 2.25 if and to the extent that the Parent Borrower (a) issues common stock, preferred stock, warrant or other equity interests pursuant to stock options and provides other stock based benefit awards to the directors, officers or employees of the Parent Borrower, its Subsidiaries or Affiliates or (b) uses such Net Cash Proceeds solely to fund a Permitted Acquisition, so long as in each case no Default has occurred and is continuing immediately before and immediately after such issuance or payment. Notwithstanding anything to the contrary contained herein, any prepayment required by this Section 2.25 to be applied to Eurodollar Loans may be paid by the Parent Borrower into a segregated interest bearing account of the Parent Borrower designated by the Administrative Agent for application to the Loans upon the last day of an Interest Period applicable thereto.

ARTICLE III

YIELD PROTECTION; TAXES

3.1. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation or the LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender or any applicable Lending Installation or the LC Issuer to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender or the LC Issuer in respect of its Eurodollar Loans, Facility LCs or participations therein, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or the LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation or the LC Issuer of making, funding or maintaining its Eurodollar Loans, or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or the LC Issuer in connection with its Eurodollar Loans, Facility LCs or participations therein, or requires any Lender or any

applicable Lending Installation or the LC Issuer to make any payment calculated by reference to the amount of Eurodollar Loans, Facility LCs or participations therein held or interest or LC Fees received by it, by an amount deemed material by such Lender or the LC Issuer as the case may be,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation or the LC Issuer, as the case may be, of making or maintaining its Eurodollar Loans or Commitment or of issuing or participating in Facility LCs or to reduce the return received by such Lender or applicable Lending Installation or the LC Issuer, as the case may be, in connection with such Eurodollar Loans, Commitment, Facility LCs or participations therein, then, within 15 days of demand by such Lender or the LC Issuer, as the case may be, the Borrowers shall pay such Lender or the LC Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the LC Issuer, as the case may be, for such increased cost or reduction in amount received.

3.2. Changes in Capital Adequacy Regulations. If a Lender or the LC Issuer determines the amount of capital required or expected to be maintained by such Lender or the LC Issuer, any Lending Installation of such Lender or the LC Issuer, or any corporation controlling such Lender or the LC Issuer is increased as a result of a Change, then, within 15 days of demand by such Lender or the LC Issuer, the Borrowers shall pay such Lender or the LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or the LC Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Facility LCs, as the case may be, hereunder (after taking into account such Lender's or the LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines, or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or the LC Issuer or any Lending Installation or any corporation controlling any Lender or the LC Issuer. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (ii) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Administrative Agent shall suspend the availability of Eurodollar Advances and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrowers for any reason other than default by the Lenders, the Borrowers will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5. Taxes.

(i) All payments by the Borrowers to or for the account of any Lender, the LC Issuer or the Administrative Agent hereunder or under any Note or Facility LC Application shall be made free and clear of and without deduction for any and all Taxes. If the Borrowers shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, the LC Issuer or the Administrative Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, the LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrowers shall make such deductions, (c) the Borrowers shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrowers shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrowers hereby agree to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Facility LC Application or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note or Facility LC Application ("Other Taxes").

(iii) Each Borrower hereby agrees to indemnify the Administrative Agent, the LC Issuer and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Administrative Agent, the LC Issuer or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Administrative Agent, the LC Issuer or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement, (i) deliver to each of the Borrowers and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to each of the Borrowers and the Administrative Agent a United States Internal

Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrowers and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrowers or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrowers and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrowers with an appropriate form pursuant to clause (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv) above, the Borrowers shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrowers (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this

subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Administrative Agent, which attorneys may be employees of the Administrative Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Institution with respect to its Eurodollar Loans to reduce any liability of the Borrowers to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the reasonable judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrowers (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrowers in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable within fifteen (15) days after receipt by the Parent Borrower of such written statement. The obligations of the Borrowers under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Initial Advance. The Lenders shall not be required to make the initial Credit Extension hereunder unless (a) the Borrowers have furnished to the Administrative Agent with sufficient copies for the Lenders or (b) the following shall have occurred, as applicable:

(i) Copies of the articles or certificate of incorporation of each Borrower, together with all amendments, and certificates of existence and good standing, each certified by the appropriate governmental officer in its jurisdiction of incorporation.

(ii) Copies of the articles or certificate of incorporation or other charter documents of each Guarantor, together with all amendments, and certificates of existence and good standing, each certified by the appropriate governmental officer in its jurisdiction of organization.

(iii) Copies, certified by the Secretary or Assistant Secretary of each Borrower, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which such Borrower is a party.

(iv) Copies certified by the Secretary or Assistant Secretary of each Guarantor, of its bylaws or other organization agreement, and of its Board of Directors resolutions or of resolutions or actions of any other body authorizing the execution of the Loan Documents to which such Guarantor is a party.

(v) An incumbency certificate, executed by the Secretary or Assistant Secretary of each Borrower, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of such Borrower authorized to sign the Loan Documents to which such Borrower is a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by such Borrower.

(vi) An incumbency certificate, executed by the Secretary or Assistant Secretary of each Guarantor, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of such Guarantor authorized to sign the Loan Documents to which such Guarantor is a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by such Guarantor.

(vii) A certificate, signed by the chief financial officer of each Borrower, stating that on the initial Credit Extension Date no Default or Unmatured Default has occurred and is continuing.

(viii) A written opinion of the Borrowers' and the Guarantors' counsel, addressed to the Lenders in substantially the form of Exhibit A.

(ix) Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.

(x) Written money transfer instructions, in substantially the form of Exhibit D, addressed to the Administrative Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested.

(xi) A Guaranty duly executed by the Guarantors.

(xii) The Administrative Agent shall have determined that (i) there has not been, since August 9, 2000, any material adverse change in primary or secondary loan syndication markets or in capital markets generally that would impair syndication of the Loans hereunder and (ii) the Parent Borrower has fully cooperated with the Administrative Agent's syndication efforts including, without limitation, by providing the Administrative Agent with information regarding the Parent Borrower's operations and prospects and such other information as the Administrative Agent deems necessary to successfully syndicate the Loans hereunder.

(xiii) If the initial Credit Extension will be the issuance of a Facility LC, a properly completed Facility LC Application.

(xiv) Copies, certified by an Authorized Officer of the Parent Borrower, of the November 2000 Acquisition Agreement and all related documents, instruments and agreements, together with evidence that all conditions precedent to the consummation of the transactions contemplated thereby, other than the making of the initial Credit Extension hereunder, shall have been satisfied or waived, and that such transaction shall be consummated simultaneous with the making of the initial Credit Extension hereunder.

(xv) Copies, certified by an Authorized Officer of the Parent Borrower, of that certain Agreement and Plan of Merger ("Premier Acquisition Agreement") dated as of August 11, 2000 among Premier Construction Products Statutory Trust, Premier Construction Products Acquisition Corp. and Republic Group Incorporated (together with its successors, "RGI") and all related documents, instruments and agreements, together with evidence that all conditions precedent to the consummation of the transactions contemplated thereby shall have been satisfied or waived, and that such transaction shall be consummated prior to or simultaneous with the making of the initial Credit Extension hereunder.

(xvi) A copy of the written opinion of RGI's counsel, delivered in connection with the Premier Acquisition Agreement, along with a letter addressed to the Lenders from RGI's counsel authorizing the reliance by the Lenders on such opinion, such opinion to be satisfactory to the Administrative Agent and addressing matters related to the Premier Acquisition Agreement and transactions contemplated thereby as may be requested by the Administrative Agent.

(xvii) A copy of the written opinion of Target's counsel delivered in connection with the November 2000 Acquisition, along with a letter addressed to the Lenders from Target's counsel authorizing the reliance by the Lenders on such opinion, such opinion to be satisfactory to the Administrative Agent and addressing matters related to the November 2000 Acquisition as may be requested by the Administrative Agent.

(xviii) Evidence that all funded Indebtedness owed by the Parent Borrower, its Subsidiaries and the Target, excluding the Existing Facility LCs and the Target Senior Subordinated Notes but including, without limitation, the Indebtedness evidenced by that certain Credit Agreement dated as of April 18, 1994, among the Parent Borrower, Bank One, NA (successor by merger to The First National Bank of Chicago), as Agent, and the other lenders named therein, as the same has been amended or modified from time to time, shall have been, or will be simultaneously with the funding of the initial Credit Extension, repaid in full.

(xix) Evidence that as of the date hereof, the Parent Borrower has or has placed in escrow upon terms satisfactory to the Administrative Agent at least \$130,000,000 in cash available, which funds shall be used as a portion of the purchase price for the November 2000 Acquisition.

(xx) Copies of (a) the pro forma opening consolidated financial statements for the Parent Borrower giving effect to the November 2000 Acquisition (b) projections updating

projections previously provided to the Lenders, and (c) such other information reasonably requested by the Administrative Agent or the Required Lenders, all in form and substance satisfactory to the Administrative Agent and the Required Lenders.

(xxi) The corporate capital and ownership structure of the Parent Borrower and its Subsidiaries shall be as described in Schedule 4. The Administrative Agent shall be satisfied with the management structure, legal structure, voting control, liquidity and capitalization of each Borrower as of the date of the initial Credit Extension.

(xxii) The Administrative Agent shall have received a true, correct, and complete copy of the Indenture governing the Target Senior Subordinated Notes (the "Indenture"), all material documents executed in connection therewith, and all amendments or supplements thereto, certified by an officer of the Parent Borrower to be true and correct and in full force and effect, together with a certificate of an officer of the Parent Borrower that no default then exists thereunder or will result from the transactions contemplated by this Agreement.

(xxiii) Such other documents as the Administrative Agent, any Lender or their counsel may have reasonably requested.

4.2. Each Credit Extension. The Lenders shall not be required to make any Credit Extension unless on the applicable Credit Extension Date:

(i) There exists no Default or Unmatured Default.

(ii) The representations and warranties contained in Article V are true and correct in all material respects as of such Credit Extension Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

(iii) All legal matters incident to the making of such Credit Extension shall be reasonably satisfactory to the Lenders and their counsel.

(iv) If the Credit Extension will be the issuance of a Facility LC, a properly completed Facility LC Application shall have been executed and delivered to the LC Issuer.

Each Borrowing Notice or request for issuance of a Facility LC with respect to each such Credit Extension shall constitute a representation and warranty by the Borrowers that the conditions contained in Sections 4.2(i) and (ii) have been satisfied. Any Lender may require a duly completed compliance certificate in substantially the form of Exhibit B as a condition to making a Credit Extension.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrowers represent and warrant to the Lenders that:

5.1. Existence and Standing. Each of the Parent Borrower and its Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company (in the case of Subsidiaries only) duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization is duly qualified to transact business and is in good standing in each jurisdiction in which its business is conducted except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

5.2. Authorization and Validity. The Parent Borrower has the corporate power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Parent Borrower of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which the Parent Borrower is a party constitute legal, valid and binding obligations of the Parent Borrower enforceable against the Parent Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or general principles of equity.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Parent Borrower of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Parent Borrower or any of its Subsidiaries other than violations which could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect or (ii) the Parent Borrower's or any Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which the Parent Borrower or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Parent Borrower or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Parent Borrower or any of its Subsidiaries, is required to be obtained by the Parent Borrower or any of its Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Parent Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents except for such orders, consents, adjudications, approvals, licenses, authorizations or validations of, or filings, recordings or registrations with, or exemptions by or other actions the failure

to obtain or make could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

5.4. Financial Statements. The September 30, 2000 consolidated financial statements of the Parent Borrower and its Subsidiaries heretofore delivered to the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Parent Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Since June 30, 2000, there has been no change in the business, Property, financial condition or results of operations of the Parent Borrower and its Subsidiaries taken as a whole which could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The Parent Borrower and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Parent Borrower or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists and except where failure to file or pay could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect. The latest period for which the Parent Borrower and its Subsidiaries have been examined or for which the applicable statute of limitations has expired is the fiscal year ended March 31, 1996. No tax liens have been filed and no claims are being asserted with respect to any such taxes which individually or in the aggregate have a Material Adverse Effect. The charges, accruals and reserves on the books of the Parent Borrower and its Subsidiaries in respect of any taxes or other governmental charges are adequate. If any of its Subsidiaries is a limited liability company, each such limited liability company qualifies for partnership tax treatment under United States federal tax law.

5.7. Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Parent Borrower or any of its Subsidiaries which could individually or in the aggregate reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions. Other than any liabilities which could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect, the Parent Borrower has no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. Subsidiaries. Schedule 1 contains an accurate list of all Subsidiaries of the Parent Borrower as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Parent Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. Neither the Parent Borrower nor any other member of the Controlled Group has incurred in the aggregate Unfunded Liabilities of all Single Employer Plans in an amount that could reasonably be expected to have a Material Adverse Effect. Neither the Parent Borrower nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, any withdrawal liability to Multiemployer Plans in the aggregate in an amount that could reasonably be expected to have a Material Adverse Effect. Each Plan complies in all material respects with all applicable requirements of law and regulations, and no Reportable Event has occurred with respect to any Plan that could reasonably be expected to have a Material Adverse Effect.

5.10. Accuracy of Information. No information, exhibit or report furnished by the Parent Borrower or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any misstatement of material fact or omitted to state a material fact necessary to make the statements contained therein not misleading.

5.11. Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Parent Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

5.12. Material Agreements. Neither the Parent Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Parent Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness which aggregates in excess of \$2,500,000.

5.13. Compliance With Laws. The Parent Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.14. Ownership of Properties. Except as set forth on Schedule 2, on the date of this Agreement, the Parent Borrower and its Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.15, to all of the Property and assets reflected in the Parent Borrower's most recent consolidated financial statements provided to the Administrative Agent as owned by the Parent Borrower and its Subsidiaries.

5.15. Plan Assets; Prohibited Transactions. The Parent Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Credit

Extensions hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.16. Environmental Matters. In the ordinary course of its business, the officers of the Parent Borrower consider the effect of Environmental Laws on the business of the Parent Borrower and its Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities accruing to the Parent Borrower due to Environmental Laws. On the basis of this consideration, the Parent Borrower has concluded that Environmental Laws cannot reasonably be expected to have a Material Adverse Effect. Neither the Parent Borrower nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.17. Investment Company Act. Neither the Parent Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.18. Public Utility Holding Company Act. Neither the Parent Borrower nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. Subordinated Indebtedness. The Obligations constitute senior indebtedness which is entitled to the benefits of the subordination provisions of all outstanding Subordinated Indebtedness.

5.20. Post-Retirement Benefits. The present value of the expected cost of post-retirement medical and insurance benefits payable by the Parent Borrower and its Subsidiaries to its employees and former employees, as estimated by the Parent Borrower in accordance with procedures and assumptions reasonably acceptable to the Required Lenders, does not exceed \$2,500,000.

5.21. Solvency.

(i) Immediately after the consummation of the transactions to occur on the date hereof and immediately following the making of each Credit Extension, if any, made on the date hereof and after giving effect to the application of the proceeds of such Credit Extension, (a) the fair value of the assets of the Parent Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Parent Borrower and its Subsidiaries on a consolidated basis; (b) the present fair saleable value of the Property of the Parent Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Parent Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Parent

Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Parent Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(ii) The Parent Borrower does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

5.22. November 2000 Acquisition. The Administrative Agent and the Lenders have received true, correct and complete copies of the November 2000 Acquisition Agreement and all related documents executed in connection with the November 2000 Acquisition (including all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto, if any) and all amendments thereto, waivers relating thereto and other side letters or agreements affecting the terms thereof. None of such documents and agreements has been amended or supplemented, nor have any of the provisions thereof been waived, except pursuant to a written agreement or instrument which has been delivered to the Administrative Agent and the Lenders. All of the representations and warranties of the parties to the November 2000 Acquisition Agreement contained in the November 2000 Acquisition Agreement are true and correct in all material respects on and as of the date given, and no default or event of default under the November 2000 Acquisition Agreement has occurred.

5.23. Premier Acquisition Agreement. The Administrative Agent and the Lenders have received true, correct and complete copies of the Premier Acquisition Agreement and all related documents executed in connection with the Premier Acquisition Agreement (including all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto, if any) and all amendments thereto, waivers relating thereto and other side letters or agreements affecting the terms thereof. None of such documents and agreements has been amended or supplemented, nor have any of the provisions thereof been waived, except pursuant to a written agreement or instrument which has been delivered to the Administrative Agent and the Lenders. All of the representations and warranties of the parties to the Premier Acquisition Agreement contained in the Premier Acquisition Agreement are true and correct in all material respects on and as of the date given, and no default or event of default under the Premier Acquisition Agreement has occurred or will result from the transactions contemplated by this Agreement.

5.24. Indenture. The Parent Borrower has made a thorough and complete review of the Indenture and compliance by RGI with the terms and provisions thereof. No default, and no event which with the giving of notice or lapse of time or both would be a default, exists under the Indenture or will result from the transactions contemplated by this Agreement.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting. The Parent Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

(i) Within 120 days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants acceptable to the Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated basis for itself and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by any management letter prepared by said accountants.

(ii) Within 60 days after the close of each of the quarterly periods of each of its fiscal years, for itself and its Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

(iii) As soon as available, but in any event within 15 days before the beginning of each fiscal year of the Parent Borrower, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement and funds flow statement) of the Parent Borrower for the forthcoming fiscal year.

(iv) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate in substantially the form of Exhibit B signed by its chief financial officer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(v) Within 270 days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Single Employer Plan, certified as correct by Arthur Andersen LLP or an actuary enrolled under ERISA.

(vi) As soon as possible and in any event within 10 days after the Parent Borrower knows that any Reportable Event that could reasonably be expected to have a Material Adverse Effect has occurred with respect to any Plan, a statement, signed by the chief financial officer of the Parent Borrower, describing said Reportable Event and the action which the Parent Borrower proposes to take with respect thereto.

(vii) As soon as possible and in any event within 10 days after receipt by the Parent Borrower, a copy of (a) any notice or claim to the effect that the Parent Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Parent Borrower, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Parent Borrower or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect.

(viii) Promptly upon the furnishing thereof to the shareholders of the Parent Borrower, copies of all financial statements, reports and proxy statements so furnished.

(ix) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Parent Borrower or any of its Subsidiaries files with the Securities and Exchange Commission.

(x) Promptly upon furnishing thereof to the holders of the Target Senior Subordinated Notes, copies of all reports, notices, and proxy statements so furnished.

(xi) Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

6.2. Use of Proceeds. The Parent Borrower will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions for general corporate purposes, to finance a portion of the purchase price of the November 2000 Acquisition, to refinance existing Indebtedness of the Parent Borrower, Subsidiaries and the Target, and to finance Acquisitions and Investments permitted under Section 6.14, and capital expenditures permitted hereunder. The Parent Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances to purchase or carry any "margin stock" (as defined in Regulation U).

6.3. Notice of Default. The Parent Borrower will, and will cause each Subsidiary to, give prompt notice (which notice shall in any event be given within three (3) Business Days) in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4. Conduct of Business. The Parent Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in the construction products or building materials industry as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted except where failure to maintain such authority could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

6.5. Taxes. The Parent Borrower will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except (i) those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles or (ii) where failure to file or pay could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect. At any time that any Subsidiary of the Parent Borrower is organized as a limited liability company, each such limited liability company will qualify for partnership tax treatment under United States federal tax law.

6.6. Insurance. The Parent Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, and the Parent Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws. The Parent Borrower will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws other than such noncompliance which could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

6.8. Maintenance of Properties. The Parent Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times except where such failure could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

6.9. Inspection. The Parent Borrower will, and will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Parent Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Parent Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Parent Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate.

6.10. Dividends. The Parent Borrower will not, nor will it permit any Subsidiary to, declare or pay any dividends or make any distributions on its capital stock (other than dividends payable in its own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding, except that (i) any Subsidiary may declare and pay dividends or make distributions to the Parent Borrower or to a Wholly-Owned Subsidiary and (ii) when no Default exists or will result therefrom, the Parent Borrower may pay dividends on its capital stock during each fiscal year in an amount not to exceed in the aggregate \$5,000,000.

6.11. Indebtedness. The Parent Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(i) The Loans and the Reimbursement Obligations.

(ii) Indebtedness existing on the date hereof and described in Schedule 2.

(iii) Indebtedness arising under Rate Management Obligations having a Net Mark-to-Market Exposure not exceeding \$15,000,000.

(iv) Indebtedness arising in connection with transactions permitted by Section 6.13(iii).

(v) Indebtedness arising in connection with the sale or transfer of an interest in trade receivables of the Parent Borrower or any Subsidiary on a limited recourse basis not exceeding in the aggregate \$100,000,000 at any one time outstanding.

(vi) With respect to Subsidiary Borrower only, the Target Senior Subordinated Notes.

(vii) Annual payments under Operating Leases not to exceed in the aggregate \$5,000,000 during any fiscal year.

(viii) Indebtedness in addition to that specifically described in clauses (i) through (vii) of this Section 6.11 incurred when no Default exists or will result therefrom which in the aggregate does not exceed \$15,000,000 at any time outstanding.

(ix) So long as no Default has occurred and is continuing or would result therefrom, Indebtedness representing intercompany advances or payables permitted under Section 6.14(iv)

(x) So long as no Default has occurred and is continuing or would result therefrom, any guarantee by Parent Borrower or its Subsidiaries (other than Subsidiary Borrower and its Subsidiaries among whom any such guarantee shall be permitted only upon payment in full of the Target Senior Subordinated Notes) of Indebtedness of a Subsidiary otherwise permitted under this Section 6.11.

6.12. Merger. The Parent Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into any other Person, except (i) that a Subsidiary may merge into the Parent Borrower or a Subsidiary (subject to compliance with Section 6.25) and (ii) in connection with Permitted Acquisitions.

6.13. Sale of Assets. The Parent Borrower will not, nor will it permit any Subsidiary to, lease, sell or otherwise dispose of its Property to any other Person, except:

(i) Sales of inventory in the ordinary course of business.

(ii) Leases, sales or other dispositions of its Property that, together with all other Property of the Parent Borrower and its Subsidiaries previously leased, sold or disposed of (other than inventory in the ordinary course of business) as permitted by this Section during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Parent Borrower and its Subsidiaries.

(iii) Any transfer of an interest in accounts or notes receivable on a limited recourse basis, provided that such transfer qualifies as a sale under Agreement Accounting Principles and that the amount of such financing does not exceed \$100,000,000 at any one time outstanding.

6.14. Investments and Acquisitions. The Parent Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

(i) Cash Equivalent Investments.

(ii) Existing Investments in Subsidiaries and other Investments in existence on the date hereof and described in Schedule 1.

(iii) Permitted Acquisitions.

(iv) Other Investments in Subsidiaries (subject to compliance with Section 6.25) provided that no additional Investments may be made in Subsidiary Borrower or its Subsidiaries until payment in full of the Target Senior Subordinated Notes.

(v) Investments comprised of instruments received in connection with the workout or other restructure in the ordinary course of business of amounts payable to Parent Borrower or a Subsidiary.

6.15. Liens. The Parent Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Parent Borrower or any of its Subsidiaries, except:

(i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books.

(ii) Liens imposed by law, such as carriers', landlords', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of

obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books.

(iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Parent Borrower or its Subsidiaries.

(v) Liens existing on the date hereof and described in Schedule 2.

(vi) Liens incurred in connection with any transfer of an interest in accounts or notes receivable which is permitted pursuant to Section 6.13(iii).

(vii) Liens securing Indebtedness permitted to be incurred under Section 6.11 which attach solely to the assets purchased with the proceeds of such Indebtedness.

6.16. Capital Expenditures. The Parent Borrower will not, nor will it permit any Subsidiary to, expend, or be committed to expend, in excess of \$50,000,000 for Capital Expenditures during any one fiscal year on a non-cumulative basis in the aggregate for the Parent Borrower and its Subsidiaries.

6.17. Affiliates. The Parent Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except (i) in the ordinary course of business and pursuant to the reasonable requirements of the Parent Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Parent Borrower or such Subsidiary than the Parent Borrower or such Subsidiary would obtain in a comparable arms-length transaction, (ii) transactions among the Parent Borrower and its Subsidiaries (other than Subsidiary Borrower and its Subsidiaries, among whom such transactions shall be permitted only upon payment in full of the Target Senior Subordinated Notes), and (iii) immaterial transactions existing as of the date hereof.

6.18. Sale and Leaseback Transactions and other Off-Balance Sheet Liabilities. The Parent Borrower will not, nor will it permit any Subsidiary to, enter into or suffer to exist any (i) Sale and Leaseback Transaction or (ii) any other transaction pursuant to which it incurs or has incurred Off-Balance Sheet Liabilities, except for Rate Management Obligations permitted to be incurred under the terms of Section 6.11(iii) or a transaction permitted under Section 6.13(iii).

6.19. Contingent Obligations. The Parent Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary who is not a Guarantor), except (i) by

endorsement of instruments for deposit or collection in the ordinary course of business, (ii) the Reimbursement Obligations, (iii) the Guaranty, (iv) as permitted by Section 6.11(viii) or 6.11(x) and (v) Contingent Obligations which constitute obligations existing as of the date hereof of any Borrower or any Subsidiary as a general partner of a partnership with respect to the liabilities of such partnership.

6.20. Letters of Credit. The Parent Borrower will not, nor will it permit any Subsidiary to, apply for or become liable upon or in respect of any Letter of Credit other than Facility LCs.

6.21. Financial Contracts. The Parent Borrower will not, nor will it permit any Subsidiary to, enter into or remain liable upon any Financial Contract, except Rate Management Obligations permitted under Section 6.11(iii).

6.22. Financial Covenants.

6.22.1. Interest Coverage Ratio. The Parent Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters for the then most-recently ended four fiscal quarters, of (i) Consolidated EBIT to (ii) Consolidated Interest Expense to be less than 3.0 to 1.0.

6.22.2. Leverage Ratio. The Parent Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Funded Indebtedness to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters to be greater than 2.50 to 1.00.

6.22.3. Minimum Tangible Net Worth. As of December 31, 2000, the Parent Borrower will at all times maintain Consolidated Tangible Net Worth of not less than \$325,000,000 and for the last day of each fiscal quarter thereafter, not less than the sum of (i) the minimum Consolidated Tangible Net Worth required for the prior fiscal quarter, plus (ii) 50% of the Consolidated Net Income (not less than \$0.00) for the fiscal quarter then ended, plus (iii) 100% of the Net Cash Proceeds of any equity issuances (excluding issuances described in clause (a) of the first sentence of Section 2.25 and issuances solely to finance Permitted Acquisitions) by the Parent Borrower or any Subsidiary for the fiscal quarter then ended.

6.23. Lines of Business. The Parent Borrower will not, nor will it permit any Subsidiary to, engage in any line or lines of business activity other than the businesses in which they are engaged on the date hereof or lines of business complementary or reasonably related to the construction products or building materials industry.

6.24. Prepayment of Debt. When a Default has occurred and is continuing or will result therefrom, the Parent Borrower will not, and will not permit any Subsidiary to, prepay any Indebtedness, except the Obligations.

6.25. Future Subsidiaries. The Parent Borrower shall cause each Person that becomes a Significant Subsidiary after the date of the initial Credit Extension to promptly execute such documents, instruments, and agreements as the Administrative Agent deems necessary or appropriate, in form and

substance satisfactory to the Administrative Agent, to cause such Subsidiary to become a guarantor of the Obligations on a basis substantially the same as the existing Guarantors.

6.26. Prohibition on Granting Negative Pledges. Except for this Agreement and Liens permitted by Section 6.15 to the extent such Liens encumber only the assets so financed, the Parent Borrower will not and will not permit any Subsidiary to enter into or become bound by any agreement, understanding or arrangement (other than this Agreement) that limits, restricts or impairs in any way the right of any of such Person to create, assume or suffer to exist any Lien on any of such Person's Properties or assets in favor of the Administrative Agent (or any successor Administrative Agent) for the benefit of the Lenders.

6.27. Prohibition on Granting Restrictions on Distributions. Except for this Agreement, the Parent Borrower will not enter into or become bound by any agreement, arrangement or understanding or permit its Subsidiaries to do so (including, without limitation, their respective articles of incorporation, bylaws or other charter documents) that limits, restricts, subordinates or impairs in any way the right or ability of any of the Subsidiaries to make dividends or distributions to or Investments in the Parent Borrower or to repay any Indebtedness or obligation owed to the Parent Borrower.

6.28. Prohibition on Synthetic Leases. Parent Borrower will not at any time become or be obligated as lessee or borrower under any Synthetic Lease nor will it permit any Subsidiary to do so.

6.29. Amendments to Indebtedness. The Parent Borrower will not, and will not permit any Subsidiary to, make any amendment or modification to the Indenture or any indenture, note or other agreement evidencing or governing any Subordinated Indebtedness or the Indebtedness owed by Subsidiary Guarantor or its Subsidiaries to Parent Guarantor or its other Subsidiaries, or directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Subordinated Indebtedness or the Indebtedness owed by Subsidiary Guarantor or its Subsidiaries to Parent Guarantor or its other Subsidiaries, other than prepayment of the Target Senior Subordinated Notes permitted by Section 6.24 and so long as no Default has occurred and is continuing or would result therefrom, the payment of intercompany Indebtedness.

6.30. Joinder of Subsidiary Borrower. Upon the payment in full of the Indebtedness evidenced by Target Senior Subordinated Notes, the Subsidiary Borrower shall (a) promptly notify the Administrative Agent in writing that such Indebtedness has been paid in full and all agreements and other documents executed in connection therewith (including the Indenture and the Target Senior Subordinated Notes) have been terminated or that all measures necessary to defease the remaining Target Senior Subordinated Notes pursuant to the Indenture shall have been completed, (b) have the right to request that the Revolving Subfacility be combined with the balance of the Revolving Credit Facility into one revolving loan facility, (c) execute a joinder agreement or similar agreement, in form and substance satisfactory to the Administrative Agent, whereby the Subsidiary Borrower and its Significant Subsidiaries will agree to guarantee all Obligations which are not Joint and Several Obligations and (d) execute such amendments and other documentation as reasonably requested by the Administrative Agent in order to combine the facilities in accordance with subsection (b), such amendments and other documentation to be in form and substance satisfactory to each of the parties hereto.

6.31. Target Senior Subordinated Notes. Within ten (10) days after the date hereof, the Subsidiary Borrower shall deliver to the Administrative Agent evidence that it has assumed the obligations owing under the Target Senior Subordinated Notes and that no default then exists thereunder. Neither the Subsidiary Borrower nor any of its Subsidiaries shall incur any Indebtedness nor take any other action which could reasonably be expected to cause a default under the Target Senior Subordinated Notes.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1. Any representation or warranty made or deemed made by or on behalf of the Parent Borrower or any of its Subsidiaries to the Lenders or the Administrative Agent under or in connection with this Agreement, any Credit Extension, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2. Nonpayment of principal of any Loan when due, nonpayment of any Reimbursement Obligation within one Business Day after the same becomes due, or nonpayment of interest upon any Loan or of any commitment fee, LC Fee or other obligations under any of the Loan Documents within five days after the same becomes due.

7.3. The breach by the Parent Borrower of any of the terms or provisions of Section 6.1, 6.2, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.18, 6.19, 6.20, 6.21, 6.22, 6.23, 6.24, 6.25, 6.26, 6.27, 6.28, 6.29, or 6.30.

7.4. The breach by the Parent Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within 15 days after written notice from the Administrative Agent or any Lender.

7.5. Failure of the Parent Borrower or any of its Subsidiaries to pay when due (beyond the applicable grace period with respect thereto, if any) any Indebtedness aggregating in excess of \$2,500,000 ("Material Indebtedness"); or the default by the Parent Borrower or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or any Material Indebtedness of the Parent Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Parent Borrower or any of its Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6. The Parent Borrower or any of its Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7. Without the application, approval or consent of the Parent Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Parent Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Parent Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 consecutive days.

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Parent Borrower or any Subsidiary which, when taken together with all other Property of the Parent Borrower or such Subsidiary so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9. The Parent Borrower or any of its Subsidiaries shall fail within 60 days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of \$2,500,000 (or the equivalent thereof in currencies other than U.S. Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

7.10. The Parent Borrower or any member of the Controlled Group has incurred in the aggregate Unfunded Liabilities of all Single Employer Plans by an amount which could reasonably be expected to have a Material Adverse Effect or any Reportable Event shall occur in connection with any Plan which could reasonably be expected to have a Material Adverse Effect.

7.11. The Parent Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Parent Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), could reasonably be expected to have a Material Adverse Effect.

7.12. The Parent Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Parent Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount which could reasonably be expected to have a Material Adverse Effect.

7.13. The Parent Borrower or any of its Subsidiaries shall (i) be the subject of any proceeding or investigation pertaining to the release by the Parent Borrower, any of its Subsidiaries or any other Person of any toxic or hazardous waste or substance into the environment, or (ii) violate any Environmental Law, which, in the case of an event described in clause (i) or clause (ii), could reasonably be expected to have a Material Adverse Effect.

7.14. Any Change in Control shall occur.

7.15. Any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of any Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect.

7.16. The representations and warranties set forth in Section 5.15 ("Plan Assets; Prohibited Transactions") shall at any time not be true and correct.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration; Facility LC Collateral Account.

(i) If any Default described in Section 7.6 or 7.7 occurs, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, the LC Issuer or any Lender and the Parent Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount on deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third

parties and has not been applied against the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default occurs, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Parent Borrower hereby expressly waives, and (b) upon notice to the Parent Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Parent Borrower to pay, and the Parent Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(ii) If at any time while any Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Parent Borrower to pay, and the Parent Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(iii) The Administrative Agent may at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Obligations and any other amounts as shall from time to time have become due and payable by the Parent Borrower to the Lenders or the LC Issuer under the Loan Documents.

(iv) At any time while any Default is continuing, neither the Parent Borrower nor any Person claiming on behalf of or through the Parent Borrower shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Commitment has been terminated, any funds remaining in the Facility LC Collateral Account shall be returned by the Administrative Agent to the Parent Borrower or paid to whomever may be legally entitled thereto at such time.

(v) If, within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligation and power of the LC Issuer to issue Facility LCs hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrowers, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Article VIII, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrowers may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrowers hereunder or waiving

any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of all of the Lenders:

(i) Extend the final maturity of any Loan, or extend the expiry date of any Facility LC to a date after the Facility Termination Date or postpone any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation related thereto, or reduce the rate or the unused fee due under Section 2.5 or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto.

(ii) Reduce the percentage specified in the definition of Required Lenders.

(iii) Extend the Facility Termination Date, or reduce the amount or extend the payment date for, the mandatory payments required under Section 2.2, or increase the amount of the Aggregate Commitment, the Commitment of any Lender hereunder or the commitment to issue Facility LCs, or permit either Borrower to assign its rights under this Agreement.

(iv) Amend this Section 8.2.

(v) Release any Guarantor except where the sale of all or substantially all of the assets or equity interests in a Guarantor is otherwise permitted hereunder, in which event the Administrative Agent shall execute and deliver to Parent Borrower such release upon such sale.

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent, and no amendment of any provision relating to the LC Issuer shall be effective without the written consent of the LC Issuer. The Administrative Agent may waive payment of the fee required under Section 12.3.2 without obtaining the consent of any other party to this Agreement.

8.3. Preservation of Rights. No delay or omission of the Lenders, the LC Issuer or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of a Default or the inability of the Borrowers to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the LC Issuer and the Lenders until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Borrowers contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender shall be obligated to extend credit to either Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4. ENTIRE AGREEMENT. THE LOAN DOCUMENTS EMBODY THE ENTIRE AGREEMENT AND UNDERSTANDING AMONG THE BORROWERS, THE ADMINISTRATIVE AGENT, THE LC ISSUER AND THE LENDERS AND SUPERSEDE ALL PRIOR AGREEMENTS AND UNDERSTANDINGS AMONG THE BORROWERS, THE ADMINISTRATIVE AGENT, THE LC ISSUER AND THE LENDERS RELATING TO THE SUBJECT MATTER THEREOF OTHER THAN THE FEE LETTER DESCRIBED IN SECTION 10.13. THE LOAN DOCUMENTS MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

9.5. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6. Expenses; Indemnification.

(i) The Borrowers shall reimburse the Administrative Agent and the Arranger for any costs, internal charges for fees and time charges of attorneys who are employees of the Administrative Agent, the Arranger, the LC Issuer and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Administrative Agent) paid or incurred by the Administrative Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and administration of the Loan

Documents. The Borrowers also agree to reimburse the Administrative Agent, the Arranger, the LC Issuer and the Lenders for any costs, internal charges for fees and time charges of attorneys who are employees of the Administrative Agent, the Arranger, the LC Issuer, the Lenders and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Administrative Agent, the Arranger, the LC Issuer and the Lenders) paid or incurred by the Administrative Agent, the Arranger, the LC Issuer or any Lender in connection with the collection and enforcement of the Loan Documents. Expenses being reimbursed by the Borrowers under this Section include, without limitation, costs and expenses incurred in connection with the Reports described in the following sentence. The Borrowers acknowledge that from time to time Bank One may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrowers' assets for internal use by Bank One from information furnished to it by or on behalf of the Borrowers, after Bank One has exercised its rights of inspection pursuant to this Agreement.

(ii) THE BORROWERS HEREBY FURTHER AGREE TO INDEMNIFY THE ADMINISTRATIVE AGENT, THE ARRANGER, THE LC ISSUER AND EACH LENDER, ITS DIRECTORS, OFFICERS AND EMPLOYEES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR WHETHER OR NOT THE ADMINISTRATIVE AGENT, THE ARRANGER, THE LC ISSUER OR ANY LENDER IS A PARTY THERETO) WHICH ANY OF THEM MAY PAY OR INCUR ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE DIRECT OR INDIRECT APPLICATION OR PROPOSED APPLICATION OF THE PROCEEDS OF ANY CREDIT EXTENSION HEREUNDER EXCEPT TO THE EXTENT THAT THEY ARE DETERMINED IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF THE PARTY SEEKING INDEMNIFICATION; PROVIDED HOWEVER, THAT IN NO EVENT SHALL THE BORROWERS BE LIABLE UNDER THIS SECTION 9.6 FOR ANY LOST PROFITS OR FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES. THE OBLIGATIONS OF THE BORROWERS UNDER THIS SECTION 9.6 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

9.7. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

9.8. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles.

9.9. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10. Nonliability of Lenders. The relationship between the Borrowers on the one hand and the Lenders, the LC Issuer and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have any fiduciary responsibilities to the Borrowers. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender undertakes any responsibility to the Borrowers to review or inform the Borrowers of any matter in connection with any phase of the Borrowers' business or operations. Each Borrower agrees that neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have liability to the Borrowers (whether sounding in tort, contract or otherwise) for losses suffered by the Borrowers in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence, bad faith or willful misconduct of the party from which recovery is sought. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have any liability with respect to, and each Borrower hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages suffered by the Borrowers in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11. Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrowers pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, and (vii) permitted by Section 12.4.

9.12. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Credit Extensions provided for herein.

9.13. Disclosure. Each Borrower and each Lender hereby acknowledge and agree that Bank One and/or its Affiliates from time to time may hold investments in, make other loans to, or have other relationships with the Parent Borrower and its Affiliates.

9.14. Maximum Interest Rate. No provision of this Agreement or of any other Loan Document shall require the payment or the collection of interest in excess of the maximum amount permitted by applicable law. If any excess of interest in such respect is hereby provided for, or shall be adjudicated to

be so provided, in any Loan Document or otherwise in connection with this loan transaction, the provisions of this Section shall govern and prevail and neither Borrower nor the sureties, guarantors, successors, or assigns of either Borrower shall be obligated to pay the excess amount of such interest or any other excess sum paid for the use, forbearance, or detention of sums loaned pursuant hereto. In the event any Lender or the Administrative Agent ever receives, collects, or applies as interest any such sum, such amount which would be in excess of the maximum amount permitted by applicable law shall be applied as a payment and reduction of the principal of the indebtedness owing under this Agreement; and, if the principal owing has been paid in full, any remaining excess shall forthwith be paid to the Borrowers. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the Borrowers, the Administrative Agent, and each Lender shall, to the extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness owing pursuant to this Agreement so that interest for the entire term does not exceed the Maximum Rate.

9.15. Non-Application of Chapter 346 of Texas Finance Code. The provisions of Chapter 346 of the Texas Credit Code, as amended from time to time, are specifically declared by the parties hereto not to be applicable to this Agreement or any of the other Loan Documents or to the transactions contemplated hereby.

9.16. Survival of Prior Agreements. The rights and privileges (excluding the confidentiality and indemnification provisions which are being restated pursuant to this Agreement) afforded the Administrative Agent and the Arranger in that certain commitment letter and that certain fee letter, each dated August 9, 2000 among such Persons and Parent Borrower, shall survive the execution and delivery of this Agreement, and the Administrative Agent and the Arranger shall continue to be entitled to the benefits thereof.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1. Appointment; Nature of Relationship. Bank One, Texas, NA is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Administrative Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the

Administrative Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of Section 9-105 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2. Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

10.3. General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrowers, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence, bad faith or willful misconduct of such Person.

10.4. No Responsibility for Credit Extensions, Recitals, etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrowers or any guarantor of any of the Obligations or of any of the Parent Borrower's or any such guarantor's respective Subsidiaries. The Administrative Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrowers to the Administrative Agent at such time, but is voluntarily furnished by the Borrowers to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document

unless it shall be requested in writing to do so by the Required Lenders. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Administrative Agents and Counsel. The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent.

10.8. Administrative Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrowers for which the Administrative Agent is entitled to reimbursement by the Borrowers or either of them under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrowers referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders.

10.10. Rights as a Lender. In the event the Administrative Agent is a Lender, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Credit Extensions as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Parent Borrower or any of its Subsidiaries in which the Parent Borrower or such Subsidiary is not restricted hereby from engaging with any other Person.

10.11. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrowers and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger 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 and the other Loan Documents.

10.12. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrowers, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, forty-five days after the retiring Administrative Agent gives notice of its intention to resign. The Administrative Agent may be removed at any time with or without cause by written notice received by the Administrative Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of either Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned or been removed and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrowers shall make all payments in respect of the Obligations

to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$1,000,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Administrative Agent. Upon the effectiveness of the resignation or removal of the Administrative Agent, the resigning or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Administrative Agent, the provisions of this Article X shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent.

10.13. Administrative Agent and Arranger Fees. The Parent Borrower agrees to pay to the Administrative Agent and the Arranger, for their respective accounts, the fees agreed to by the Parent Borrower, the Administrative Agent and the Arranger pursuant to that certain letter agreement dated August 9, 2000, or as otherwise agreed from time to time.

10.14. Delegation to Affiliates. The Borrowers and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles IX and X.

10.15. Co-Agents, Documentation Agent, Syndication Agent, etc. Neither any of the Lenders identified in this Agreement as a "co-agent" nor the Documentation Agent or the Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Administrative Agent in Section 10.11.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if either Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of either Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Share of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrowers and the Lenders and their respective successors and assigns, except that (i) neither Borrower shall have the right to assign its rights or obligations under the Loan Documents and (ii) any assignment by any Lender must be made in compliance with Section 12.3. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and does not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Administrative Agent may treat the Person which made any Credit Extension or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; provided, however, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Credit Extension or which holds any Note to direct payments relating to such Credit Extension or Note to another Person. Any assignee of the rights to any Credit Extension or any Note agrees by acceptance of such

assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Credit Extension (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Credit Extension.

12.2. Participations.

12.2.1. Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrowers under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrowers and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Extension or Commitment in which such Participant has an interest which forgives principal, interest, fees or any Reimbursement Obligation or reduces the interest rate or fees payable with respect to any such Credit Extension or Commitment, extends the Facility Termination Date, postpones any date fixed for any regularly-scheduled payment of principal of or interest on any Credit Extension in which such Participant has an interest, or any regularly-scheduled payment of fees on any such Credit Extension or Commitment, releases any guarantor of any such Credit Extension (except as otherwise permitted by Section 8.2(v)) or releases any collateral held in the Facility LC Collateral Account (except in accordance with the terms hereof) or all or substantially all of any other collateral, if any, securing any such Credit Extension.

12.2.3. Benefit of Setoff. Each Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each

Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender.

12.3. Assignments.

12.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents; provided however, if such assignments are of Eurodollar Loans prior to the last day of the Interest Period applicable thereto, the Borrowers will not be required to pay the breakage fees, if any, associated with such assignment. Such assignment shall be substantially in the form of Exhibit C or in such other form as may be agreed to by the parties thereto. The consent of the Borrowers, the Administrative Agent and the LC Issuer shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof; provided, however, that if a Default has occurred and is continuing, the consent of the Borrowers shall not be required. Such consent shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate thereof shall (unless each of the Parent Borrower and the Administrative Agent otherwise consents) be in an amount not less than the lesser of (i) \$5,000,000 or (ii) the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment) or outstanding Credit Extensions (if the applicable Commitment has been terminated).

12.3.2. Effect; Effective Date. Upon (i) delivery to the Administrative Agent of a notice of assignment, substantially in the form attached as Exhibit I to Exhibit C (a "Notice of Assignment"), together with any consents required by Section 12.3.1, and (ii) effective on and after January 9, 2001, payment of a \$4,000 fee to the Administrative Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the Administrative Agent and the Borrowers to the effect that none of the consideration used to make the purchase of the Commitment and Outstanding Credit Exposure under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrowers, the Lenders or the Administrative Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Outstanding Credit Exposure assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Administrative Agent and the Borrowers shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such

Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

12.4. Dissemination of Information. Each Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Parent Borrower and its Subsidiaries, including without limitation any information contained in any Reports; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII

NOTICES

13.1. Notices. Except as otherwise permitted by Section 2.14 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrowers or the Administrative Agent, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any Lender, at its address or facsimile number set forth below its signature hereto, or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Parent Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received.

13.2. Change of Address. The Borrowers, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV
COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrowers, the Administrative Agent, the LC Issuer and the Lenders and each party has notified the Administrative Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF TEXAS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2. CONSENT TO JURISDICTION. EACH BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR TEXAS STATE COURT SITTING IN DALLAS, TEXAS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND EACH BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, THE LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST EITHER BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY EITHER BORROWER AGAINST THE ADMINISTRATIVE AGENT, THE LC ISSUER OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, THE LC ISSUER OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN DALLAS, TEXAS.

15.3. WAIVER OF JURY TRIAL. EACH BORROWER, THE ADMINISTRATIVE AGENT, THE LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER

(WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parent Borrower, the Lenders, the LC Issuer and the Administrative Agent have executed this Agreement as of the date first above written.

CENTEX CONSTRUCTION PRODUCTS, INC.,
as Parent Borrower

By: -----

Name: -----

Title: -----

Address: 2728 N. Harwood
Dallas, Texas 75201

Attention: Arthur R. Zunker, Jr.
Chief Financial Officer

Telephone: (214) 981-6510

FAX: (214) 981-6559

REPUBLIC HOLDING CORPORATION,
as Subsidiary Borrower

By: -----

Name: -----

Title: -----

Address: 2728 N. Harwood
Dallas, Texas 75201

Attention: Arthur R. Zunker, Jr.
Chief Financial Officer

Telephone: (214) 981-6510

FAX: (214) 981-6559

Commitments

\$140,000,000

BANK ONE, TEXAS, NA,
Individually, as Administrative Agent
and as a Lender

By:

Name:

Title:

Address: 1717 Main Street, 3rd Floor
Dallas, Texas 75201

Attention: Kathy M. Turner
Telephone: (214) 290-4438
FAX: (214) 290-2765

BANK ONE, NA,
as LC Issuer

By:

Name:

Title:

Address: 1717 Main Street, 3rd Floor
Dallas, Texas 75201

Attention: Kathy M. Turner
Telephone: (214) 290-4438
FAX: (214) 290-2765

\$35,000,000

BANK OF AMERICA, N.A.,
Individually, as Syndication Agent
and as a Lender

By:

Name: -----
Title: -----

Attention: Kelly Allred
Telephone: (949) 260-5654
FAX: (949) 260-5638

\$35,000,000

PNC BANK, NATIONAL ASSOCIATION
Individually, as Documentation Agent
and as a Lender

By:

Name:

Title:

Attention: Philip Liebscher

Telephone: (412) 762-3202

FAX: (412) 762-6484

\$15,000,000

BNP PARIBAS,
as a Lender

By:

Name:

Title:

Attention: Henry F. Setina

Telephone: (972) 788-9191
FAX: (972) 788-9140

-77-

\$15,000,000

THE CHASE MANHATTAN BANK,
as a Lender

By:

Name:

Title:

Attention: Allen K. King

Telephone: (214) 965-2705
FAX: (214) 965-2044

-78-

\$15,000,000

FIRSTAR BANK, N.A.,
as a Lender

By:

Name:

Title:

Attention: Greg Dryden

Telephone: (314) 418-3983
FAX: (314) 418-3859

\$15,000,000

THE BANK OF TOKYO-MITSUBISHI, LTD.,
as a Lender

By:

Name: -----

Title: -----

Attention: John M. Mearns

Telephone: (214) 954-1200
FAX: (214) 954-1007

-80-

\$25,000,000

CREDIT LYONNAIS NEW YORK BRANCH,
as a Lender

By:

Name:

Title:

Attention: Robert Smith

Telephone: (214) 220-2311
FAX: (214) 220-2323

-81-

\$20,000,000

SUNTRUST BANK,
as a Lender

By:

Name:

Title:

Attention: Don Gaudette

Telephone: (404) 658-4925
FAX: (404) 827-6270

\$ 10,000,000

BANK HAPOALIM B.M.,
as a Lender

By:

Name: -----

Title: -----

By:

Name: -----

Title: -----

Attention: Chris Hillard

Telephone: (415) 989-9940
FAX: (415) 989-9948

\$325,000,000.00
=====

PRICING SCHEDULE

APPLICABLE MARGIN	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS
Eurodollar Rate	0.75%	1.00%	1.25%	1.50%
Floating Rate	0.00%	0.00%	0.25%	0.50%

APPLICABLE FEE RATE	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS
Commitment Fee	0.25%	0.25%	0.30%	0.375%

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"Financials" means the annual or quarterly financial statements of the Parent Borrower delivered pursuant to Section 6.1(i) or (ii).

"Level I Status" exists at any date if, as of the last day of the fiscal quarter of the Parent Borrower referred to in the most recent Financials, the Leverage Ratio is less than 1.00 to 1.00.

"Level II Status" exists at any date if, as of the last day of the fiscal quarter of the Parent Borrower referred to in the most recent Financials, (i) the Parent Borrower has not qualified for Level I Status and (ii) the Leverage Ratio is greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00.

"Level III Status" exists at any date if, as of the last day of the fiscal quarter of the Parent Borrower referred to in the most recent Financials, (i) the Parent Borrower has not qualified for Level I Status or Level II Status and (ii) the Leverage Ratio is greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00.

"Level IV Status" exists at any date if the Parent Borrower has not qualified for Level I Status, Level II Status or Level III Status.

"Status" means either Level I Status, Level II Status, Level III Status or Level IV Status.

The Applicable Margin and Applicable Fee Rate shall be determined in accordance with the foregoing table based on the Parent Borrower's Status as reflected in the then most recent Financials. Adjustments, if any, to the Applicable Margin or Applicable Fee Rate shall be effective five Business Days after the Administrative Agent has received the applicable Financials. If the Parent Borrower fails to deliver the Financials to the Administrative Agent at the time required pursuant to Section 6.1, then the Applicable Margin and Applicable Fee Rate shall be the highest Applicable Margin and Applicable Fee

Rate set forth in the foregoing table until five days after such Financials are so delivered. Notwithstanding the foregoing, (a) the Applicable Margin for the Eurodollar Rate shall remain no lower than Level III Status until the end of the third fiscal quarter of fiscal year 2001, and (b) the Applicable Fee Rate shall be 0.50% if at any time during such fiscal quarter the average daily Aggregate Outstanding Credit Exposure is less than 50% of the Aggregate Commitment.

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is entered into as of the 20th day of December, 2000, by and among the banks listed on the signature pages hereof (the "Lenders"), CENTEX CONSTRUCTION PRODUCTS, INC., a Delaware corporation, and REPUBLIC HOLDING CORPORATION, a Nevada corporation (individually, a "Borrower" and collectively, the "Borrowers"), BANK OF AMERICA, N.A., as Syndication Agent, PNC BANK, NATIONAL ASSOCIATION, as Documentation Agent, BANK ONE, NA, as LC Issuer, and BANK ONE, TEXAS, NA, as Administrative Agent, to the extent and in the manner provided for in the Credit Agreement (as defined below).

BACKGROUND

A. The Lenders, the Borrowers, the Syndication Agent, the Documentation Agent, the LC Issuer and the Administrative Agent are parties to that certain Credit Agreement dated as of November 10, 2000 (as amended through the date hereof and as may be further amended, extended, renewed, or restated from time to time, the "Credit Agreement"; terms defined in the Credit Agreement and not otherwise defined herein shall be used herein as defined in the Credit Agreement).

B. The Borrowers have requested an amendment to certain covenants under the Credit Agreement, and the Administrative Agent, the Syndication Agent, the Documentation Agent, the LC Issuer and the Lenders have agreed to such amendment, subject to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are all hereby acknowledged, the parties hereto covenant and agree as follows:

1. AMENDMENTS TO THE CREDIT AGREEMENT. The Credit Agreement is hereby amended as follows:

(a) Effective as of the date hereof, the reference to "\$10,000,000" in Section 2.22 of the Credit Agreement is hereby deleted and the reference to "\$114,596,000" is inserted in lieu thereof.

(b) Effective as of December 19, 2000, all references to the "Pricing Schedule" in the Credit Agreement shall be deemed to refer to the Pricing Schedule attached hereto as Exhibit A.

2. REPRESENTATIONS AND WARRANTIES TRUE, NO DEFAULT. By its execution and delivery hereof, each Borrower represents and warrants to the Lenders that, as of the date hereof:

(a) after giving effect to this Amendment, the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof as if made on and as of such date, except for any representations and warranties made as of a specific date, which shall be true and correct in all material respects as of such specific date; and

(b) after giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Unmatured Default.

3. CONDITIONS OF EFFECTIVENESS. This Amendment shall not be effective until each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received a certificate, signed by an authorized officer of each Borrower, stating that as of the date hereof, no Default or Event of Default (each as defined in the Indenture) then exists thereunder or will result from the transactions contemplated by this Amendment.

(b) The Administrative Agent shall have received such documents, certificates and instruments as the Administrative Agent shall reasonably require.

4. REFERENCE TO CREDIT AGREEMENT. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Credit Agreement, as affected and amended by this Amendment.

5. COUNTERPARTS; EXECUTION VIA FACSIMILE. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Amendment may be validly executed and delivered by facsimile or other electronic transmission.

6. GOVERNING LAW: BINDING EFFECT. This Amendment shall be governed by and construed in accordance with the laws of the State of Texas and shall be binding upon the Borrowers, the Administrative Agent, the Syndication Agent, the Documentation Agent, the LC Issuer, each Lender and their respective successors and assigns.

7. HEADINGS. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. LOAN DOCUMENT. This Amendment is a Loan Document and is subject to all provisions of the Credit Agreement applicable to Loan Documents, all of which are incorporated in this Amendment by reference the same as if set forth in this Amendment verbatim.

9. NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR

SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the Borrowers, the Lenders, the Syndication Agent, the Documentation Agent, the LC Issuer and the Administrative Agent have executed this Amendment as of the date first above written.

BORROWERS:

CENTEX CONSTRUCTION PRODUCTS, INC.
REPUBLIC HOLDING CORPORATION

By:

Arthur R. Zunker, Jr.
Senior Vice President - Finance
and Treasurer

AGENTS, LC ISSUER AND LENDERS:

BANK ONE, TEXAS, NA,
Individually, as Administrative Agent
and as a Lender

By:

Kathy Turner
Director

BANK ONE, NA,
as LC Issuer

By:

Kathy Turner
Director

BANK OF AMERICA, N.A.
Individually, as Syndication Agent and as a
Lender

By:

Name:

Title:

PNC BANK, NATIONAL ASSOCIATION,
Individually, as Documentation Agent and as a
Lender

By:

Name:

Title:

BNP PARIBAS,
as a Lender

By: -----
Name: -----
Title: -----

By: -----
Name: -----
Title: -----

THE CHASE MANHATTAN BANK,
as a Lender

By: _____
Name: _____
Title: _____

FIRSTAR BANK, N.A.,
as a Lender

By: -----
Name: -----
Title: -----

THE BANK OF TOYKO-MITSUBISHI, LTD.,
as a Lender

By: -----
Name: -----
Title: -----

CREDIT LYONNAIS NEW YORK BRANCH,
as a Lender

By:

Name: -----

Title: -----

SUNTRUST BANK,
as a Lender

By:

Name:

Title:

BANK HAPOLIM B.M.,
as a Lender

By:

Name: -----

Title: -----

HARRIS TRUST AND SAVINGS BANK,
as a Lender

By: -----
Name: -----
Title: -----

BANK OF TEXAS, N.A.,
as a Lender

By:

Name:

Title:

Each Guarantor hereby consents and agrees to this Amendment and agrees that the Guaranty shall remain in full force and effect and shall continue to (i) guarantee the Guaranteed Obligations (as defined in the Guaranty) and (ii) be the legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms.

GUARANTORS:

- REPUBLIC HOLDING CORPORATION
- REPUBLIC GYPSUM OPERATING LLC
- REPUBLIC GYPSUM HOLDING LLC
- REPUBLIC PAPERBOARD COMPANY LLC
- HOLLIS & EASTERN RAILROAD COMPANY LLC
- AMERICAN GYPSUM COMPANY
- CCP CEMENT COMPANY
- CCP CONCRETE/AGGREGATES COMPANY
- CCP GYPSUM COMPANY
- CEGC HOLDING COMPANY
- CENTEX EAGLE GYPSUM COMPANY
- CENTEX EAGLE GYPSUM COMPANY, L.L.C.
- CENTEX MATERIALS GP LTD, LLC
- CENTEX MATERIALS LP LTD, LLC
- MATHEWS READYMIX, INC.
- MOUNTAIN CEMENT COMPANY
- NEVADA CEMENT COMPANY
- TLCC GP LLC
- TLCC LP LLC
- TEXAS CEMENT COMPANY
- WESTERN AGGREGATES, INC.

By:

 Arthur R. Zunker, Jr.
 Senior Vice President - Finance
 and Treasurer

REPUBLIC GYPSUM COMPANY, LP

By: REPUBLIC GYPSUM OPERATING LLC,
as its general partner

By:

 Arthur R. Zunker, Jr.
 Senior Vice President - Finance
 and Treasurer

CENTEX MATERIALS, LP

By: CENTEX MATERIALS GP LTD, LLC,
as its general partner

By: -----
Arthur R. Zunker, Jr.
Senior Vice President - Finance
and Treasurer

EXHIBIT A
Pricing Schedule

APPLICABLE MARGIN	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS
Eurodollar Rate	1.00%	1.25%	1.50%	1.75%
Floating Rate	0.00%	0.25%	0.50%	0.75%

APPLICABLE FEE RATE	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS
Commitment Fee	0.25%	0.25%	0.30%	0.375%

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"Financials" means the annual or quarterly financial statements of the Parent Borrower delivered pursuant to Section 6.1(i) or (ii).

"Level I Status" exists at any date if, as of the last day of the fiscal quarter of the Parent Borrower referred to in the most recent Financials, the Leverage Ratio is less than 1.00 to 1.00.

"Level II Status" exists at any date if, as of the last day of the fiscal quarter of the Parent Borrower referred to in the most recent Financials, (i) the Parent Borrower has not qualified for Level I Status and (ii) the Leverage Ratio is greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00.

"Level III Status" exists at any date if, as of the last day of the fiscal quarter of the Parent Borrower referred to in the most recent Financials, (i) the Parent Borrower has not qualified for Level I Status or Level II Status and (ii) the Leverage Ratio is greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00.

"Level IV Status" exists at any date if the Parent Borrower has not qualified for Level I Status, Level II Status or Level III Status.

"Status" means either Level I Status, Level II Status, Level III Status or Level IV Status.

The Applicable Margin and Applicable Fee Rate shall be determined in accordance with the foregoing table based on the Parent Borrower's Status as reflected in the then most recent Financials. Adjustments, if any, to the Applicable Margin or Applicable Fee Rate shall be effective five Business Days after the Administrative Agent has received the applicable Financials. If the Parent Borrower fails to deliver the Financials to the Administrative Agent at the time required pursuant to Section 6.1, then the Applicable Margin and Applicable Fee Rate shall be the highest Applicable Margin and Applicable Fee Rate set forth in the foregoing table until five days after such Financials are so delivered. Notwithstanding the foregoing, (a) the Applicable Margin shall remain no lower than Level III Status until the end of the third fiscal quarter of fiscal year 2001, and (b) the Applicable Fee Rate shall be 0.50% if at any time during such fiscal quarter the average daily Aggregate Outstanding Credit Exposure is less than 50% of the Aggregate Commitment.

