

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

June 30, 2001

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

(Company Logo)

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 August 07, 2001, 18,353,527 shares of Centex Construction Products, Inc. common stock were outstanding.

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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)

	June 30,	
	2001	2000
<i>For the Three Months Ended</i>		
REVENUES		
Cement	\$ 51,442	\$ 47,452
Gypsum Wallboard	37,790	53,694
Paperboard	18,910	0
Concrete and Aggregates	17,427	15,227
Other, net	1,163	472
Less: Intersegment Sales	(9,309)	(1,780)
	117,423	115,065
COSTS AND EXPENSES		
Cement	34,686	33,157
Gypsum Wallboard	43,642	34,594
Paperboard	20,570	0
Concrete and Aggregates	14,759	12,998
Less: Intersegment Purchases	(9,309)	(1,780)
Corporate General and Administrative	1,174	1,182
Interest Expense (Income), net	3,759	(1,705)
	109,281	78,446
EARNINGS BEFORE INCOME TAXES	8,142	36,619
Income Taxes	2,687	13,329
NET EARNINGS	\$ 5,455	\$ 23,290
EARNINGS PER SHARE:		
Basic	\$ 0.30	\$ 1.25
Diluted	\$ 0.30	\$ 1.25
AVERAGE SHARES OUTSTANDING:		
Basic	18,339,632	18,573,096
Diluted	18,430,218	18,624,640

See notes to unaudited consolidated financial statements.

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Centex Construction Products, Inc. and Subsidiaries
Consolidated Balance Sheets
(dollars in thousands)

	<u>June 30, 2001</u>	<u>March 31, 2001</u>
	(unaudited)	(*)
<u>ASSETS</u>		
Current Assets -		
Cash and Cash Equivalents	\$ 21,793	\$ 8,747
Accounts and Notes Receivable, net	94,571	92,619
Inventories	49,517	56,008
Total Current Assets	165,881	157,374
Property, Plant and Equipment -		
Less Accumulated Depreciation	787,925	781,713
	(206,725)	(198,380)
Property, Plant & Equipment, net	581,200	583,333
Notes Receivable, net	1,545	1,905
Goodwill and Other Intangible Assets	57,561	58,422
Other Assets	10,468	8,926
	\$ 816,655	\$ 809,960
<u>CURRENT LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities -		
Notes Payable	\$ 26,187	\$ 0
Accounts Payable and Accrued Liabilities	81,953	90,111
Current Portion of Long-term Debt	80	80
Total Current Liabilities	108,220	90,191
Long-term Debt		
Deferred Income Taxes	259,750	278,748
51,660	48,701	
Stockholders' Equity -		
Common Stock, Par Value \$0.01; Authorized 50,000,000 Shares; Issued and Outstanding 18,346,961 and 18,338,762 Shares, respectively	183	183
Capital in Excess of Par Value	14,781	14,614
Retained Earnings	382,061	377,523
Total Stockholders' Equity	397,025	392,320
	\$ 816,655	\$ 809,960

(*) 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 Three Months Ended

<u>June 30,</u>	
<u>2001</u>	<u>2000</u>

Cash Flows from Operating Activities		
Net Earnings	\$ 5,455	\$ 23,290
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities, Net of Effect on Non-Cash Activity -		
Depreciation, Depletion and Amortization	8,992	4,592
Deferred Income Tax Provision (Benefit)	2,959	(1,267)
(Increase) Decrease in Accounts and Notes Receivable	(1,592)	1,327
Decrease in Inventories	6,491	147
Decrease in Accounts Payable and Accrued Liabilities	(7,714)	(1,003)
(Increase) Decrease in Other, net	(1,330)	387
(Decrease) Increase in Income Taxes Payable	(251)	11,232
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	13,010	38,705
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Property, Plant and Equipment Additions, net	(6,403)	(4,047)
	<hr/>	<hr/>
Net Cash Used in Investing Activities	(6,403)	(4,047)
	<hr/>	<hr/>
Cash Flows from Financing Activities		
Reduction in Long-term Debt	(9,500)	0
Additions to Notes Payable	26,187	0
Redemption of Subordinated Debt	(9,498)	0
Dividends Paid to Stockholders	(917)	(929)
Retirement of Common Stock	0	(346)
Proceeds from Stock Option Exercises	167	326
	<hr/>	<hr/>
Net Cash Provided by (Used in) Financing Activities	6,439	(949)
	<hr/>	<hr/>
Net Increase in Cash and Cash Equivalents	13,046	33,709
Cash at Beginning of Period	8,747	96,170
	<hr/>	<hr/>
Cash at End of Period	\$ 21,793	\$ 129,879
	<hr/>	<hr/>

See notes to unaudited consolidated financial statements.

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Centex Construction Products, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2001

(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, 2000	\$ 186	\$ 20,302	\$ 321,773	\$ (1,789)	\$ 340,472
Net Earnings	0	0	59,429	0	59,429
Stock Option Exercises	0	507	0	0	507
Dividends to Stockholders	0	0	(3,679)	0	(3,679)
Other Comprehensive Earnings	0	0	0	1,789	1,789
Retirement of Common Stock	(3)	(6,195)	0	0	(6,198)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance March 31, 2001	183	14,614	377,523	0	392,320
Net Earnings	0	0	5,455	0	5,455
Stock Option Exercises	0	167	0	0	167
Dividends to Stockholders	0	0	(917)	0	(917)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance June 30, 2001	\$ 183	\$ 14,781	\$ 382,061	0	\$ 397,025
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

(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 June 30, 2001	Audited March 31, 2001
----------------------------	---------------------------

	(dollars in thousands)	
Raw Materials and Material-in-Progress	\$ 12,378	\$ 14,741
Finished Cement	5,058	4,775
Gypsum Wallboard	4,482	7,743
Paperboard	4,251	5,394
Aggregates	3,041	2,686
Repair Parts and Supplies	19,343	19,789
Fuel and Coal	964	880
	\$ 49,517	\$ 56,008

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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 are computed using the average number of common shares outstanding in each of the three month periods ended June 30, 2001 and 2000. Diluted earnings per share for June 30, 2001 and 2000 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 574,000 shares at an average price of \$35.66 for the three months ended June 30, 2001. All anti-dilutive options have expiration dates ranging from April 2008 to January 2010.

(D) Revenue Recognition

During the fourth quarter of fiscal 2001, the Company adopted the provisions of the Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Costs" ("EITF 00-10"), which provides guidance regarding how shipping and handling costs incurred by the seller and billed to a customer should be treated. EITF 00-10 requires that all amounts billed to a customer in a sales transaction related to shipping and handling be classified as revenue, and the costs incurred by the seller for shipping and handling be classified as an expense. Historically, certain amounts the company billed for shipping and handling have been shown as an offset to shipping costs which are recorded in cost of goods sold in the accompanying Consolidated Statements of Income. There was no impact to the Company's income from operations or net income as a result of the adoption of EITF 00-10. Prior-year financial statements have been restated to conform to the requirements of EITF 00-10. The amount of billed shipping and handling costs reclassified from cost of goods sold to net sales in the accompanying consolidated statements of income were \$16.3 million and \$14.7 million for the periods ended June 30, 2001 and 2000, respectively.

(E) Goodwill and Other Intangible Assets

In July 2001, the Financial Accounting Standards Board issued a new Statement, SFAS No. 142, "Goodwill and Other Intangible Assets", which the Company has elected to adopt effective April 1, 2001. SFAS No. 142 requires the recognition separate from goodwill of identifiable intangible assets if certain criteria are met, and eliminates the amortization of goodwill and certain identifiable intangible assets. Under the provisions of SFAS No. 142, intangible assets, including goodwill, that are not subject to amortization will be tested for impairment annually at the reporting unit level using a two step impairment assessment. Impairment testing must be performed more frequently if events or changes in circumstances indicate that the asset might be impaired. The first step, which the Company is in the process of completing, is to identify potential impairment by determining whether the carrying amount of a reporting unit exceeds its fair value. This step must be completed within six months of adoption. If an impairment is identified, the second step of the goodwill impairment test, which measures the amount of impairment loss, if any, will be performed. If required, this step must be performed within a year of adoption.

Since the business acquisition which resulted in the recording of the Company's goodwill occurred in November 2000, no goodwill or resulting amortization had been previously recorded in the quarter ended June 30, 2000, and therefore no proforma amounts are required to provide comparability.

There have been no material changes in the carrying amount of the Company's goodwill during the quarter ended June 30, 2001. Identifiable intangible assets subject to amortization are immaterial for purposes of disclosure.

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(F) 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 June 30,	
2001	2000
(dollars in thousands)	

Revenues (External Customers):		
Cement	\$ 49,611	\$ 45,805
Gypsum Wallboard	37,790	53,694
Paperboard	11,584	0
Concrete and Aggregates	17,275	15,094
Other, net	1,163	472
	<u>\$ 117,423</u>	<u>\$ 115,065</u>
Intersegment Sales:		
Cement	\$ 1,831	\$ 1,647
Paperboard	7,326	0
Concrete and Aggregates	152	133
	<u>\$ 9,309</u>	<u>\$ 1,780</u>

For the Three Months Ended June 30,

	<u>2001</u>	<u>2000</u>
(dollars in thousands)		
Operating Income (Loss):		
Cement	\$ 16,756	\$ 14,295
Gypsum Wallboard	(5,852)	19,100
Paperboard	(1,660)	0
Concrete and Aggregates	2,668	2,229
Other, net	1,163	472
	<u>13,075</u>	<u>36,096</u>
Total	13,075	36,096
Corporate General and Administrative	(1,174)	(1,182)
Interest (Expense) Income, net	(3,759)	1,705
	<u>\$ 8,142</u>	<u>\$ 36,619</u>

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Total assets by segment are as follows:

	<u>June 30, 2001</u>	<u>March 31, 2001</u>
(dollars in thousands)		
Cement	\$ 150,049	\$ 145,696
Gypsum Wallboard	348,016	345,679
Paperboard	263,994	265,789
Concrete and Aggregates	40,364	33,233
Corporate and Other	14,232	19,563
	<u>\$ 816,655</u>	<u>\$ 809,960</u>

The increase in Concrete and Aggregates assets resulted primarily from construction of the Georgetown washed aggregates plant. Corporate and Other assets consist primarily of cash and cash equivalents, general office assets and miscellaneous other assets.

(G) Comprehensive Earnings:

Comprehensive earnings are 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."

(H) 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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(I) 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 as 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.

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 (previously amortized over a 20-year period) and other intangible assets (previously amortized over various periods from seven months to 15 years) are as follows:

	(dollars in thousands)	
Cash Consideration Paid		
CXP Cash	\$	150,000
Bank Borrowings		188,200
		<hr/>
		338,200
Transaction Costs		4,000
Subordinated Debt Assumed		100,000
		<hr/>
Total Consideration		442,200
Liabilities Assumed		24,358
		<hr/>
		466,558
Fair Value of Property, Plant, Equipment, Inventory, Receivables and Other Miscellaneous Assets		(407,701)
		<hr/>
Goodwill and Other Intangible Assets	\$	58,857
		<hr/>

The following unaudited proforma results for the three months ended June 30, 2000, assumes that the acquisition was completed on April 1, 1999:

	Three Months Ended June 30,	
	2001	2000
		(dollars in thousands)
Revenues	\$ 117,423	\$ 154,603
Net Earnings	\$ 5,455	\$ 20,782
Net Earnings per Diluted Share	\$ 0.30	\$ 1.12

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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.

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

	Three Months Ended June 30,	
	2001	2000
	(dollars in thousands)	
Interest (Income)	\$ (1,041)	\$ (1,729)
Interest Expense	4,520	24
Other Expenses	280	0
Interest Expense (Income), net	\$ 3,759	\$ (1,705)

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.

(K) Subsequent to the end of the June 30, 2001 quarter, the Company entered into an interest rate swap agreement which has the effect of converting a notional amount of \$100 million of the Company's debt from a variable rate of interest to a fixed rate of interest. Under the terms of the interest rate swap agreement, the Company receives three month LIBOR and pays a fixed rate. The agreement expires on August 30, 2003. The instrument will be recorded on the Company's balance sheet at its fair value. The instrument is expected to be highly effective, with changes in its fair value recorded in "Accumulated Other Comprehensive Earnings."

(L) Certain 2000 balances were reclassified to conform with the 2001 presentation.

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

Results of Operations

Sales volume in all of the Company's segments for the quarter ended June 30, 2001 were all-time first quarter highs. Although Cement and Concrete and Aggregates reported record first quarter operating earnings, net earnings for this year's quarter declined due to lower Gypsum Wallboard pricing and increased interest expense. For the three months ended June 30, 2001, CXP's net earnings declined 77% to \$5,455,000 or \$0.30 per diluted share from \$23,290,000 or \$1.25 per diluted share for the same period a year ago. Revenues for the current three months increased 2% to \$117,423,000 from \$115,065,000 for the same period last year.

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

	Cement (Ton)		Gypsum Wallboard (MSF)		Paperboard (Ton)		Concrete (Cubic Yard)		Aggregates (Ton)	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Quarter Ended June 30,										
Sales Volume (M)	673	625	471	343	50	0	227	210	1,145	905
Average Net Sales Price (1)	\$ 68.89	\$ 68.46	\$ 57.79	\$ 128.15	\$ 371.28	\$ 0.00	\$ 54.87	\$ 52.73	\$ 4.06	\$ 4.25
Operating Margin (2)	\$ 24.90	\$ 22.86	\$ (12.42)	\$ 55.71	\$ (33.10)	\$ 0.00	\$ 7.95	\$ 9.09	\$ 0.76	\$ 0.36

(1) As historically reported. Does not include freight and delivery costs billed to customers.

(2) 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 \$51,442,000, up 8% from \$47,452,000 million for the same quarter last year. Operating earnings for the current quarter were \$16,756,000, a 17% increase over \$14,295,000 for the same quarter last year. Increased sales volume, lower production costs and higher average sales prices accounted for the quarterly operating earnings gain. Sales volume of 673,000 tons for the quarter was 8% above the prior year's quarter. The sales volume gain resulted mostly from higher sales at all locations except Texas. Demand continues to be strong in all of the Company's cement markets, and the Company expects fiscal 2002 to be another "sold out" year. Average cement sales prices of \$68.89 per ton was up slightly from \$68.46 per ton for the same quarter last year. Cost of sales decreased 3 1/2% to \$43.99 per ton mostly due to reduced maintenance costs. Purchased Cement sales of 47,000 tons for this year's quarter were level with prior year's quarter.

Gypsum Wallboard revenues of \$37,790,000 for the current quarter decreased 30% from last year's same quarter revenues of \$53,694,000. Operating earnings for the quarter were a loss of \$5,852,000 compared to income of \$19,100,000 for the same period last year. Increased sales volume and decreased cost of sales offset by lower net sales price resulted in the quarterly earnings decline. Sales volume of 471 million square feet ("MMSF") was 37% greater than the 343 MMSF sold during the same quarter last year. All of the sales volume increase came from the recently acquired Duke, Oklahoma plant. U.S. wallboard consumption of 14.4 billion square feet through June 2001 was up 3% from the same period last year. Over the last two years, the wallboard industry has brought on-line new production capacity that drove plant utilization rates to the low-80% range. However, as a result of recent wallboard plant closings and curtailments of production within the industry, inventory levels have declined and delivery times have lengthened. In addition, the Company increased prices effective the week of July 16, 2001. The Company's average net sales price for the first quarter of fiscal 2002 declined 55% to \$57.79 per thousand square feet ("MSF") from \$128.15 per MSF for the same quarter last year. Cost of sales of \$70.21 per MSF decreased 3% from prior year's cost of sales due to lower maintenance cost.

Paperboard reported an operating loss of \$1,660,000 for the first quarter. Earnings were adversely impacted by a large percentage of low-priced off grade paper sales volume to total sales volume and costs associated with idling the Denver mill on April 23, 2001 (the Denver mill reported a \$1.4 million loss for the quarter). The Denver mill's production requirements were transferred to the Lawton, Oklahoma mill. Paperboard sales volume of 50,000 tons for the quarter were down from the March 31, 2001 quarter due to production curtailments at the Company's Gypsum Wallboard plants. The average net sales price of \$371.28 per ton was negatively impacted by the large percentage of low-priced off grade paper sales volume. Included in other income is \$189,000 of recycle paper center operating loss from shipments of 45,700 tons of reclaimed paper.

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Revenues from Concrete and Aggregates were \$17,427,000 for the quarter, up 14% from \$15,227,000 for the same quarter last year. Concrete and Aggregates reported operating earnings for the quarter of \$2,668,000, up 20% from \$2,229,000 for the same quarter last year. The earnings gain is attributable to increased sales volume and higher Aggregates operating margins. Despite increased sales volume, Concrete operating earnings of \$1,800,000 decreased 5% from last year's comparable quarter mainly due to a 12% decline in operating margins. Concrete sales volume for the quarter was 227,000 cubic yards compared to 210,000 cubic yards for the same quarter last year. The volume gain was primarily attributable to increased sales in the Texas market. The Company's average Concrete net sales price of \$54.87 per cubic yard for the quarter was 4% higher than \$52.73 per cubic yard for the same quarter last year. Cost of sales increased 7% to \$46.92 per cubic yard due to higher materials and delivery costs. Aggregates operating earnings of \$868,000 for the current quarter increased 168% from the prior year's quarter as a result of increased sales volume and higher operating margins. The Company's Aggregates operation reported sales volume of 1,145,000 tons for the quarter, 27% above sales volume of 905,000 tons for the same quarter last year. The majority of the sales volume gain came from the Austin, Texas operation. A higher ratio of lower priced road aggregate sales to total sales resulted in an Aggregates net sales price of \$4.06 per ton, a 5% decrease from \$4.25 per ton for the same quarter last year. Cost of sales for the current quarter decreased \$0.59 per ton or 15% to \$3.30 per ton due to lower expenses for major quarry mobile equipment repairs and major plant maintenance this year along with the impact of an increased ratio of lower costing road aggregate sales to total sales.

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 \$3,759,000 for the current quarter compares to net interest income of \$1,705,000 for the same quarter last year. 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.

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 "New Credit Facility"). The principal balance of the New Credit Facility matures on November 10, 2003. At June 30, 2001, the Company had \$259.0 million outstanding under the New Credit Facility. The borrowings under the New Credit Facility are guaranteed by all major operating subsidiaries of the Company. At the option of the Company, outstanding principal amounts on the New Credit Facility bear interest at a variable rate equal to; (i) LIBOR, plus an agreed margin (ranging from 100 to 275 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 margin (ranging from 0 to 175 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, minimum tangible net worth, and limitations on dividends and capital expenditures. During the quarter, pursuant to an Amended and Restated Credit Agreement, the New Credit Facility was amended to reduce the facility amount from \$325 million to \$275 million and to modify certain financial and other covenants.

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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 was tendered, leaving \$10,008,000 outstanding. During the June 30, 2001 quarter, the Company commenced another tender offer for the Notes at 108.75%. On June 28, 2001, a subsidiary of the Company purchased \$9,498,000 in principal amount of the Notes, leaving \$510,000 outstanding. Prior to the commencement of the second tender offer, the Company obtained the necessary consents from a majority of holders of the Notes to eliminate certain covenants and reporting requirements.

On June 29, 2001 the Company entered into a \$50 million trade receivable securitization facility (the "Receivables Securitization Facility"), which is funded through the issuance of commercial paper and backed by a 364 day committed bank liquidity arrangement. The Receivables Securitization Facility has a termination date of June 10, 2004, subject to the renewal of the 364 day bank commitment currently scheduled to terminate on June 28, 2002. The purpose of the Receivables Securitization Facility is to obtain financing at a lower interest rate by pledging accounts receivables. The borrowed funds will be used to pay down borrowings under the New Credit Facility. Outstanding principal amounts under the Receivables Securitization Facility bear interest at the commercial paper rate plus a facility fee. Under the Receivables Securitization Facility, the Company is required to adhere to certain financial and other covenants that are similar to those in the New Credit Facility. The Company had \$26,187,000 outstanding under the Receivables Securitization Facility at June 30, 2001.

The Company uses interest rate swaps to mitigate interest rate risk associated with its variable rate debt. On July 23, 2001, the Company entered into an interest rate swap agreement which has the effect of converting a notional amount of \$100 million of the Company's debt from a variable rate of interest to a fixed rate of interest. The Company receives three month LIBOR and pays a fixed rate of interest under this agreement. The agreement expires on August 30, 2003.

Based on its financial condition at June 30, 2001, CXP believes that its internally generated cash flow coupled with funds available under various credit facilities will enable CXP to provide adequately for its current operations and future growth.

Working capital at June 30, 2001 was \$57.7 million compared to \$67.2 million at March 31, 2001. The decline resulted mainly from the combination of a \$13.0 million increase in cash and a \$8.2 million decrease in accounts payable and accrued liabilities being offset by a \$4.5 million decrease in accounts and notes receivable and inventories and a \$26.2 million increase in notes payable.

Cash and cash equivalents increased \$13.0 million from March 31, 2001 to \$21.8 million at June 30, 2001. The net cash used in or provided by the operating, investing, and financing activities for the three months ended June 30, 2001 and 2000 is summarized as follows:

	For the Three Months Ended June 30,	
	2001	2000
	(dollars in thousands)	
Net Cash (Used In) Provided by:		
Operating Activities	\$ 13,010	\$ 38,705
Investing Activities	(6,403)	(4,047)
Financing Activities	6,439	(949)
Net (Decrease) Increase in Cash	\$ 13,046	\$ 33,709

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Cash provided by operating activities of \$13.0 million for the current three months decreased \$25.7 million compared to last year's three month period due to the combination of a \$17.8 million decline in net earnings, a \$5.0 million decrease in working capital, and a \$11.5 million reduction in income taxes payable partially offset by a \$8.6 million increase in deferred tax liability and depreciation expense. Cash used for investing activities increased by \$2.4 million over last year's three month period due to the construction this year of the Georgetown washed aggregates plant. Cash provided by financing activities for the current three months increased \$7.4 million from last year's three month period due to a \$7.2 million increase in total debt.

Cash payments for income taxes totaled \$0.45 million and \$3.1 million for the first three months of fiscal 2002 and 2001, respectively.

Outlook

Demand for CXP's products remains strong. While Cement price increases have been implemented in certain of CXP's markets, Gypsum Wallboard prices fell during the quarter. However, as a result of wallboard plant closings and curtailment of production within the industry, inventory levels have decreased and delivery times have lengthened. In addition, Gypsum Wallboard price increases were implemented on July 16, 2001 and another price increase has been announced for mid-August.

CXP will report lower earnings for fiscal 2002 than it did for fiscal 2001. However, assuming stable earnings in CXP's other operating divisions, the Company's earnings will be positively affected if wallboard prices increase from current levels.

Purchase of Strategic Assets

On November 10, 2000 the Company acquired selected strategic assets. The purchase price was \$442 million (which included the assumption by a subsidiary of \$100 million of subordinated debt plus accrued interest). 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 are operated by CXP's American Gypsum Company located in Albuquerque, New Mexico. The paper operations are located in Lawton, Oklahoma and focus primarily on the gypsum paper business.

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 adopted this new standard. The Company had no derivative instruments at June 30, 2001.

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In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards "SFAS" No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001, to be accounted for using the purchase method. With the adoption of SFAS No. 142, goodwill is no longer subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. Also, under the new rules, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so.

For non-calendar year-end companies, early adoption of SFAS No. 142 can be made if an entity's fiscal year begins after March 15, 2001, and its first interim period financial statements have not been issued. The Company elected to early adopt SFAS No. 142 and as a result, reported no goodwill amortization for the period ended June 30, 2001.

Forward-Looking Statements

The Management's Discussion and Analysis of Financial Condition and Results of Operations, Outlook and other sections of this quarterly 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, 2001. 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.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

4.1 Receivables Purchase Agreement dated as of June 29, 2001 (filed herewith). Upon request from the Securities and Exchange Commission, the Company will furnish supplementally a copy of any omitted exhibit or schedule.

4.2 Amended and Restated Credit Agreement entered into as of June 30, 2001 (filed herewith). Upon request from the Securities and Exchange Commission, the Company will furnish supplementally a copy of any omitted exhibit or schedule.

(b) Reports on Form 8-K

None

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

August 10, 2001

/s/ RICHARD D. JONES, JR.

Richard D. Jones, Jr.
President and Chief Executive Officer
(principal executive officer)

August 10, 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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EXHIBIT INDEX

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
---------------------------	--------------------

4.1	Receivables Purchase Agreement dated as of June 29, 2001 (filed herewith). Upon request from the Securities and Exchange Commission, the Company will furnish supplementally a copy of any omitted exhibit or schedule.
4.2	Amended and Restated Credit Agreement entered into as of June 30, 2001 (filed herewith). Upon request from the Securities and Exchange Commission, the Company will furnish supplementally a copy of any omitted exhibit or schedule.

RECEIVABLES PURCHASE AGREEMENT

Dated as of June 29, 2001

Among

CXP FUNDING, LLC

as the Seller

and

ATLANTIC ASSET SECURITIZATION CORP.

as the Investor

and

CREDIT LYONNAIS NEW YORK BRANCH

as a Bank

and

CREDIT LYONNAIS NEW YORK BRANCH

as the Agent

and

CENTEX CONSTRUCTION PRODUCTS, INC.

as Parent and as Collection Agent

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RECEIVABLES
PURCHASE AGREEMENT

Dated as of June 29, 2001

CXP FUNDING, LLC, a Delaware limited liability company (the "Seller"), ATLANTIC ASSET SECURITIZATION CORP., a Delaware corporation, CREDIT LYONNAIS NEW YORK BRANCH, as agent (the "Agent") for the Investors and the Banks (as defined herein) and as a Bank, and CENTEX CONSTRUCTION PRODUCTS, INC., a Delaware corporation, as Parent and Collection Agent, agree as follows:

PRELIMINARY STATEMENT. The Seller has acquired, and may continue to acquire, Receivables (as hereinafter defined) from the Parent, either by purchase or by contribution to the capital of the Seller, as determined from time to time by the Seller and the Parent. The Seller is prepared to sell undivided fractional ownership interests (referred to and defined herein as "Receivable Interests") in the Receivables. Atlantic may, in its sole discretion, purchase such Receivable Interests, and the Banks shall, if Atlantic does not, purchase such Receivable Interests, in each case on the terms set forth herein. Accordingly, the parties agree as follows:

Article I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Adjusted Eurodollar Rate" means, for any Fixed Period, an interest rate per annum equal to the rate per annum obtained by dividing (i) the Eurodollar Rate for such Fixed Period by (ii) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Fixed Period.

"Administrative Services Agreement" means that Administrative Services and Lease Agreement dated as of June 29, 2001 by and between the Parent and the Seller pursuant to which the Parent will provide certain personnel and equipment and lease office space to the Seller.

"Adverse Claim" means a lien, security interest or other charge or encumbrance, or any other type of preferential arrangement.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or, as used in Sections 6.07, 8.03 (other than the first sentence of Section 8.03), 8.04, 9.01 and 10.04, is a director or officer of such Person.

"Affiliated Obligor" means any Obligor that is an Affiliate of another Obligor.

"Agent's Account" means the special account (account number 01-25680-0001-00-001) of the Agent maintained at the office of Credit Lyonnais at 1301 Avenue of the Americas, New York, New York.

"Alternate Base Rate" means, as of any date, a fluctuating interest rate per annum, which rate shall be equal to the higher of:

(a) the rate of interest announced by Credit Lyonnais from time to time as its base rate (it being understood that such rate is not necessarily intended to be the lowest rate of interest determined by Credit Lyonnais in connection with extensions of credit); and

(b) 1.40% per annum above the Federal Funds Rate for such date.

"Asset Purchase Agreement" means, in the case of any Bank, the liquidity asset purchase agreement entered into by such Bank concurrently with its execution of this Agreement or of the Assignment and Acceptance pursuant to which it became party to this Agreement.

"Assignee Rate" for any Fixed Period for any Receivable Interest means an interest rate per annum equal to 2.40% per annum above the Eurodollar Rate for such Fixed Period; provided, however, that in case of:

(i) any Fixed Period on or prior to the first day of which an Investor or Bank shall have notified the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Investor or Bank to fund such Receivable Interest at the Assignee Rate set forth above (and such Investor or Bank shall not have subsequently notified the Agent that such circumstances no longer exist),

(ii) any Fixed Period of one to (and including) 29 days (it being understood and agreed that this clause (ii) shall not be applicable to a Fixed Period for which Yield is to be computed by reference to the Eurodollar Rate that is intended to have a one-month duration but due solely to LIBOR interest period convention the duration thereof will be less than 30 days),

(iii) any Fixed Period as to which the Agent does not receive notice, by no later than 12:00 noon (New York City time) on the third Business Day preceding the first day of such Fixed Period, that the related Receivable Interest will not be funded by issuance of commercial paper, or

(iv) any Fixed Period for a Receivable Interest the Capital of which allocated to the Investors or the Banks is less than \$500,000,

the "Assignee Rate" for such Fixed Period shall be an interest rate per annum equal to the Alternate Base Rate in effect from time to time during such Fixed Period; provided further that the Agent and the Seller may agree in writing from time to time upon a different "Assignee Rate."

"Atlantic" means Atlantic Asset Securitization Corp. and any successor or permitted assign of Atlantic that is a receivables investment company which in the ordinary course of its business issues commercial paper or other securities to fund its acquisition and maintenance of receivables.

"Bank Commitment" of any Bank means, (a) with respect to Credit Lyonnais, \$50,000,000 or such amount as reduced by any assignment entered into between Credit Lyonnais and other Banks; or (b) with respect to a Bank that has entered into an assignment, the amount set forth therein as such Bank's Bank Commitment, in each case as such amount may be reduced by an assignment entered into between such Bank and an Eligible Assignee, and as may be further reduced (or terminated) pursuant to the next sentence. Any reduction (or termination) of the Purchase Limit pursuant to the terms of this Agreement shall reduce ratably (or terminate) each Bank's Bank Commitment.

"Banks" means Credit Lyonnais and each Eligible Assignee that shall become a party to this Agreement pursuant to Section 10.03.

"Business Day" means any day on which (i) banks are not authorized or required to close in New York City or Dallas,

Texas, and (ii) if this definition of "Business Day" is utilized in connection with the Eurodollar Rate, dealings are carried out in the London interbank market.

"Capital" of any Receivable Interest means the original amount paid to the Seller for such Receivable Interest at the time of its purchase by Atlantic or a Bank pursuant to this Agreement, or such amount divided or combined in accordance with Section 2.07, in each case reduced from time to time by Collections distributed on account of such Capital pursuant to Section 2.04(d); provided that if such Capital shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution, as though it had not been made.

"Centex" means Centex Corporation, a Nevada corporation.

"Collection Agent" means at any time the Person then authorized pursuant to Section 6.01 to administer and collect Pool Receivables, in its capacity as Collection Agent, which initially will be the Parent.

"Collection Agent Fee" has the meaning specified in Section 2.05(a).

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds of such Receivable, including, without limitation, all cash proceeds of Related Security with respect to such Receivable, and any Collection of such Receivable deemed to have been received pursuant to Section 2.04.

"Commitment Termination Date" means the earliest of (a) June 28, 2002, unless, prior to such date (or the date so extended pursuant to this clause), upon the Seller's request, made not more than 90 nor less than 45 days prior to the then Commitment Termination Date, one or more Banks having Bank Commitments equal to 100% of the Purchase Limit shall in their sole discretion consent, which consent shall be given not more than 30 days nor less than 15 days prior to the then Commitment Termination Date, to the extension of the Commitment Termination Date to the date occurring 364 days after the then Commitment Termination Date; provided, however, that any failure of any Bank to respond to the Seller's request for such extension shall be deemed a denial of such request by such Bank, (b) the date determined pursuant to Section 7.01, and (c) the date the Purchase Limit reduces to zero pursuant to Section 2.01(b).

"Concentration Limit" means (i) at any time for any Obligor (other than an Obligor referred to in clause (ii) below), the "Normal Concentration Limit" set forth on Schedule III hereto corresponding to such Obligor's Debt Rating at such time, and (ii) at any time that Paperboard shall be an Originator hereunder, for James Hardie N.V. together with any of its Affiliates, 5%, and for Lafarge Corporation, together with any of its Affiliates, 8% or such other percentage ("Special Concentration Limit") for such Obligor designated by the Agent in a writing delivered to the Seller; provided, that if the Debt Rating of Lafarge Corporation is withdrawn at any time by either Moody's or S&P or reduced at any time by either Moody's or S&P below the Debt Rating for Lafarge Corporation on the date hereof, then the Special Concentration Limit described above in respect of Lafarge Corporation and any of its Affiliates shall be canceled; and provided, further, that in the case of an Obligor with any Affiliated Obligor, the Concentration Limit shall be calculated as if such Obligor and all such Affiliated Obligors are one Obligor; provided, however, that if the "Normal Concentration Limit" set forth on Schedule III hereto corresponding to the Debt Rating of such Obligor and Affiliated Obligors are different, then the lowest such Normal Concentration Limit shall apply to such Obligor and Affiliated Obligors; and provided further that the Agent may cancel any Special Concentration Limit upon three Business Days' notice to the Seller.

"Contract" means an agreement between an Originator and an Obligor, in the form of a written contract or (in the case of any open account agreement) an invoice conforming to the applicable Originator's Credit and Collection Policy, pursuant to or under which such Obligor shall be obligated to pay for merchandise or services from time to time.

"Credit Agreement" means the Credit Agreement dated as of November 10, 2000 (as amended by the amendment dated December 20, 2000) among the Parent, Republic Holding Corporation, the lenders listed therein, Bank of America, N.A., as syndication agent, PNC Bank, N.A., as documentation agent and Bank One, Texas, N.A., as letter of credit issuer and as administrative agent.

"Credit and Collection Policy" means, for each Originator, those receivables credit and collection policies and practices of such Originator in effect on the date of this Agreement and described in Schedule II hereto, as modified in compliance with this Agreement.

"Credit Lyonnais" means Credit Lyonnais New York Branch, a branch licensed under the laws of the State of New York of a banking corporation organized under the laws of the Republic of France.

"Days Sales Outstanding" means, on any date, an amount equal

to

$$\frac{\text{OBPR} \times 30}{S}$$

where:

OBPR = the aggregate Outstanding Balance of all Pool Receivables at the end of the most recently ended month.

S = the aggregate Outstanding Balance (in each case at the time of creation) of all Pool Receivables created during the most recently ended month.

"Debt" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or services, (iv) obligations as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, and (v) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above.

"Debt Rating" means, for any Person, the rating by S&P or Moody's of such Person's short-term senior unsecured non-credit-enhanced debt.

"Default Ratio" means the ratio (expressed as a percentage) computed as of the last day of each calendar month by dividing (i) the aggregate Outstanding Balance of all Originator Receivables that were Defaulted Receivables on such day or that would have been Defaulted Receivables on such day had they not been written off the books of an Originator or the Seller during such month by (ii) the aggregate Outstanding Balance of all Originator Receivables on such day.

"Defaulted Receivable" means an Originator Receivable:

(i) as to which any payment, or part thereof, remains unpaid for 91 or more days from the original due date for such payment;

(ii) as to which the Obligor thereof or any other Person obligated thereon or owning any Related Security in respect thereof has taken any action, or suffered any event to occur, of the type described in Section 7.01(g); or

(iii) which, consistent with the applicable Originator's Credit and Collection Policy, would be written off the applicable Originator's or the Seller's books as uncollectible.

"Delinquency Ratio" means the ratio (expressed as a percentage) computed as of the last day of each calendar month by dividing (i) the aggregate Outstanding Balance of all Originator Receivables that were Delinquent Receivables on such day by (ii) the aggregate Outstanding Balance (in each case, at the time of creation) of all Originator Receivables created during the fourth preceding month.

"Delinquent Receivable" means an Originator Receivable that is not a Defaulted Receivable and:

(i) as to which any payment, or part thereof, remains unpaid for 61 or more days from the original due date for such payment; or

(ii) which, consistent with the applicable Originator's Credit and Collection Policy, would be classified as delinquent by the applicable Originator or the Seller.

"Diluted Receivable" means that portion (and only that portion) of any Originator Receivable which is either (a) reduced or canceled as a result of (i) any defective, rejected or returned merchandise or services or any failure by an Originator to deliver any merchandise or provide any services or otherwise to perform under the underlying Contract, (ii) any change in the terms of or cancellation of a Contract or any cash discount, discount for quick payment or other adjustment by an Originator or any other Person which reduces the amount payable by the Obligor on the related Originator Receivable (except any such change or cancellation resulting from or relating to the financial inability to pay or insolvency of the Obligor of such Originator Receivable) or (iii) any set-off by an Obligor in

respect of any claim by such Obligor as to amounts owed by it on the related Originator Receivable (whether such claim arises out of the same or a related transaction or an unrelated transaction) or (b) subject to any specific dispute, offset, counterclaim or defense whatsoever (except the discharge in bankruptcy of the Obligor thereof), including, without limitation, any non-payment by the Obligor due to failure by an Originator to deliver any merchandise or provide any services; provided that Diluted Receivables are calculated assuming that all chargebacks are resolved in the Obligor's favor and do not include contractual adjustments to the amount payable by an Obligor that are eliminated from an Originator Receivables balance sold to the Seller through a reduction in the purchase price paid by the Seller for the related Originator Receivable.

"Dilution Horizon Factor" means, as of any date, a ratio (expressed as a percentage) computed by dividing (i) the aggregate Outstanding Balance (in each case, at the time of creation) of all Originator Receivables created by the Originators during the most recently ended calendar month by (ii) the Outstanding Balance of Eligible Receivables in the Receivables Pool as at the last day of the most recently ended calendar month.

"Dilution Percentage" means, as of any date, the greater of (a) the product of (i) the sum of (A) the product of (1) two multiplied by (2) the average of the Dilution Ratios for each of the twelve most recently ended calendar months, plus (B) the Dilution Volatility Ratio as at the last day of the most recently ended calendar month, multiplied by (ii) the Dilution Horizon Factor as of such date and (b) 10%.

"Dilution Ratio" means, as of any date, the ratio (expressed as a percentage) computed for the most recently ended calendar month by dividing (i) the aggregate amount of Originator Receivables which became Diluted Receivables during such calendar month by (ii) the aggregate Outstanding Balance (in each case, at the time of creation) of all Originator Receivables created during the calendar month immediately preceding such calendar month.

"Dilution Reserve" means, for any Receivable Interest on any date, an amount equal to:

$$DP \times C$$

where:

DP = the Dilution Percentage on such date.

C = the Capital of such Receivable Interest on such date.

"Dilution Volatility Ratio" means, as of any date, a ratio (expressed as a percentage) equal to the product of (a) the highest of the Dilution Ratios calculated for each of the twelve most recently ended calendar months minus the average of the Dilution Ratios for each of the twelve most recently ended calendar months, and (b) a ratio calculated by dividing the highest of the Dilution Ratios calculated for each of the twelve most recently ended calendar months by the average of the Dilution Ratios for each of the twelve most recently ended calendar months.

"Eligible Assignee" means (i) Credit Lyonnais or any of its Affiliates, (ii) any Person managed by Credit Lyonnais or any of its Affiliates that is approved in writing by the Seller (such approval not to be unreasonably withheld or delayed), or (iii) any financial or other institution acceptable to the Agent that is approved in writing by the Seller (such approval not to be unreasonably withheld or delayed); provided that if an Event of Termination or Incipient Event of Termination has occurred and is continuing at the time of such assignment, no approval by the Seller shall be required under clause (ii) or (iii).

"Eligible Receivable" means, at any time, a Receivable:

(i) the Obligor of which (A) is a United States resident, (B) is not an Affiliate of the Parent or any Originator, (C) is not a government or a governmental subdivision or agency and (D) is not USG Corporation or any of its Subsidiaries, including, without limitation, L&W Supply Corporation;

(ii) the Obligor of which, at the Origination Date, is not the Obligor of any Defaulted Receivables which in the aggregate constitute 30% or more of the aggregate Outstanding Balance of all Receivables of such Obligor;

(iii) which is not a Defaulted or Delinquent Receivable;

(iv) which, according to the Contract related thereto, is required to be paid in full within 60 days of the original billing date therefor;

(v) which is an "account" within the meaning of Article 9 of the UCC of the applicable jurisdictions

governing the perfection of the interest created by a Receivable Interest;

(vi) which is denominated and payable only in United States dollars in the United States;

(vii) which arises under a Contract which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the Obligor of such Receivable and is not subject to any Adverse Claim or, at the Origination Date, any dispute, offset, counterclaim or defense whatsoever (except the potential discharge in bankruptcy of such Obligor);

(viii) which, together with the Contract related thereto, does not contravene in any material respect any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to usury, consumer protection, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which none of the Seller, the applicable Originator or the Obligor is in violation of any such law, rule or regulation in any material respect;

(ix) which arises under a Contract which (A) does not require the Obligor thereunder to consent to the transfer, sale or assignment of the rights and duties of the Seller or the applicable Originator thereunder and (B) does not contain a confidentiality provision that purports to restrict the ability of the Agent, the Investors or the Banks to exercise their rights under this Agreement, including, without limitation, their right to review the Contract;

(x) which was generated in the ordinary course of the applicable Originator's business;

(xi) which, at the Origination Date, has not been extended, rewritten or otherwise modified from the original terms thereof for credit-related reasons;

(xii) the transfer, sale or assignment of which does not contravene any applicable law, rule or regulation;

(xiii) which satisfies all applicable requirements of the applicable Originator's Credit and Collection Policy; and

(xiv) as to which, prior to the Origination Date, the Agent has not notified the Seller that such Receivable (or the Obligor of such Receivable) is, in the reasonable good faith judgment of Atlantic and the Banks, no longer acceptable for purchase by Atlantic and the Banks hereunder.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Rate" means, for any Fixed Period, an interest rate per annum determined by the Agent equal to the offered rate per annum for deposits in U.S. dollars in an amount substantially equal to the Capital associated with such Fixed Period on the first day of such Fixed Period and for a period equal to such Fixed Period, as of 11:00 A.M., London time, two Business Days prior to the first day of the applicable Fixed Period, that appears on the display designated as "Page 3750" on the Telerate Service (or such other page as may replace "Page 3750" on that service for the purpose of displaying London interbank offered rates of major banks); provided, that if such rate is not available on any date when the Eurodollar Rate is to be determined, then the rate shall be an interest rate per annum determined by the Agent equal to the rate at which it would offer deposits in U.S. dollars to prime banks in the London interbank market for a period equal to such Fixed Period and in an amount substantially equal to the Capital associated with such Fixed Period at or about 11:00 A.M. (London Time) on the second Business Day before (and for value on) the first day of such Fixed Period.

"Eurodollar Rate Reserve Percentage" of any Investor or Bank for any Fixed Period in respect of which Yield is computed by reference to the Eurodollar Rate means the reserve percentage applicable two Business Days before the first day of such Fixed Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) (or if more than one such percentage shall be applicable, the daily average of such percentages for those days in such Fixed Period during which any such percentage shall be so applicable) for determining the maximum reserve requirement (including, without

limitation, any emergency, supplemental or other marginal reserve requirement) for such Investor or Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Liabilities is determined) having a term equal to such Fixed Period.

"Event of Termination" has the meaning specified in Section

7.01.

"Facility Termination Date" means the earliest of (a) June 10, 2004 or (b) the date determined pursuant to Section 7.01 or (c) the date the Purchase Limit reduces to zero pursuant to Section 2.01(b) or (d) the Commitment Termination Date.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next 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 for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Agreement" has the meaning specified in Section 2.05(b).

"Fees" has the meaning specified in Section 2.05(b).

"Fixed Period" means with respect to any Receivable Interest:

(a) initially the period commencing on the date of purchase of such Receivable Interest and ending such number of days as the Seller shall select and the Agent shall approve pursuant to Section 2.02, up to three months from such date; and

(b) thereafter each period commencing on the last day of the immediately preceding Fixed Period for such Receivable Interest and ending such number of days (not to exceed three months) as the Seller shall select and the Agent shall approve on notice by the Seller received by the Agent (including notice by telephone, confirmed in writing) not later than 11:00 A.M. (New

York City time) on such last day, except that if the Agent shall not have received such notice or approved such period on or before 11:00 A.M. (New York City time) on such last day, such period shall be one day;

provided that (i) any Fixed Period in respect of which Yield is computed by reference to the Assignee Rate shall be a period from one to and including 29 days, or a period of one, two or three months, as the Seller may select as provided above; (ii) any Fixed Period (other than of one day) which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day (provided, however, if Yield in respect of such Fixed Period is computed by reference to the Eurodollar Rate, and such Fixed Period would otherwise end on a day which is not a Business Day, and there is no subsequent Business Day in the same calendar month as such day, such Fixed Period shall end on the next preceding Business Day); (iii) in the case of any Fixed Period of one day, (A) if such Fixed Period is the initial Fixed Period for a Receivable Interest, such Fixed Period shall be the day of purchase of such Receivable Interest; (B) any subsequently occurring Fixed Period which is one day shall, if the immediately preceding Fixed Period is more than one day, be the last day of such immediately preceding Fixed Period, and, if the immediately preceding Fixed Period is one day, be the day next following such immediately preceding Fixed Period; and (C) if such Fixed Period occurs on a day immediately preceding a day which is not a Business Day, such Fixed Period shall be extended to the next succeeding Business Day; and (iv) in the case of any Fixed Period for any Receivable Interest which commences before the Termination Date for such Receivable Interest and would otherwise end on a date occurring after such Termination Date, such Fixed Period shall end on such Termination Date and the duration of each Fixed Period which commences on or after the Termination Date for such Receivable Interest shall be of such duration as shall be selected by the Agent or, in the absence of any such selection, each period of thirty days from the last day of the immediately preceding Fixed Period.

"Incipient Event of Termination" means an event that but for notice or lapse of time or both would constitute an Event of Termination.

"Investor" means Atlantic and all other owners by permitted assignment of a Receivable Interest originally purchased by Atlantic and, to the extent of the undivided interests so purchased, shall include any participants.

"Investor Rate" for any Fixed Period for any Receivable Interest means to the extent Atlantic funds such Receivable Interest for such Fixed Period by issuing commercial paper, the

rate per annum (or if more than one rate, the weighted average of the rates) at which commercial paper notes of Atlantic having a term equal to such Fixed Period and to be issued to fund such Receivable Interest may be sold by any placement agent or commercial paper dealer selected by the Agent on behalf of Atlantic, as agreed between each such agent or dealer and the Agent and notice of which has been given by the Agent to the Collection Agent; provided if the rate (or rates) as agreed between any such agent or dealer and the Agent for any Fixed Period for any Receivable Interest is a discount rate (or rates), then such rate shall be the rate (or if more than one rate, the weighted average of the rates) resulting from converting such discount rate (or rates) to an interest-bearing equivalent rate per annum.

"Liquidation Day" means, for any Receivable Interest, (i) each day during a Fixed Period for such Receivable Interest on which the conditions set forth in Section 3.02 are not satisfied, and (ii) each day which occurs on or after the Termination Date for such Receivable Interest.

"Liquidation Fee" means, for (i) any Fixed Period during which a Liquidation Day occurs or (ii) any Fixed Period for which Yield is computed by reference to the Investor Rate or the Eurodollar Rate and a reduction of Capital is made for any reason on any day other than the last day of such Fixed Period, the amount, if any, by which (A) the additional Yield (calculated without taking into account any Liquidation Fee or any shortened duration of such Fixed Period pursuant to clause (iv) of the definition thereof) which would have accrued during such Fixed Period on the reductions of Capital of the Receivable Interest relating to such Fixed Period had such reductions remained as Capital, exceeds (B) the income, if any, received by the Investors or the Banks which hold such Receivable Interest from the investment of the proceeds of such reductions of Capital.

"Lock-Box Account" means a post office box administered by a Lock-Box Bank or an account maintained at a Lock-Box Bank, in each case for the purpose of receiving Collections.

"Lock-Box Agreement" means an agreement, in substantially the form of Annex B.

"Lock-Box Bank" means any of the banks holding one or more Lock-Box Accounts.

"Loss Horizon Factor" means, as of any date, a ratio (expressed as a percentage) computed by dividing (i) the aggregate Outstanding Balance (in each case, at the time of creation) of all Originator Receivables created by the

Originators during the three most recently ended calendar months by (ii) the Net Receivables Pool Balance as at the last day of the most recently ended calendar month.

"Loss Percentage" means, as of any date, the greater of (a) the product of (i) two multiplied by (ii) the Loss Horizon Factor as of the last day of the most recently ended calendar month multiplied by (iii) the highest of the Loss Ratios for the twelve most recently ended calendar months and (b) (i) if Paperboard is then an Originator and the Special Concentration Limit for either James Hardie N.V. or Lafarge Corporation exceeds the Normal Concentration Limit, 20% and (ii) otherwise, 12%.

"Loss Ratio" means, as of any date, the average of the ratios (each expressed as a percentage) for each of the three most recently ended calendar months computed for each such month by dividing (a) the sum of the aggregate Outstanding Balance of Originator Receivables which were 61-90 days past due as at the last day of such month plus (without duplication) 1/12 of the aggregate write-offs during such month and the preceding 11 months, by (b) the aggregate Outstanding Balance (in each case, at the time of creation) of Originator Receivables created during the fourth preceding month.

"Loss Reserve" means, for any Receivable Interest on any date, an amount equal to:

$$\frac{LP \times NRPB \times C}{AC}$$

where:

- LP = the Loss Percentage on such date.
- NRPB = the Net Receivables Pool Balance on such date.
- C = the Capital of such Receivable Interest on such date.
- AC = the aggregate Capital of all Receivable Interests on such date.

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

"Net Receivables Pool Balance" means at any time the Outstanding Balance of Eligible Receivables then in the Receivables Pool reduced by the sum of (i) the aggregate amount by which the Outstanding Balance of Eligible Receivables of each Obligor then in the Receivables Pool exceeds the product of

(A) the Concentration Limit for such Obligor multiplied by (B) the Outstanding Balance of Eligible Receivables of such Obligor, (ii) the aggregate amount of Collections on hand at such time for payment on account of any Eligible Receivables, the Obligor of which has not been identified and (iii) the aggregate Outstanding Balance of all Eligible Receivables in respect of which any credit memo issued by an Originator or the Seller is outstanding at such time to the extent deemed Collections have not been paid pursuant to Section 2.04(e).

"Non-Significant Originator" means at any time an Originator, where the Outstanding Balance of Receivables acquired from such Originator pursuant to the Originator Purchase Agreement is less than 10% of the Outstanding Balance of all Receivables at such time.

"Obligor" means a Person obligated to make payments pursuant to a Contract.

"Origination Date" means (i) the date of this Agreement, with respect to Receivables existing on such date and (ii) the date on which such Receivable is created, with respect to all other Receivables.

"Originator" means each Person listed on Schedule IV hereto as such Schedule shall be amended from time to time; provided that none of Illinois Cement Company, Joint Venture, Paperboard or Texas Lehigh Cement Company, LP shall be an Originator hereunder until (i) such Person is designated as such by the Seller in a written notice to the Agent, (ii) the Agent shall have completed its due diligence and obtained credit approval for such Person, (iii) the Agent shall have received all agreements, documents and opinions as it may have reasonably requested with respect to such Person (which shall be comparable to the agreements, documents and opinions obtained by the Agent with respect to each Originator pursuant to Section 3.01), and (iv) the Agent shall have received a confirmation by each of S&P and Moody's similar to that obtained pursuant to Section 3.01(m).

"Originator Purchase Agreement" means the Originator Purchase Agreement dated as of the date of this Agreement among the Originators, as sellers, and the Parent, as purchaser, as the same may be amended, modified or restated from time to time.

"Originator Receivable" means the indebtedness of any Obligor (other than an Obligor that does not meet the requirements of clause (i) of the definition of "Eligible Receivable") resulting from the provision or sale of merchandise or services by an Originator under a Contract, and includes the

right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto.

"Other Companies" means the Parent, the Originators and all of their respective Subsidiaries except the Seller.

"Outstanding Balance" of any Receivable or an Originator Receivable, as the case may be, at any time means the then outstanding principal balance thereof.

"Paperboard" means Republic Paperboard Company, LLC, a Delaware limited liability company.

"Parent" means Centex Construction Products, Inc., a Delaware corporation.

"Parent/Seller Purchase Agreement" means the Purchase and Contribution Agreement dated as of the date of this Agreement between the Parent, as seller, and the Seller, as purchaser, as the same may be amended, modified or restated from time to time.

"Percentage" of any Bank means, (a) with respect to Credit Lyonnais, the percentage set forth on the signature page to this Agreement, or such amount as reduced by any Assignment and Acceptance entered into with an Eligible Assignee, or (b) with respect to a Bank that has entered into an Assignment and Acceptance, the amount set forth therein as such Bank's Percentage, or such amount as reduced by an Assignment and Acceptance entered into between such Bank and an Eligible Assignee.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Pool Receivable" means a Receivable in the Receivables Pool.

"Purchase Limit" means \$50,000,000, as such amount may be reduced pursuant to Section 2.01(b). References to the unused portion of the Purchase Limit shall mean, at any time, the Purchase Limit, as then reduced pursuant to Section 2.01(b), minus the then outstanding Capital of Receivable Interests under this Agreement.

"Purchase Price Note" has the meaning specified in the Parent/Seller Purchase Agreement.

"Receivable" means any Originator Receivable which has been acquired by the Parent from an Originator pursuant to the Originator Purchase Agreement and acquired by the Seller from the Parent by purchase or by capital contribution pursuant to the Parent/Seller Purchase Agreement.

"Receivable Interest" means, at any time, an undivided percentage ownership interest in (i) all then outstanding Pool Receivables arising prior to the time of the most recent computation or recomputation of such undivided percentage interest pursuant to Section 2.03, (ii) all Related Security with respect to such Pool Receivables, and (iii) all Collections with respect to, and other proceeds of, such Pool Receivables. Such undivided percentage interest shall be computed as

$$\frac{C + YFR + LR + DR}{\text{-----}} \\ \text{NRPB}$$

where:

- C = the Capital of such Receivable Interest at the time of computation.
- YFR = the Yield and Fee Reserve of such Receivable Interest at the time of computation.
- LR = the Loss Reserve of such Receivable Interest at the time of computation.
- DR = the Dilution Reserve of such Receivable Interest at the time of computation.
- NRPB = the Net Receivables Pool Balance at the time of computation.

Each Receivable Interest shall be determined from time to time pursuant to the provisions of Section 2.03.

"Receivables Pool" means at any time the aggregation of all then outstanding Receivables.

"Related Security" means with respect to any Receivable

(i) all of the Seller's interest in any merchandise (including returned merchandise) relating to any sale giving rise to such Receivable;

(ii) all security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the

Contract related to such Receivable or otherwise, together with all financing statements signed by an Obligor describing any collateral securing such Receivable;

(iii) all guaranties, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise; and

(iv) the Contract and all other books, records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and similar property and rights) relating to such Receivable and the related Obligor.

"S&P" means Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc.

"SEC" means the Securities and Exchange Commission.

"Seller Report" means a report in substantially the form of Annex A hereto and containing such additional information as the Agent may reasonably request from time to time, furnished by the Collection Agent to the Agent pursuant to Section 6.02(g).

"Settlement Date" for any Receivable Interest means the last day of each Fixed Period for such Receivable Interest.

"Subsidiary" of a specified Person means any corporation or other entity of which securities having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person, or one or more of such Person's Subsidiaries, or by such Person and one or more of such Person's Subsidiaries.

"Tangible Net Worth" means at any time the excess of (i) the sum of (a) the product of (x) 100% minus the Discount (as such term is defined in the Parent/Seller Purchase Agreement) multiplied by (y) the Outstanding Balance of all Receivables plus (b) cash and cash equivalents of the Seller plus (c) the outstanding principal amount of Purchaser Loans (as such term is defined in the Parent/Seller Purchase Agreement), minus (ii) the sum of (a) Capital plus (b) the outstanding principal amount of the Purchase Price Note.

"Termination Date" for any Receivable Interest means (i) in the case of a Receivable Interest owned by an Investor,

the earlier of (a) the Business Day which the Seller or the Agent so designates by notice to the other at least one Business Day in advance for such Receivable Interest and (b) the Facility Termination Date and (ii) in the case of a Receivable Interest owned by a Bank, the earlier of (a) the Business Day which the Seller so designates by notice to the Agent at least one Business Day in advance for such Receivable Interest and (b) the Commitment Termination Date.

"Transaction Document" means any of this Agreement, the Originator Purchase Agreement, the Parent/Seller Purchase Agreement, the Lock-Box Agreements, the Fee Agreement, the Administrative Services Agreement and all other agreements and documents designated by the mutual agreement of the parties hereto as "Transaction Documents" from time to time, and all amendments and supplements hereto or thereto.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

"Yield" means:

(i) for each Receivable Interest for any Fixed Period to the extent Atlantic will be funding such Receivable Interest through the issuance of commercial paper notes,

$$\frac{IR \times C \times ED}{360} + LF$$

(ii) for each Receivable Interest for any Fixed Period to the extent (x) Atlantic will not be funding such Receivable Interest through the issuance of commercial paper notes, or (y) the Banks will be funding such Receivable Interest,

$$\frac{AR \times C \times ED}{360} + LF$$

where:

- AR = the Assignee Rate for such Receivable Interest for such Fixed Period
- C = the Capital of such Receivable Interest during such Fixed Period
- IR = the Investor Rate for such Receivable Interest for such Fixed Period

ED = the actual number of days elapsed during such Fixed Period

LF = the Liquidation Fee, if any, for such Receivable Interest for such Fixed Period

provided that no provision of this Agreement shall require the payment or permit the collection of Yield in excess of the maximum permitted by applicable law; and provided further that Yield for any Receivable Interest shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

"Yield and Fee Reserve" means, for any Receivable Interest on any date, an amount equal to

$$(C \times YFRP) + AUYP$$

where:

C = the Capital of such Receivable Interest at the close of business of the Collection Agent on such date.

YFRP = the Yield and Fee Reserve Percentage on such date.

AUYP = accrued and unpaid Yield, Collection Agent Fee and Fees on such date, in each case for such Receivable Interest.

"Yield and Fee Reserve Percentage" means, on any date, a percentage equal to

$$\frac{(AER + CAF) \times 2 \times DSO}{360}$$

where:

AER = the one-month Adjusted Eurodollar Rate in effect on such date.

CAF = the percentage per annum used in the calculation of the Collection Agent Fee in effect on such date.

DSO = the Days Sales Outstanding on such date.

SECTION 1.02. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

ARTICLE II

AMOUNTS AND TERMS OF THE PURCHASES

SECTION 2.01. Purchase Facility. (a) On the terms and conditions hereinafter set forth, Atlantic may, in its sole discretion, and the Banks shall, ratably in accordance with their respective Bank Commitments, purchase Receivable Interests from the Seller from time to time during the period from the date hereof to the Facility Termination Date (in the case of Atlantic) and to the Commitment Termination Date (in the case of the Banks). Under no circumstances shall Atlantic make any such purchase, or the Banks be obligated to make any such purchase, if after giving effect to such purchase the aggregate outstanding Capital of Receivable Interests (after giving effect to any reduction of Capital of Receivable Interests held by any Investor to be made on the date of such purchase from the proceeds of any purchases by the Banks) would exceed the Purchase Limit.

(b) The Seller may at any time, upon at least 30 days' notice to the Agent, terminate the facility provided for in this Agreement in whole or, from time to time, reduce in part the unused portion of the Purchase Limit; provided that each partial reduction shall be in the amount of at least \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided, however, that one partial reduction in an amount less than \$10,000,000 shall be permitted in each calendar quarter.

(c) Until the Agent gives the Seller the notice provided in Section 3.02(c)(iii), the Agent, on behalf of the Investors which own Receivable Interests, shall have the Collections attributable to such Receivable Interests automatically reinvested pursuant to Section 2.04 in additional undivided percentage interests in the Pool Receivables by making an appropriate readjustment of such Receivable Interests. The Agent, on behalf of the Banks which own Receivable Interests, shall have the Collections attributable to such Receivable Interests automatically reinvested pursuant to Section 2.04 in additional undivided percentage interests in the Pool Receivables by making an appropriate readjustment of such Receivable Interests.

SECTION 2.02. Making Purchases. (a) Each purchase by Atlantic or the Banks shall be made on at least three Business Days' notice from the Seller to the Agent. Each such notice of a purchase shall specify (i) the amount requested to be paid to the Seller (such amount, which shall not be less than \$1,000,000, being referred to herein as the initial "Capital" of the Receivable Interest then being purchased), (ii) the date of such purchase (which shall be a Business Day), and (iii) the requested duration of the initial Fixed Period for such Receivable Interest. The Agent shall promptly thereafter notify the Seller whether Atlantic has determined to make a purchase and, if so, whether all of the terms specified by the Seller are acceptable to Atlantic.

If Atlantic has determined not to make a proposed purchase, the Agent shall promptly send notice of the proposed purchase to all of the Banks concurrently by telecopier, telex or cable specifying the date of such purchase, each Bank's Percentage multiplied by the aggregate amount of Capital of Receivable Interest being purchased, whether the Yield for the Fixed Period for such Receivable Interest is calculated based on the Eurodollar Rate (which may be selected by the Seller only if the notice referred to in the first sentence of this Section is given at least three Business Days prior to the purchase date) or the Alternate Base Rate, and the duration of the Fixed Period for such Receivable Interest (which shall be one day if the Seller has not selected another period).

(b) On the date of each such purchase of a Receivable Interest, Atlantic or the Banks, as the case may be, shall, upon satisfaction of the applicable conditions set forth in Article III, make available to the Seller in same day funds an amount equal to the initial Capital of such Receivable Interest, to the Seller's account no. 1013639238 at PNC Bank, 5th and Wood Streets, Pittsburgh, Pennsylvania 15265, ABA No. 043000096 or such other account of the Seller as the Seller may hereafter direct the Agent in writing; provided, however, if such purchase is being made by the Banks following the designation by the Agent of a Termination Date for a Receivable Interest owned by an Investor pursuant to clause (i)(a) of the definition of Termination Date and any Capital of such Receivable Interest is outstanding on such date of purchase, the Seller hereby directs the Banks to pay the proceeds of such purchase (to the extent of the outstanding Capital and accrued Yield on such Receivable Interest of the Investor) to the Agent's Account, for application to the reduction of the outstanding Capital and accrued Yield on such Receivable Interest of the Investor.

(c) Effective on the date of each purchase pursuant to this Section 2.02 and each reinvestment pursuant to Section 2.04,

the Seller hereby sells and assigns to the Agent, for the benefit of the parties making such purchase, an undivided percentage ownership interest, to the extent of the Receivable Interest then being purchased, in each Pool Receivable then existing and in the Related Security and Collections with respect thereto.

(d) Notwithstanding the foregoing, a Bank shall not be obligated to make purchases under this Section 2.02 at any time in an amount which would exceed such Bank's Bank Commitment less such Bank's ratable share of the aggregate outstanding Capital held by Atlantic (whether or not any portion thereof has been assigned by Atlantic pursuant to the Asset Purchase Agreement), after giving effect to any reductions of the Capital held by Atlantic to be made on the date of such purchase from the proceeds of purchases by the Banks. Each Bank's obligation shall be several, such that the failure of any Bank to make available to the Seller any funds in connection with any purchase shall not relieve any other Bank of its obligation, if any, hereunder to make funds available on the date of such purchase, but no Bank shall be responsible for the failure of any other Bank to make funds available in connection with any purchase.

SECTION 2.03. Receivable Interest Computation. Each Receivable Interest shall be initially computed on its date of purchase. Thereafter until the Termination Date for such Receivable Interest, such Receivable Interest shall be automatically recomputed (or deemed to be recomputed) on each day other than a Liquidation Day. Any Receivable Interest, as computed (or deemed recomputed) as of the day immediately preceding the Termination Date for such Receivable Interest, shall thereafter remain constant. Such Receivable Interest shall become zero when Capital thereof and Yield thereon shall have been paid in full, and all Fees and other amounts owed by the Seller hereunder to the Investors, the Banks or the Agent are paid and the Collection Agent shall have received the accrued Collection Agent Fee thereon.

SECTION 2.04. Settlement Procedures. (a) Collection of the Pool Receivables shall be administered by a Collection Agent, in accordance with the terms of Article VI of this Agreement. The Seller shall provide to the Collection Agent (if other than the Seller) on a timely basis all information needed for such administration, including notice of the occurrence of any Liquidation Day.

(b) The Collection Agent shall, on each day on which Collections of Pool Receivables are received by it:

(i) with respect to each Receivable Interest, set aside and hold in trust (and, at the request of the

Agent, segregate) for the Investors or the Banks that hold such Receivable Interest, out of the percentage of such Collections represented by such Receivable Interest, an amount equal to the Yield, Fees and Collection Agent Fee accrued through such day for such Receivable Interest and not previously set aside;

(ii) with respect to each Receivable Interest, if such day is not a Liquidation Day for such Receivable Interest, reinvest with the Seller on behalf of the Investors or the Banks that hold such Receivable Interest the percentage of such Collections represented by such Receivable Interest, to the extent representing a return of Capital, by recomputation of such Receivable Interest pursuant to Section 2.03;

(iii) if such day is a Liquidation Day for any one or more Receivable Interests, set aside and hold in trust (and, at the request of the Agent, segregate) for the Investors or the Banks that hold such Receivable Interests (x) if such day is a Liquidation Day for less than all of the Receivable Interests, the percentage of such Collections represented by such Receivable Interests, and (y) if such day is a Liquidation Day for all of the Receivable Interests, all of the remaining Collections (but not in excess of the Capital of such Receivable Interests); provided that if amounts are set aside and held in trust on any Liquidation Day occurring prior to the Termination Date, and thereafter prior to the Settlement Date for such Fixed Period the conditions set forth in Section 3.02 are satisfied or waived by the Agent, such previously set aside amounts shall, to the extent representing a return of Capital, be reinvested in accordance with the preceding subsection (ii) on the day of such subsequent satisfaction or waiver of conditions; and

(iv) release to the Seller for its own account any remaining Collections.

(c) The Collection Agent shall deposit into the Agent's Account, on the Settlement Date for each Receivable Interest, Collections held for the Investors or the Banks that relate to such Receivable Interest pursuant to Section 2.04(b).

(d) Upon receipt of funds deposited into the Agent's Account, the Agent shall distribute them as follows:

(i) if such distribution occurs on a day that is not a Liquidation Day, first to the Investors or the

Banks that hold the relevant Receivable Interest and to the Agent in payment in full of all accrued Yield and Fees and then to the Collection Agent in payment in full of all accrued Collection Agent Fee.

(ii) if such distribution occurs on a Liquidation Day, first to the Investors or the Banks that hold the relevant Receivable Interest and to the Agent in payment in full of all accrued Yield and Fees, second to such Investors or Banks in reduction to zero of all Capital, third to such Investors, Banks or the Agent in payment of any other amounts owed by the Seller hereunder, and fourth to the Collection Agent in payment in full of all accrued Collection Agent Fee.

After the Capital, Yield, Fees and Collection Agent Fee with respect to a Receivable Interest, and any other amounts payable by the Seller to the Investors, the Banks or the Agent hereunder, have been paid in full, all additional Collections with respect to such Receivable Interest shall be paid to the Seller for its own account.

(e) For the purposes of this Section 2.04:

(i) if on any day any Pool Receivable becomes (in whole or in part) a Diluted Receivable, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such Diluted Receivable;

(ii) if on any day any of the representations or warranties contained in Section 4.01(h) is no longer true with respect to any Pool Receivable, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in full;

(iii) except as provided in subsection (i) or (ii) of this Section 2.04(e), or as otherwise required by applicable law or the relevant Contract, all Collections received from an Obligor of any Receivables shall be applied to the Receivables of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, unless such Obligor designates its payment for application to specific Receivables; and

(iv) if and to the extent the Agent, the Investors or the Banks shall be required for any reason to pay over to an Obligor any amount received on its behalf hereunder, such amount shall be deemed not to have been

so received but rather to have been retained by the Seller and, accordingly, the Agent, the Investors or the Banks, as the case may be, shall have a claim against the Seller for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

SECTION 2.05. Fees. (a) Each Investor and Bank shall pay to the Collection Agent a fee (the "Collection Agent Fee") of 1% per annum on the average daily Capital of each Receivable Interest owned by such Investor or Bank, from the date of purchase of such Receivable Interest until the later of the Termination Date for such Receivable Interest or the date on which such Capital is reduced to zero, payable on the Settlement Date for such Receivable Interest. Upon three Business Days' notice to the Agent, the Collection Agent (if not the Parent, the Seller or its designee or an Affiliate of the Seller) may elect to be paid, as such fee, another percentage per annum on the average daily Capital of such Receivable Interest, but in no event in excess for all Receivable Interests relating to the Receivables Pool of 110% of the reasonable costs and expenses of the Collection Agent in administering and collecting the Receivables in the Receivables Pool. The Collection Agent Fee shall be payable only from Collections pursuant to, and subject to the priority of payment set forth in, Section 2.04.

(b) The Seller shall pay to the Agent certain fees (collectively, the "Fees") in the amounts and on the dates set forth in a separate fee agreement of even date between the Seller and the Agent, as the same may be amended or restated from time to time (the "Fee Agreement").

SECTION 2.06. Payments and Computations, Etc. (a) All amounts to be paid or deposited by the Seller or the Collection Agent hereunder shall be paid or deposited no later than 12:00 noon (New York City time) on the day when due in same day funds to the Agent's Account.

(b) Each of the Seller and the Collection Agent shall, to the extent permitted by law, pay interest on any amount not paid or deposited by it when due hereunder, at an interest rate per annum equal to 2% per annum above the Alternate Base Rate, payable on demand.

(c) All computations of interest under subsection (b) above and all computations of Yield, fees, and other amounts hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such

payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

SECTION 2.07. Dividing or Combining Receivable Interests.

Either the Seller or the Agent may, upon notice to the other party received at least three Business Days prior to the last day of any Fixed Period in the case of the Seller giving notice, or up to the last day of such Fixed Period in the case of the Agent giving notice, either (i) divide any Receivable Interest into two or more Receivable Interests having aggregate Capital equal to the Capital of such divided Receivable Interest, or (ii) combine any two or more Receivable Interests originating on such last day or having Fixed Periods ending on such last day into a single Receivable Interest having Capital equal to the aggregate of the Capital of such Receivable Interests; provided, however, that no Receivable Interest owned by Atlantic may be combined with a Receivable Interest owned by any Bank.

SECTION 2.08. Increased Costs. (a) If Credit Lyonnais, any

Investor, any Bank, any entity which enters into a commitment to purchase Receivable Interests or interests therein, or any of their respective Affiliates (each an "Affected Person") determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of the capital required or expected to be maintained by such Affected Person and such Affected Person determines that the amount of such capital is increased by or based upon the existence of any commitment to make purchases of or otherwise to maintain the investment in Pool Receivables or interests therein related to this Agreement or to the funding thereof and other commitments of the same type, then, upon demand by such Affected Person (with a copy to the Agent), the Seller shall immediately pay to the Agent for the account of such Affected Person (as a third-party beneficiary), from time to time as specified by such Affected Person, additional amounts sufficient to compensate such Affected Person in the light of such circumstances, to the extent that such Affected Person reasonably determines such increase in capital to be allocable to the existence of any of such commitments. A certificate as to such amounts (which shall include calculations in reasonable detail) submitted to the Seller and the Agent by such Affected Person shall be conclusive and binding for all purposes, absent manifest error.

(b) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements referred to in Section 2.09) in or in the interpretation of any law or regulation or (ii) compliance with

any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Investor or Bank of agreeing to purchase or purchasing, or maintaining the ownership of, Receivable Interests in respect of which Yield is computed by reference to the Eurodollar Rate, then, upon demand by such Investor or Bank (with a copy to the Agent), the Seller shall immediately pay to the Agent, for the account of such Investor or Bank (as a third-party beneficiary), from time to time as specified by such Investor or Bank, additional amounts sufficient to compensate such Investor or Bank for such increased costs. A certificate as to such amounts (which shall include calculations in reasonable detail) submitted to the Seller and the Agent by such Investor or Bank shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.09. Additional Yield on Receivable Interests Bearing a Eurodollar Rate. The Seller shall pay to any Investor or Bank, so long as such Investor or Bank shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional Yield on the unpaid Capital of each Receivable Interest of such Investor or Bank during each Fixed Period in respect of which Yield is computed by reference to the Eurodollar Rate, for such Fixed Period, at a rate per annum equal at all times during such Fixed Period to the remainder obtained by subtracting (i) the Eurodollar Rate for such Fixed Period from (ii) the rate obtained by dividing such Eurodollar Rate referred to in clause (i) above by that percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Investor or Bank for such Fixed Period, payable on each date on which Yield is payable on such Receivable Interest. Such additional Yield shall be determined by such Investor or Bank and notice thereof given to the Seller through the Agent within 30 days after any Yield payment is made with respect to which such additional Yield is requested. A certificate as to such additional Yield (which shall include calculations in reasonable detail) submitted to the Seller and the Agent by such Investor or Bank shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.10. Taxes. (a) Any and all payments and deposits required to be made hereunder or under any other Transaction Document by the Collection Agent or the Seller shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding net income taxes that are imposed by the United States and franchise taxes and net income taxes that are imposed on an Affected Person by the state or foreign jurisdiction under the

laws of which such Affected Person is organized or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Seller or the Collection Agent shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Affected Person, (i) the Seller shall make an additional payment to such Affected Person, in an amount sufficient so that, after making all required deductions (including deductions applicable to additional sums payable under this Section 2.10), such Affected Person receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Seller or the Collection Agent, as the case may be, shall make such deductions and (iii) the Seller or the Collection Agent, as the case may be, shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

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

(c) The Seller will indemnify each Affected Party for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.10) paid by such Affected Person and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty days from the date the Affected Person makes written demand therefor (and a copy of such demand shall be delivered to the Agent). A certificate as to the amount of such indemnification submitted to the Seller and the Agent by such Affected Person, setting forth, in reasonable detail, the basis for and the calculation thereof, shall be conclusive and binding for all purposes absent manifest error.

SECTION 2.11. Security Interest. As collateral security for the performance by the Seller of all the terms, covenants and agreements on the part of the Seller (whether as Seller or otherwise) to be performed under this Agreement or any document delivered in connection with this Agreement in accordance with the terms thereof, including the punctual payment when due of all obligations of the Seller hereunder or thereunder, whether for indemnification payments, fees, expenses or otherwise, the Seller hereby assigns to the Agent for its benefit and the ratable benefit of the Investors and the Banks, and hereby grants to the Agent for its

benefit and the ratable benefit of the Investors and the Banks, a security interest in, all of the Seller's right, title and interest in and to (A) the Parent/Seller Purchase Agreement and the Originator Purchase Agreement, including, without limitation, (i) all rights of the Seller to receive moneys due or to become due under or pursuant to the Parent/Seller Purchase Agreement or the Originator Purchase Agreement, (ii) all security interests and property subject thereto from time to time purporting to secure payment of monies due or to become due under or pursuant to the Parent/Seller Purchase Agreement or the Originator Purchase Agreement, (iii) all rights of the Seller to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Parent/Seller Purchase Agreement or the Originator Purchase Agreement, (iv) claims of the Seller for damages arising out of or for breach of or default under the Parent/Seller Purchase Agreement or the Originator Purchase Agreement, and (v) the right of the Seller to compel performance and otherwise exercise all remedies thereunder, (B) all Receivables, whether now owned and existing or hereafter acquired or arising, the Related Security with respect thereto and the Collections and all other assets, including, without limitation, accounts, chattel paper, instruments and general intangibles (as those terms are defined in the UCC), including undivided interests in any of the foregoing, owned by the Seller and not otherwise purchased under this Agreement, and (C) to the extent not included in the foregoing, all proceeds of any and all of the foregoing.

SECTION 2.12. Repurchase Option. So long as no Event of Termination or Incipient Event of Termination would occur or be continuing after giving effect thereto, the Seller shall have the right (the "Call Right") to repurchase all, but not less than all, of the Receivable Interests held by the Investors and the Banks upon not less than thirty Business Days' prior written notice to the Agent. Such notice shall specify the date that the Seller desires that such repurchase occur (such date, the "Repurchase Date"). On the Repurchase Date, the Seller shall transfer to the Agent's Account in immediately available funds an amount equal to (i) the Capital of the Receivable Interests held by the Investors and the Banks, (ii) all accrued and unpaid Yield thereon to the Repurchase Date, (iii) all accrued and unpaid Fees owing to the Investors and the Banks, (iv) the Liquidation Fee owing to the Investors and the Banks in respect of such repurchase and (v) all expenses and other amounts payable hereunder to any of the Agent, the Investors and the Banks (including, without limitation, attorneys' fees and disbursements). Any repurchase pursuant to this Section 2.12 shall be made without recourse to or warranty by the Agent, the Investors or the Banks. Further, on the Repurchase Date the Bank

Commitments for all the Banks shall terminate, each of the Commitment Termination Date and Facility Termination Date shall have occurred, the Termination Date for all Banks and the Investors shall have occurred and no further purchases or reinvestments of Collections shall be made hereunder.

ARTICLE III

CONDITIONS OF PURCHASES

SECTION 3.01. Conditions Precedent to Initial Purchase. The initial purchase of a Receivable Interest under this Agreement is subject to the conditions precedent that the Agent shall have received on or before the date of such purchase the following, each (unless otherwise indicated) dated as of such date of purchase, in form and substance satisfactory to the Agent:

(a) Certified copies of the resolutions (or similar authorization, if not a corporation) of the Board of Directors (or similar governing body or Persons, if not a corporation) of the Seller and the Parent approving this Agreement and the Parent/Seller Purchase Agreement and certified copies of all documents evidencing other necessary corporate action or limited liability company action, as the case may be, and governmental approvals, if any, with respect to this Agreement and the Parent/Seller Purchase Agreement.

(b) A certificate of the Secretary or Assistant Secretary of the Seller and of the Parent certifying the names and true signatures of the officers of the Seller and of the Parent authorized to sign the Parent/Seller Purchase Agreement and this Agreement and the other documents to be delivered by it hereunder and thereunder.

(c) Acknowledgment copies or time stamped receipt copies of proper financing statements, duly filed on or before the date of such initial purchase under the UCC of all jurisdictions that the Agent may deem necessary or desirable in order to perfect the ownership and security interests contemplated by this Agreement, the Parent/Seller Purchase Agreement and the Originator Purchase Agreement.

(d) Acknowledgment copies or time stamped receipt copies of proper financing statements, if any, necessary to release all security interests and other rights of any Person (other than the interests evidenced by the financing statement filings referred to in the second sentence of Section 4.01(h)) in (i) the Receivables, Contracts or Related Security previously

granted by the Seller, the Parent or any Originator and (ii) the collateral security referred to in Section 2.11 previously granted by the Seller.

(e) Completed requests for information, dated on or before the date of such initial purchase, listing all effective financing statements filed in the jurisdictions referred to in subsection (c) above that name the Seller, the Parent or any Originator as debtor, together with copies of such financing statements (none of which shall cover any Receivables, Contracts, Related Security or the collateral security referred to in Section 2.11).

(f) Executed copies of Lock-Box Agreements with each Lock-Box Bank.

(g) A favorable opinion of (i) Andrews & Kurth, L.L.P., counsel for the Seller and the Parent, (ii) in house counsel to the Seller, the Parent and the Originators and (iii) Delaware counsel to the Seller, substantially in the forms of Annex C hereto and as to such other matters as the Agent may reasonably request.

(h) The Fee Agreement.

(i) An executed copy of the Parent/Seller Purchase Agreement and the Originator Purchase Agreement.

(j) A copy of the limited liability company agreement of the Seller, certified by the Parent, as member of the Seller, and of the by-laws of the Parent, certified by the Secretary or Assistant Secretary of the Parent.

(k) A copy of the certificate of formation of the Seller and of the certificate of incorporation of the Parent, certified as of a recent date by the Secretary of State or other appropriate official of the state of its organization, and a certificate as to the good standing of each of the Seller and the Parent from such Secretary of State or other official, dated as of a recent date.

(l) The opening pro forma balance sheet of the Seller referred to in Section 4.01(e).

(m) Confirmation (informally but to the reasonable satisfaction of the Agent) by each of S&P and Moody's that the commercial paper notes of Atlantic issued in connection with this Agreement will be, or will continue to be, rated at least A-1 and P-1, respectively.

(n) Certified copies of the resolutions (or similar authorization, if not a corporation) of the Board of Directors (or similar governing body or Persons, if not a corporation) of the Parent and the Originators approving the Originator Purchase Agreement and certified copies of all documents evidencing other necessary corporate, partnership or limited liability company action, as the case may be, and governmental approvals, if any, with respect to the Originator Purchase Agreement.

(o) A certificate of a Secretary or Assistant Secretary (or, in the case of the Originators, other equivalent office) of the Parent and the Originators certifying the names and true signatures of the officers of the Parent and the Originators authorized to sign the Originator Purchase Agreement and the other documents to be delivered by it thereunder.

(p) A copy of the limited liability company agreement, by-laws or other governance document of each of the Originators, certified by the respective Secretary or Assistant Secretary or manager thereof.

(q) A copy of the certificate of formation or certificate or articles of incorporation or other governance document of each of the Originators, certified as of a recent date by the Secretary of State or other appropriate official of the state of its organization, and a certificate as to the good standing of each of the Originators from such Secretary of State or other official, dated as of a recent date.

SECTION 3.02. Conditions Precedent to All Purchases and Reinvestments. Each purchase (including the initial purchase) and each reinvestment shall be subject to the further conditions precedent that (a) in the case of each purchase, the Collection Agent shall have delivered to the Agent at least one Business Day prior to such purchase, in form and substance reasonably satisfactory to the Agent, a completed Seller Report (or, in the case of the initial purchase, a pro forma Seller Report for the period ending May 31, 2001) containing information covering the most recently ended reporting period for which information is required pursuant to Section 6.02(g) and demonstrating that after giving effect to such purchase no Event of Termination or Incipient Event of Termination under Section 7.01(i) would occur, (b) in the case of each reinvestment, the Collection Agent shall have delivered to the Agent on or prior to the date of such reinvestment, in form and substance reasonably satisfactory to the Agent, a completed Seller Report containing information covering the most recently ended reporting period for which information is required pursuant to Section 6.02(g), (c) on the date of such purchase or reinvestment the following statements shall be true, except that

the statement in clause (iii) below is required to be true only if such purchase or reinvestment is by an Investor (and acceptance of the proceeds of such purchase or reinvestment shall be deemed a representation and warranty by the Seller and the Collection Agent (each as to itself) that such statements are then true):

(i) The representations and warranties contained in Section 4.01 (in the case of the Seller) and 4.02 (in the case of the Collection Agent) are correct on and as of the date of such purchase or reinvestment as though made on and as of such date,

(ii) No event has occurred and is continuing, or would result from such purchase or reinvestment, that constitutes an Event of Termination or an Incipient Event of Termination,

(iii) The Agent shall not have given the Seller at least one Business Day's notice that the Investors have terminated the reinvestment of Collections attributable to their Receivable Interests in Receivable Interests, and

(iv) The Originators shall have sold to the Parent, pursuant to the Originator Purchase Agreement, and the Parent shall have sold or contributed to the Seller, pursuant to the Parent/Seller Purchase Agreement, all Originator Receivables outstanding on the date the applicable Originator first became an Originator hereunder and thereafter arising through and including such purchase or reinvestment date, and

(d) the Agent shall have received such other approvals, opinions or documents as it may reasonably request.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Seller.

The Seller hereby represents and warrants as follows:

(a) The Seller is a limited liability company duly formed, validly existing and in good standing under the laws of Delaware, and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified.

(b) The execution, delivery and performance by the Seller of the Transaction Documents to which it is a party and the other documents to be delivered by it hereunder, including the Seller's use of the proceeds of purchases and reinvestments, (i) are within the Seller's limited liability company powers, (ii) have been duly authorized by all necessary limited liability company action, (iii) do not contravene (1) the Seller's certificate of formation or limited liability company agreement, (2) any law, rule or regulation applicable to the Seller, (3) any contractual restriction binding on or affecting the Seller or its property or (4) any order, writ, judgment, award, injunction or decree binding on or affecting the Seller or its property, and (iv) do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties (except for the interest created pursuant to this Agreement). Each of the Transaction Documents to which the Seller is a party has been duly executed and delivered by the Seller.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Seller of the Transaction Documents to which the Seller is a party or any other document to be delivered thereunder, except for the filing of UCC financing statements which are referred to therein.

(d) Each of the Transaction Documents to which the Seller is a party constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, subject to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and to general principles of equity (whether considered in a proceeding in equity or at law).

(e) The opening pro forma balance sheet of the Seller as at June 29, 2001, giving effect to the initial purchase to be made under this Agreement, a copy of which has been furnished to the Agent, fairly presents the financial condition of the Seller as at such date, in accordance with generally accepted accounting principles, and since May 1, 2001 there has been no material adverse change in the business, operations, property or financial or other condition of the Seller.

(f) There is no pending or, to the knowledge of the Seller, threatened action or proceeding against the Seller before any court, governmental agency or arbitrator which may materially adversely affect the financial condition or operations of the Seller or the ability of the Seller to perform its obligations under the Transaction Documents, or which purports to affect the legality, validity or enforceability of the Transaction Documents.

(g) No proceeds of any purchase or reinvestment will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(h) Immediately prior to the purchase by the Investor or the Banks, as the case may be, the Seller is the legal and beneficial owner of the Pool Receivables and Related Security free and clear of any Adverse Claim; upon each purchase or reinvestment, the Investors or the Banks, as the case may be, shall acquire a valid and perfected first priority undivided percentage ownership interest to the extent of the pertinent Receivable Interest in each Pool Receivable then existing or thereafter arising and in the Related Security and Collections with respect thereto. No effective financing statement or other instrument similar in effect covering any Contract or any Pool Receivable or the Related Security or Collections with respect thereto is on file in any recording office, except those filed in favor of the Agent relating to this Agreement and those filed against the Parent pursuant to the Parent/Seller Purchase Agreement or against the Originators pursuant to the Originator Purchase Agreement.

(i) Each Seller Report (if prepared by the Seller or one of its Affiliates, or to the extent that information contained therein is supplied by the Seller or an Affiliate), information, exhibit, financial statement, document, book, record or report furnished or to be furnished at any time by or on behalf of the Seller to the Agent, the Investors or the Banks in connection with this Agreement is or will be accurate in all material respects as of its date or (except as otherwise disclosed to the Agent, Investors or the Banks, as the case may be, at such time) as of the date so furnished, and no such document contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(j) The principal place of business and chief executive office of the Seller and the office where the Seller keeps its records concerning the Pool Receivables are located at the address or addresses referred to in Section 5.01(b).

(k) The names and addresses of all the Lock-Box Banks, together with the account numbers of the Lock-Box Accounts of the Seller at such Lock-Box Banks, are as specified in Schedule I

hereto, as such Schedule I may be updated from time to time pursuant to Section 5.01(g).

(l) The Seller is not known by and does not use any tradename or doing-business-as name.

(m) The Seller was formed on May 1, 2001, and the Seller did not engage in any business activities prior to the date of this Agreement. The Seller has no Subsidiaries.

(n) (i) The fair value of the property of the Seller is greater than the total amount of liabilities, including contingent liabilities, of the Seller, (ii) the present fair salable value of the assets of the Seller is not less than the amount that will be required to pay all probable liabilities of the Seller on its debts as they become absolute and matured, (iii) the Seller does not intend to, and does not believe that it will, incur debts or liabilities beyond the Seller's abilities to pay such debts and liabilities as they mature and (iv) the Seller is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which the Seller's property would constitute unreasonably small capital.

(o) With respect to each Pool Receivable, the Seller (i) shall have received such Pool Receivable as a contribution to the capital of the Seller by the Parent or (ii) shall have purchased such Pool Receivable from the Parent in exchange for payment (made by the Seller to the Parent in accordance with the provisions of the Parent/Seller Purchase Agreement) of cash, an increase in the principal balance of the Purchase Price Note, or a combination thereof in an amount which constitutes fair consideration and reasonably equivalent value. Each such sale referred to in clause (ii) of the preceding sentence shall not have been made for or on account of an antecedent debt owed by the Parent to the Seller and no such sale is or may be voidable or subject to avoidance under any section of the Federal Bankruptcy Code.

(p) The Outstanding Balance at any time of Originator Receivables the Contracts in respect of which permit the payment of the amount due thereunder more than 40 days from the original respective billing dates therefor does not exceed 60% of the Outstanding Balance at such time of all Originator Receivables.

SECTION 4.02. Representations and Warranties of the Collection Agent. The Collection Agent hereby represents and warrants as follows:

(a) The Collection Agent is a corporation duly incorporated, validly existing and in good standing under the

laws of the State of Delaware, and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified.

(b) The execution, delivery and performance by the Collection Agent of this Agreement and any other documents to be delivered by it hereunder (i) are within the Collection Agent's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (1) the Collection Agent's charter or by-laws, (2) any law, rule or regulation applicable to the Collection Agent, (3) any contractual restriction binding on or affecting the Collection Agent or its property or (4) any order, writ, judgment, award, injunction or decree binding on or affecting the Collection Agent or its property, and (iv) do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties. This Agreement has been duly executed and delivered by the Collection Agent.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Collection Agent of this Agreement or any other document to be delivered by it hereunder.

(d) This Agreement constitutes the legal, valid and binding obligation of the Collection Agent enforceable against the Collection Agent in accordance with its terms, subject to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and to general principles of equity (whether considered in a proceeding in equity or at law).

(e) The consolidated balance sheet of the Collection Agent and its consolidated Subsidiaries as at March 31, 2001, and the related consolidated statements of income and retained earnings of the Collection Agent and its consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to the Agent, fairly present the financial condition of the Collection Agent and its consolidated Subsidiaries as at such date and the results of the operations of the Collection Agent and its consolidated Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since March 31, 2001 there has been no material adverse change in the business, operations, property or financial condition of the Collection Agent and its consolidated Subsidiaries taken as a whole.

(f) There is no pending or, to the knowledge of the Collection Agent, threatened action or proceeding against the

Collection Agent or any of its Subsidiaries before any court, governmental agency or arbitrator which may materially adversely affect the financial condition or operations of the Collection Agent and its consolidated Subsidiaries taken as a whole or the ability of the Collection Agent to perform its obligations under this Agreement, or which purports to affect the legality, validity or enforceability of this Agreement.

(g) On the date of each purchase and reinvestment, the sum of the Receivable Interests is not greater than 100%.

ARTICLE V

COVENANTS

SECTION 5.01. Covenants of the Seller. Until the latest of the Facility Termination Date or the date on which no Capital of or Yield on any Receivable Interest shall be outstanding or the date all other amounts owed by the Seller hereunder to the Investors, the Banks or the Agent are paid in full:

(a) Compliance with Laws, Etc. The Seller will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its limited liability company existence, rights, franchises, qualifications, and privileges except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such rights, franchises, qualifications, and privileges would not materially adversely affect the collectibility of the Receivables Pool or the ability of the Seller to perform its obligations under the Transaction Documents.

(b) Offices, Records and Books of Account. The Seller will keep its principal place of business and chief executive office and the office where it keeps its records concerning the Pool Receivables at the address of the Seller set forth under its name on the signature pages to this Agreement or, upon 30 days' prior written notice to the Agent, at any other locations in jurisdictions where all actions reasonably requested by the Agent to protect and perfect the interest in the Pool Receivables have been taken and completed. The Seller will not change its state of formation from that of the State of Delaware. The Seller also will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information

reasonably necessary or advisable for the collection of all Pool Receivables (including, without limitation, records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(c) Performance and Compliance with Contracts and Credit and Collection Policy. The Seller will, at its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply in all material respects with the applicable Credit and Collection Policy in regard to each Pool Receivable and the related Contract.

(d) Sales, Liens, Etc. The Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, the Seller's undivided interest in any Pool Receivable, Related Security, related Contract or Collections, or upon or with respect to any account to which any Collections of any Pool Receivable are sent, or assign any right to receive income in respect thereof, other than as contemplated by the Transaction Documents.

(e) Extension or Amendment of Receivables. Except as provided in Section 6.02(c), the Seller will not (and will not permit the Collection Agent, the Parent or any Originator to) extend, amend or otherwise modify the terms of any Pool Receivable, or amend, modify or waive any term or condition of any Contract related thereto.

(f) Change in Business or Credit and Collection Policy. The Seller will not make any change in the character of its business or in the applicable Credit and Collection Policy that would, in either case, materially adversely affect the collectibility of the Receivables Pool or the ability of the Seller to perform its obligations under this Agreement.

(g) Change in Payment Instructions to Obligor. The Seller will not add or terminate any bank as a Lock-Box Bank from those listed in Schedule I to this Agreement, or make any change in its instructions to Obligor regarding payments to be made to the Seller or payments to be made to any Lock-Box Bank, unless the Agent shall have received notice of such addition, termination or change (including an updated Schedule I) and a fully executed Lock-Box Agreement with each new Lock-Box Bank.

(h) Deposits to Lock-Box Accounts. The Seller will instruct or cause the Collection Agent to instruct all Obligor to remit all their payments in respect of Receivables to Lock-Box

Accounts. If the Seller shall receive any Collections directly, it shall immediately (and in any event within two Business Days) deposit the same to a Lock-Box Account. The Seller will not deposit or otherwise credit, or cause or permit to be so deposited or credited, to any Lock-Box Account cash or cash proceeds other than Collections of Receivables.

(i) Marking of Records. At its expense, the Seller will cause the master data processing records evidencing Pool Receivables to be marked to indicate that Receivable Interests related to such Pool Receivables have been sold in accordance with this Agreement.

(j) Further Assurances. (i) The Seller agrees from time to time, at its expense, upon the request of the Agent, promptly to execute and deliver all further instruments and documents, and to take all further actions, that may be reasonably necessary or desirable, or that the Agent may reasonably request, to perfect, protect or more fully evidence the Receivable Interests purchased under this Agreement, or to enable the Investors, the Banks or the Agent to exercise and enforce their respective rights and remedies under this Agreement. Without limiting the foregoing, the Seller will, upon the request of the Agent, execute and file such financing or continuation statements, or amendments thereto, and such other instruments and documents, that may be reasonably necessary or desirable, or that the Agent may reasonably request, to perfect, protect or evidence such Receivable Interests.

(ii) The Seller authorizes the Agent to file financing or continuation statements, and amendments thereto and assignments thereof, relating to the Pool Receivables and the Related Security, the related Contracts and the Collections with respect thereto without the signature of the Seller where permitted by law. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

(k) Reporting Requirements. The Seller will provide to the Agent (in multiple copies, if requested by the Agent) the following:

(i) as soon as available and in any event within 60 days after the end of the first three quarters of each fiscal year of the Parent and Centex, a consolidated balance sheet of the Parent and its consolidated Subsidiaries and of Centex and its consolidated Subsidiaries as of the end of such quarter and consolidated statements of income and retained

earnings of the Parent and its consolidated Subsidiaries and of Centex and its consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the chief financial officer or treasurer of the Parent and Centex, respectively (provided that the Seller may satisfy this delivery obligation through the delivery of the SEC quarterly report for the Parent and Centex for such quarter referred to in clause (v) below);

(ii) as soon as available and in any event within 120 days after the end of each fiscal year of the Parent and Centex, a copy of the annual report for such year of the Parent and its consolidated Subsidiaries and of Centex and its consolidated Subsidiaries, containing financial statements for such year audited by a "Big Five" accounting firm or other independent public accountants of recognized national standing;

(iii) as soon as available and in any event within 60 days after the end of the first three quarters and within 120 days after the end of the fourth fiscal quarter of each fiscal year of the Seller, a balance sheet of the Seller as of the end of such quarter and a statement of income and retained earnings of the Seller for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the chief financial officer of the Seller;

(iv) as soon as possible and in any event within three Business Days after the occurrence of each Event of Termination or obtaining knowledge of any Incipient Event of Termination, a statement of the chief financial officer of the Seller setting forth details of such Event of Termination or Incipient Event of Termination and the action that the Seller has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports that Centex or the Parent sends to any of its security holders generally, and copies of all Form 10-K, Form 10-Q and Form 8-K reports that Centex or the Parent files with the SEC;

(vi) promptly after the filing or receiving thereof, copies of all reports and notices that the Seller or any Affiliate files under ERISA with the Internal Revenue Service or the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or

that the Seller or any Affiliate receives from any of the foregoing or from any multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA) to which the Seller or any Affiliate is or was, within the preceding five years, a contributing employer, in each case in respect of the assessment of withdrawal liability or an event or condition which could, in the aggregate, result in the imposition of liability on the Seller and/or any such Affiliate in excess of \$2,500,000;

(vii) at least ten Business Days prior to any change in the name of the Parent, any Originator or the Seller, a notice setting forth the new name and the effective date thereof;

(viii) as soon as possible and in any event within three Business Days after the Seller obtains knowledge thereof, notice of any "Event of Termination" or "Facility Termination Date" under the Originator Purchase Agreement or the Parent/Seller Purchase Agreement;

(ix) so long as any Capital shall be outstanding, as soon as possible and in any event no later than the day of occurrence thereof, notice that any Originator has stopped selling to the Parent, pursuant to the Originator Purchase Agreement, or that the Parent has stopped selling or contributing to the Seller, pursuant to the Parent/Seller Purchase Agreement, all newly arising Originator Receivables;

(x) at the time of the delivery of the financial statements provided for in clauses (i) and (ii) of this paragraph, a certificate of the chief financial officer of the Seller, to the effect that, to the best of such officer's knowledge, no Event of Termination has occurred and is continuing or, if any Event of Termination has occurred and is continuing, specifying the nature and extent thereof;

(xi) promptly after receipt thereof, copies of all notices received by the Seller from the Parent under the Parent/Seller Purchase Agreement; and

(xii) such other information respecting the Receivables or the condition or operations, financial or otherwise, of the Seller, the Parent or any Originator as the Agent may from time to time reasonably request, provided that, if requested by the

Seller, the Parent or any Originator, the Agent shall execute a confidentiality agreement in respect of such information.

(1) Separateness. (i) The Seller shall at all times maintain at least one independent manager who (x) is not currently and has not been during the five years preceding the date of this Agreement an officer, director or employee of the Parent or an Affiliate of the Parent, other than an independent member, director or manager of any bankruptcy remote, special purpose Affiliate of the Parent, (y) is not a current or former officer or employee of the Seller and (z) otherwise meets the requirements of an independent manager under the Seller's limited liability company agreement.

(ii) The Seller shall not direct or participate in the management of any of the Other Companies' operations.

(iii) The Seller shall conduct its business from an office separate from that of the Other Companies (but which may be located in the same facility as one or more of the Other Companies). The Seller shall have stationery and other business forms and a mailing address and a telephone number separate from that of the Other Companies.

(iv) The Seller shall at all times be adequately capitalized in light of its contemplated business.

(v) The Seller shall at all times provide for its own operating expenses and liabilities from its own funds.

(vi) The Seller shall maintain its assets and transactions separately from those of the Other Companies and reflect such assets and transactions in financial statements separate and distinct from those of the Other Companies and evidence such assets and transactions by appropriate entries in books and records separate and distinct from those of the Other Companies. The Seller shall hold itself out to the public under the Seller's own name as a legal entity separate and distinct from the Other Companies. The Seller shall not hold itself out as having agreed to pay, or as being liable, primarily or secondarily, for, any obligations of the Other Companies.

(vii) The Seller shall not maintain any joint account with any Other Company or become liable as a

guarantor or otherwise with respect to any Debt or contractual obligation of any Other Company.

(viii) The Seller shall not make any payment or distribution of assets with respect to any obligation of any Other Company or grant an Adverse Claim on any of its assets to secure any obligation of any Other Company.

(ix) The Seller shall not make loans, advances or otherwise extend credit to any of the Other Companies other than Purchaser Loans (as defined in the Parent/Seller Purchase Agreement) on the terms and conditions set forth in the Parent/Seller Purchase Agreement.

(x) The Seller shall hold regular duly noticed meetings of its members and make and retain minutes of such meetings (or otherwise duly effect the same by means of written consents).

(xi) The Seller shall have bills of sale (or similar instruments of assignment) and, if appropriate, UCC-1 financing statements, with respect to all assets purchased from any of the Other Companies.

(xii) The Seller shall not engage in any transaction with any of the Other Companies, except as permitted by this Agreement and as contemplated by the Parent/Seller Purchase Agreement and the other Transaction Documents.

(xiii) The Seller shall comply with (and cause to be true and correct) each of the agreements contained in Section 9(b)(v) of its limited liability company agreement.

(m) Parent/Seller Purchase Agreement. The Seller will not amend, waive or modify any provision of the Parent/Seller Purchase Agreement (provided that the Seller may extend the "Facility Termination Date" thereunder) or waive the occurrence of any "Event of Termination" under the Parent/Seller Purchase Agreement, without in each case the prior written consent of the Agent. The Seller will perform all of its obligations under the Parent/Seller Purchase Agreement in all material respects and will enforce the Parent/Seller Purchase Agreement in accordance with its terms in all material respects.

(n) Nature of Business. The Seller will not engage in any business other than the purchase of Originator Receivables,

Related Security and Collections from the Parent and the transactions contemplated by this Agreement and the other Transaction Documents. The Seller will not create or form any Subsidiary.

(o) Mergers, Etc. The Seller will not merge with or into or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions), all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets or capital stock or other ownership interest of, or enter into any joint venture or partnership agreement with, any Person, other than as contemplated by this Agreement, the Parent/Seller Purchase Agreement and the Originator Purchase Agreement.

(p) Distributions, Etc. The Seller will not declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any membership interests of the Seller, or return any capital to its members as such, or purchase, retire, defease, redeem or otherwise acquire for value or make any payment in respect of any membership interests of the Seller or any warrants, rights or options to acquire any such membership interests, now or hereafter outstanding; provided, however, that the Seller may declare and pay cash distributions on its membership interests to its members so long as (i) no Event of Termination shall then exist or would occur as a result thereof, (ii) such distributions are in compliance with all applicable law including the limited liability company law of the state of Seller's formation, and (iii) such distributions have been approved by all necessary and appropriate limited liability company action of the Seller.

(q) Debt. The Seller will not incur any Debt, other than any Debt incurred pursuant to this Agreement, the other Transaction Documents and the Purchase Price Note.

(r) Limited Liability Company Agreement. The Seller will not amend or delete (or permit any amendment or deletion of) the definition of "Independent Manager" or any of Sections 7, 9, 10, 21, 22, 24, 29 or 31 of its limited liability company agreement.

(s) Tangible Net Worth. The Seller will maintain Tangible Net Worth at all times equal to at least 3% of the Outstanding Balance of the Receivables at such time.

(t) Taxes. The Seller will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except such

as are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established. The Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of the Agent, the Investors and the Banks.

SECTION 5.02. Covenants of the Seller and Parent. Until the latest of the Facility Termination Date or the date on which no Capital or Yield on any Receivable Interest shall be outstanding or the date all other amounts owed by the Seller hereunder to the Investors, the Banks or the Agent are paid in full, each of the Seller and the Parent will, at their respective expense, from time to time during regular business hours as reasonably requested by the Agent, permit the Agent or its agents or representatives (including independent public accountants, which may be the Seller's, the Parent's or any Originator's independent public accountants), (i) to conduct periodic audits of the Receivables, the Related Security and the related books and records and collections systems of the Seller, the Parent or any Originator, as the case may be, (ii) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of the Seller, the Parent or any Originator, as the case may be, relating to Pool Receivables and the Related Security, including, without limitation, the Contracts, and (iii) to visit the offices and properties of the Seller, the Parent or any Originator, as the case may be, for the purpose of examining such materials described in clause (ii) above, and to discuss matters relating to Pool Receivables and the Related Security or the Seller's, the Parent's or any Originator's performance under the Transaction Documents or under the Contracts with any of the officers or employees of the Seller, the Parent or any Originator, as the case may be, having knowledge of such matters.

SECTION 5.03. Covenant of the Parent. Until the latest of the Facility Termination Date or the date on which no Capital or Yield on any Receivable Interest shall be outstanding or the date all other amounts owed by the Seller hereunder to the Investors, the Banks or the Agent are paid in full:

(a) Interest Coverage Ratio. The Parent 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 (as defined in the Credit Agreement) to (ii) Consolidated Interest Expense (as defined in the Credit Agreement) to be less than 3.00 to 1.00 or such other ratio as may be agreed to in an amendment to the Credit Agreement entered

into within 60 days from the date hereof. The Parent shall promptly provide the Agent with a copy of any such amendment.

(b) Leverage Ratio. The Parent will not permit the ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Funded Indebtedness (as defined in the Credit Agreement) to (ii) Consolidated EBITDA (as defined in the Credit Agreement) for the then most-recently ended four fiscal quarters to be greater than: (A) 3.50 to 1.00 as of the end of any fiscal quarter through and including the fiscal quarter ending March 31, 2002; (B) 3.25 to 1.00 as of the end of any subsequent fiscal quarter through and including the fiscal quarter ending September 30, 2002; and (C) 3.00 to 1.00 as of the end of any subsequent fiscal quarter.

(c) Dividends. The Parent will not, nor will it permit any Subsidiary (as defined in the Credit Agreement) to, declare or pay any dividends or make any distributions on its capital stock or other equity interests (other than dividends payable in its own capital stock or other equity interests) or redeem, repurchase or otherwise acquire or retire any of its capital stock or other equity interests at any time outstanding, except that (i) any Subsidiary (as defined in the Credit Agreement) may declare and pay dividends or make distributions to the Parent or to a Wholly-Owned Subsidiary (as defined in the Credit Agreement) and (ii) when no Default (as defined in the Credit Agreement) exists or will result therefrom, the Parent may pay dividends on its capital stock during each fiscal year in an amount not to exceed in the aggregate \$5,000,000; provided that this Section 5.03(c) shall be deemed modified to give effect to any amendments to Section 6.10 of the Credit Agreement entered into within 60 days of the date hereof. The Parent shall promptly provide the Agent with a copy of any such amendment. The foregoing shall not permit the Seller to declare or pay any dividends or make any distributions, which declarations and payments by the Seller shall be governed by Section 5.01(p) hereof.

(d) Minimum Tangible Net Worth. As of March 31, 2001, the Parent will at all times maintain Consolidated Tangible Net Worth (as defined in the Credit Agreement) of not less than \$326,826,000 and for the last day of each fiscal quarter thereafter, not less than the sum of (i) the minimum Consolidated Tangible Net Worth (as defined in the Credit Agreement) required for the prior fiscal quarter, plus (ii) 50% of the Consolidated Net Income (as defined in the Credit Agreement) (not less than \$0.00) for the fiscal quarter then ended, plus (iii) 100% of the Net Cash Proceeds (as defined in the Credit Agreement) of any equity issuances (excluding issuances described in clause (a) of the first sentence of Section 2.25 of the Credit Agreement as in

effect on the date hereof and issuances solely to finance Permitted Acquisitions (as defined in the Credit Agreement)) by the Parent or any Subsidiary (as defined in the Credit Agreement) for the fiscal quarter then ended; provided that this Section 5.03(d) shall be deemed modified to give effect to any amendments to Section 6.22.3 of the Credit Agreement entered into within 60 days of the date hereof. The Parent shall promptly provide the Agent with a copy of any such amendment.

All terms used in this Section 5.03 as defined in the Credit Agreement (as well as any defined terms used in such terms) shall have the respective meanings as set forth in the Credit Agreement as in effect on the date hereof.

ARTICLE VI

ADMINISTRATION AND COLLECTION OF POOL RECEIVABLES

SECTION 6.01. Designation of Collection Agent. The servicing, administration and collection of the Pool Receivables shall be conducted by the Collection Agent so designated hereunder from time to time. Until the Agent gives notice to the Seller of the designation of a new Collection Agent (which notice may only be given following the occurrence and during the continuation of an Event of Termination), the Parent is hereby designated as, and hereby agrees to perform the duties and obligations of, the Collection Agent pursuant to the terms hereof. The Agent at any time during the existence of an Event of Termination may designate as Collection Agent any Person (including itself) to succeed the Parent or any successor Collection Agent, if such Person shall consent and agree to the terms hereof. The Collection Agent may, with the prior consent of the Agent, subcontract with any other Person or Persons for the servicing, administration or collection of all or any portion of the Pool Receivables; provided that the Agent's consent shall not be required for any such subcontract with an Originator in respect of the Pool Receivables originated by such Originator. Any such subcontract shall not affect the Collection Agent's liability for performance of its duties and obligations pursuant to the terms hereof.

SECTION 6.02. Duties of Collection Agent. (a) The Collection Agent shall take or cause to be taken all such actions as may be necessary or advisable to collect each Pool Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the applicable Credit and Collection Policy. The Seller and the Agent hereby appoint the Collection Agent, from time to time designated pursuant to Section 6.01, as agent for themselves and for the Investors and the Banks to enforce their respective rights and interests in the Pool Receivables, the Related Security and the related Contracts. In performing its duties as Collection Agent, the Collection Agent shall exercise the same care and apply the same policies as it would exercise and apply if it owned such Receivables and shall act in the best interests of the Seller, the Investors and the Banks.

(b) The Collection Agent shall administer the Collections in accordance with the procedures described in Section 2.04.

(c) If no Event of Termination or Incipient Event of Termination shall have occurred and be continuing, the Parent or any Affiliate thereof, while it is the Collection Agent, may, in accordance with the Credit and Collection Policy of the applicable Originator, extend the maturity or adjust the Outstanding Balance of any Receivable as the Parent or such Affiliate deems appropriate to maximize Collections thereof, or otherwise amend, modify or waive the terms of any Receivable, provided that the classification of any such Receivable as a Delinquent Receivable or Defaulted Receivable shall not be affected by any such extension.

(d) The Collection Agent shall hold in trust for the Seller and each Investor and Bank, in accordance with their respective interests, all documents, instruments and records (including, without limitation, computer tapes or disks) which evidence or relate to Pool Receivables. The Collection Agent shall cause the master data processing records evidencing the Pool Receivables to be marked to indicate that Receivable Interests therein have been sold in accordance with this Agreement.

(e) The Collection Agent shall, as soon as practicable following receipt, turn over to the Seller any cash collections or other cash proceeds received with respect to Receivables not constituting Pool Receivables.

(f) The Collection Agent shall, from time to time at the request of the Agent during the continuance of an Event of Termination or Incipient Event of Termination, furnish to the

Agent (promptly after any such request) a calculation of the amounts set aside for the Investors and the Banks pursuant to Section 2.04.

(g) Prior to the 10th Business Day of each month, the Collection Agent shall prepare and forward to the Agent a Seller Report relating to the Receivable Interests outstanding on the last day of the immediately preceding month.

SECTION 6.03. Certain Rights of the Agent. (a) The Agent is authorized at any time during the existence of an Event of Termination or an Incipient Event of Termination, to date, and to deliver to the Lock-Box Banks, the notices of effectiveness attached to the Lock-Box Agreements. The Seller hereby transfers to the Agent the exclusive control and, upon the occurrence of an Event of Termination or an Incipient Event of Termination, ownership of the Lock-Box Accounts to which the Obligors of Pool Receivables shall make payments. The Agent may notify the Obligors of Pool Receivables, at any time and at the Seller's expense, of the ownership of Receivable Interests under this Agreement; provided that any such notice shall be subject to the Seller's prior written approval, which shall not be unreasonably withheld.

(b) At any time during the existence of an Event of Termination or Incipient Event of Termination:

(i) The Agent may direct the Obligors of Pool Receivables that all payments thereunder be made directly to the Agent or its designee.

(ii) At the Agent's request and at the Seller's expense, the Seller shall notify each Obligor of Pool Receivables of the ownership of Receivable Interests under this Agreement and direct that payments be made directly to the Agent or its designee.

(iii) At the Agent's request and at the Seller's expense, the Seller and the Collection Agent shall (A) assemble all of the documents, instruments and other records (including, without limitation, computer tapes and disks) that evidence or relate to the Pool Receivables and the related Contracts and Related Security, or that are otherwise necessary or desirable to collect the Pool Receivables, and shall make the same available to the Agent at a place selected by the Agent or its designee, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections of Pool Receivables in a manner acceptable to the Agent and, promptly upon

receipt, remit all such cash, checks and instruments, duly indorsed or with duly executed instruments of transfer, to the Agent or its designee.

(iv) The Seller authorizes the Agent to take any and all steps in the Seller's name and on behalf of the Seller that are necessary or desirable, in the determination of the Agent, to collect amounts due under the Pool Receivables, including, without limitation, endorsing the Seller's name on checks and other instruments representing Collections of Pool Receivables and enforcing the Pool Receivables and the Related Security and related Contracts.

SECTION 6.04. Rights and Remedies. (a) If the Collection Agent fails to perform any of its obligations under this Agreement, the Agent may (but shall not be required to) itself perform, or cause performance of, such obligation; and the Agent's reasonable costs and expenses incurred in connection therewith shall be payable by the Collection Agent.

(b) The Seller and the Parent shall perform their respective obligations under the Contracts related to the Pool Receivables to the same extent as if Receivable Interests had not been sold and the exercise by the Agent on behalf of the Investors and the Banks of their rights under this Agreement shall not release the Collection Agent or the Seller from any of their duties or obligations with respect to any Pool Receivables or related Contracts. Neither the Agent, the Investors nor the Banks shall have any obligation or liability with respect to any Pool Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of the Seller thereunder.

(c) In the event of any conflict between the provisions of Article VI of this Agreement and Article VI of the Parent/Seller Purchase Agreement, the provisions of this Agreement shall control.

SECTION 6.05. Further Actions Evidencing Purchases. The Parent agrees from time to time, at its expense, upon the request of the Agent, to promptly execute and deliver all further instruments and documents, and to take all further actions, that may be reasonably necessary or desirable, or that the Agent may reasonably request, to perfect, protect or more fully evidence the Receivable Interests purchased hereunder, or to enable the Investors, the Banks or the Agent to exercise and enforce their respective rights and remedies hereunder. Without limiting the foregoing, the Parent will (i) upon the request of the Agent, execute and file, or cause to be executed and filed, such financing or continuation statements, or amendments thereto, and

such other instruments and documents, that may be reasonably necessary or desirable, or that the Agent may reasonably request, to perfect, protect or evidence such Receivable Interests; and (ii) cause the master data processing records evidencing the Pool Receivables to be marked to indicate that Receivable Interests therein have been sold in accordance with this Agreement.

SECTION 6.06. Audits; Changes in Credit and Collection Policy.

(a) The Collection Agent (if other than the Parent) will, from time to time during regular business hours as requested by the Agent, permit the Agent, or its agents or representatives (including independent public accountants, which may be the Collection Agent's independent public accountants), (i) to conduct periodic audits of the Receivables, the Related Security and the related books and records and collections systems of the Collection Agent, (ii) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of the Collection Agent relating to Pool Receivables and the Related Security, including, without limitation, the Contracts, and (iii) to visit the offices and properties of the Collection Agent for the purpose of examining such materials described in clause (ii) above, and to discuss matters relating to Pool Receivables and the Related Security or the Collection Agent's performance hereunder with any of the officers or employees of the Collection Agent having knowledge of such matters.

(b) The Seller and the Parent agree that none of the Originators will make any change in their Credit and Collection Policies that would impair the collectibility of any Pool Receivable or the ability of the Parent (if it is acting as Collection Agent) to perform its obligations under this Agreement. In the event that any Originator makes any material change to the Credit and Collection Policy, the Collection Agent shall, contemporaneously with such change, provide the Agent with an updated Credit and Collection Policy and a summary of all material changes.

(c) The Parent will not amend, waive or modify any provision of the Originator Purchase Agreement (provided that the Parent may extend the "Facility Termination Date" thereunder) or waive the occurrence of any "Event of Termination" under the Originator Purchase Agreement, without in each case the prior written consent of the Agent. The Parent will perform all of its obligations under the Originator Purchase Agreement in all material respects and will enforce the Originator Purchase Agreement in accordance with its terms in all material respects.

SECTION 6.07. Indemnities by the Collection Agent. Without limiting any other rights that the Agent, any Investor, any Bank or any of their respective Affiliates (each, a "Special Indemnified Party") may have hereunder or under applicable law, and in consideration of its appointment as Collection Agent, the Collection Agent hereby agrees to indemnify each Special Indemnified Party from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) (all of the foregoing being collectively referred to as "Special Indemnified Amounts") arising out of or resulting from any of the following (excluding, however, (a) Special Indemnified Amounts to the extent resulting from gross negligence, bad faith or willful misconduct on the part of such Special Indemnified Party or of any affiliated Special Indemnified Party acting in connection with the Transaction Documents, (b) recourse for uncollectible Receivables or (c) any income taxes or any other tax or fee measured by income incurred by such Special Indemnified Party arising out of or as a result of this Agreement or the ownership of Receivable Interests or in respect of any Receivable or any Contract):

(i) any representation or warranty or statement made or deemed made by the Collection Agent under or in connection with this Agreement (other than that contained in Section 4.02(g) hereof) which shall have been incorrect in any material respect when made;

(ii) the failure by the Collection Agent to comply with any applicable law, rule or regulation with respect to any Pool Receivable or Contract;

(iii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables in, or purporting to be in, the Receivables Pool, the Contracts and the Related Security and Collections in respect thereof, whether at the time of any purchase or reinvestment or at any subsequent time;

(iv) any failure of the Collection Agent to perform its duties or obligations in accordance with the provisions of this Agreement;

(v) the commingling of Collections of Pool Receivables at any time by the Collection Agent with other funds;

(vi) any action or omission by the Collection Agent reducing or impairing the rights of the Investors or the Banks with respect to any Pool Receivable or the value of any Pool Receivable;

(vii) any Collection Agent Fees or other costs and expenses payable to any replacement Collection Agent, to the extent a current market rate fee and to the extent in excess of the Collection Agent Fees payable to the Collection Agent hereunder;

(viii) any claim brought by any Person other than a Special Indemnified Party arising from any activity by the Collection Agent or its Affiliates in servicing, administering or collecting any Receivable;

(ix) the representation made or deemed made by the Collection Agent in Section 4.02(g) hereof shall have been incorrect in any respect when made; or

(x) the creation hereunder of an undivided percentage ownership interest in any Receivable which purports to be part of the Net Receivables Pool Balance but which is not at the date of the creation hereunder of such interest an Eligible Receivable or which thereafter ceases to be an Eligible Receivable other than by such Receivable becoming a Delinquent Receivable or a Defaulted Receivable subsequent to the purchase of a Receivable Interest therein hereunder.

ARTICLE VII

EVENTS OF TERMINATION

SECTION 7.01. Events of Termination. If any of the following events ("Events of Termination", except as otherwise provided in Section 7.02) shall occur and be continuing:

(a) The Collection Agent (if the Parent, an Originator or an Affiliate of the Parent or an Originator) (i) shall fail to perform or observe any term, covenant or agreement under this Agreement (other than as referred to in clause (ii) of this subsection (a)) and such failure shall remain unremedied for three Business Days or (ii) shall fail to make when due any payment or deposit to be made by it under this Agreement, provided that an Event of Termination shall not occur under this clause (ii) if such failure is caused not by the unavailability of funds but is caused solely by a technical or administrative error which is remedied within one Business Day after notice of

such failure is given to the Collection Agent or the Collection Agent first becomes aware of such error; provided, further, that the preceding proviso may not be utilized more than once in any three month period; or

(b) The Seller shall fail to make any payment required under Section 2.04(e)(i) or (ii) and such failure shall remain unremedied for one Business Day after the earlier of (x) written notice thereof delivered to the Seller or (y) the Seller or the Parent otherwise obtains knowledge thereof; or

(c) Any representation or warranty made or deemed made by the Seller, the Parent, any Originator or the Collection Agent (or any of their respective officers) under or in connection with this Agreement or any other Transaction Document or any information or report delivered by the Seller, the Parent, any Originator or the Collection Agent pursuant to this Agreement or any other Transaction Document shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered; or

(d) The Seller, the Parent or any Originator shall fail to perform or observe any other term, covenant or agreement contained in any Transaction Document on its part to be performed or observed and any such failure shall remain unremedied for 15 days (provided, however, that no grace period shall be permitted for any failure by the Seller, the Parent (as Collection Agent or otherwise) or any Originator under any of Sections 5.01(a), (d), (e), (f), (g), (h), (k)(iv), (k)(viii), (l), (m), (n), (o), (p), (q), (r) or (t) or 5.03); or

(e) The Seller, the Parent or any Originator shall fail to pay any principal of or premium or interest on any of its Debt which is outstanding in a principal amount of at least \$2,500,000 in the aggregate when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to repay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) Any purchase or any reinvestment pursuant to this Agreement shall for any reason (other than pursuant to the terms hereof) cease to create, or any Receivable Interest shall for any reason cease to be, a valid and perfected first priority undivided percentage ownership interest to the extent of the pertinent Receivable Interest in each applicable Pool Receivable and the Related Security and Collections with respect thereto; or the security interest created pursuant to Section 2.11 shall for any reason cease to be a valid and perfected first priority security interest in the collateral security referred to in that section; or

(g) The Seller, the Parent or any Originator shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Seller, the Parent or any Originator seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against the Seller, the Parent or any Originator (but not instituted by the Seller, the Parent or such Originator), either such proceeding shall remain undismissed or unstayed for a period of 45 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, the Seller, the Parent or such Originator or for any substantial part of the Seller's, the Parent's or such Originator's property) shall occur; or the Seller, the Parent or any Originator shall take any corporate or other action to authorize any of the actions set forth above in this subsection (g); or

(h) As of the last day of any calendar month, (i) the Default Ratio for such calendar month shall exceed 7.5%; (ii) the average of the Default Ratio for each of such calendar month and the two prior calendar months shall exceed 6.0%; (iii) the Delinquency Ratio for such calendar month shall exceed 7.5%; or (iv) the average of the Delinquency Ratio for each of such calendar month and the two prior calendar months shall exceed 6.5%; or

(i) The sum of the Receivable Interests shall be greater than 100% for any two consecutive Business Days; or

(j) There shall have occurred any material adverse change in the financial condition or operations of the Parent and its consolidated Subsidiaries taken as a whole since March 31, 2001; or there shall have occurred any event which may materially adversely affect the collectibility of the Receivables Pool or the ability of the Seller, the Parent, any Originator or the Collection Agent to collect Pool Receivables or otherwise perform its obligations under this Agreement or the other Transaction Documents; or

(k) An "Event of Termination" or "Facility Termination Date" shall occur under the Parent/Seller Purchase Agreement or the Originator Purchase Agreement, or the Parent/Seller Purchase Agreement or the Originator Purchase Agreement shall cease to be in full force and effect; or

(l) All of the membership interests of the Seller (other than any non-equity interest held by a Special Member (as defined and described in the Amended and Restated Limited Liability Company Agreement of the Seller dated as of June 29, 2001)) shall cease to be owned, of record and beneficially, directly or indirectly, by the Parent or by the Parent and one or more of its Subsidiaries; or

(m) At least 51% of the capital stock of the Parent shall cease to be owned, of record and beneficially, directly or indirectly, by Centex;

then, and in any such event (but subject to Section 7.02), any or all of the following actions may be taken by notice to the Seller: (x) the Investor or the Agent may declare the Facility Termination Date to have occurred (in which case the Facility Termination Date shall be deemed to have occurred), (y) the Agent may declare the Commitment Termination Date to have occurred (in which case the Commitment Termination Date shall be deemed to have occurred), and (z) without limiting any right under this Agreement to replace the Collection Agent, the Agent may designate another Person to succeed the Parent as the Collection Agent; provided, that, automatically upon the occurrence of any event (without any requirement for the passage of time or the giving of notice) described in paragraph (g) of this Section 7.01, the Facility Termination Date and the Commitment Termination Date shall occur, the Parent (if it is then serving as the Collection Agent) shall cease to be the Collection Agent, and the Agent or its designee shall become the Collection Agent; and provided, further, that, automatically upon the occurrence of any event described in paragraph (i) of this Section 7.01 which continues for 5 Business Days, the Facility Termination Date and the Commitment Termination Date shall occur. Upon any such

declaration or designation or upon such automatic termination, the Investors, the Banks and the Agent shall have, in addition to the rights and remedies which they may have under this Agreement, all other rights and remedies provided after default under the UCC and under other applicable law, which rights and remedies shall be cumulative.

SECTION 7.02. Stop Purchase Events. Upon the occurrence of an event described in Section 7.01(e), (g) or (j) in respect of a Non-Significant Originator, and if and so long as all of the following conditions are satisfied, no Event of Termination or Incipient Event of Termination shall be deemed to exist as a result of the occurrence of such event, but Atlantic and the Banks shall, at their option, be permitted to stop purchasing additional Receivables originated by such Non-Significant Originator: (i) such event does not adversely affect the collectibility of the Receivables of such Non-Significant Originator then in the Receivables Pool, (ii) not purchasing additional Receivables of such Non-Significant Originator would not, as determined by the Agent in its reasonable discretion, have a material adverse effect on the composition of the Receivables Pool, (iii) the Seller, the Parent and the Originators shall otherwise be in compliance with the terms of this Agreement and of the other Transaction Documents and no other Event of Termination or Incipient Event of Termination shall then exist, (iv) no event described in Section 7.01 (e), (g) or (j) has occurred with respect to any other Non-Significant Originator within the preceding three months and (v) no Person challenges the "true sale" nature of the transfer of any Receivables under the Originator Purchase Agreement or the Parent/Seller Purchase Agreement.

ARTICLE VIII

THE AGENT

SECTION 8.01. Authorization and Action. Each Investor and each Bank hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto.

SECTION 8.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Agent under or in connection with this Agreement (including, without limitation, the Agent's servicing, administering or collecting Pool Receivables as Collection

Agent), except for its or their own gross negligence, bad faith or willful misconduct. Without limiting the generality of the foregoing, the Agent: (a) may consult with legal counsel (including counsel for the Seller, the Parent any Originator and the Collection Agent), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Investor or Bank (whether written or oral) and shall not be responsible to any Investor or Bank for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Seller, the Parent, any Originator or the Collection Agent or to inspect the property (including the books and records) of the Seller, the Parent, any Originator or the Collection Agent; (d) shall not be responsible to any Investor or Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (e) shall incur no liability under or in respect of this Agreement by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telecopier or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 8.03. Credit Lyonnais and Affiliates. The obligation of Credit Lyonnais to purchase Receivable Interests under this Agreement may be satisfied by Credit Lyonnais or any of its Affiliates. With respect to any Receivable Interest or interest therein owned by it, Credit Lyonnais shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Agent. Credit Lyonnais and any of its Affiliates may generally engage in any kind of business with the Seller, the Parent, any Originator, the Collection Agent or any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of the Seller, the Parent, any Originator, the Collection Agent or any Obligor or any of their respective Affiliates, all as if Credit Lyonnais were not the Agent and without any duty to account therefor to the Investors or the Banks.

SECTION 8.04. Bank's Purchase Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent, any of its Affiliates or any other Bank and based on such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement.

Each Bank also acknowledges that it will, independently and without reliance upon the Agent, any of its Affiliates or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement.

ARTICLE IX

INDEMNIFICATION

SECTION 9.01. Indemnities by the Seller. Without limiting any other rights that the Agent, the Investors, the Banks or any of their respective Affiliates (each, an "Indemnified Party") may have hereunder or under applicable law, the Seller hereby agrees to indemnify each Indemnified Party from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) (all of the foregoing being collectively referred to as "Indemnified Amounts") arising out of or resulting from this Agreement or the other Transaction Documents or the use of proceeds of purchases or reinvestments or the ownership of Receivable Interests or in respect of any Receivable or any Contract, excluding, however, (a) Indemnified Amounts to the extent resulting from gross negligence, bad faith or willful misconduct on the part of such Indemnified Party or any affiliated Indemnified Party acting in connection with the Transaction Documents, (b) recourse (except as otherwise specifically provided in this Agreement) for uncollectible Receivables or (c) any income taxes or any other tax or fee measured by income incurred by such Indemnified Party arising out of or as a result of this Agreement or the ownership of Receivable Interests or in respect of any Receivable or any Contract. Without limiting or being limited by the foregoing, the Seller shall pay on demand to each Indemnified Party any and all amounts necessary to indemnify such Indemnified Party from and against any and all Indemnified Amounts arising out of or resulting from any of the following (but excluding Indemnified Amounts and taxes described in clauses (a) and (c) above):

(i) the creation hereunder of an undivided percentage ownership interest in any Receivable which purports to be part of the Net Receivables Pool Balance but which is not at the date of the creation hereunder of such interest an Eligible Receivable or which thereafter ceases to be an Eligible Receivable other than by such Receivable becoming a Delinquent Receivable or a Defaulted Receivable subsequent to the purchase of a Receivable Interest therein hereunder;

(ii) any representation or warranty or statement made or deemed made by the Seller (or any of its officers) under or in connection with this Agreement or any of the other Transaction Documents which shall have been incorrect in any material respect when made;

(iii) the failure by the Seller or any Originator to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such applicable law, rule or regulation;

(iv) the failure to vest in the Investors or the Banks, as the case may be, (a) a perfected undivided percentage ownership interest, to the extent of each Receivable Interest, in the Receivables in, or purporting to be in, the Receivables Pool and the Related Security and Collections in respect thereof, or (b) a perfected security interest as provided in Section 2.11, in each case free and clear of any Adverse Claim;

(v) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables in, or purporting to be in, the Receivables Pool and the Related Security and Collections in respect thereof, whether at the time of any purchase or reinvestment or at any subsequent time;

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services or relating to collection activities with respect to such Receivable (if such collection activities were performed by the Seller or any of its Affiliates acting as Collection Agent);

(vii) any failure of the Seller to perform its duties or obligations in accordance with the provisions

hereof or to perform its duties or obligations under the Contracts;

(viii) any products liability or other claim arising out of or in connection with merchandise, insurance or services which are the subject of any Contract;

(ix) the commingling of Collections of Pool Receivables at any time with other funds;

(x) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of purchases or reinvestments or the ownership of Receivable Interests or in respect of any Receivable or Related Security or Contract;

(xi) any failure of the Seller to comply with its covenants contained in this Agreement or any other Transaction Document; or

(xii) any claim brought by any Person other than an Indemnified Party arising from any activity by the Seller or any Affiliate of the Seller in servicing, administering or collecting any Receivable.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or consent to any departure by the Seller or the Parent therefrom shall be effective unless in a writing signed by the Agent, as agent for the Investors and the Banks (and, in the case of any amendment or any waiver by the Seller or the Parent, also signed by the Seller and the Parent), and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by the Collection Agent in addition to the Agent, affect the rights or duties of the Collection Agent under this Agreement. Notwithstanding the foregoing (but only to the extent required by the relevant rating agencies then rating the commercial paper of each Investor), no material amendment to or material waiver of any provision of this Agreement, nor consent to any material departure by the Seller or Collection Agent therefrom, shall be effective unless a written statement is obtained from such relevant rating agencies that the rating of the commercial paper of such Investor will not be downgraded or withdrawn solely as a result of such amendment,

waiver or consent (provided that no such statement shall be required in connection with an amendment the sole purpose of which is to extend the Commitment Termination Date or the Facility Termination Date or to cure any ambiguity). No failure on the part of the Investors, the Banks or the Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

SECTION 10.02. Notices, Etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include facsimile communication) and faxed or delivered, to each party hereto, at its address set forth under its name on the signature pages hereof or at such other address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications by facsimile shall be effective when sent (and shall be followed by hard copy sent by regular mail), and notices and communications sent by other means shall be effective when received.

SECTION 10.03. Assignability. (a) This Agreement and the Investors' rights and obligations herein (including ownership of each Receivable Interest) shall not be assignable by the Investors or their successors and assigns except by operation of law or to an Eligible Assignee. Each assignor of a Receivable Interest or any interest therein shall notify the Agent and the Seller of any such permitted assignment. Each assignor of a Receivable Interest or any interest therein may, in connection with the permitted assignment or participation, disclose to the assignee or participant any information relating to the Seller, the Parent or any Originator, including the Receivables, furnished to such assignor by or on behalf of the Seller or by the Agent.

(b) Each Bank may assign to any Eligible Assignee or to any other Bank all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Bank Commitment and any Receivable Interests or interests therein owned by it). The parties to each such assignment shall execute and deliver to the Agent an assignment agreement in form and substance satisfactory to the Agent.

(c) This Agreement and the rights and obligations of the Agent herein shall not be assignable by the Agent or its successors and assigns except by operation of law or to an Eligible Assignee.

(d) The Seller may not assign its rights or obligations hereunder or any interest herein without the prior written consent of the Agent.

SECTION 10.04. Costs, Expenses and Taxes. (a) In addition to the rights of indemnification granted under Section 9.01 hereof, the Seller agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery and administration (including periodic auditing and the other activities contemplated in Section 5.02) of this Agreement, any Asset Purchase Agreement and the other documents and agreements to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent, Credit Lyonnais, Atlantic, and their respective Affiliates with respect thereto and with respect to advising the Agent, Credit Lyonnais, Atlantic, and their respective Affiliates as to their rights and remedies under this Agreement, and all costs and expenses, if any (including reasonable counsel fees and expenses), of the Agent, Credit Lyonnais, the Investors, the Banks and their respective Affiliates, in connection with the enforcement of this Agreement and the other documents and agreements to be delivered hereunder; provided that any such fees and expenses in respect of counsel for the Agent, Credit Lyonnais, Atlantic, and their respective Affiliates shall be limited to such fees and expenses of one firm of attorneys.

(b) In addition, the Seller shall pay, to the extent not included in the calculation of Yield, (i) any and all commissions of placement agents and dealers in respect of commercial paper notes issued by Atlantic to fund the purchase or maintenance of any Receivable Interest, and (ii) any and all costs and expenses of any issuing and paying agent or other Person responsible for the administration of Atlantic's commercial paper program in connection with the preparation, completion, issuance, delivery or payment of commercial paper notes issued to fund the purchase or maintenance of any Receivable Interest.

SECTION 10.05. No Proceedings. Each of the Seller, the Parent, the Agent, the Collection Agent, each Investor, each Bank, each assignee of a Receivable Interest or any interest therein and each entity which enters into a commitment to purchase Receivable Interests or interests therein hereby agrees that it will not institute or join any other person in instituting against Atlantic any proceeding of the type referred to in Section 7.01(g) for one year and a day after the latest maturing commercial paper note issued by Atlantic is paid.

SECTION 10.06. Confidentiality. (a) Each of the Seller, the Parent and the Collection Agent agrees to maintain the confidentiality of this Agreement and the other Transaction Documents in communications with third parties and otherwise; provided that this Agreement and the other Transaction Documents may be disclosed (i) to the Originators and their Affiliates if they agree to hold such documents confidential, (ii) to the legal counsel and auditors of the Seller, the Parent, the Originators and the Collection Agent if they agree to hold such documents confidential, (iii) to the extent required by applicable law or regulation or by any court, regulatory body or agency having jurisdiction over such party and (iv) to other Persons to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Agent; and provided, further, that such party shall have no obligation of confidentiality in respect of any information which may be generally available to the public or becomes available to the public through no fault of such party.

(b) Each Investor, each Bank and the Agent agrees to maintain the confidentiality of all information with respect to the Seller, the Parent, the Originators or the Receivables Pool (including the Seller Reports) furnished or delivered to it pursuant to this Agreement; provided, that such information may be disclosed (i) to such party's legal counsel and auditors and to such party's assignees and participants and potential assignees and participants and their respective counsel if they agree to hold it confidential on the same terms as the disclosing party, (ii) to the rating agencies and the providers of liquidity or credit enhancement for each Investor, and (iii) to the extent required by applicable law or regulation or by any court, regulatory body or agency having jurisdiction over such party; and provided, further, that such party shall have no obligation of confidentiality in respect of any information which may be generally available to the public or becomes available to the public through no fault of such party.

SECTION 10.07. GOVERNING LAW. THIS AGREEMENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION, EXCEPT TO THE EXTENT THAT, PURSUANT TO THE UCC OF THE STATE OF NEW YORK, THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE INTERESTS OF THE INVESTORS AND THE BANKS IN THE RECEIVABLES AND THE ORIGINATOR PURCHASE AGREEMENT ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 10.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

SECTION 10.09. Survival of Termination. The provisions of Sections 2.08, 2.09, 6.07, 9.01, 10.04, 10.05 and 10.06 shall survive any termination of this Agreement.

SECTION 10.10. Consent to Jurisdiction. (a) Each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to this Agreement, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. The parties hereto hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the parties hereto consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at its address specified in Section 10.02. Nothing in this Section 10.10 shall affect the right of the parties hereto to serve legal process in any other manner permitted by law.

SECTION 10.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, 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 THIS AGREEMENT OR ANY DOCUMENT EXECUTED OR DELIVERED PURSUANT HERETO.

BANK: CREDIT LYONNAIS NEW YORK BRANCH

By: -----

Percentage Interest: 100%

1301 Avenue of the Americas
New York, N.Y. 10019
Attention: Gary Miller
Facsimile No. (212)459-3258

PARENT AND COLLECTION AGENT: CENTEX CONSTRUCTION PRODUCTS, INC.

By: -----

Title:
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Dallas, Texas 75201
Attention: Paul Johnston
Facsimile Number: (214) 981-6858

AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF JUNE 30, 2001

TO BE EFFECTIVE JULY 20, 2001

AMONG

CENTEX CONSTRUCTION PRODUCTS, INC.,
AS BORROWER,

THE LENDERS,

BANK ONE, NA,
AS ADMINISTRATIVE AGENT
AND LC ISSUER,BANK OF AMERICA, N.A.,
AS SYNDICATION AGENT,PNC BANK, NATIONAL ASSOCIATION,
AS DOCUMENTATION AGENT,

AND

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

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AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement (this "Agreement") is entered into as of June 30, 2001 to be effective as of July 20, 2001, by and among the banks listed on the signature pages hereof (the "Lenders"), CENTEX CONSTRUCTION PRODUCTS, INC., a Delaware corporation ("Borrower"), and 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 Administrative Agent.

RECITALS

A. The Lenders, the Borrower, Republic Holding Corporation, a Nevada corporation, 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 by a certain First Amendment to Credit Agreement dated as of December 20, 2000 (as amended, the "Existing Credit Agreement").

B. The Borrower desires to amend and restate the Existing Credit Agreement to amend certain covenants, and the Administrative Agent and Required 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:

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 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.

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

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

"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 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 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 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 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 Borrower 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 terms hereof.

"Consolidated Capital Expenditures" means, with reference to any period, the Capital Expenditures of the 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 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 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 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 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 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 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 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 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 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 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 (a) any intangible assets, including, without limitation, patents, patent rights, trademarks, trade names, franchises, copyrights, goodwill, and other similar intangible assets of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time, minus (b) any non-cash gain (or plus any non-cash loss, as applicable) resulting from any mark-to-market adjustments made directly to Consolidated Net Worth as a result of fluctuations in the value of financial instruments owned by the Borrower or any of its Subsidiaries as mandated under FAS 133.

"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 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 Eurodollar Borrowing" is defined in Section 15.4.

"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 Borrower and their respective successors and assigns.

"Guaranty" means that certain Amended and Restated 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" means that certain Indenture governing the Target Senior Subordinated Notes.

"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 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.

"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 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 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 Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents to which it 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 Borrower. 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 the 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 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.

"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 Borrower 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 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 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.

"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 any Acquisition by 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 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 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 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 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 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 Borrower or any member of the Controlled Group may have any liability.

"Pricing Schedule" means the schedule attached hereto as Exhibit A.

"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 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.

"Restatement Effective Time" is defined in Section 15.4.

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

"RGI" means Republic Group Incorporated, and its successors and assigns.

"RHC" means Republic Holding Corporation, a Nevada corporation, and its successors and assigns

"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 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 Borrower and its Subsidiaries.

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

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (i) represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the 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 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 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 RHC pursuant to the supplemental indenture, dated as of November 10, 2000, by and between UMB Bank N.A., as Trustee, and RHC and as amended by the second supplemental indenture, dated as of June 18, 2001, by and between UMB Bank N.A., as Trustee, and RHC.

"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 Borrower, (ii) participate in Swing Line Advances, and (iii) participate in Facility LCs issued upon the request of the Borrower, 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 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.

2.2. Required Payments; Termination. The Aggregate Outstanding Credit Exposure and all other unpaid Obligations shall be paid in full by the 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 Borrower in accordance with Sections 2.8 and 2.9.

2.5. Commitment Fee; Reductions in Aggregate Commitment. The 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 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 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 not later than 1:00 p.m. (Dallas time) upon prior notice to the Administrative Agent on the date of such prepayment. The 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 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 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 Borrower at the Administrative Agent's aforesaid address.

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 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 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 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 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 Borrower, 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 Borrower, 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 Borrower, 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 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 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 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. The 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 Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The 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 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 Borrower 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 Borrower 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 the 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 the 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 Borrower, 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 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 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 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 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 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 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 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 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 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 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 Borrower. The 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 Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the 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 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 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 Borrower may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

2.19.7 Obligations Absolute. The 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 Borrower may have or have had against the LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrower further agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and the 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 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 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 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 Borrower and shall not put the LC Issuer or any Lender under any liability to the Borrower. Nothing in this Section 2.19.7 is intended to limit the right of the 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 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 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 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 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 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 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 the Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders and in which the Borrower shall have no interest other than as set forth in Section 8.1. The 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 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 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 the 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 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 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 Borrower (and for such purpose the 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 Borrower irrevocably authorizes the Administrative Agent to charge the 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 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. 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. [Intentionally Deleted.]

2.23. Prepayments from Sale of Assets. Concurrently with the receipt of Net Cash Proceeds from the sale or disposition by the 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 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 Borrower into a segregated interest bearing account of Borrower designated by the Administrative Agent for application to the Loans upon the last day of an Interest Period applicable thereto.

2.24. [Intentionally Deleted.]

2.25. Prepayments from Sales of Capital Stock. Concurrently with the receipt of Net Cash Proceeds from the sale or disposition by Borrower to any Person of any common stock, preferred stock, warrant or other equity interests of Borrower, the Borrower shall prepay Advances in a principal amount equal to 100% of such Net Cash Proceeds; provided however, the Borrower is not required to make a prepayment under this Section 2.25 if and to the extent that the 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 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 Borrower into a segregated interest bearing account of the 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 Borrower 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 Borrower 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 Borrower for any reason other than default by the Lenders, the Borrower 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 Borrower 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 Borrower 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 Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower 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 Borrower hereby agrees 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) The 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 the Borrower 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 the Borrower 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 the Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower (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 Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower 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 Borrower (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 Borrower 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 15 days after receipt by the Borrower of such written statement. The obligations of the Borrower 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 Borrower has furnished to the Administrative Agent with sufficient copies for the Lenders or (b) the following shall have occurred, as applicable:

(i) A bring down certificate of the Secretary or Assistant Secretary of the Borrower certifying that the articles or certificate of incorporation and the bylaws of the Borrower have not been modified in any respect from the copies previously provided to the Administrative Agent and the Lenders in connection with the Existing Credit Agreement and copies of the Borrower's Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which the Borrower is a party.

(ii) A bring down certificate of the Secretary or assistant Secretary of each Guarantor (other than American Gypsum Marketing Company, a Delaware corporation ("AGMC")) certifying that the articles or certificate of incorporation and the bylaws of such Guarantor have not been modified in any respect from the copies previously provided to the Administrative Agent and the Lenders in connection with the Existing Credit Agreement and copies of such Guarantor's Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which such Guarantor is a party.

(iii) Copies of the articles or certificate of incorporation or other charter documents of AGMC, together with all amendments, certified by the appropriate governmental officer in its jurisdiction of incorporation.

(iv) Copies certified by the Secretary or Assistant Secretary of AGMC, 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 AGMC is a party.

(v) Copies of certificates of existence and good standing of the Borrower, each certified by the appropriate governmental officer in its jurisdiction of organization.

(vi) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of the Borrower authorized to sign the Loan Documents to which the 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 the Borrower.

(vii) 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.

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

(ix) A Guaranty duly executed by the Guarantors.

(x) Payment for the account of each Lender who executes this Agreement on or before July 20, 2001 of a fee equal to 0.20% multiplied by the amount of such Lender's Commitment.

(xi) Payment of accrued and unpaid interest on the Obligations due and payable to July 20, 2001.

(xii) 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 Borrower 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 Borrower represents and warrants to the Lenders that:

5.1. Existence and Standing. 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 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 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 Borrower is a party constitute legal, valid and binding obligations of the Borrower enforceable against the 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 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 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 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 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 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 Borrower or any of its Subsidiaries, is required to be obtained by the 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 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 March 31, 2001, consolidated financial statements of the 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 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 March 31, 2001, there has been no change in the business, Property, financial condition or results of operations of the Borrower and its Subsidiaries taken as a whole which could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The 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 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 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 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 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 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 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 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 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 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 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 Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

5.12. Material Agreements. The Borrower is not 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 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 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 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 Borrower's most recent consolidated financial statements provided to the Administrative Agent as owned by the Borrower and its Subsidiaries.

5.15. Plan Assets; Prohibited Transactions. The 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 Borrower consider the effect of Environmental Laws on the business of the Borrower and its Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities

accruing to the Borrower due to Environmental Laws. On the basis of this consideration, the Borrower has concluded that Environmental Laws cannot reasonably be expected to have a Material Adverse Effect. Neither the 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 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 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 Borrower and its Subsidiaries to its employees and former employees, as estimated by the 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 Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (b) the present fair saleable value of the Property of the 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 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 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 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 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. Indenture. The Borrower has made a thorough and complete review of the Indenture and compliance by RHC 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 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 Borrower, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement and funds flow statement) of the 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 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 Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.

(vii) As soon as possible and in any event within 10 days after receipt by the Borrower, a copy of (a) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the 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 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 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 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 Borrower will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions for general corporate purposes, to refinance existing indebtedness of the Borrower and its Subsidiaries, and to finance Acquisitions and Investments permitted under Section 6.14, and capital expenditures permitted hereunder. The 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 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 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 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 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 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 Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws. The 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 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 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 Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the 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 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 Borrower or to a Wholly-Owned Subsidiary and (ii) when no Default exists or will result therefrom, the 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 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 as of November 10, 2000 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 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 RHC 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 Borrower or its Subsidiaries of Indebtedness of a Subsidiary otherwise permitted under this Section 6.11.

6.12. Merger. The 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 Borrower or a Subsidiary (subject to compliance with Section 6.25) and (ii) in connection with Permitted Acquisitions.

6.13. Sale of Assets. The 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 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 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 any related financing does not exceed \$100,000,000 at any one time outstanding as permitted pursuant to Section 6.11(v).

6.14. Investments and Acquisitions. The 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).

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

6.15. Liens. The 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 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 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), and which Liens attach solely to the trade receivables sold or transferred in connection with the incurrence of Indebtedness permitted by Section 6.11(v).

(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 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 Borrower and its Subsidiaries.

6.17. Affiliates. The 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 Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction, (ii) transactions among the Borrower and its Subsidiaries and (iii) immaterial transactions existing as of the date hereof.

6.18. Sale and Leaseback Transactions and other Off-Balance Sheet Liabilities. The 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 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 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 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. Beginning with the fiscal quarter ending June 30, 2001, the 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 2.50 to 1.00; provided, however, the Borrower will not permit such ratio, determined for the then most-recently ended four fiscal quarters, to be less than 2.00 to 1.00 for the fiscal quarters ending March 31, 2002 and March 31, 2003.

6.22.2 Leverage Ratio. The 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 (a) 3.50 to 1.00 beginning with the fiscal quarter ending on June 30, 2001 through the fiscal quarter ending on March 31, 2002, (b) 3.25 to 1.00 beginning with the fiscal quarter ending on June 30, 2002 through the fiscal quarter ending on September 30, 2002 and (c) 3.00 to 1.00 beginning with the fiscal quarter ending on December 31, 2002 and thereafter.

6.22.3 Minimum Tangible Net Worth. As of December 31, 2000, the 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 Borrower or any Subsidiary for the fiscal quarter then ended.

6.23. Lines of Business. The 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 Borrower will not, and will not permit any Subsidiary to, prepay any Indebtedness, except the Obligations.

6.25. Future Subsidiaries. The 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 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 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 Borrower or to repay any Indebtedness or obligation owed to the Borrower.

6.28. Prohibition on Synthetic Leases. 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 Borrower will not, and will not permit any Subsidiary to, make any amendment or modification to the Indenture (as amended as described in the definition of Target Senior Subordinated Notes) or any indenture, note or other agreement evidencing or governing any Subordinated Indebtedness or the Indebtedness owed by the Borrower or its Subsidiaries to Borrower 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 Borrower or its Subsidiaries to the Borrower 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. [Intentionally Deleted.]

6.31. Target Senior Subordinated Notes. The Borrower will not permit RHC nor any of RHC's Subsidiaries to 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 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 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, or 6.29.

7.4. The breach by the 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 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 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 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 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 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 Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the 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 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 Borrower or any Subsidiary which, when taken together with all other Property of the 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 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 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 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 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 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 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 Borrower or any of its Subsidiaries shall (i) be the subject of any proceeding or investigation pertaining to the release by the 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 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 Borrower hereby expressly waives, and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the 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 Borrower to pay, and the 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 Borrower to the Lenders or the LC Issuer under the Loan Documents.

(iv) At any time while any Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the 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 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 Borrower, 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 Borrower 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 Borrower 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 the 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 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 Borrower 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 Borrower 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 the 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 BORROWER, THE ADMINISTRATIVE AGENT, THE LC ISSUER AND THE LENDERS AND SUPERSEDE ALL PRIOR AGREEMENTS AND UNDERSTANDINGS AMONG THE BORROWER, 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 Borrower 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 Borrower also agrees 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 Borrower under this Section include, without limitation, costs and expenses incurred in connection with the Reports described in the following sentence. The Borrower acknowledges 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 Borrower's assets for internal use by

Bank One from information furnished to it by or on behalf of the Borrower, after Bank One has exercised its rights of inspection pursuant to this Agreement.

(ii) THE BORROWER HEREBY FURTHER AGREES 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 BORROWER BE LIABLE UNDER THIS SECTION 9.6 FOR ANY LOST PROFITS OR FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES. THE OBLIGATIONS OF THE BORROWER 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 Borrower 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 Borrower. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have liability to the Borrower (whether sounding in

tort, contract or otherwise) for losses suffered by the Borrower 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 the Borrower hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages suffered by the Borrower 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 Borrower 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. The 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 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 the 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 Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the Borrower, 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 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, 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 9-102 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 Borrower, 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 Borrower or any guarantor of any of the Obligations or of any of the 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 Borrower to the Administrative Agent at such time, but is voluntarily furnished by the Borrower 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 or all Lenders, as the case may be, 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 Borrower for which the Administrative Agent is entitled to reimbursement by the Borrower 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 Borrower 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 Borrower or any of its Subsidiaries in

which the 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 Borrower 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 Borrower, 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 Borrower 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 Borrower and the Lenders, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of the 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 Borrower 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 Borrower agrees to pay to the Administrative Agent and the Arranger, for their respective accounts, the fees agreed to by the 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 Borrower 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 the 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 the 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 Borrower and the Lenders and their respective successors and assigns, except that (i) Borrower shall not 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 Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower 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. The 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 Borrower 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 Borrower, 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 Borrower shall not be required. Such consent from any of the Borrower, the Administrative Agent and the LC Issuer 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 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 Borrower 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 Borrower, 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 Borrower 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. The 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 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 Borrower 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 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 Borrower, 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 Borrower, 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. THE 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 THE 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 THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE 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. THE 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.

15.4. Effect of Amendment and Restatement.

(a) This Agreement is an amendment and restatement of the terms and provisions of the Existing Credit Agreement. The indebtedness of the Borrower outstanding under the Existing Credit Agreement and the Notes outstanding thereunder immediately prior to the effectiveness hereof ("Restatement Effective Time") is called the "Existing Indebtedness". Neither the execution and delivery of this Agreement by the Borrower or any Lender, nor any of the terms or provisions contained herein, shall be construed to be a payment on or with respect to the Existing Indebtedness or any accrued interest thereon. Without limiting the foregoing, the Borrower and each of its Subsidiaries hereby ratifies and confirms each Loan Document to which such Person is a party including without limitation the Guaranty.

(b) Notwithstanding any provision of this Agreement to the contrary, all Eurodollar Advances which are outstanding at the Restatement Effective Time (each an "Existing Eurodollar Borrowing") shall continue to be maintained by the Lenders until the last day of the current Interest Period therefor (except to the extent prepaid or converted by the Borrower prior to such date).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the 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 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:
\$35,000,000

BANK ONE, NA,
Individually, as Administrative Agent, LC
Issuer 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

\$30,000,000

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: _____

By: _____
Name: _____
Title: _____

Attention: Henry F. Setina
Telephone: (972) 788-9191
FAX: (972) 788-9140

\$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

\$15,000,000

FIRSTAR BANK, N.A.,
as a Lender

By: _____
Name: _____
Title: _____

Attention: Gregory L. 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

\$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

\$20,000,000

SUNTRUST BANK,
as a Lender

By: _____
Name: _____
Title: _____

Attention: Donald L. Gaudette, Jr.
Telephone: (404) 658-4925
FAX: (404) 827-6270

\$10,000,000

BANK HAPOLIM B.M.,
as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Attention: Gabriel Lubiner
Telephone: (212) 782-2197
FAX: (212) 782-2187

\$15,000,000

HARRIS TRUST AND SAVINGS BANK,
as a Lender

By: _____
Name: _____
Title: _____

Attention: James J. Owen
Telephone: (312) 461-2962
FAX: (312) 765-8105

\$20,000,000

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

By:

Name:

Title:

Attention: David Broussard, Jr.

Telephone: (214) 987-8863

FAX: (214) 987-8892

\$15,000,000

COMERICA BANK,
as a Lender

By: _____
Name: _____
Title: _____

Attention: Carol S. Geraghty
Telephone: (972) 361-2548
FAX: (972) 361-2550

\$10,000,000

UMB BANK, N.A.,
as a Lender

By: _____
Name: _____
Title: _____

Attention: Terry Dierks
Telephone: (816) 860-7101
FAX: (816) 860-3772

\$275,000,000

Each Guarantor hereby consents and agrees to this Agreement 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
- AMERICAN GYPSUM MARKETING COMPANY
- CCP CEMENT COMPANY
- CCP CONCRETE/AGGREGATES COMPANY
- CCP GYPSUM COMPANY
- CENTEX MATERIALS GP LTD, LLC
- MATHEWS READYMIX, INC.
- MOUNTAIN CEMENT COMPANY
- NEVADA CEMENT COMPANY
- TLCC GP 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

CENTEX MATERIALS LP LTD, LLC

By:

Name:

Title:

TLCC LP LLC

By:

Name:

Title:

the Borrower has not qualified for Level I Status, Level II Status, or Level III status and (ii) the Leverage Ratio is greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00.

"Level V Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status, or Level IV Status and (ii) the Leverage Ratio is greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00.

"Level VI Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status, Level IV Status, or Level V Status and (ii) the Leverage Ratio is greater than or equal to 3.00 to 1.00 but less than 3.25 to 1.00.

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

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

The Applicable Margin and Applicable Fee Rate shall be determined in accordance with the foregoing table based on the 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 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 V Status as of July 20, 2001 until the Administrative Agent has received the applicable Financials for the fiscal quarter ending June 30, 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.

EXHIBIT B

COMPLIANCE CERTIFICATE

To: The Lenders parties to the
Credit Agreement described below

This Compliance Certificate is furnished pursuant to that certain Amended and Restated Credit Agreement dated as of June 30, 2001 to be effective as of July 20, 2001 (as amended, modified, renewed or extended from time to time, the "Agreement") among Centex Corporation Products, Inc., a Delaware corporation (the "Borrower"), the lenders party thereto, Bank of America, N.A., as Syndication Agent, PNC Bank, National Association, as Documentation Agent, Bank One, NA, as LC Issuer and as Administrative Agent for the Lenders. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____ of the Borrower;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and its Significant Subsidiaries during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Unmatured Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below; and
4. Schedule I attached hereto sets forth financial data and computations evidencing the Borrower's compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct.
5. Schedule II hereto sets forth the determination of the interest rates to be paid for Advances, the LC Fee rates and the commitment fee rates commencing on the fifth day following the delivery hereof.
6. Schedule III attached hereto sets forth the various reports and deliveries which are required at this time under the Agreement and the other Loan Documents and the status of compliance.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I and Schedule II hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this ____ day of _____, 200__.

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of _____, 200__ with
Provisions of _____ and _____ of
the Agreement

SCHEDULE II TO COMPLIANCE CERTIFICATE
Borrower's Applicable Margin Calculation

SCHEDULE III TO COMPLIANCE CERTIFICATE

Reports and Deliveries Currently Due

EXHIBIT C

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement") between _____ (the "Assignor") and _____ (the "Assignee") is dated as of _____, 200____, The parties hereto agree as follows:

1. PRELIMINARY STATEMENT. The Assignor is a party to an Amended and Restated Credit Agreement (which, as it may be amended, modified, renewed or extended from time to time is herein called the "Credit Agreement") described in Item 1 of Schedule 1 attached hereto ("Schedule 1"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. ASSIGNMENT AND ASSUMPTION. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement and the other Loan Documents, such that after giving effect to such assignment the Assignee shall have purchased pursuant to this Assignment Agreement the percentage interest specified in Item 3 of Schedule 1 of all outstanding rights and obligations under the Credit Agreement and the other Loan Documents relating to the facilities listed in Item 3 of Schedule 1. The aggregate Commitment (or Outstanding Credit Exposure, if the applicable Commitment has been terminated) purchased by the Assignee hereunder is set forth in Item 4 of Schedule 1.

3. EFFECTIVE DATE. The effective date of this Assignment Agreement (the "Effective Date") shall be the later of the date specified in Item 5 of Schedule 1 or two Business Days (or such shorter period agreed to by the Administrative Agent) after this Assignment Agreement, together with any consents required under the Credit Agreement, are delivered to the Administrative Agent. In no event will the Effective Date occur if the payments required to be made by the Assignee to the Assignor on the Effective Date are not made on the proposed Effective Date.

4. PAYMENT OBLIGATIONS. In consideration for the sale and assignment of Outstanding Credit Exposure hereunder, the Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. On and after the Effective Date, the Assignee shall be entitled to receive all payments of principal, interest, Reimbursement Obligations and fees with respect to the interest assigned hereby. The Assignee will promptly remit to the Assignor any interest on the Outstanding Credit Exposure and fees received from the Administrative Agent which relate to the portion of the Commitment or Outstanding Credit Exposure assigned to the Assignee hereunder and not previously paid by the Assignee to the Assignor. In the event that either party hereto receives any payment to which the other party hereto is entitled under this Assignment Agreement, then the party receiving such amount shall promptly remit it to the other party hereto.

5. RECORDATION FEE. The Assignor and Assignee each agree to pay one-half of the recordation fee required to be paid to the Administrative Agent in connection with this Assignment Agreement unless otherwise specified in Item 6 of Schedule 1.

6. REPRESENTATIONS OF THE ASSIGNOR; LIMITATIONS ON THE ASSIGNOR'S LIABILITY. The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder, (ii) such interest is free and clear of any adverse claim created by the Assignor and (iii) the execution and delivery of this Assignment Agreement by the Assignor is duly authorized. It is understood and agreed that the assignment and assumption hereunder are made without recourse to the Assignor and that the Assignor makes no other representation or warranty of any kind to the Assignee. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) the due execution, legality, validity, enforceability, genuineness, sufficiency or collectability of any Loan Document, including without limitation, documents granting the Assignor and the other Lenders a security interest in assets of the Borrower or any guarantor, (ii) any representation, warranty or statement made in or in connection with any of the Loan Documents, (iii) the financial condition or creditworthiness of the Borrower or any guarantor, (iv) the performance of or compliance with any of the terms or provisions of any of the Loan Documents, (v) inspecting any of the property, books or records of the Borrower, (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency of any collateral securing or purporting to secure the Credit Extensions or (vii) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Credit Extensions or the Loan Documents.

7. REPRESENTATIONS AND UNDERTAKINGS OF THE ASSIGNEE. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements requested by the Assignee and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement, (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender and based on such documents and information at it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (iv) confirms that the execution and delivery of this Assignment Agreement by the Assignee is duly authorized, (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender, (vi) agrees that its payment instructions and notice instructions are as set forth in the attachment to Schedule 1, (vii) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are "plan assets" as defined under ERISA and that its rights, benefits and interests in and under the Loan Documents will not be "plan assets" under ERISA, (viii) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's non-performance of the obligations assumed under this Assignment Agreement, and (ix) if applicable, attaches the forms prescribed by the Internal Revenue Service of the United States certifying that the Assignee is entitled to receive payments under the Loan Documents without deduction or withholding of any United States federal income taxes.

8. GOVERNING LAW. This Assignment Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Texas.

9. NOTICES. Notices shall be given under this Assignment Agreement in the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the address set forth in the attachment to Schedule 1.

10. COUNTERPARTS; DELIVERY BY FACSIMILE. This Assignment Agreement may be executed in counterparts. Transmission by facsimile of an executed counterpart of this Assignment Agreement shall be deemed to constitute due and sufficient delivery of such counterpart and such facsimile shall be deemed to be an original counterpart of this Assignment Agreement.

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have executed this Assignment Agreement by executing Schedule 1 hereto as of the date first above written.

[Remainder of Page Intentionally Left Blank]

SCHEDULE 1
to Assignment Agreement

1. Description and Date of Credit Agreement: Amended and Restated Credit Agreement dated as of June 30, 2001 to be effective as of July 2001, among Centex Construction Products, Inc., the Lenders named therein, Bank of America, N.A., Syndication Agent, PNC Bank, National Association, as Documentation Agent, Bank One, NA, as LC Issuer and as Administrative Agent

2. Date of Assignment Agreement: _____, 200__

3. Amounts (As of Date of Item 2 above):

Revolving
Credit
Facility --

- a.
Assignee's
percentage
of
Revolving
Credit
Facility
purchased
under the
Assignment
%

Agreement**

----- b.
Amount of
each
Facility
purchased
under the
Assignment
Agreement \$

4.
Assignee's
Commitment
(or -----
Outstanding
Credit
Exposure
with
respect to
terminated
Commitments)
purchased
hereunder:
\$ -----

----- 5.
Proposed
Effective
Date: -----

Accepted and Agreed:

[NAME OF ASSIGNOR]

[NAME OF ASSIGNEE]

By: _____

Name:

Title:

By: _____

Name:

Title:

ACCEPTED AND CONSENTED TO BY
CENTEX CONSTRUCTION PRODUCTS, INC.

ACCEPTED AND CONSENTED TO BY
BANK ONE, NA, as Administrative Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

** Percentage taken to 10 decimal places

Attachment to SCHEDULE 1 to ASSIGNMENT AGREEMENT

ADMINISTRATIVE INFORMATION SHEET

Attach Assignor's Administrative Information Sheet, which must include notice addresses for the Assignor and the Assignee (Sample form shown below)

ASSIGNOR INFORMATION

CONTACT:

Name: Telephone No.:
Fax No.: Telex No.:
Answerback:

PAYMENT INFORMATION:

Name & ABA # of Destination Bank:

Account Name & Number for Wire Transfer:

Other Instructions:

ADDRESS FOR NOTICES FOR ASSIGNOR:

ASSIGNEE INFORMATION

CREDIT CONTACT:

Name: Telephone No.:
Fax No.: Telex No.:
Answerback:

KEY OPERATIONS CONTACTS:

Booking Installation: _____
 Name: _____
 Telephone No.: _____
 Fax No.: _____
 Telex No.: _____
 Answerback: _____

Booking Installation: _____
 Name: _____
 Telephone No.: _____
 Fax No.: _____
 Telex No.: _____
 Answerback: _____

PAYMENT INFORMATION:

Name & ABA # of Destination Bank: _____

Account Name & Number for Wire Transfer: _____

Other Instructions: _____

ADDRESS FOR NOTICES FOR ASSIGNEE: _____

BANK ONE INFORMATION

Assignee will be called promptly upon receipt of the signed agreement.

INITIAL FUNDING CONTACT:
 Name: _____
 Telephone No.: (312) _____
 Fax No.: (312) _____

SUBSEQUENT OPERATIONS CONTACT:
 Name: _____
 Telephone No.: (312) _____
 Fax No.: (312) _____
 Bank One Telex No.: 190201
 Answerback: FNBC UT

INITIAL FUNDING STANDARDS:
 Libor - Fund 2 days after rates are set.

BANK ONE WIRE INSTRUCTIONS: Bank One, NA, ABA # 071000013
 LS2 Incoming Account # 481152860000
 Ref: _____

ADDRESS FOR NOTICES FOR BANK ONE:

1 Bank One Plaza
Chicago, IL 60670
Attn: Agency Compliance Division
Suite IL1-0353
Fax No. (312) 732-2038 or (312) 732-4339

Bank Officer Name

Date

(Please Print)

Signature

(Deliver Completed Form to Credit Support Staff For Immediate Processing)

EXHIBIT E

NOTE

July 20, 2001

Centex Construction Products, Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of _____ (the "Lender") the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to Article II of the Agreement (as hereinafter defined), in immediately available funds at the main office of Bank One, NA in Dallas, Texas, as Administrative Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrower shall pay the principal of and accrued and unpaid interest on the Loans in full on the Facility Termination Date.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each Loan and the date and amount of each principal payment hereunder.

This Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Amended and Restated Credit Agreement dated as of June 30, 2001 to be effective July 20, 2001 (which, as it may be amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrower, the lenders party thereto, including the Lender, Bank of America, N.A., as Syndication Agent, PNC Bank, National Association, as Documentation Agent, Bank One, NA, as LC Issuer and as Administrative Agent, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. This Note is guaranteed pursuant to the Guaranty, all as more specifically described in the Agreement, and reference is made thereto for a statement of the terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

CENTEX CONSTRUCTION PRODUCTS, INC.

By: _____
Name: _____
Title: _____

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
NOTE OF CENTEX CONSTRUCTION PRODUCTS, INC.
DATED JULY 20, 2001

Principal
Maturity
Principal
Amount
of of
Interest
Amount
Unpaid
Date
Loan
Period
Paid
Balance
- - - - -

