ASSET PURCHASE AGREEMENT

AMONG

USG CORPORATION,

DAP INC.,

BHI INTERNATIONAL INC.,

DAP CANADA INC.,

WASSALL PLC

AND

WASSALL USA ACQUISITION, INC.

Dated August 23, 1991

TABLE OF CONTENTS

Section			Page
1.	Sale and Purchase of Assets		2
	1.1	Transfer of Assets	2
	1.2	Excluded Assets	6
	1.3	Assumption of Liabilities	9
2.	Consideration		14
	2.1	General	14
	2.2	Adjustment of Purchase Price	14
	2.3	Payment of Purchase Price and Adjustment	17
3.	Closing and Termination		18
	3.1	Date of Closing	18
	3.2	Termination	19
4.	Representations and Warranties of Seller		20
	4.1	Organization, Standing and Power of USG, BHI, the Companies, and the Issuer	21
	4.2	Authorization and Enforceability of Agreement and Other Seller Documents	21
	4.3	No Violation; Consents of Third Parties	22
	4.4	Corporate Records and Books of Account	23
	4.5	No Other Subsidiaries; No Other Assets of BHI	23
	4.6	Financial Statements	24
	4.7	Absence of Certain Changes	25
	4.8	Real Property	28
	4.9	Tangible Personal Property	30
	4.10	Location of Inventory	31
	4.11	Receivables	31
	4.12	Tax Matters	31
	4.13	Contracts	32
	4.14	Absence of Defaults	34
	4.15	Employees and Employee Benefit Plans	35
	4.16	Legal Proceedings; Compliance with Laws	41
	4.17	Intellectual Property Rights	42
	4.18	Environmental Matters	43
	4.19	Licenses and Permits	46
	4.20	Transactions with Affiliates	47
	4.21	Customers and Suppliers; Product Warranties	47
	4.22	Insurance	48
	4.23	Entire Business	49

Section		Page
4.24	Disclosed Prior Acquisition Documents; Beecham Indemnity	50
5.	Representations and Warranties of Wassall and Buyer	51
5.1	Organization, Standing and Power of Wassall and Buyer	51
5.2	Authorization and Enforceability of Agreement and Other Buyer Documents	51
5.3	No Violation; Consents of Third Parties	52
5.4	Financial Statements	53
5.5	No Litigation	53
5.6	Placing Agreement; Bank Commitment Letter	54
6.	Further Agreements of the Parties	54
6.1	Access to Information	54
6.2	Conduct of the Business Pending the Closing	56
6.3	Notices by Seller	58
6.4	Notices by Buyer	58
6.5	Employees	59
6.6	Employee Benefit Matters	60
6.7	Other Pre-Closing Action	70
6.8	Expenses	71
6.9	Publicity	71
6.10	Preservation of and Access to Records	72
6.11	No Shopping	73
6.12	Use of Names	74
6.13	Confidentiality	75
6.14	Further Assurances	76
6.15	Wage and Withholding Reporting Obligations	78
6.16	Consistent Position	79
6.17	Compliance with ECRA and IRPTA	79
6.18	Insurance	81
6.19	Third Party Indemnification	81
6.20	Dow Corning	83
6.21	Certain Post-Closing Transactions	83
6.22	Ewan Site	84
7.	Conditions to Closing	84
7.1	Conditions Precedent to Obligations of Buyer	84
7.2	Conditions Precedent to Obligations of Seller	87
8.	Documents to be Delivered at the Closing	89
8.1	Documents to be Delivered by Seller	89
8.2	Documents to be Delivered by Buyer	90

Section		Page
8.3	Documents to be Delivered by Seller and Buyer	91
9.	Indemnification and Related Matters	92
9.1	Indemnification	92
9.2	Survival	97
9.3	Limitations on Indemnification	98
9.4	Defense of Claims by Third Parties	102
9.5	Special Provisions Applicable to Environmental Liabilities	103
10.	Definitions	108
10.1	General Application	108
10.2	Relating to Employees and Employee Benefit Matters	117
10.3	Relating to Environmental Matters	121
11.	Miscellaneous	126
11.1	Guarantees	126
11.2	Bulk Sales	126
11.3	Certain Costs and Expenses	127
11.4	Finders	127
11.5	Entire Agreement	127
11.6	Governing Law; Consent to Jurisdiction	128
11.7	Table of Contents and Headings	129
11.8	Notices	129
11.9	Separability	130
11.10	Waiver	130
11.11	No Third Party Beneficiaries	130
11.12	Binding Effect; Assignment	131
11.13	Counterparts	131
11.14	Right of Offset	131

EXHIBITS

A	Form of Cash Collateral Account Agreement
B	[Intentionally Omitted]
C-1	Form of Certificate of Incorporation
C-2	Form of Partial Assignment
C-3	Form of Pledge and Security Agreement
D	[Intentionally Omitted]
E	Form of Non-Competition Agreement
F	Form of La Mirada Toll Manufacturing Agreement
G	Form of DUROCK Exclusive Distributor Agreement
H-1	Form of DURABOND Joint Treatment Distributor Agreement
H-2	Form of DURABOND Joint Treatment License Agreement
I	Form of Acoustical Sealant and Smoke-Seal Agreement

SCHEDULES

1.2(q)	Letter from R.T. Tormey to G. Bassoni
1.4(v)	Certain Employee Awards Agreements
2.1	Purchase Price Allocation
2.2	Modified GAAP
4.3	Consents and Approvals
4.6(a)(1)	1988 and 1989 Year-End Financial Statements
4.6(a)(2)	1990 Year-End Financial Statements
4.6(b)	Interim Financial Statements
4.6(c)	Preliminary Balance Sheet
4.7	Certain Changes
4.8	Real Property
4.9	Tangible Personal Property
4.10	Location of Inventory
4.12	Tax Matters
4.13	Contracts
4.14	Defaults
4.15	Employees and Employee Benefit Plans
4.16	Legal Proceedings
4.17	Intellectual Property Rights
4.18	Environmental Matters
4.19	Licenses and Permits
4.20	Transactions with Affiliates
4.21(a)	Customers and Suppliers
4.21(b)	Product Warranties
4.22	Insurance
4.24	Certain Indemnity Payments
5.4	Wassall Interim Financial Statement
6.2(c)	Certain Conduct
6.5	Employees
7.1(i)	Consents and Approvals

ASSET PURCHASE AGREEMENT

Dated August 23, 1991

The parties to this Agreement are USG Corporation ("USG"), a Delaware corporation, DAP Inc. ("DAP"), an Ohio corporation, BHI International Inc. ("BHI"), a Delaware corporation, DAP Canada Inc. ("DAP Canada"), a Canadian corporation, Wassall PLC ("Wassall"), a corporation organized under the laws of England and Wales, and Wassall USA Acquisition Inc. ("Buyer"), a Delaware corporation.

All of the outstanding capital stock of DAP is owned directly by USG. All of the outstanding capital stock of each of BHI and DAP Canada is owned directly or indirectly by DAP. DAP and DAP Canada are referred to collectively as the "Companies", and USG, BHI and the Companies are referred to collectively as "Seller".

All of the outstanding capital stock of Buyer is owned indirectly by Wassall.

The Companies are currently engaged in the business of developing, manufacturing and marketing compounded products for the residential and commercial construction, repair and remodeling markets, including, among other products, caulks and sealants, glazing and filling compounds, ceramic tile and other adhesives, wood treatment products, specialty paints and coatings and

casting resins. These activities, together with all other activities in which the Companies currently engage, are referred to as the "Business"; provided, however, that the term "Business" shall exclude any activities conducted at or otherwise associated with the facilities referred to in Section 1.2(c).

This Agreement provides for the acquisition by Buyer of substantially all the assets of the Companies.

Capitalized terms used in this Agreement without definition shall have the respective definitions set forth in Section 10.

The parties therefore agree as follows:

1. Sale and Purchase of Assets.

1.1 Transfer of Assets. Subject to the terms and conditions of this Agreement and the Supply and Technology Agreements, at the Closing the Companies shall, and USG shall cause the Companies to, sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from the Companies, all of the Business and assets of the Companies as they exist on the date hereof (excluding only the assets referred to in Section 1.2), with such changes, deletions or additions thereto as may occur from the date hereof to the Closing consistent with the terms and conditions of this Agreement (the "Assets"). The Assets include, but are not

limited to, all of the Companies' right, title and interest in and to the following:

(a) all parcels of real property owned or leased by any of the Companies and listed on Schedule 4.8 (the "Real Property") and all buildings, facilities, fixed assets and other improvements and structures located on the Real Property (the "Improvements");

(b) all furnishings, furniture, office supplies, vehicles, tools, machinery and equipment, replacement and spare parts and other tangible personal properties owned by the Companies or used in the Business, including, without limitation, the tangible personal property set forth on Schedule 4.9 (the "Tangible Personal Property");

(c) all inventory, including raw materials, work-in-progress, finished goods, stores and supplies, owned by the Companies or used in the Business (the "Inventory");

(d) all accounts receivable (including securities issued to the Companies in whole or part payment therefor and undeposited checks) of the Companies (the "Accounts Receivable");

(e) all patents (including all reissues, divisions, continuations in part and extensions thereof), patent applications and patent disclosures docketed and all

other patent rights owned by the Companies or used in the Business ("Patents");

(f) subject to the Supply and Technology Agreements, all lab journals, inventions, trade secrets, know how (including, without limitation, proprietary know-how and use and application know how), product designs, manufacturing, engineering and other drawings, technology, technical information, safety information, engineering data and design and engineering specifications, research records, market surveys, advertising and promotional literature, similar data and formulas and processes owned by the Companies or used in the Business and all other intellectual property rights other than Patents, Copyrights and Trademarks ("Know How");

(g) all computer databases, software programs and related flow charts, source codes, object codes, user manuals and documentation owned by the Companies or used in the Business ("Software");

(h) all copyrights, whether registered or not, owned by the Companies or used in the Business ("Copyrights");

(i) subject to the Supply and Technology Agreements, all trademark rights, trade names, service marks, brand marks, brand names, trade dress and logos owned

by the Companies or used in the Business, and all variations or combinations thereof, and all associated goodwill of the Business symbolized thereby or connected therewith ("Trademarks");

(j) all contracts, agreements, leases, licenses, arrangements and/or commitments of any kind which relate to the Business or the Assets, including, without limitation, those contracts required to be listed on Schedules 4.8, 4.13 and 4.17 (the "Contracts");

(k) all Third Party Indemnification Rights to the extent assignable;

(l) all customer and supplier lists relating to the Business and all files and documents (including credit information) relating to customers and vendors of the Business, all general ledgers and underlying books of original entry of the Companies and all other business and financial records, files, books and documents relating principally to the Assets and/or the Business (the "Customer Lists");

(m) all governmental franchises, licenses, authorizations and permits held by the Companies or used in connection with the Business and/or the Assets (the "Licenses");

(n) all prepaid charges, sums and fees relating to the Business or the Assets;

(o) the employee benefit plan assets to be assumed by Buyer as set forth in Section 6.6;

(p) all other intangible assets of the Companies and the Business, including the goodwill of the Companies and the Business; and

(q) all rights of Seller or its representatives under all Confidentiality Agreements with prospective purchasers of the stock or assets of the Companies.

1.2 Excluded Assets. The following assets shall be retained by the Companies and shall not be sold, assigned, transferred, conveyed or delivered to Buyer (the "Excluded Assets"):

(a) all cash, bank accounts, certificates of deposit, treasury bills and notes and marketable securities (except in respect of accounts receivable);

(b) non-trade receivables of the Companies from any of their affiliates, including receivables under any tax sharing agreements;

(c) all real property, improvements, inventory and other tangible personal property at the Companies' facilities in Lithonia, Georgia, Santa Fe Springs, California and La Mirada, California and any other locations not listed on Schedule 4.8 (other than Inventory in transit); which assets shall not be considered Real

Property, Improvements, Inventory or Tangible Personal Property as those terms are used in this Agreement;

(d) all computer databases, software programs and related flow charts, source codes, object codes, user manuals and documentation used principally at the Companies' facilities in La Mirada, California, which assets shall not be considered Software as that term is used in this Agreement;

(e) all contracts, agreements, leases, licenses arrangements and/or commitments of any kind (except those having to do with the Companies' customers) which relate principally to the Companies' facilities in La Mirada, California, which assets shall not be considered Contracts as that term is used in this Agreement;

(f) all supplier lists and files and documents relating to vendors, all general ledgers and underlying books of original entry and financial records, files, books and documents relating principally to the Companies' facilities in La Mirada, California, which assets shall not be considered Customer Lists as that term is used in this Agreement;

(g) all governmental franchises, licenses, authorizations and permits relating principally to the Companies' facilities at La Mirada, California, which assets

shall not be considered Licenses as that term is used in this Agreement;

(h) all prepaid charges, sums and fees relating principally to the Companies' La Mirada facilities;

(i) all Third Party Indemnification Rights (including the Beecham Indemnity and receivables from Beecham as of the Determination Time), Licenses, Software, Contracts, leases, commitments and other agreements as to which consent to assignment is required but has not been obtained as of the Closing;

(j) all prepaid insurance;

(k) all Tax Returns of the Companies and all Tax attributes of Seller, including rights to credits and refunds in respect of Taxes paid by the Companies or their affiliates;

(l) all outstanding capital stock of each of BHI and DAP Canada;

(m) the corporate charters, qualifications to conduct business as foreign corporations, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, blank stock certificates and other documents relating to the organization, maintenance and existence of the Companies as corporations;

(n) all books and records principally relating to any Excluded Liability or any other Excluded Asset;

(o) except as provided in Section 6.12(b), all right, title and interest in and to the names "USG", "United States Gypsum" and "USG Industries" (or any other name containing the initials "USG" or confusingly similar to such names) or any variation or combination thereof or any trademark, trade name, brand mark, brand name, trade dress or logo containing such names;

(p) all rights of Seller under this Agreement (or under any side agreement between Seller on the one hand and Buyer or Wassall on the other hand); and

(q) all payments from Dow Corning in respect of the items identified in the letter, dated June 25, 1991, from Randolph T. Tormey to Giovanni Bassoni, a copy of which is attached hereto as Schedule 1.2(q).

1.3 Assumption of Liabilities.

(a) Effective as of the Closing, Buyer shall, without any further responsibility or liability of or recourse to Seller or any of its affiliates or any of its or its affiliates' directors, shareholders, officers, employees, agents, consultants, representatives, successors, transferees or assignees, absolutely and irrevocably assume

and be solely liable and responsible for any and a
following Liabilities of Seller, unless such Liabi
Excluded Liabilities (the "Assumed Liabilities"):

(i) all Liabilities reflecte
Final Net Asset Statement up to the amount stated
Final Net Asset Statement;

(ii) all Liabilities under Con
relating to periods after the Determination Time;

(iii) all Liabilities to Current
Employees (including liability for severance payment
payroll taxes and the cost of outplacement, medical
other benefits) on account of (A) Buyer's failure to
such Current Employees on or after the Closing Date
Buyer's termination of such Current Employees' empl
or after the Closing Date (each a "Termination Even

(iv) all employee benefit plan
Liabilities to the extent assumed as set forth in Se
6.6;

(v) all Environmental Liabilit
the extent assumed as set forth in Sections 9.5(b)
and

(vi) all Liabilities to Curre
Employees for accrued but unused vacation pay.

(b) Except as specifically provided in this Agreement, neither Buyer, any of its affiliates nor any of its or its respective affiliates' directors, shareholders, officers, employees, agents, consultants, representatives, successors, transferees or assignees shall assume or have any responsibility or liability for Liabilities of any kind or nature whatsoever, whether known or unknown, contingent or otherwise, asserted or unasserted, of USG or any of the Companies or any of their respective affiliates or any of their or their respective affiliates' directors, shareholders, officers, employees, agents, consultants, representatives, successors, transferees or assignees. Such Liabilities not assumed by Buyer are referred to herein as "Excluded Liabilities". Without limiting the generality of the foregoing, the following Liabilities shall be Excluded Liabilities and shall be retained by Seller and shall not be assumed by Buyer:

(i) any and all Liabilities of USG and its affiliates, other than the Companies, including, without limitation, Liabilities for Taxes and for labor, ERISA, environmental and personal injury matters;

(ii) subject to Section 11.3, any and all Taxes payable by the Companies (including any Taxes with

respect to the Business or Assets) in respect of periods or portions thereof up to and including the Closing Date;

(iii) any and all non-trade Liabilities of the Companies to any of their affiliates, including payables under any tax sharing agreements;

(iv) any and all Liabilities of Seller or its affiliates to Dow Corning (including, without limitation, any obligations that may arise under Section 12 of the Master Distribution Agreement dated January 17, 1983 among Dow Corning, DAP and Beecham or any amendments, modifications or successor agreements) other than trade liabilities up to the amount stated in the Final Net Asset Statement (which shall exclude any amounts in respect of price increases since January 1, 1991);

(v) any and all Liabilities to Employees for "Retention Awards" or any "Divestiture Incentive Awards" pursuant to the agreements identified in Schedule 1.4(v);

(vi) any and all Liabilities to Current Employees (including liability for severance payments and payroll taxes and the cost of outplacement, medical and other benefits) on account of a Termination Event, up to U.S. $500,000 in the aggregate;

(vii) subject to Section 1.3(a) (iii), (iv) and (vi), any and all Liabilities arising on or before the Closing arising from or related to employment, including any Liabilities arising from or related to the employment, termination of employment or terms or conditions of employment (including, but not limited to, liability for severance payments, post-retirement medical and life insurance and other employee benefits) of any and all Employees which occurred or arose on or before the Closing;

(viii) any and all Liabilities of the purchasers under the Prior Acquisition Documents to the other parties thereto or to other parties asserting rights thereunder as third party beneficiaries;

(ix) any and all Environmental Liabilities arising from the on-site and off-site Disposal of Hazardous Materials generated by the Durabond facility located in Trenton, New Jersey;

(x) any and all Environmental Liabilities in addition to those referred to in paragraph (ix) above except to the extent assumed as set forth in Section 9.5 (b) and (c).

2. Consid

2.1 Gener

(a) A n for the Asset

Non-Competition Agre r shall pay to

Companies the aggreg .S. $90,000,000

"Purchase Price") an shall assume the

Liabilities. The Pu a shall be subject

adjustment pursuant 2 and payable as

in Section 2.3.

(b) se Price (as adjuste

Assumed Liabilities llocated among the C

their respective As Non-Competition Ag

accordance with Sch

2.2 Adju urchase Price.

(a) se Price shall be ad

follows:

e amount of the adju

assets of the Busi ned in accordance w

2.2(b) (the "Adjus ets") as of the close

business on the da g the Closing Date re

in Section 3.1 (t ation Time") is less

$74,723,000 (the "), the Purchase Pric

decreased by an a to the difference bet

Adjusted Net Asse ase Amount.

(ii) If the amount of the Adjusted Net Assets of the Business as of the Determination Time is greater than the Base Amount, the Purchase Price shall be increased by an amount equal to the lesser of (x) U.S. $3,000,000 and (y) the difference between the Adjusted Net Assets and the Base Amount.

(b) The Adjusted Net Assets shall be determined on the basis of the pro forma combined statement of net assets of the Business as of the Determination Time (the "Final Net Asset Statement"). The Final Net Asset Statement shall be prepared by Seller (with the assistance of Buyer and its accounting and finance personnel at the Companies) in accordance with GAAP as modified by the principles set forth in Schedule 2.2 ("Modified GAAP") applied on a consistent basis with the preparation of the Preliminary Net Asset Statement.

(c) Seller shall, at its expense, deliver to Buyer the Final Net Asset Statement within 60 calendar days after the Closing, together with a notice (the "Proposed Adjustment Notice") (i) setting forth the amount of (A) Adjusted Net Assets as of the Determination Time and (B) any proposed adjustment to the Purchase Price pursuant to this Section 2.2 and (ii) certifying that the Final Net Asset Statement is in conformity with Modified GAAP. Buyer and

its independent a[illegible] ll have the opp[illegible]
observe the taking [illegible] tory of the Busi[illegible]
connection with the [illegible] of the Final N[illegible]
Statement, and to [illegible] work papers, sche[illegible]
other documents [illegible] ller and any inde[illegible]
accountant employe[illegible] Seller in connection wi[illegible]
preparation of th[illegible] Net Asset Statement.
Asset Statement s[illegible] be final and binding on [illegible]
unless, within 30 [illegible]endar days after delivery [illegible]
Buyer shall give to USG written notice specify [illegible]
tions in reasonable detail. If notice of obje[illegible]
given, the parties shall consult with each oth[illegible]
faith, using reasonable efforts, attempt to re[illegible]
objections. If the parties are unable to reac[illegible]
within 30 calendar days after the notice of ob[illegible]
been given, the dispute shall be submitted for[illegible]
Price Waterhouse or, if such firm shall not a[illegible]
engagement, by another mutually acceptable fi[illegible]
pendent accountants of nationally recognized [illegible]
"Unrelated Accounting Firm"). The resolution[illegible]
by the Unrelated Accounting Firm shall be fi[illegible]
on the parties. The fees and expenses of th[illegible]
accountants shall be borne equally by Seller

2.3 Payment of Purchase Price and Adjustment.

(a) At the Closing (i) Buyer shall pay to the Companies the amount of U.S. $87,000,000 by wire transfer of immediately available funds to an account or accounts designated by the Companies, and (ii) Buyer shall deposit by wire transfer U.S. $3,000,000 into a cash collateral account (the "Cash Collateral Account I") to be established in accordance with the terms and provisions of a trust agreement substantially in the form of Exhibit A (the "Cash Collateral Account Agreement").

(b) Within 30 calendar days after the Final Net Asset Statement has been delivered to Buyer, the Companies shall pay to Buyer, or Buyer shall pay to the Companies (in accordance with the allocation reflected in Schedule 2.1), as the case may be, the undisputed amount of any adjustment to the Purchase Price shown on the Proposed Adjustment Notice plus an amount in the nature of simple interest on that amount at the rate of interest announced publicly by Citibank, N.A. in New York, New York from time to time as its "Base Rate" (on the basis of a 360-day year) from the Closing Date to the date of payment ("Interest") less, if Buyer is making the payment, the undisputed amount (not to exceed $500,000) of any Liabilities of the nature set forth in Section 1.3(b)(vi) of which USG has received at

least 15 days' prior written notice (t
Liabilities"). The disputed amount of
on the Proposed Adjustment Notice shall
party shown on the Proposed Adjustment
required to make the payment into a cash
(the "Cash Collateral Account II") to be
accordance with the terms and provisions
Collateral Account Agreement. Upon resolu
disputes with respect to the Proposed Adj
provided in Section 2.2 and any disputes
Offsetting Liabilities (which the parties
to resolve promptly and in good faith),
Cash Collateral Account II shall be dispe
purpose of making the appropriate payment
Interest to the extent earned). Any fund
interest thereon) remaining in the Cash
Account II after such payment or payments
shall be immediately withdrawn and return
that deposited such funds (to which Buyer
give any required consent under the Cash
Agreement).

3. Closing and Termination.

3.1 Date of Closing. (a) Sub
conditions in Section 7, the Closing shal

escrow at the offices of Weil, Gotshal & Manges, 767 Fifth Avenue, New York, New York 10153 at 3:00 a.m. (New York City time) on September 20, 1991 or at such other place and time and on such other date as the parties may designate in writing. At the Closing, the parties shall make the deliveries referred to in Section 8 and such deliveries shall be held in escrow by counsel for the parties subject only to satisfaction of the conditions set forth in paragraph (b) below.

(b) The escrow referred to in paragraph (a) above shall be terminated and the transactions contemplated by this Agreement shall become fully effective upon satisfaction of the following conditions:

(i) the admission of the Placing Shares to the Official List becoming effective in accordance with Rule 520 of the Rules of the London Stock Exchange; and

(ii) payment of the Purchase Price as provided in Section 2.3(a).

3.2 Termination. (a) This Agreement may be terminated at any time prior to the Closing:

(i) by a written agreement among the parties;

(ii) by Buy of the conditi
fied in Section 7.1 shall been satisfied
in writing by Buyer on or tober 4, 1991;
(iii) by Se y of the conditi
specified in Section 7.2 have been satisf
waived in writing by Selle efore October 4,

(b) This agreem e terminated at
after Closing by either pa e two post-closi
conditions set forth in Se (b) shall not ha
satisfied as of 5:00 p.m. City time) on t
the Closing, in the case cond of the condi
a result of the failure o dition specified
Section 7.1(c).

(c) Upon termi accordance with
Section 3.2, none of the all have any lia
or further obligations ar of this Agreemen
for (y) any liability res om its breach of t
Agreement prior to termina (z) any liability
obligation under Sections 3 and 11.3 and the
sentences of Section 6.1(a

4. Representati Warranties of Sell
and the Companies, jointly verally, represent
warrant to Wassall and Buye follows:

4.1 Organization, Standing and Power of USG, BHI, the Companies, and the Issuer. Each of USG, BHI, the Companies and the Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated and has full power and authority to enter into and perform this Agreement and all other agreements, certificates and instruments to be executed, delivered and/or performed by it pursuant hereto (the "Other Seller Documents").

4.2 Authorization and Enforceability of Agreement and Other Seller Documents. The execution, delivery and performance of this Agreement and the Other Seller Documents have been duly authorized by all necessary action of USG, BHI, the Issuer or the respective Company. This Agreement constitutes and, upon execution and delivery, each of the Other Seller Documents to which it is a party will constitute the valid and binding obligation of USG, BHI, the Issuer or a Company, as the case may be, enforceable against it in accordance with the respective terms thereof, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforcement of creditors' rights in general and subject to general principles of equity (regardless of whether such

enforceability is considered in a proceeding in equity
law).

4.3 No Violation; Consents of Third Parties
execution, delivery and performance of this Agreement
the Other Seller Documents by USG, BHI, the Issuer and
Companies will not (a) violate or conflict with the
certificate of incorporation or by-laws (or any equival
document) of USG, BHI, the Issuer or any of the Compani
(b) subject to the receipt of the consents and approval
referred to in Schedule 4.3, conflict with, result in
breach or termination of, or constitute a default or
effective a right of cancellation, acceleration or fir
refusal under, (x) any debt agreement or debt instrume
(y) any other material lease, agreement, contract,
commitment or other instrument to which USG, BHI, the
or any of the Companies is a party or by which any of
respective properties is bound; (c) constitute a viol
of any Law or Order applicable to USG, BHI, the Issue
any of the Companies or any of their respective prope
or (d) result in the creation of any Lien upon any pr
of any of USG, BHI, the Issuer or any of the Compani
consent, approval or authorization of, or designatio
declaration or filing with, any Governmental Body is
required on the part of USG, BHI, the Issuer or any

Companies in connection with the execution, delivery and performance of this Agreement, except for (a) filings with the Federal Trade Commission and the Department of Justice pursuant to the HSR Act with respect to sale of the Business, which have been made and as to which the waiting period has expired, (b) transfer and other tax forms required in connection with the transfer of the Assets or (c) items listed on Schedule 4.3.

4.4 Corporate Records and Books of Account. The copies of the certificate of incorporation and by-laws (or any equivalent document) of each of the Companies that have been delivered to Buyer are complete and correct and the minute books of each of the Companies that have been exhibited to Buyer are complete in all material respects and accurately reflect all material action taken prior to the date of this Agreement by its respective board of directors and stockholders. To the best of Seller's knowledge, true and correct copies of all books of account of each of the Companies have been made available to Buyer.

4.5 No Other Subsidiaries; No Other Assets of BHI. None of the Companies owns any capital stock or other interest in any corporation or business entity (other than shares of the Companies) nor is any of the Companies subject to any obligation or requirement to make any investment in

shares of the Companies) nor is any of the Companies subject to any obligation or requirement to make any investment in any corporation or business entity. BHI has no assets other than shares of DAP Canada.

4.6 Financial Statements. (a) Attached as Schedule 4.6(a)(1) are the audited consolidated balance sheets of the Companies at December 31, 1988 and December 31, 1989 and the related audited consolidated statements of income and cash flow for the years then ended and attached as Schedule 4.6(a)(2) are the audited consolidated balance sheet of the Companies at December 31, 1990 and the related audited consolidated statement of income and cash flow for the year then ended (collectively, the "Year-End Statements"). The Year-End Statements have been prepared in accordance with GAAP consistently applied. The consolidated balance sheet of the Companies at December 31, 1990 presents fairly, and the consolidated balance sheets of the Companies at December 31, 1988 and December 31, 1989 present fairly in all material respects, the consolidated financial position of the Companies as of the respective balance sheet dates. The consolidated statements of income and cash flow for the year ended December 31, 1990 present fairly, and the consolidated statements of income and cash flow for the years ended December 31, 1988 and December 31,

results of operations and cash flows for the years then ended.

(b) Attached as Schedule 4.6(b) is an unaudited consolidated balance sheet of the Companies at July 31, 1991 (the "Interim Balance Sheet") and an unaudited consolidated income statement for the seven months then ended (collectively, the "Interim Statements"). The Interim Statements were prepared from the books and records of the Companies and present fairly in accordance with GAAP consistently applied the consolidated financial position of the Companies as of and the operating results of the Business for such period; provided, however, that the Interim Statements are subject to normal year-end adjustments and lack footnotes.

(c) Attached as Schedule 4.6(c) is an unaudited pro forma combined statement of net assets of the Business at December 31, 1990 (the "Preliminary Net Asset Statement"). The Preliminary Net Asset Statement has been prepared from the books and records of the Companies in accordance with Modified GAAP and shows thereon the Base Amount.

4.7 Absence of Certain Changes. Except as set forth on Schedule 4.7, reflected in the Interim Balance Sheet or expressly contemplated by this Agreement, since

December 31, 1990, each of the Companies ha
business in the ordinary course and:

(a) there have been no char
dition (financial or otherwise), business,
(except as shall have resulted from genera
ditions) prospects of the Business or the
individually or in the aggregate, have had
ably be expected to have a material advers
Business or the Assets;

(b) there has been no mate
destruction or loss (whether or not covere
any material Asset;

(c) none of the Companies
transferred any Assets other than in the o
business and consistent with past practice
of Seller's knowledge, created or assumed
Assets;

(d) none of the Companies
payment or incurred any indebtedness (exce
Seller's historical cash management progra
any other transaction with USG or any of U
ates except in the ordinary course of busi
with past practice;

(e) none of the Companies has incurred, assumed, or guaranteed any indebtedness (except pursuant to Seller's historical cash management program) other than indebtedness to trade creditors incurred in the ordinary course of business consistent with past practice;

(f) there has been no strike, work stoppage or slowdown or other material labor dispute involving the Companies or the Business;

(g) none of the Companies has acted inconsistently with its historical policies or practices with respect to working capital;

(h) there has been no change in any accounting methods, practices or principles used by the Companies other than to conform to Modified GAAP in preparing the Preliminary Net Asset Statement;

(i) except as set forth in Schedule 1.4(v), Seller has not granted or agreed to grant any severance or termination pay to any director, officer or Employee of any of the Companies, entered into any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director, officer or Employee of any of the Companies, increased any benefits payable under any existing severance or termination pay policies or employment agreements, or increased the

compensation or bonus or other benefits (includ
limited to, the Employee Benefit Plans) payable
directors, officers or Employees of the Companie

(j) none of USG or the Companies
into any agreement or arrangement or taken or co
take any other action that would cause any repre
or warranties in this Agreement to be untrue or
any material respect.

4.8 Real Property. Schedule 4.8 cont
and brief description of certain real properties
"Owned Real Property") or leased (the "Leased Rea
Property") by the Companies. Except as reflected
Preliminary Net Asset Statement and except for (i
if any, of current Taxes not yet due and payable,
installments of special assessments not yet delin
(iii) those items appearing on Schedule 4.8 (prov
however, that the restrictions and easements appe
said Schedule do not materially interfere with th
the Improvements on the Real Property or the cond
Business) (collectively, "Permitted Liens"), each
Companies has marketable title to the Owned Real
owned by it free and clear of any Lien, mortgage,
or restriction. Each of the Companies leases und
and existing lease listed on Schedule 4.8 (the "

Property Leases") all the Leased Real Property and, except as set forth on Schedule 4.8, is in possession of each of the premises purported to be so leased and has marketable title to each of such leasehold estates subject to Liens created by the lessor and restrictions and easements that would not materially interfere with the use of the Improvements or the conduct of the Business. Except as set forth on Schedule 4.8, there exists no asserted claim which is adverse to the rights of the Companies in any such leasehold estate except for Permitted Liens. Except as set forth on Schedule 4.8, there is no pending, or, to the best of Seller's knowledge, threatened, condemnation, eminent domain or similar proceeding with respect to the Real Property or the Improvements. All Improvements on the Real Property comply with all applicable Laws and Orders, including, but not limited to, those applicable to zoning, the environment and the establishment and maintenance of working conditions for labor. Except as disclosed on Schedule 4.8, to the best of Seller's knowledge, there is no Law, Order, restriction or agreement, including, but not limited to, any zoning Law, that would materially restrict the expansion or alteration of or addition to the structures located on the Real Property. The buildings and structures on the Real Property are in sufficient operating condition

and repair, subject to normal wear and tear, so as to permit the continued operations of the Business as now being conducted. No portion of the Improvements (except for certain paved areas) at the Real Property located at Tipp City, Ohio is at an elevation of less than 818 feet above sea level as described by The Miami Conservancy District. Except as set forth on Schedule 4.8, none of the facilities located on the Real Property has used, or has been used for the manufacture of, products containing pentachlorophenol, creosote or asbestos-containing materials. None of the Companies has ever owned or operated the Durabond facility located in Trenton, New Jersey.

4.9 Tangible Personal Property. All Tangible Personal Property reflected in the Interim Balance Sheet is in existence except for dispositions made since the date of the Interim Balance Sheet in the ordinary course of business consistent with past practice. The Companies have marketable title to, or hold by valid and existing lease or other valid and existing right to use, all of the Tangible Personal Property, free and clear of all Liens, except (a) as reflected in the Interim Balance Sheet, (b) as set forth on Schedule 4.9 and (c) for the Lien, if any, for current Taxes not yet due and payable and installments of special assessments not yet delinquent. Except as set forth on

Schedule 4.9, the Tangible Personal Property is in sufficient operating condition and repair, subject to normal wear and tear, so as to permit the continued operation of the Business as now being conducted.

4.10 Location of Inventory. Schedule 4.10 sets forth all locations other than the Real Property at which Inventory is stored.

4.11 Receivables. All receivables of the Business which either are reflected on the Preliminary Net Asset Statement or were created subsequent to the date of the Preliminary Net Asset Statement have arisen in the ordinary course of business from arm's-length transactions.

4.12 Tax Matters.

(a) True and complete copies of those federal, state, local and foreign income or franchise Tax Returns of the Companies which Buyer requested have been made available to Buyer.

(b) Except as set forth on Schedule 4.12, no state, local or foreign Tax audits or other administrative or court proceedings are pending with regard to any Taxes or Tax Returns of the Companies nor any federal Tax audit or other administrative or court proceeding is pending which raise any material issue relating to the Business or Assets of the Companies.

(c) Except as set forth on Schedule 4.12, no property owned by any of the Companies is property that Buyer or its affiliates is or will be required to treat as being owned by another person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, or is "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code.

(d) Except for DAP Canada, none of the Companies is a foreign person within the meaning of Section 1445 of the Code.

(e) Except as set forth on Schedule 4.12, there is no contract, agreement, plan or arrangement covering any person that, individually or collectively, would, if payment is made thereunder, result in any amount that would not be deductible by Buyer or its affiliates by reason of Section 280G of the Code.

4.13 Contracts. Except as set forth on Schedule 4.8 and except for purchase and sales orders entered into in the ordinary course of business, Schedule 4.13 contains, with respect to each of the Companies, a complete list of: (a) any commitments and agreements for the purchase of any materials, supplies, equipment or services or capital expenditures that involve expenditure of $50,000 or more for

any one contract or series of related contracts; (b) any lease and other rental agreements under which it is either lessor or lessee that involve annual payments or receipts of $50,000 or more; (c) any notes or agreements relating to any indebtedness of any of the Companies, any indebtedness relating to or secured by any of the Assets or any guaranties of the indebtedness of third parties; (d) any consulting agreements that provide, or any employment agreements that could provide, for compensation in excess of $50,000 a year or that have a term of more than one year; (e) any agreements between any of the Companies, on the one hand, and USG or any of its other affiliates, on the other hand; (f) any covenants not to compete or confidentiality agreements (other than standard confidentiality provisions contained in supply agreements) to which any of the Companies is a party or by which any of the Companies' properties are bound; (g) to the best of Seller's knowledge, any agreements (other than agreements referred to on Schedules 1.4 (v) and 4.15) relating to the Business or the Assets pursuant to which any Person who is or was an officer, director or employee of Seller or, to the best of Seller's knowledge, any Associate of any such officer, director or employee has a material interest; (h) any agreements with customers that have unexpired terms

(including any periods covered by options to renew exercisable by other parties) of more than 360 days or involve a payment of more than $50,000 for any such agreement; (i) any material distribution, dealer, manufacturers' representative, franchise or sales agreements involving payment of fees or commissions to or by any of the Companies in 1990 or 1991 to date; (j) any government contracts; and (k) any other agreements, commitments and understandings (written or oral) that require payment by any of the Companies of $50,000 or more or were entered into outside the ordinary course of business. Except as indicated on Schedule 4.13, true and complete copies of each written commitment, contract, agreement or lease required to be listed on Schedule 4.8 or 4.13 and true and correct summaries of each such oral commitment, contract, agreement or lease have been made available to Buyer.

4.14 Absence of Defaults. Except as set forth on Schedule 4.14, all Contracts and Real Property Leases are in full force and effect in accordance with their respective terms and there has not been any breach by any of the Companies or, to the best of Seller's knowledge, by any other party of any of the provisions of any of the Contracts or Real Property Leases and no condition exists that, with notice or lapse of time or both, would constitute a default

by any of the Companies or, to the best of Seller's knowledge, by any other party to any of the Contracts or Real Property Leases. No party to any of the Contracts or Real Property Leases has made or asserted any defense, setoff or counterclaim under any of the Contracts or Real Property Leases or has exercised any option to cancel or terminate it or to shorten, renew or extend its term, and none of the Companies has received any notice to that effect. Except as set forth on Schedule 4.14, the Companies are not currently renegotiating any of the Contracts or Real Property Leases and are not paying liquidated damages in lieu of performance under any of the Contracts or Real Property Leases. For purposes of this Section 4.14, the term "Contracts" shall mean those commitments, contracts, agreements and leases required to be listed or summarized on Schedule 4.8 or 4.13.

4.15 Employees and Employee Benefit Plans.

(a) Schedule 4.15 lists all Employee Benefit Plans and all Benefit Arrangements. With respect to each of such Employee Benefit Plans and Benefit Arrangements, to the extent applicable, Seller has delivered to Buyer true and correct copies of any: (i) plans and related trust documents and amendments thereto; (ii) the most recent summary plan descriptions and the most recent annual report (including Schedule B); (iii) all other material employee

communications distributed within the past twenty-four months; (iv) the most recent actuarial valuation; and (v) the most recent determination letter received from the IRS.

(b) There is no material violation of ERISA with respect to the filing of applicable reports, documents, and notices regarding the Employee Benefit Plans with the Secretary of Labor and the Secretary of the Treasury or the furnishing of such documents to the participants or beneficiaries of the Employee Benefit Plans.

(c) Except as set forth on Schedule 4.15, the Employee Benefit Plans intended to qualify under Section 401 of the Code and the trusts maintained pursuant thereto are exempt from federal income taxation under Section 501 of the Code, and, to the best of Seller's knowledge, nothing has occurred with respect to the operation of the Employee Benefit Plans which could cause the loss of such qualification or exemption or the imposition of any liability, penalty or tax under ERISA or the Code.

(d) All contributions required by law to have been made under any of the Employee Benefit Plans and Pension Plans which are defined benefit plans or money purchase pension plans (without regard to any waivers granted under Section 412 of the Code) to any funds or trusts established thereunder or in connection therewith

have been made by the due date thereof (including any valid extension) and no accumulated funding deficiencies exist in any of the Pension Plans subject to Section 412 of the Code.

(e) There are no Legal Proceedings pending or, to the best of Seller's knowledge, threatened against the Employee Benefit Plans, the assets of any of the trusts under such plans or the plan sponsor or the plan administrator, or against any fiduciary of the Employee Benefit Plans with respect to the operation of such plans (other than routine benefit claims), nor is there any valid basis for future Legal Proceedings in respect thereof.

(f) Except as set forth on Schedule 4.15, there is no "amount of unfunded benefit liabilities" as defined in Section 4001(a)(18) of ERISA in any of the respective Pension Plans which are subject to Title IV of ERISA; each of the respective Pension Plans is fully funded in accordance with the actuarial assumptions used by the PBGC to determine the level of funding required in the event of the termination of the Pension Plans; and the termination liability of each Pension Plan does not exceed the assets of that plan.

(g) There has been no "reportable event" as that term is defined in Section 4043 of ERISA and the regulations thereunder with respect to the Pension Plans subject

to Title IV of ERISA which would require the giving of notice, or any event requiring disclosure under Section 4041(c)(3)(C) or 4063(a) of ERISA, and no Pension Plan has terminated with any outstanding liability under Section 4062 of ERISA to the PBGC or to a trustee appointed under Section 4042 of ERISA.

(h) The Employee Benefit Plans have been maintained, in all material respects, in accordance with their terms and with all provisions of ERISA (including rules and regulations thereunder) and other applicable Law, and neither Seller nor any of Seller's subsidiaries or "party in interest" or "disqualified person" with respect to the Employee Benefit Plans has engaged in a "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA.

(i) None of Seller, any of Seller's subsidiaries or any ERISA Affiliate of Seller has contributed to, or been obligated to contribute to, a Multiemployer Plan as of the Closing which covered any of the Employees.

(j) Buyer will not have (i) any obligation to make any contribution to any Multiemployer Plan or (ii) any withdrawal liability from any such Multiemployer Plan under Section 4201 of ERISA which it would not have had it

not purchased the Assets from the Companies at the Closing in accordance with the terms of this Agreement.

(k) As to employee pension benefit plans as defined in Section 3(2) of ERISA which on the date of execution of this Agreement are maintained by or contributed to by Seller or any of Seller's subsidiaries or ERISA Affiliates, and which in any such case do not provide benefits to Employees, as of the date of execution of this Agreement any "amount of unfunded benefit liabilities" as defined in Section 4001(a)(18) of ERISA in any such pension benefit plan, together with any outstanding liability under Section 4062 of ERISA to the PBGC or to a trustee appointed under Section 4042 of ERISA, and any withdrawal liability under Section 4201 of ERISA with respect to any such pension benefit plan which is a Multiemployer Plan, do not in the aggregate exceed $2,000,000.

(l) The Employee Census Data is true and correct in all material respects.

(m) Except as set forth on Schedule 4.15, none of the Companies is a party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to Employees.

(n) Except as set forth on Schedule 4.15, none of the Employees are represented by any labor

organization; no labor organization or group of Employees has made a pending demand for recognition; there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the best of Seller's knowledge, threatened to be brought or filed, with the National Labor Relations Board or other labor relations tribunal; and there is no organizing activity involving any of the Companies pending or, to the best of Seller's knowledge, threatened by any labor organization or group of Employees with respect to the Business.

(o) Except as set forth on Schedule 4.15, there are no (i) strikes, work stoppages, slowdowns, lockouts or arbitrations or (ii) material grievances or other material labor disputes pending or, to the best of Seller's knowledge, threatened against or involving any of the Companies. There are no unfair labor practice charges pending or, to the best of Seller's knowledge, threatened by or on behalf of any Employee or group of Employees.

(p) Except as set forth on Schedule 4.15, there are no pending or, to the best of Seller's knowledge, threatened Legal Proceedings based on, arising out of, in connection with or otherwise relating to the employment by any of the Companies of any individual, including any claim for workers' compensation.

(q) Hours worked by and payments made to the Employees have not been in material violation of the federal Fair Labor Standards Act or any other Law dealing with such matters.

(r) The Companies are (1) in compliance with all Laws and Orders relating to the collection and payment of withholding and/or Social Security Taxes and similar Taxes with respect to the Business and/or its Employees and (2) in compliance in all material respects with all other Laws and Orders relating to the employment of labor, including all such Laws and Orders relating to wages, hours, collective bargaining, discrimination, civil rights, workers' compensation, pay equity.

4.16 Legal Proceedings; Compliance with Laws. There are no Legal Proceedings (A) pending or, to the best of Seller's knowledge, threatened that question the validity of this Agreement or the Other Seller Documents or any action taken or to be taken by Seller in connection with this Agreement or the Other Seller Documents or (B) that, if adversely determined, would have a material adverse effect upon the ability of Seller to perform its obligations under this Agreement or the Other Seller Documents. Except as set forth on Schedule 4.16, there are no Legal Proceedings pending or, to the best of Seller's knowledge, threatened,

or any Order outstanding, against any of the Companies or any of their properties. The Companies are not in material violation of any applicable Law or in violation of any applicable Order and, since December 31, 1989, no notice has been received by Seller alleging any such violations.

4.17 Intellectual Property Rights. Schedule 4.17 lists all the Patents, Trademarks and Copyrights material to the Business (collectively, the "Intellectual Property Rights"). Except as set forth on Schedule 4.17, all of the Intellectual Property Rights are owned outright by one of the Companies on an exclusive, irrevocable basis free and clear of all Liens and no Intellectual Property Right is owned by any other party. Except as set forth on Schedule 4.17, none of the Companies nor any of their affiliates is obligated to pay any royalty to anyone under, or has licensed anyone to use, any of the Intellectual Property Rights and all rights of the Companies in and to the Intellectual Property Rights are transferable to Buyer as herein contemplated without any required consent or other approval. Except as set forth on Schedule 4.17, (i) the use and exploitation by the Companies of the Intellectual Property Rights in the ordinary course of their business as presently conducted does not conflict with, violate or infringe any intellectual property rights of any other person; (ii) there

are no pending or, to the best of Seller's knowledge, threatened Legal Proceedings contesting the validity, ownership or right to use, sell, license or dispose of any Intellectual Property Rights; and (iii) there are no Orders that will restrict or impair the use by Buyer or its affiliates of any Intellectual Property Rights. To the best of Seller's knowledge, there exists no infringement by any other entity of any of the Intellectual Property Rights. True and correct copies of all licenses and agreements required to be listed on Schedule 4.17 have been made available to Buyer.

4.18 Environmental Matters. Except as disclosed on Schedule 4.18 or in the environmental consultants' reports and other documents listed thereon (collectively, the "Environmental Disclosure Documents"), (i) the operations of the Business are and, as of the Closing Date, will be in compliance with all Environmental Laws; (ii) the Companies currently have and, as of the Closing Date, will have all Environmental Permits necessary for the operations of the Business; all such Environmental Permits are and, as of the Closing Date, will be in good standing; there are no Legal Proceedings pending or, to the best of Seller's knowledge, threatened to revoke any such Environmental Permit; the Companies are, and

as of the Closing Date will be, in compliance with such Environmental Permits; and Seller has not received any notice from any source to the effect that there is lacking any Environmental Permit required in connection with the current use of the Assets or the current operation of the Business; (iii) Seller, with respect to the Business and the Assets, is not subject to any outstanding Environmental Lien, Order or agreement with any Governmental Body or Person, or subject to any federal, state or local investigation respecting (A) Environmental Laws, (B) Remedial Action or (C) any Environmental Claim arising from the Release or threatened Release of a Hazardous Material; (iv) Seller, with respect to the Business and the Assets, is not subject to any Legal Proceeding alleging the violation of any Environmental Law or Environmental Permit; (v) Seller, with respect to the Business and Assets, has not received (nor, to the best of Seller's knowledge, has there been issued) (1) since January 1, 1980, any written communication from a Governmental Body, and (2) since September 1, 1987, any written communication from a citizens' group, Employee or any other Person, that alleges that the Business or the Assets are not in compliance with any Environmental Law or Environmental Permit (it being understood that Seller need only reflect on Schedule 4.18 one of a series of letters

from individuals with respect to the same subject matter); (vi) Seller has not caused or permitted any Hazardous Materials to remain or be disposed of, either on or under the Real Property or, in connection with the Business or the Assets, on any other real property not permitted to accept, store or dispose of such Hazardous Materials other than in accordance with Environmental Laws; (vii) Seller, with respect to the Business and the Assets, has no Environmental Liabilities with respect to Hazardous Materials, and no facts or circumstances exist with respect to the Business or the Assets that could reasonably give rise to Environmental Liabilities with respect to Hazardous Materials; (viii) since December 31, 1979 neither Seller nor any of Seller's Predecessors has filed any notice with respect to the Business or the Assets under any Environmental Law indicating past or present Disposal of Hazardous Materials or reporting a Release of Hazardous Materials into the environment except for manifests filed in connection with the transportation or Disposal of Hazardous Materials pursuant to Environmental Laws; (ix) none of the operations of the Business involves the generation or Disposal of hazardous waste, as defined under 40 C.F.R. Parts 260-270 (in effect as of the date of this Agreement) or any state regulations promulgated pursuant to the Solid Waste Disposal

Act, 42 U.S.C. 6901; and (x) there is not now, nor has there been in the past, on or in any of the Real Property (A) any underground storage tanks or surface tanks or impoundments; (B) any friable asbestos-containing materials; or (C) any polychlorinated biphenyls. True and correct copies of the reports and other documents listed on Schedule 4.18 have been made available to Buyer.

4.19 Licenses and Permits. The Companies have all Environmental Permits and other material Licenses which are necessary to own, lease, operate and use the Assets and to conduct the Business as currently conducted. Schedule 4.19 lists each of the material Licenses, true and complete copies of all of which have been made available to Buyer. Seller has fulfilled and performed all of its obligations under each of the material Licenses. Except for the sale of Assets contemplated by this Agreement, no event has occurred or condition or state of facts exists which would constitute or after notice or lapse of time or both would constitute a breach or default under any of the material Licenses or would cause revocation or termination of any of the material Licenses. Seller has not received notice of cancellation, of default or of any dispute concerning any of the material Licenses. Except as set forth on Schedule 4.19, the material Licenses are transferable to Buyer without consent.

4.20 Transactions with Affiliates. Except as summarized on Schedule 4.20, none of the Companies is, and, since December 31, 1990, none of the Companies has been, engaged in any transaction with USG or any Affiliate of USG (other than the Companies) or has any unfulfilled purchase or sale commitment in excess of usual and customary amounts in the ordinary course of business.

4.21 Customers and Suppliers; Product Warranties. (a) Schedule 4.21(a) sets forth the 20 largest customers of the Companies (by dollar volume of purchase in the year ended December 31, 1990) and the 10 largest suppliers of the Companies (by dollar volume of purchases in the year ended December 31, 1990) (collectively, the "Large Customers and Suppliers"). Except as set forth on Schedule 4.21(a), since December 31, 1990, none of the Large Customers and Suppliers has indicated to Seller that it wishes or intends to terminate its relationship with any of the Companies or materially to change (i) the manner in which it conducts business with any of the Companies or (ii) the terms on which it conducts business with any of the Companies.

(b) Schedule 4.21(b) contains true and correct copies of the forms of all standard product warranties, guarantees or indemnifications (except those imposed by law) ("Product Warranties") extended to the customers of

the Business. Schedule 4.21(b) also contains a list of all instances since December 31, 1989 in which any of the terms of any of the Product Warranties have been modified in any material respect. Except as set forth on Schedules 4.16 or 4.21(b), there are no Legal Proceedings pending or, to the best of Seller's knowledge, threatened for breach of any Product Warranty to customers. Except as set forth on Schedule 4.21(b), all Products Warranties are in material compliance with all applicable Laws, including, without limitation, the Magnuson-Moss Warranty Act and the Federal Hazardous Substances Act.

4.22 Insurance. All material insurance policies or binders insuring the Assets or business liabilities with respect to the Business which are currently in effect are listed in Schedule 4.22, and true and complete copies thereof have been delivered or made available to Buyer. With respect to the Business: (a) all insurance policies identified on Schedule 4.22 are valid and enforceable policies or binders for the benefit of the Companies; (b) all such policies or binders are in full force and effect and are in amounts customarily insured against by enterprises in operations similar to the Business; and (c) there are no pending or asserted material claims against

such insurance by the Companies as to which the insurers have denied liability.

4.23 Entire Business. The transactions contemplated by this Agreement will effectively convey to Buyer the entire Business (other than the Excluded Assets), including, without limitation, all tangible assets and properties of the Companies reflected in the Interim Balance Sheet and all assets and properties acquired since the date of the Interim Balance Sheet, other than the Excluded Assets and assets and properties disposed of since the date of the Interim Balance Sheet in the ordinary course of business ("Permitted Dispositions"). Except as otherwise contemplated by the Supply and Technology Agreements and except in connection with centralized services provided by USG, the assets, properties and rights that will be owned or possessed by Buyer as of the Closing will in all material respects constitute the tangible and intangible property used by the Companies (whether owned by them or by any of their affiliates) in connection with the conduct of the Business as currently conducted by the Companies, except for the Excluded Assets and Permitted Dispositions, including assets, properties and rights that may presently be held by USG and other affiliates of the Companies.

4.24 Disclosed Prior Acquisition Documents; Beecham Indemnity.

(a) Seller has delivered to Buyer true and correct copies of the Purchase Agreement dated as of August 17, 1987 among Beecham and USG Industries, Inc. and all amendments and modifications thereto, the Purchase and Sale Agreement, dated January 24, 1983 among Plough, Inc., Schering-Plough Corporation and Beecham Holdings Inc. and all amendments and modifications thereto, and all documentation between USG and DAP regarding the transfer of the DURABOND Division and all amendments and modifications thereto (as such documents have been delivered, the "Disclosed Prior Acquisition Documents"). Seller has delivered to Buyer true and correct copies of all notices and correspondence between USG or any of its affiliates, on the one hand, and Beecham, on the other hand, with respect to environmental indemnification.

(b) Schedule 4.24 is a true and correct summary of all claims for environmental indemnification made to Beecham by Seller and its affiliates. Except as set forth on Schedule 4.24, there are no disputes between Seller or any of its affiliates, on the one hand, and Beecham, on the other hand, with respect to environmental indemnification.

5. Representations and Warranties of Wassall and Buyer. Wassall and Buyer, jointly and severally, represent and warrant to Seller as follows:

5.1 Organization, Standing and Power of Wassall and Buyer. Each of Wassall and Buyer is a corporation duly organized and validly existing and, in the case of Buyer, in good standing under the laws of the jurisdiction in which it is incorporated and has full power and authority to enter into and perform this Agreement and all other agreements, certificates and instruments to be executed, delivered and/or performed by it pursuant hereto ("Other Buyer Documents").

5.2 Authorization and Enforceability of Agreement and Other Buyer Documents. The execution, delivery and performance of this Agreement and the Other Buyer Documents have been duly authorized by all necessary action of Wassall or Buyer, other than approval of this Agreement by a majority of the shareholders of Wassall present at the extraordinary general meeting referred to in Section 6.7 (the "EGM"). This Agreement constitutes and, upon execution and delivery, each of the Other Buyer Documents to which it is a party will constitute the valid and binding obligation of Wassall or Buyer, as the case may be, enforceable against it in accordance with the respective terms thereof, except as may

be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforcement of creditors' rights in general and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3 No Violation; Consents of Third Parties. The execution, delivery and performance of this Agreement and the Other Buyer Documents by Wassall and Buyer will not (a) violate or conflict with memorandum and articles of association of Wassall or the certificate of incorporation or by-laws of Buyer; (b) conflict with, result in the breach or termination of, or constitute a default under, any lease, agreement, contract, commitment or other instrument to which Wassall or Buyer is a party or by which any of their respective properties is bound; (c) constitute a violation by Wassall or Buyer of any Law or Order applicable to Wassall or Buyer or any of their respective properties; or (d) result in the creation of any Lien upon any property of Wassall or Buyer. No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Body is required on the part of Wassall or Buyer in connection with the execution, delivery and performance of this Agreement, except for (i) filings with the Federal Trade Commission and the Department of Justice pursuant to the HSR

Act with respect to the acquisition of the Business, which have been made and as to which the waiting period has expired, and (ii) consent from HM Treasury under Section 765 Income and Corporation Taxes Act 1988, which has been granted.

5.4 Financial Statements.

(a) Wassall has previously delivered to Buyer a true and correct copy of its consolidated financial statements at and for the year ended December 31, 1990. Such financial statements present fairly, in accordance with United Kingdom generally accepted accounting principles, the financial position of Wassall at December 31, 1990 and its results of operations for the year then ended.

(b) Attached as Schedule 5.4 is an unaudited consolidated income statement for the six months then ended (the "Wassall Interim Financial Statement"). The Wassall Interim Financial Statement presents fairly, in accordance with United Kingdom generally accepted accounting principles, the operating results of Wassall for such period; provided, however, that the Wassall Interim Financial Statement is subject to normal year-end adjustments and lacks footnotes.

5.5 No Litigation. There are no Legal Proceedings (A) pending or, to the best of Wassall's and Buyer's

knowledge, threatened that question the validity of this Agreement or the Other Buyer Documents or any action taken or to be taken by Wassall or Buyer in connection with this Agreement or the Other Buyer Documents or (B) that, if adversely determined, would have a material adverse effect upon the ability of Wassall or Buyer to perform its obligations under this Agreement and the Other Buyer Documents.

5.6 Placing Agreement; Bank Commitment Letter. Buyer has delivered to USG true and correct copies of the executed Placing Agreement (including the offering circular referred to therein) and an executed Commitment Letter from Bankers Trust Company.

6. Further Agreements of the Parties.

6.1 Access to Information. (a) Prior to the Closing, at Buyer's own expense, Buyer may make such investigation of the Business and Assets as Buyer may desire; and Seller shall give to Buyer and its counsel, accountants and other representatives reasonable access during normal business hours throughout the period prior to the Closing to the property, books, commitments, agreements, records, files and personnel of the Business; and Seller shall furnish to Buyer during that period all copies of documents and information concerning the business and

affairs of the Business as Buyer may request. Wassall and Buyer shall hold, and cause their counsel, accountants and other agents and representatives to hold, all such information and documents in accordance with and subject to the terms of the Confidentiality Agreement, dated March 13, 1991, between Wassall and USG. The parties recognize that such Confidentiality Agreement is in full force and effect and shall remain in full force and effect in accordance with its terms until the Closing, at which time such Confidentiality Agreement shall terminate.

(b) After the Closing, upon reasonable notice, Buyer shall give the officers, attorneys, accountants and other authorized representatives of Seller reasonable access, during normal business hours, to books and records (including, without limitation, personnel and employment records) of the Companies relating to periods prior to the Closing, and Buyer shall permit such persons to examine and copy at Seller's expense such books and records to the extent requested by Seller, including, without limitation, in connection with the preparation of the Final Net Asset Statement; provided, however, that such access shall not unreasonably disrupt the normal operations of Buyer. Buyer shall cause its employees and agents to cooperate fully with Seller in connection with such

examination and copying of such books and records. After the Closing, Buyer shall use its reasonable best efforts to assist in preparation of Seller's standard annual accounts packages for the Companies in respect of the period up to the Closing. Buyer shall give Seller reasonable access to the general ledger and the computer generated tapes or a copy thereof and supporting documents of the Companies in order that Seller may prepare its income Tax Returns for the period up to the Closing.

6.2 Conduct of the Business Pending the Closing. From the date hereof until the Closing, the Companies shall, and USG shall cause the Companies to, comply with the provisions set forth below:

(a) the Companies shall operate the Business in the ordinary course consistent with past practice and shall not act inconsistently with their historical policies and practices with respect to working capital;

(b) the Companies shall operate the Business in compliance in all material respects with all applicable Laws and Orders, and all applicable leases, commitments, agreements, licenses, permits and other instruments;

(c) except as set forth on Schedule 6.2(c), none of the Companies shall (i) grant or agree to grant any bonuses to any Current Employee, any general increase in the

rates of salaries or compensation of the Current Employees or any specific increase to any Current Employee or (ii) provide for any new pension, retirement or other employment benefits to any of the Current Employees or any increase in any existing benefits;

(d) each of the Companies shall use its best efforts to maintain and preserve the Business intact, to retain the services and goodwill of the Current Employees and to preserve the Companies' goodwill and business relationships with customers, suppliers and others;

(e) the Companies shall not sell, assign, voluntarily encumber, grant a security interest in or license with respect to, or dispose of, any of the Assets (other than the Excluded Assets), or incur any Liabilities, except for sales and dispositions made or Liabilities incurred in the ordinary course of Business consistent with past practice;

(f) none of the Companies shall (i) enter into, renew, amend, modify or adopt any agreement, commitment, license, lease, Employee Benefit Plan or Benefit Arrangement that, if entered into, renewed, amended, modified or adopted prior to the date of this Agreement, would have been required to be included on Schedule 4.8, 4.13, 4.15, 4.17 or 4.22, or (ii) cause, or take any action

to allow, any agreement, commitment, license or lease required to be listed on Schedule 4.8, 4.13, 4.17 or 4.22 to lapse (other than in accordance with its terms); and

(g) the Companies shall maintain all of the Assets in customary repair, maintenance and condition, subject to normal wear and tear, replace all items of equipment at time intervals consistent with past practice and repair or replace, consistent with past practice, any Asset that may be damaged or destroyed.

6.3 Notices by Seller. From the date hereof until the Closing Date, Seller shall promptly notify Buyer of, and furnish Buyer any information it may reasonably request with respect to, the occurrence of (a) any Legal Proceedings threatened or asserted by or against any of the Companies, (b) any event or condition or the existence of any fact that would result in any of Seller's representations or warranties not being true in all material respects as if made again at and as of the Closing and (c) any event or condition or existence of any fact that would cause any of the conditions to Buyer's obligation to consummate the purchase and sale under this Agreement not to be fulfilled.

6.4 Notices by Buyer. From the date hereof until the Closing Date, Buyer shall promptly notify USG of, and furnish USG any information it may reasonably request with

respect to, the occurrence of (a) any Legal Proceedings threatened or asserted against Buyer or Wassall in connection with the transactions contemplated by this Agreement, (b) any event or condition or the existence of any fact that would result in any of Wassall's and Buyer's representations and warranties not being true in all material respects as if made again at and as of the Closing and (c) any event or condition or the existence of any fact that would cause any of the conditions to Seller's obligation to consummate the purchase and sale under this Agreement not to be fulfilled.

6.5 Employees. Buyer agrees that it will hire on the Closing Date, at compensation levels comparable to those existing immediately prior to the Closing, (and acknowledges that upon such hiring Seller will terminate the employment of) all Current Employees, except for such Current Employees whose responsibilities relate exclusively to the plants identified in Section 1.2(c). Nothing herein shall be deemed to create a contract of employment or alter at will employment relationships that presently exist between the Companies and the Employees. Buyer further agrees that it will assume the collective bargaining agreements covering the Companies' facilities located at Janney Road and Huberville, Ohio, including the Extension of Collective Bargaining Agreement and Janney Road Plant Closing Agreement

covering the Companies' facility located at Janney Road. Prior to the Closing, Seller shall notify the collective bargaining units covering the Companies' facilities located at Janney Road and Huberville, Ohio of the pertinent terms of this Agreement and shall provide Buyer with a copy of such notices.

6.6 Employee Benefit Matters.

(a) USG Corporation Retirement Plan Spinoff and Assets Transfer.

(i) USG shall (A) as soon as practicable after the execution of this Agreement, but prior to the Closing, amend USG Corporation Retirement Plan (the "USG Pension Plan") so that the part of the USG Pension Plan that applies to Current Employees participating in the USG Pension Plan immediately prior to the Closing ("Current Participants") shall be spun off as of the Pension Plan Closing Date into a separate plan maintained by USG having terms substantially similar to those of the USG Pension Plan (the "Buyer's Pension Plan"); provided, however, both the USG Pension Plan and Buyer's Pension Plan shall provide for the transfer as of the Pension Plan Closing Date of certain assets and liabilities of the USG Pension Plan to Buyer's Pension Plan as described in paragraph (ii) next below; Buyer's Pension Plan shall permit the transfer of the

sponsorship of, and all the liabilities relating to, Buyer's Pension Plan to Buyer at the Closing; the terms of Buyer's Pension Plan shall not preclude Buyer from amending or terminating such plan after the Closing to the extent permitted by Law, but Buyer's Pension Plan shall permanently require that the assets transferred from the USG Pension Plan to Buyer's Pension Plan in excess of PBO as of the Pension Plan Closing Date attributable to Current Participants be used solely for the benefit of Current Participants as well as other employees of Buyer who become eligible to participate in Buyer's Pension Plan after the Closing; and (B) at the times described in paragraph (ii) next below, cause the transfer from the USG Pension Plan to Buyer's Pension Plan of the liabilities described in paragraph (ii) next below and also cause the trustee of the USG Pension Plan to transfer to the trustee of Buyer's Pension Plan the assets of the USG Pension Plan described in paragraph (ii) next below. Buyer's Pension Plan and the trust agreement associated therewith are subject to approval by Buyer, which approval shall not be unreasonably withheld.

(ii) At or prior to the Closing, but as of the Pension Plan Closing Date, assets shall be transferred from the USG Pension Plan to Buyer's Pension Plan with a fair market value equal to the sum of (A) the

estimated PBO as of the Pension Plan Closing Date attributable to the Current Participants, plus (B) the estimated Applicable Percentage of the Surplus, calculated as described below. Prior to the Closing, the actuary for the USG Pension Plan shall estimate the PBO under the USG Pension Plan as of the Pension Plan Closing Date attributable to Current Participants, such calculation to be in a manner consistent with generally accepted actuarial principles, utilizing the actuarial method and assumptions for calculating expenses under FASB 87 for USG's most recent fiscal year. This estimated amount shall be calculated using the employee census used by USG's actuary for the USG Pension Plan's January 1, 1991 actuarial valuation report modified to project terminations, retirements, deaths, enrollments, other participant activity, and service and benefits accrued from January 1, 1991 to the Pension Plan Closing Date (the "Employee Census Data"). Concurrent with such assets transfer, but as of the Pension Plan Closing Date, all liabilities under the USG Pension Plan with respect to the Current Participants (exclusive of any liabilities in excess of the fair market value of the assets so transferred) shall be transferred from the USG Pension Plan to Buyer's Pension Plan. Since PBO as of the Pension Plan Closing Date and accrued liabilities under the USG

Pension Plan for Current Participants cannot be calculated with certainty prior to the Closing, the transfer of assets and liabilities from the USG Pension Plan to Buyer's Pension Plan at or prior to the Closing shall be adjusted subsequent to the Closing to reflect any increase or decrease in PBO, the amount represented by the Applicable Percentage, and the liabilities as of the Pension Plan Closing Date, as estimated at or prior to the Closing. Such post-Closing adjustment will be calculated using actual data with respect to Current Participants, but using Employee Census Data (as defined above) for all other participants in the USG Pension Plan. USG and Buyer agree, and shall cause the respective trustees of the USG Pension Plan and Buyer's Pension Plan, to cooperate in making such post-Closing adjustment. All of the calculations of the actuary for the USG Pension Plan shall be subject to the approval of Buyer's actuary, which approval shall not be unreasonably withheld.

(iii) At the Closing, Seller shall, or shall cause the Companies to, transfer the sponsorship and all the liabilities relating to Buyer's Pension Plan to Buyer and Buyer shall assume such sponsorship and all such liabilities.

(iv) Seller shall, or shall cause the Companies to, maintain Buyer's Pension Plan in accordance

with its terms until Buyer assumes the sponsorship and all the liabilities relating to Buyer's Pension Plan at the Closing.

(v) At least 30 days prior to the earliest transfer of assets and liabilities contemplated herein, USG shall file with the IRS a Form 5310 for each of the USG Pension Plan and Buyer's Pension Plan as required by law, and USG shall provide Buyer a copy of each such Form 5310.

(b) USG Corporation Investment Plan Spinoff and Assets Transfer

(i) USG shall (A) as soon as practicable after the execution of this Agreement, but prior to the Closing, USG shall amend USG Corporation Investment Plan ("USG Investment Plan") so that the part of the USG Investment Plan that applies to Current Employees participating in the USG Investment Plan immediately prior to the Closing ("Current Investment Participants") and to Conditional Investment Participants (as defined in paragraph (iii) below), if any, shall be spun off as of the date coincident with or next following Closing on which the last day of a calendar quarter occurs (the "Investment Plan Spinoff Date") into a separate plan maintained by USG having terms substantially similar to those of the USG Investment Plan (the "Buyer's Investment Plan"); provided, however,

both the USG Investment Plan and Buyer's Investment Plan shall provide for the transfer as of the Investment Plan Spinoff Date of certain assets and liabilities of the USG Investment Plan to Buyer's Investment Plan as described in paragraph (ii) next below; Buyer's Investment Plan shall permit the transfer of the sponsorship of, and all the liabilities relating to, Buyer's Investment Plan to Buyer as of the Investment Plan Spinoff Date; and the terms of Buyer's Investment Plan shall not preclude Buyer from amending or terminating such plan after the Investment Plan Spinoff Date to the extent permitted by Law; and (B) as of the Investment Plan Spinoff Date, cause the transfer from the USG Investment Plan to Buyer's Investment Plan of the liabilities described in paragraph (ii) next below, and also cause the trustee of the USG Investment Plan to transfer to the trustee of Buyer's Investment Plan the assets of the USG Investment Plan described in paragraph (ii) next below, at the times described in paragraph (ii) next below. Buyer's Investment Plan and the trust agreement associated therewith are subject to approval by Buyer, which approval shall not be unreasonably withheld.

(ii) As of the Investment Plan Spinoff Date, liabilities and assets in an amount estimated to be equal to the sum of the account balances of the Current

Investment Participants and the Conditional Investment Participants, if any, as adjusted as of the end of the calendar quarter preceding the calendar quarter in which the Investment Plan Spinoff Date occurs, but with such assets reduced by subsequent withdrawals and distributions, shall be transferred to Buyer's Investment Plan. When the account balances of all participants in the USG Investment Plan have been adjusted as of the Investment Plan Spinoff Date in accordance with the accounting adjustment provisions of the USG Investment Plan, Seller shall cause the transfer to Buyer's Investment Plan of all remaining liabilities under the USG Investment Plan attributable to Current Investment Participants and Conditional Investment Participants and assets equal to the excess of the account balances of such Current and Conditional Investment Participants as so adjusted as of the Investment Plan Spinoff Date over the amount of assets initially transferred as of that date, but with such excess adjusted to reflect the extent to which such remaining assets to be transferred have increased or decreased as required by the terms of the plan, including but not limited to, results of both the investment experience of the applicable investment funds under the USG Investment Plan and withdrawals and distributions processed from the USG Investment Plan for the period beginning

immediately after the Investment Plan Spinoff Date and ending immediately prior to the date of the final asset transfer. If, when the account balances of all participants in the USG Investment Plan have been adjusted as of the Investment Plan Spinoff Date and to reflect the extent to which account balances have increased or decreased as required by the terms of the plan, including but not limited to, results of investment experience and withdrawals and distributions processed between the Investment Plan Spinoff Date and the date of the final assets transfer, there exists an excess of the assets initially transferred over the account balances as finally so adjusted, Buyer shall cause the transfer to the USG Investment Plan of assets equal to such excess. USG and Buyer agree, and shall cause the respective trustees of the USG Investment Plan and Buyer's Investment Plan, to cooperate in making the transfer of assets pursuant to such adjustments.

(iii) If the Investment Plan Spinoff Date occurs after the actual Closing, Buyer shall become an employer under the USG Investment Plan at the Closing so that Current Investment Participants as well as other employees of Buyer who would have become eligible to participate in Buyer's Investment Plan after the Closing if the Investment Plan Spinoff Date had occurred at actual

Closing ("Conditional Investment Participants") may participate in the USG Investment Plan after the Closing and up to the Investment Plan Spinoff Date; provided, however, that Buyer's status as an employer under the USG Investment Plan shall permit coverage under such plan only of Current Investment Participants and Conditional Investment Participants, if any, and shall continue only until the Investment Plan Spinoff Date. The USG Investment Plan shall be amended to provide for Buyer's inclusion as an employer under the USG Investment Plan only for purposes of covering such participants for such period of time as is described immediately above.

(iv) As of the Investment Plan Spinoff Date, Seller shall, or shall cause the Companies to, transfer the sponsorship and all the liabilities relating to Buyer's Investment Plan to Buyer and Buyer shall assume such sponsorship and all such liabilities.

(v) At least 30 days prior to the earliest transfer contemplated herein, USG shall file with the IRS a Form 5310 for each of the USG Investment Plan and Buyer's Investment Plan, as required before such transfer, and USG shall provided to Buyer copies thereof.

(c) DAP Inc. Retirement Savings Plan and DAP Inc. Pension Plan for Certain Hourly Employees

(i) At the Closing, DAP shall transfer the sponsorship and all the liabilities to Buyer and Buyer shall assume such sponsorship and all such liabilities relating to the following plans (and any related trusts): (A) DAP Inc. Retirement Savings Plan; and (B) DAP Inc. Pension Plan for Certain Hourly Employees.

(ii) Prior to and on the Closing, DAP shall not amend, except as may be required by applicable Law or provided in Section 4.15, or terminate either of such plans.

(iii) With respect to such plans, DAP shall make any and all filings and submissions to the appropriate governmental agencies arising in connection with such transfer of sponsorship and liabilities.

(d) USG shall obtain from the trustees of the USG Pension Plan, the USG Investment Plan, the DAP Inc. Retirement Savings Plan and the DAP Inc. Pension Plan for Certain Hourly Employees, together with the trustees of the newly created Buyer's Pension Plan and Buyer's Investment Plan, written confirmation reasonably satisfactory to Buyer that such trustees shall comply with the provisions of this

Section 6.6 that relate to such trustees, including transfers of assets.

(e) Effective immediately following the Closing, Buyer shall offer a separate and new group health plan coverage to Current Employees that is substantially similar to the group health plan coverage offered by Seller immediately prior to the Closing, which coverage shall contain no pre-existing condition exclusions and limitations applicable to such Employees' coverage under the health plan offered by Buyer.

6.7 Other Pre-Closing Action. Prior to the Closing, Seller shall not take any action that would result in any of its representations or warranties not being true in all material respects as if made again at and as of the Closing. Prior to the Closing, Wassall and Buyer shall not take any action that would result in any of their representations and warranties not being true in all material respects as if made again at and as of the Closing. Each party will use its best efforts to take all action and to do all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement. Each of the parties shall use its best efforts to cause the fulfillment at the earliest practicable date of all of the conditions to their respective obliga-

tions to consummate the sale and purchase of the Assets under this Agreement including, in the case of Wassall, calling the EGM and soliciting the requisite vote of shareholders. Prior to Closing, the Companies shall obtain and record a release of the agreement with Santa Fe Land Improvement Company described in item "E" of the portion of Schedule 4.8 referring to Permitted Liens in Dallas, Texas.

6.8 Expenses. Except as otherwise specifically provided in this Agreement, Wassall and Buyer, on the one hand, and Seller, on the other hand, shall bear their own respective expenses incurred in connection with this Agreement and in connection with all obligations required to be performed by each of them under this Agreement.

6.9 Publicity. Prior to the Closing, unless required by Law or stock exchange rule, no party nor any of its respective affiliates shall make or authorize any third party to make any public announcement concerning the transactions contemplated by this Agreement without the other parties' prior written approval, which shall not be unreasonably withheld or delayed. Prior to the Closing, to the extent practicable, the parties shall consult each other prior to making any public announcement required by Law or stock exchange rule.

6.10 Preservation of and Access to Records.

Buyer agrees that it shall preserve and keep the records of the Business acquired by it pursuant to this Agreement, and Seller agrees that it shall preserve and keep the records of the Companies retained by it pursuant to this Agreement, for a period of five years from the Closing Date, or for any longer period as may be required by any Governmental Body or ongoing litigation, or as requested by Seller or Buyer, as the case may be, in connection with any Tax examination, and shall make such records and personnel available to Seller or Buyer, as the case may be, as may be reasonably required in connection with, among other things, any insurance claims by, Legal Proceedings against or governmental investigations of Seller or in connection with any Tax examination of or preparation of a Tax return by Seller or Buyer. Buyer, on the one hand, and Seller, on the other hand, each will permit the other to have full access at any reasonable time and from time to time, after the Closing Date, to all Tax returns and supporting papers and other business records therefor relating to the Business, wherever located, and furnish and request its independent accountants and legal counsel to furnish to the other such additional Tax and other information and documents in their possession as the other party or parties, as the case may be, may from time

to time reasonably request. Buyer, on the one hand, and Seller, on the other hand, each shall cause its employees and agents to cooperate fully with the other in connection with such access and copying (at the other's expense) of such records. In the event Buyer or Seller wishes to destroy such records, it shall first give 90 calendar days' prior written notice to the other party, and the other party shall have the right at its option and expense, upon prior written notice given to Buyer or Seller, as the case may be, within that 90-day period, to take possession of the records within 180 calendar days after the date of the initial notice.

6.11 No Shopping. Seller shall not, and USG shall not permit its other affiliates to, directly or indirectly, in any way contact, initiate, solicit, enter into or conduct any discussions or negotiations, or enter into any agreement, whether written or oral, with any person with respect to the direct or indirect sale of all or a material part of the Assets or the Business or any of the authorized capital stock of the Companies or a merger or consolidation of one or more of the Companies with any other entity. Seller shall, immediately upon receipt thereof by any officer of Seller or any of its affiliates, notify Buyer

of the existence and terms of any contact, proposal or offer with respect to any of the foregoing.

6.12 Use of Names. (a) Seller agrees that after the Closing Date, neither Seller nor any of its affiliates nor any of the respective successors and assigns of Seller and its affiliates shall adopt or otherwise use the name "DAP" or any variation or combination thereof or any trademark, trade name, brand mark, brand name, trade dress or logo including such name in connection with the business of Seller or its affiliates or otherwise. Seller further agrees that within two business days after the Closing Date, each of DAP and DAP Canada will amend its certificate of incorporation (or equivalent document) to change its corporate name to a name not including the word "DAP" or anything similar thereto.

(b) Buyer agrees that after the Closing Date, neither Buyer nor Wassall nor any of their respective affiliates nor any of the respective successors and assigns of Buyer, Wassall and their affiliates shall adopt or otherwise use the names "USG", "United States Gypsum" and "USG Industries" (or any other name containing the initials "USG" or confusingly similar to such names) or any variation or combination thereof or any trademark, trade name, brand mark, brand name, trade dress or logo containing such names

in connection with their respective businesses; provided, however, that for a period of 180 days after the Closing Buyer may sell all Inventory packaged with the "USG", "United States Gypsum" and "USG Industries" names on the Closing Date without changing such names on the packaging.

6.13 Confidentiality. After the Closing, Seller agrees on its own behalf, on behalf of its officers, employees and representatives and on behalf of its affiliates and their respective officers, employees and representatives to maintain the confidentiality of all information, documents and materials relating to the Business or Assets which remain in their possession, except to the extent disclosure of any such information is required by Law or stock exchange regulation or authorized by Buyer or reasonably occurs in connection with disputes over the terms of this Agreement, and Buyer agrees on its own behalf, on behalf of its officers, employees and representatives and on behalf of its affiliates and their respective officers, employees and representatives to maintain the confidentiality of all information, documents and materials relating to Seller and its affiliates (other than that relating to the Business or Assets) which they have in their possession, except to the extent disclosure of any such information is required by Law or stock exchange regulation, authorized by Seller or

reasonably occurs in connection with disputes over the terms of this Agreement. In the event that either party believes that it is required by law to disclose any confidential information, the disclosing party shall (i) provide the other party promptly with notice before such disclosure in order that the other party may attempt to obtain a protective order or other assurance that confidential treatment will be accorded such confidential information and (ii) cooperate with the other party in attempting to obtain such order or assurance. The provisions of this Section 6.13 shall not apply to any information, documents or materials which are, as shown by appropriate written evidence, in the public domain, or, as shown by appropriate written evidence, shall come into the public domain, other than by reason of default by the applicable party bound hereunder.

6.14 Further Assurances.

(a) From and after the Closing, each of the parties shall take such further actions and execute such further documents as may be necessary or reasonably requested by the other parties in order to effectuate the intent of this Agreement and to provide the parties with the benefits of this Agreement and of the transactions contemplated hereby. Without limiting the foregoing, from and after the Closing, upon the request of Buyer, Seller and any

Affiliate of Seller owning an interest in the Assets shall promptly do, execute, acknowledge and deliver all such further acts, assurances, bills of sale, assignments, transfers, deeds, conveyances and other instruments and papers as may be required to sell, assign, transfer, convey and deliver to and vest in Buyer and protect its right, title and interest in all of the Assets and as may otherwise be appropriate to carry out the transactions contemplated by this Agreement.

(b) With respect to any Excluded Asset referred to in Section 1.2(d), at the request of Buyer, the parties shall, during the remaining term thereof, use all reasonable efforts to (i) obtain the consent of the relevant third party; (ii) cooperate in any reasonable and lawful arrangements designed to provide the benefits and burdens thereof to Buyer (and Buyer will reimburse Seller for all payments made by Seller in connection therewith); and (iii) enforce, at the request of Buyer and at the expense and for the account of Buyer, any rights of the Companies arising therefrom against the issuer thereof or the other party or parties thereto (including any termination right in accordance with the terms thereof upon the advice of Buyer).

(c) Effective upon the Closing Date, Buyer shall have the right to receive and open all mail, packages

and other communications addressed to the Companies and relating to the Business, and Seller agrees promptly to deliver to Buyer any such mail, packages or other communications received directly or indirectly by Seller. Buyer shall have the right and authority to collect, for its own account, all Accounts Receivable and other items which shall be transferred or are intended to be transferred to Buyer as provided in this Agreement, and to endorse with the name of the Companies any checks or drafts received on account of any such Accounts Receivable or other items, and Seller shall promptly transfer or deliver to Buyer any cash or other property received directly or indirectly by Seller in respect of such Account Receivable and other items, including any amounts payable as interest. Buyer shall promptly deliver to Seller all mail, packages and other communications received by it which relate to Seller but do not relate to the Business.

6.15 Wage and Withholding Reporting Obligations. Seller and Buyer agree that, pursuant to the "Alternative Procedure" provided in Section 5 of Revenue Procedure 84-77, 1984-2 C.B. 753, with respect to filing and furnishing IRS Forms W-2, W-3, and 941 (i) Seller and Buyer shall each report on a predecessor-successor basis as set forth therein, (ii) Seller shall be relieved from furnishing Forms

W-2 to employees of Seller that become employees of Buyer, and (iii) Buyer shall assume the obligations of Seller to furnish such Forms W-2 to such employees for the full 1991 calendar year.

6.16 Consistent Position. Each of Seller and Buyer agrees that it will not take any position that is not consistent with the Purchase Price allocation contained in Schedule 2.1 unless contrary treatment is required by final determination of the applicable taxing authority. Each of Seller and Buyer shall file all Tax Returns, including the forms required by Section 1060 of the Code, consistent with such allocation.

6.17 Compliance with ECRA and IRPTA.

(a) Seller shall, with Buyer's assistance and cooperation as described below, take all action necessary to cause the Closing to be effected in compliance with ECRA, including, without limitation, obtaining a determination of non-applicability, a negative declaration or an administrative consent order ("ACO") relating to the facility located in Paulsboro, New Jersey (the "Paulsboro Facility"). Seller agrees not to name, or cause to be named, Buyer on any ACO. Seller shall file the General Information Submission and ACO affidavit required by ECRA not later than the close of business Wednesday, August 28,

1991. Buyer shall have the right to review all such filings prior to filing, and such filings shall be in form and substance reasonably satisfactory to Buyer. Seller agrees to provide Buyer any further documents to be submitted to the NJDEP prior to submission, and Seller agrees not to take any action to comply with ECRA without Buyer's prior consent, which consent shall not be unreasonably withheld. Buyer shall be required to provide financial assurance as required by ECRA in an amount not to exceed $375,000 (the cost of which may be charged against the Cash Collateral Account I), and Seller shall be required to provide any financial assurance required by ECRA in excess of this amount.

(b) From and after the Closing Date, Buyer shall cooperate with Seller and Grace and shall provide Seller and Grace access to the Paulsboro Facility at reasonable times in order to accomplish any actions required to comply with the Grace Order and any other requirements of ECRA.

(c) The parties confirm that they are aware of the purpose and intent of IRPTA and the disclosure document required thereby and are willing to waive, and hereby do waive, the thirty day period prior to transfer of the Real Property in Illinois prior to which such disclosure

document must be delivered. The parties agree and consent to delivery of such disclosure document on or before the Closing Date.

6.18 Insurance. Seller agrees to maintain the existing insurance coverage described in Schedule 4.22 up to the Closing Date. Seller shall cooperate in making available to Buyer insurance coverage under Seller's insurance policies, subject to all terms thereof, including applicable deductibles or self-retained amounts which shall be the responsibility of Buyer; provided, however, that Seller shall only make such coverage available with respect to losses, costs, damages or expenses arising out of incidents or occurrences attributable substantially in their entirety to the period beginning September 1, 1987 and ending on the Closing Date; and provided, further, that as of the Closing Date, the Business shall no longer be eligible for Seller's internal stop loss program. Without limiting the foregoing, after the Closing, Seller agrees to file, upon the request of Buyer, any reasonable claim with respect to Seller's insurance policies.

6.19 Third Party Indemnification.

(a) At the Closing, Seller shall assign to Buyer any and all rights it possesses to claims, refunds, causes of action, choses in action, rights of recovery,

insurance, rights of set-off and indemnification or reimbursement from third parties, whether pursuant to Law, agreements (including indemnification agreements), warranties or otherwise, that create rights to reimbursement for Assumed Liabilities or other Liabilities incurred by Buyer arising out of facts, events or circumstances occurring after the Determination Time, other than rights with respect to Seller's insurance and other than rights reflected in Exhibit C-2 (collectively, the "Third Party Indemnification Rights") to the extent such Third Party Indemnification Rights are assignable.

(b) With respect to Third Party Indemnification Rights that are not assignable, at Buyer's request, the parties shall use all reasonable efforts to (i) obtain the consent of the relevant third party; (ii) cooperate in any reasonable and lawful arrangements designed to provide the benefits thereof to Buyer, so long as Buyer cooperates with Seller in such arrangements and reimburses Seller for all payments made by Seller in connection therewith; and (iii) enforce, at the request of Buyer and at the expense and for the account of Buyer, any rights of the Companies arising therefrom against the relevant third party or other party or parties.

6.20 Dow Corning. Seller acknowledges that Buyer has entered into a supply agreement with Dow Corning regarding Buyer's distribution after the Closing of the silicone products currently distributed by the Companies (the "Dow Corning Products"). Seller acknowledges that, after the Closing, Buyer will be the distributor of the Dow Corning Products and Seller and its affiliates will not distribute the Dow Corning Products.

6.21 Certain Post-Closing Transactions.

(a) Seller or its Affiliates currently sell certain products and materials (including the epoxical products referred to in paragraph (b) below) to the Companies and purchase certain products and materials from the Companies. At Buyer's election (which election shall be made by written notice to Seller prior to the Closing), for a period of one (1) year after the Closing, the parties will cause their respective Affiliates, including the Companies, to continue purchases and sales of any one or more of such products and materials on terms, including pricing, consistent with the customs and practice followed during the calendar year 1991.

(b) An Affiliate of Seller currently sells epoxical products to the Companies and to no other wholesaler, distributor or customer. At any time prior to

the first anniversary of the Closing Date, Buyer may purchase the following assets of such Affiliate which are used exclusively in production of the epoxical products: the equipment, inventory and proprietary technology (including trade secrets, technical information, formulae, know-how and compositions). The purchase price for such assets shall equal the net book value of such equipment and inventory. If Buyer purchases such assets, Buyer agrees to promptly remove such equipment and inventory from such Affiliate's properties at Buyer's own expense.

6.22 Ewan Site. As soon as practicable, but in no event later than the Closing Date, Seller shall write the United States Environmental Protection Agency and the group of Potentially Responsible Parties ("PRPs") involved in cleanup of the Ewan Superfund site, stating that DAP neither owned nor operated the Trenton Durabond site from which hazardous wastes allegedly were shipped to the Ewan site and substituting Seller for DAP as a signatory to the Interim PRP Agreement.

7. Conditions to Closing.

7.1 Conditions Precedent to Obligations of Buyer. The obligation of Buyer to consummate the purchase under this Agreement is subject to the fulfillment, prior to or at

the Closing, of each of the following conditions (any or all of which may be waived by Buyer):

(a) all representations and waryranties of Seller to Buyer contained in Section 4.18 or in the last two sentences of Section 4.8 or that are qualified as to materiality shall be true and correct, and all other representations and warranties of Seller to Buyer shall be true and correct in all material respects, in each case as of the time of the Closing with the same force and effect as though made again at and as of that time;

(b) Seller shall have performed and complied with all obligations and covenants required by this Agreement, including but not limited to Section 6.6, to be performed or complied with by Seller prior to or at the Closing;

(c) The conditions set forth in Section 2 of the Placing Agreement (other than the condition set forth in Section 2(A)(h) thereof) shall have been satisfied;

(d) Buyer shall have been furnished with certificates (dated the Closing Date and in form and substance reasonably satisfactory to Buyer) executed by officers of Seller certifying to the fulfillment of the conditions specified in Sections 7.1(a) and 7.1(b);

(e) Buyer shall have been furnished with opinion (dated the Closing Date) of Kirkland & Ellis, counsel to Seller, reasonably satisfactory to Buyer with respect to the matters set forth in Sections 4.1, 4.2, 4. (to the extent mutually agreed, which shall include matte addressed in the opinion delivered on the date hereof), part A of the first sentence of 4.16 and the security interests created by the Cash Collateral Account Agreemen and the Pledge and Security Agreement.

(f) the Companies shall have executed and delivered to Buyer an affidavit in a form satisfactory to Buyer, stating, under penalty of perjury, the Companies' U.S. taxpayer identification numbers to the extent applicable and that DAP is not a foreign person within the meani of Section 1445(b)(2) of the Code;

(g) The Certificate of Incorporation of Issuer in the form of Exhibit C-1 shall have been filed wi the Secretary of State of Delaware, a partial assignment i the form of Exhibit C-2 shall have been executed and delivered to Issuer and a Pledge and Security Agreement in the form of Exhibit C-3 shall have been executed and delivered to Buyer;

(h) there shall not be in effect any injun tion or restraining order issued by a court of competent

jurisdiction in an action or proceeding against the consummation of the sale and purchase of the Assets pursuant to this Agreement;

(i) the Companies shall have obtained, without any condition adverse to Buyer, all consents and approvals referred to on Schedule 7.1(i);

(j) Buyer shall have obtained from the Title Insurance Company a title insurance report and commitment for a title insurance policy on such company's standard form of policy at its regular rates without exception other than Permitted Liens for all of the Owned Real Property and Leased Real Property in form and substance satisfactory to Buyer (the "Title Policies");

(k) The NJDEP shall have issued a determination of non-applicability, negative declaration or written approval of a cleanup plan or the ACO with respect to the facility located in Paulsboro, New Jersey; and

(l) Wassall shall be satisfied that the opinion rendered by Kirkland & Ellis on the date hereof under Illinois law shall be correct under New York law.

7.2 Conditions Precedent to Obligations of Seller. The obligations of Seller to consummate the sale under this Agreement is subject to the fulfillment, prior to

or at the Closing, of each of the following conditions (any or all of which may be waived by Seller):

(a) all representations and warranties of Wassall and Buyer shall be true in all material respects at and as of the time of the Closing with the same force and effect as though made again at and as of that time;

(b) Wassall and Buyer shall have performed and complied with all obligations and covenants required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) Seller shall have been furnished certificates (dated the Closing Date and in form and substance reasonably satisfactory to Seller) executed by officers of Wassall and Buyer certifying to the fulfillment of the conditions specified in Sections 7.2(a) and 7.2(b);

(d) Seller shall have been furnished with an opinion (dated the Closing Date) of Weil, Gotshal & Manges, U.S. counsel to Buyer and Wassall, reasonably satisfactory to Seller, with respect to the matters set forth in Sections 5.1, 5.2, 5.3 (to the extent mutually agreed) and part A of the first sentence of 5.5;

(e) there shall not be in effect any injunction or restraining order issued by a court of competent jurisdiction in an action or proceeding against the consum-

mation of the sale and purchase of the Assets pursuant to this Agreement; and

(f) The NJDEP shall have issued either a determination of non-applicability, negative declaration or written approval of a cleanup plan or the ACO with respect to the facility located in Paulsboro, New Jersey.

8. Documents to be Delivered at the Closing.

8.1 Documents to be Delivered by Seller. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(a) executed deeds, bills of sale, certificates of title, assignments and other instruments of transfer dated the Closing Date, in form reasonably satisfactory to Buyer, sufficient to transfer to Buyer all of Seller's right, title and interest in and to the Assets as contemplated by this Agreement (each of such deeds to constitute a bargain and sale deed or equivalent deed in the applicable jurisdiction with a covenant against grantor's acts, in proper statutory short form for recording) and such affidavits, indemnities, releases and other items as shall be required by the Title Insurance Company to issue the Title Policies;

(b) a copy of resolutions of the board of directors of each of USG and the Companies authorizing the

execution, delivery and performance, respectively, of this Agreement and the Other Seller Documents and a certificate of its respective secretary or assistant secretary, dated the Closing Date, to the effect that such resolutions were duly adopted and are in full force and effect;

(c) the certificates referred to in Section 7.1(d);

(d) the opinion referred to in Section 7.1(e);

(e) the affidavit of the Companies referred to in Section 7.1(f);

(f) executed copies of the confidentiality agreements referred to in Section 1.1(q);

(g) executed copies of the documents referred to in Section 7.1(g);

(h) executed copies of the written confirmation referred to in Section 6.6(d); and

(i) such other documents as Buyer shall reasonably request.

8.2 Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver, or cause to be delivered, to Seller the following:

(a) an executed instrument of assumption and assignment, dated the Closing Date, satisfactory to Seller

sufficient to evidence Buyer's assumption of the Assumed Liabilities;

(b) a copy of resolutions of the board of directors of Buyer and Wassall authorizing the execution, delivery and performance, respectively, of this Agreement and the Other Buyer Documents; and a certificate of any of its directors or respective secretary, dated the Closing Date, to the effect that such resolutions were duly adopted and are in full force and effect;

(c) the certificate referred to in Section 7.2(c);

(d) the opinion referred to in Section 7.2(d); and

(e) such other documents as Seller shall reasonably request.

8.3 Documents to be Delivered by Seller and Buyer. At the Closing, each of Seller and Buyer shall execute and deliver, or cause to be executed and delivered, to the other, the following:

(a) the Cash Collateral Account Agreement in the form of Exhibit A;

(b) the Non-Competition Agreement in the form of Exhibit E; and

(c) the La Mirada Toll Manufacturing Agreement in the form of Exhibit F; the DUROCK Exclusive Distributor Agreement in the form of Exhibit G; the DURABOND Joint Treatment Distributor Agreement in the form of Exhibit H-1; the DURABOND Joint Treatment License Agreement in the form of Exhibit H-2; and the Acoustical Sealant and Smoke-Seal Agreement in the form of Exhibit I (collectively, the "Supply and Technology Agreements").

9. Indemnification and Related Matters.

9.1 Indemnification.

(a) Subject to the provisions of this Article 9, USG and the Companies agree, jointly and severally, to indemnify and hold harmless Wassall and Buyer from and against:

(i) any and all Liabilities resulting from (A) any misrepresentation or breach of warranty on the part of Seller under the terms of this Agreement (excluding Section 4.18 and, to the extent related to environmental matters, Sections 4.8 (other than the last two sentences thereof), 4.16 and 4.19, which except as provided in clause (B) of this paragraph (i) shall not survive the Closing, and matters shown on the surveys contemplated by Section 4.8, Buyer's objections to which shall not survive the Closing) or the Other Seller Documents;

(ii) any and all Environmental Liabilities arising from Seller's failure to disclose any fact known to Seller and required by this Agreement to be disclosed (A) in the Environmental Disclosure Documents or (B) to the extent they relate to environmental matters, in Section 4.8, 4.16 and 4.19 or on the Schedules thereto or in the Environmental Disclosure Documents;

(iii) any and all Liabilities resulting from non-fulfillment of any agreement on the part of Seller under the terms of this Agreement or the Other Seller Documents;

(iv) any and all Liabilities arising out of or resulting from the ownership of the Assets or the Excluded Assets or the operation of the Business or the Predecessor Business (including, without limitation, the manufacture of products, regardless of whether sold before, at or after the Determination Time, the provision of services and giving of warranties and warnings) by Seller or Seller's Predecessors on or before the Determination Time, except for the Assumed Liabilities referred to in Sections 1.3(a)(i) and (v);

(v) except in cases where Buyer is required to indemnify Seller pursuant to Section 9.1(b)(iv), any and all Liabilities arising out of or based upon or with

respect to any Employee Benefit Plan, any Pension Plan, any Multiemployer Plan and any employee pension benefit plans as defined in Section 3(2) of ERISA which on the date of execution of this Agreement are maintained by or contributed to by Seller or any of Seller's subsidiaries or ERISA Affiliates, and which in any such case do not provide benefits to Employees and any Multiemployer Plan which prior to the Closing was maintained by, contributed to, or with respect to which there was an obligation or potential obligation to contribute by Seller or any of its subsidiaries or any ERISA Affiliate of either: (A) with respect to any liability to the PBGC under Title IV of ERISA arising out of or based upon action or inaction by Seller, or any of its subsidiaries or any ERISA Affiliate thereof; (B) with respect to any liability arising out of or based upon action or inaction by Seller, or any of its subsidiaries or any ERISA Affiliate thereof of a Multiemployer Plan under Title IV of ERISA; (C) with respect to any notice and benefit continuation requirements of COBRA because of any failure on the part of Seller or any of its subsidiaries or ERISA Affiliates to comply with the provisions of COBRA; (D) with respect to any noncompliance with ERISA or any other applicable laws; or (E) with respect to any Legal Proceeding against Buyer or any of its

subsidiaries, or any such Employee Benefit Plan or Pension Plan or any fiduciary or former fiduciary of any such Employee Benefit Plan or Pension Plan arising out of or based upon action or inaction by Seller, or any of its subsidiaries or any ERISA Affiliate thereof; provided, however, that this paragraph (v) does not extend to any Liability arising out of or based upon action or inaction by Buyer, Wassall or any subsidiary or ERISA affiliate thereof or any combination thereof;

(vi) any and all Liabilities resulting from Seller's failure to comply with the provisions of the bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement (other than as a result of Buyer's failure to discharge any Assumed Liabilities);

(vii) any and all Liabilities (including Environmental Liabilities) not otherwise assumed by Wassall and Buyer that would reasonably have been known to Wassall and Buyer had Seller delivered to Wassall and Buyer any agreements entered into since January 1, 1975 pertaining to the acquisition of any plant or any material portion of the Business or the Predecessor Business by Seller or Seller's Predecessors (including, without limitation, all agreements and, all amendments and modifications thereto relating to

Roberts Consolidated Industries or its affiliates), other than the Disclosed Prior Acquisition Agreements (collectively with the Disclosed Prior Acquisition Documents, the "Prior Acquisition Documents"); and

(viii) without duplication of any indemnification provided above, any and all Excluded Liabilities.

(b) Subject to the provisions of this Article 9, Wassall and Buyer, jointly and severally, agree to indemnify and hold harmless Seller from and against:

(i) any and all Liabilities resulting from any misrepresentation or breach of warranty on the part of Wassall or Buyer under the terms of this Agreement or the Other Buyer Documents;

(ii) any and all Liabilities resulting from non-fulfillment of any agreement on the part of Buyer or Wassall under the terms of this Agreement or the Other Buyer Documents;

(iii) the Assumed Liabilities;

(iv) any and all Liabilities arising out of or based upon or with respect to any Employee Benefit Plan or any Pension Plan assumed by Buyer at the time of the Closing: (A) with respect to any Liability to the PBGC under Title IV of ERISA based upon action or inaction by

Buyer, Wassall or any ERISA Affiliate of Buyer or Wassall, or any combination thereof, on or after the Closing; (B) with respect to any noncompliance, on or after the Closing, with ERISA or any other Law; or (C) with respect to any Legal Proceeding, the basis for which arose or occurred on or after the Closing, against Seller or any of its subsidiaries or ERISA Affiliates, or any such Employee Benefit Plan or Pension Plan, or any fiduciary or former fiduciary of any such Employee Benefit Plan or Pension Plan, or any combination thereof; and

(v) any and all Liabilities, including Liabilities for Taxes, arising out of or resulting from the ownership of the Assets or the operation of the Business after the Determination Time or, in the case of Taxes, the Closing Date.

9.2 Survival. All representations, warranties and agreements by Seller contained in this Agreement or the Other Seller Documents shall survive the Closing notwithstanding any investigation at any time by or on behalf of Buyer or Wassall and shall not be considered waived by Buyer's consummation of the purchase and sale under this Agreement with knowledge of any breach or misrepresentation by Seller. All representations, warranties and agreements by Wassall or Buyer contained in

this Agreement or the Other Buyer Documents shall survive the Closing notwithstanding any investigation at any time by or on behalf of Seller and shall not be considered waived by Seller's consummation of the purchase and sale under this Agreement with knowledge of any breach or misrepresentation by Buyer.

9.3 Limitations on Indemnification. Notwithstanding anything to the contrary in Section 9.1:

(a) Neither Seller, on the one hand, nor Wassall and Buyer, on the other hand, shall have any liability for misrepresentation or breach of warranty (other than, in the case of Seller, under Section 4.2 or the last two sentences of Section 4.8 or, in the case of Buyer and Wassall, under Section 5.2) unless notice of a claim with respect to the liability is asserted in writing and delivered to USG or Buyer, respectively, on or before April 30, 1993. This limitation shall not apply to Buyer's and Wassall's rights under Section 9.1(a)(ii).

(b) Neither Seller, on the one hand, nor Wassall and Buyer, on the other hand, shall be liable for breach of warranty or misrepresentation (other than, in the case of Seller under Section 4.2 or the last two sentences of Section 4.8 or, in the case of Buyer, under Section 5.2) unless the aggregate amount of Liabilities incurred as a

result of all of its or their, as the case may be, breaches of warranty and misrepresentations exceeds $750,000 (the "Deductible Amount") in which event Seller, on the one hand, or Wassall and Buyer, on the other hand, as the case may be, shall be jointly and severally liable for all such Liabilities in excess of the Deductible Amount. This limitation shall not apply to Buyer's and Wassall's rights under Section 9.1(a)(ii). Notwithstanding anything to the contrary contained in this paragraph (b), each of Seller and Buyer may exclude up to 20 breaches of warranty and misrepresentations resulting in aggregate Liabilities of not more than $5,000 each from the calculation of the Deductible Amount applicable to its breaches of warranty and misrepresentations.

(c) An indemnification payment otherwise due and payable under this Article 9 shall be (i) decreased to the extent of any net actual reduction in Taxes realized by the indemnified party (or any Affiliate thereof) attributable to the liability for which the indemnification payment is being made ("Tax Benefit") and (ii) increased to the extent of any net actual increase in Tax liability imposed on the indemnified party (or any Affiliate thereof) upon the receipt of an indemnity payment ("Tax Detriment"). The determination of any Tax Benefit or Tax Detriment shall

be made on the basis of comparing (x) the indemnified party's Taxes for any taxable period tentatively calculated without regard to the Tax consequences attributable to the liability for which the indemnification payment is being made or the receipt of an indemnity payment ("Indemnification Tax Consequences") with (y) the indemnified party's Taxes for such taxable period calculated with reference to the Indemnification Tax Consequences. To the extent a Tax Benefit or Tax Detriment has not been realized in or prior to the taxable period in which the indemnification payment is made ("Indemnity Tax Period"), there shall be no adjustment. To the extent the Tax Benefit or Tax Detriment is actually realized within five (5) taxable periods following the Indemnity Tax Period (applying the principles of this paragraph 9.3(c)), the indemnified party shall pay to the indemnifying party the amount of such Tax Benefit, or the indemnifying party shall pay to the indemnified party the amount of such Tax Detriment, within thirty (30) days after the filing of the tax return for the taxable period in which such Tax Benefit or Tax Detriment is actually realized. To the extent the Tax Benefit or Tax Detriment is not actually realized in or prior to the Indemnity Tax Period or such subsequent five (5) taxable periods, then Buyer and Seller shall determine in good faith if the Tax

Benefit or Tax Detriment reasonably may be expected to be realized in a subsequent taxable period (applying the principles of this paragraph 9.3(c)). If Buyer and Seller shall so determine, then the present value of such Tax Benefit or Tax Detriment shall be calculated (i) using the short-term applicable federal rate as of the date of such determination and (ii) considering the amount of, and the time at which, such future Tax Benefit or Tax Detriment would be actually realized (applying the principles of this paragraph 9.3(c)) and payment of such amount shall be promptly made to Seller or Buyer, as the case may be. Seller and Buyer shall cooperate with each other in good faith to determine the amount of any Tax Benefit or Tax Detriment with respect to an indemnification obligation and the payment related thereto. In the event that, following an indemnification payment pursuant to this Article 9 in respect of a Tax Benefit or Tax Detriment, there shall be an adjustment to the amount of such Tax Benefit or Tax Detriment as a result of a final determination of any applicable taxing authority, the parties shall make appropriate payments to reflect such adjustments.

(d) In calculating any amounts payable pursuant to this Article 9, the indemnifying party shall

receive credit for recoveries by the indemnified party from third party insurance carriers.

(e) All indemnification payments shall be deemed adjustments to the Purchase Price.

(f) The indemnification provided for in this Article 9 shall, from and after the Closing, be the sole remedy for any of the matters referred to herein. Except as otherwise expressly provided in paragraphs (a) and (b) above, such indemnification shall be unlimited in time and amount.

9.4 Defense of Claims by Third Parties. If any third party shall notify any party with respect to any matter which may give rise to a claim for indemnification against the other party under this Section 9, then the Indemnified Party shall promptly notify the indemnifying party thereof. Once the indemnified party has given notice of the matter to the indemnifying party, the indemnified party may defend against the matter in any manner it reasonably may deem appropriate. In the event the indemnifying party notifies the indemnified party at any time after the indemnified party has given notice of the matter that the indemnifying party is assuming the defense thereof, however, (A) the indemnifying party will defend the indemnified party against the matter with counsel of the

indemnifying party's choice reasonably satisfactory to the indemnified party, (B) the indemnified party may retain separate co-counsel at its sole cost and expense (except that the indemnifying party will be responsible for the fees and expenses of the separate co-counsel to the extent the indemnified party concludes reasonably that the counsel the indemnifying party has selected has a disqualifying conflict of interest), (C) the indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the written consent of the indemnifying party, and (D) the indemnifying party will not consent to the entry of any judgment or enter into any settlement with respect to the matter, which involves any remedy other than the payment of cash or does not include a provision whereby the plaintiff or claimant in the matter releases the indemnified party from all liability with respect thereto, in either case without the written consent of the indemnified party.

9.5 Special Provisions Applicable to Environmental Liabilities. Notwithstanding anything to the contrary elsewhere in this Article 9 (other than Sections 9.1(a)(ii), (vii) and, to the extent it relates to Section 1.3(b)(i), (viii)), this Section 9.5 shall govern the

parties' respective rights and obligations with respect to indemnification for any and all Environmental Liabilities.

(a) USG and the Companies agree, jointly and severally, to indemnify and hold harmless Wassall and Buyer from and against any and all Environmental Liabilities of Seller or Seller's Predecessors or that arise from or relate to the Assets, the Excluded Assets, the Business or the Predecessor Business, except as expressly provided in paragraphs (b) and (c) below. This indemnification shall be unlimited in time and amount except as expressly provided in paragraphs (b) and (c) below.

(b) Buyer and Wassall agree, jointly and severally, to indemnify and hold harmless Seller from and against any and all Environmental Liabilities arising from the ownership of the Assets or the operation of the Business after the Determination Time (including, without limitation, the off-site Disposal after the Determination Time of Hazardous Materials by facilities on the Real Property). This indemnification shall be unlimited in time and amount.

(c) Buyer and Wassall agree to indemnify and hold harmless Seller from and against any and all Environmental Liabilities, up to the Specified Amount (as defined in paragraph (d) below), resulting from (1) conditions existing at or prior to the Determination Time on the Real Property

(excluding the Real Property located in Paulsboro, New Jersey to the extent Environmental Liabilities in respect of such location are the subject of the Grace Order but including such Real Property to the extent Environmental Liabilities in respect of such location are the subject of the ACO referred to in Section 6.17); (2) the off-site Disposal prior to the Determination Time of Hazardous Materials by facilities on the Real Property; or (3) the Release of Hazardous Materials prior to the Determination Time at, on or from the Real Property. This indemnification shall be unlimited in time but, as indicated above, shall be limited in amount to the Specified Amount.

(d) For purposes of this Agreement, the term Specified Amount means the first amounts expended by Buyer after the Closing Date in good faith pursuant to paragraphs (a) or (c) above up to the sum of (1) the U.S. $3,000,000 deposited pursuant to Section 2.3 in the Cash Collateral Account I plus any proceeds of the Beecham Indemnity deposited in the Cash Collateral Account I by Issuer pursuant to paragraph (e) below plus interest actually earned thereon net of any Taxes and expenses, plus (2) U.S. $3,000,000. Buyer shall not be required to expend any portion of the amount referred to in (2) of the preceding sentence until all amounts referred to in (1) of the

preceding sentence have been exhausted. Prior to making expenditures (including withdrawals from the Cash Collateral Account I) aggregating more than $25,000 in any fiscal quarter in respect of any Environmental Liabilities up to the Specified Amount or, after the Specified Amount has been exceeded, any Environmental Liabilities for which Seller is responsible hereunder, Buyer shall furnish USG 30 days' prior notice (or in the event of an emergency shall use its best efforts to provide 24 hours' prior notice) specifying in reasonable detail, and shall give USG an opportunity to consult with Buyer during the 30 days following the notice as to, (x) Buyer's reasons for believing that the relevant Environmental Liabilities are comprehended by paragraph (a) or (c) above and (y) the nature of the Remedial Action or other use of the funds and (z) the amount anticipated to be spent. Notwithstanding anything to the contrary contained in this Agreement, Seller shall have the right to approve any Remedial Action undertaken by Buyer pursuant to paragraph (c) above in respect of the ACO for the Paulsboro, New Jersey facility; provided, however, that such approval shall not be unreasonably withheld.

(e) Seller agrees to cause Issuer to use its best efforts (which shall include commencing and prosecuting Legal Proceedings) to obtain any and all proceeds of the

Beecham Indemnity and immediately following receipt to deposit such proceeds into the Cash Collateral Account I. Seller agrees that, of the Beecham Indemnity available for matters relating to off-site Disposals, it will refrain from exhausting at least $1,000,000 in respect of the off-site Disposal by facilities on the Real Property.

(f) Buyer may withdraw funds from the Cash Collateral Account I to cover expenditures in respect of Environmental Liabilities comprehended by paragraph (a) or (c) above incurred by it in good faith. Buyer shall not require the consent of Seller to withdraw funds from the Cash Collateral Account I. Buyer shall furnish USG no later than 45 days after each of the first four anniversaries of the Closing Date a report specifying in reasonable detail all withdrawals from the Cash Collateral Account I during the twelve months ending on such anniversary and the uses to which such funds were put. If any funds remain in the Cash Collateral Account I on the fifth anniversary of the Closing Date that Buyer does not believe, in good faith, will be required for expenditures in respect of the Environmental Liabilities referred to in paragraph (c) above and (if Buyer is party to a pending Legal Proceeding) paragraph (a) above, Buyer shall cause the trustee of such account to transfer such excess funds as directed by the Companies.

(g) Indemnification obligations with respect to Environmental Liabilities attributable to periods both before and after the Determination Time shall be allocated on the basis of the respective lengths of time before and after the Determination Time during which the event or exposure giving rise to the Environmental Liability occurred, the relative fault of the parties and the volume of Releases before and after the Determination Time.

(h) After the Specified Amount has been exceeded, the procedures set forth in Section 9.4 shall apply with respect to any then pending or newly initiated third party claims against Seller for Environmental Liabilities relating to off-site Disposal of Hazardous Materials by facilities on the Real Property.

10. Definitions. For purposes of this Agreement, the following terms shall have the meanings given to them below.

10.1 General Application.

(a) "Accounts Receivable" has the meaning given in Section 1.1(d).

(b) "Adjusted Net Assets" has the meaning given in Section 2.2(a)(i).

(c) "Affiliate" has the meaning given in Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

(d) "Assets" has the meaning given in Section 1.1. The term Assets, as used in this Agreement, shall exclude all Excluded Assets.

(e) "Associate" has the meaning given in Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

(f) "Assumed Liabilities" has the meaning given in Section 1.3(a).

(g) "Base Amount has the meaning given in Section 2.2(a)(i).

(h) "Beecham" refers to SmithKline Beecham PLC or its affiliates.

(i) "BHI" has the meaning given in the preamble to this Agreement.

(j) "Business" has the meaning given in the preamble to this Agreement.

(k) "Buyer" has the meaning given in the preamble to this Agreement.

(l) "Cash Collateral Account I" has the meaning given in Section 2.3(a).

(m) "Cash Collateral Account II" has the meaning given in Section 2.3(b).

(n) "Cash Collateral Account Agreement" has the meaning given in Section 2.3(a).

(o) "Closing" means the closing of the transactions contemplated by this Agreement.

(p) "Closing Date" means the date on which the Closing is held.

(q) "Code" means the Internal Revenue Code of 1986, as amended.

(r) "Companies" has the meaning given in the preamble to this Agreement.

(s) "Contracts" has the meaning given in Section 1.1(j).

(t) "Copyrights" has the meaning given in Section 1.1(h).

(u) "Customer Lists" has the meaning given in Section 1.1(l).

(v) "DAP" has the meaning given in the preamble to this Agreement.

(w) "DAP Canada" has the meaning given in the preamble to this Agreement.

(x) "Deductible Amount" has the meaning given in Section 9.3(b).

(y) "Determination Time" has the meaning given in Section 2.2(a)(i).

(z) "Disclosed Prior Acquisition Documents" has the meaning given in Section 4.24.

(aa) "Dow Corning" means Dow Corning Corporation or its affiliates.

(ab) "EGM" has the meaning given in Section 5.2.

(ac) "Excluded Assets" has the meaning given in Section 1.2.

(ad) "Excluded Liabilities" has the meaning given in Section 1.3(b).

(ae) "Final Net Asset Statement" has the meaning given in Section 2.2(b).

(af) "GAAP" means United States generally accepted accounting principles.

(ag) "Governmental Body" means any government or governmental or regulatory body thereof, or political sub-division thereof, whether federal, state, local or foreign, or any agency instrumentality or authority thereof, or any court or arbitrator (public or private).

(ah) "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(ai) "Improvements" has the meaning given in Section 1.1(a).

(aj) "Indemnification Tax Consequences" has the meaning given in Section 9.3(c).

(ak) "Intellectual Property Rights" has the meaning given in Section 4.17.

(al) "Interim Statements" has the meaning given in Section 4.6(b).

(am) "Interim Balance Sheet" has the meaning given in Section 1.1(c).

(an) "Inventory" has the meaning given in Section 1.1(c).

(ao) "Issuer" means the corporation organized pursuant to Exhibit C-1.

(ap) "IRS" means the Internal Revenue Service.

(aq) "Know How" has the meaning given in Section 1.1(f).

(ar) "Large Customers and Suppliers" has the meaning given in Section 4.21(a).

(as) "Law" means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement.

(at) "Leased Real Property" has the meaning given in Section 4.8.

(au) "Legal Proceedings" means any judicial, administrative or arbitral actions, suits, proceedings (public or private), claims or governmental investigations or other proceedings.

(av) "Liabilities" means any actual or contingent, known or unknown, liabilities, obligations, damages, deficiencies, losses, Legal Proceedings, Orders, demands, assessments, debts, payables, claims, costs and expenses, including reasonable attorneys' fees and expenses.

(aw) "Licenses" has the meaning given in Section 1.1(m).

(ax) "Lien" means any claim, lien, security interest, charge or encumbrance.

(ay) "London Stock Exchange" means The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

(az) "Modified GAAP" has the meaning given in Section 2.2(b).

(ba) "Order" means any order, injunction, judgment, decree, ruling, assessment or arbitration award.

(bb) "Other Buyer Documents" has the meaning given in Section 5.1.

(bc) "Other Seller Documents" has the meaning given in Section 4.1.

(bd) "Owned Real Property" has the meaning given in Section 4.8.

(be) "Patents" has the meaning given in Section 1.1(e).

(bf) "Permitted Dispositions" has the meaning given in Section 4.23.

(bg) "Permitted Liens" has the meaning given in Section 4.8.

(bh) "Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

(bi) "Placing Agreement" means that certain Placing Agreement, dated as of the date hereof, among Wassall, Lazard Brothers & Co., Limited and Pantherville Limited.

(bj) "Placing Shares" shall have the meaning set forth in Section 1(A) of the Placing Agreement.

(bk) "Predecessor Business" means any predecessor of the Business or any part thereof or any other business whose liabilities are for any reason legally imputed to the Business.

(bl) "Preliminary Net Asset Statement" has the meaning given in Section 4.6(c).

(bm) "Prior Acquisition Documents" has the meaning given in Section 9.1(a)(vii).

(bn) "Product Warranties" has the meaning given in Section 4.21(b).

(bo) "Purchase Price" has the meaning given in Section 2.1(a).

(bp) "Real Property" has the meaning given in Section 1.1(a).

(bq) "Real Property Leases" has the meaning given in Section 4.8.

(br) "Seller" has the meaning given in the preamble to this Agreement.

(bs) "Seller's Predecessors" means any predecessor of Seller, any former owner or operator of the Assets or the Excluded Assets or any other individual, business or entity whose liabilities are for any reason legally imputed to Seller.

(bt) "Software" has the meaning given in Section 1.1(g).

(bu) "Supply and Technology Agreements" has the meaning given in Section 8.3(c).

(bv) "Tangible Personal Property" has the meaning given in Section 1.1(b).

(bw) "Tax Benefit" has the meaning given in Section 9.3(c).

(bx) "Tax Detriment" has the meaning given in Section 9.3(c).

(by) "Tax Returns" means all tax returns, reports, declarations, estimates, election, information returns and statements with respect to Taxes.

(bz) "Taxes" means all taxes, charges, fees, imposts, levies or other assessments, including, without limitation, all net income, alternative or add-on minimum, advance corporation, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, and property taxes, customs, duties, fees, assessments and charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority (domestic or foreign) and shall include any transferee liabilities in respect of taxes and any liability for such amounts as a result either of being a member of affiliated group or under a contractual obligation to indemnify another entity.

(ca) "Termination Event" has the meaning given in Section 1.3(a)(iii).

(cb) "Third Party Indemnification Rights" has the meaning given in Section 6.19.

(cc) "Title Insurance Company" means Lawyers' Title Insurance Company.

(cd) "Title Policies" has the meaning given in Section 7.1(j).

(ce) "Trademarks" has the meaning given in Section 1.1(i).

(cf) "Unrelated Accounting Firm" has the meaning given in Section 2.2(b).

(cg) "USG" has the meaning given in the preamble to this Agreement.

(ch) "Wassall" has the meaning given in the preamble to this Agreement.

(ci) "Wassall Interim Financial Statement" has the meaning given in Section 5.4.

(cj) "Year-End Statement" has the meaning given in Section 4.6(a).

10.2 Relating to Employees and Employee Benefit Matters.

(a) "Applicable Percentage" means a fraction, the numerator of which is the PBO attributable to

the Current Participants as of the Pension Plan Closing Date and the denominator of which is the PBO attributable to all of the participants in the USG Pension Plan (including the Current Participants) as of the Pension Plan Closing Date, calculated as provided in Section 6.6(a)(ii).

(b) "Benefit Arrangements" means any life and health insurance, hospitalization, savings, bonus, deferred compensation, incentive compensation, holiday, vacation, severance pay, sick pay, sick leave, disability, tuition refund, service award, company car, scholarship, relocation, patent award, fringe benefit, contracts, collective bargaining agreements, individual employment, consultancy or severance contracts and other policies or practices of Seller or any of Seller's subsidiaries or any of their predecessors providing employee or executive compensation or benefits to Employees, other than Employee Benefit Plans.

(c) "Buyer's Investment Plan" has the meaning given in Section 6.6(b)(i).

(d) "Buyer's Pension Plan" has the meaning given in Section 6.6(a)(i).

(e) "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(f) "Conditional Investment Participants" has the meaning given in Section 6.6(b)(iii).

(g) "Current Employees" means all employees of the Companies immediately prior to the Closing provided that in any such case the employee then is or was involved in the Business, and the term "Current Employee" shall mean any of the Current Employees.

(h) "Current Investment Participants" has the meaning given in Section 6.6(b)(i).

(i) "Current Participants" has the meaning given in Section 6.6(a)(i).

(j) "Employee Benefit Plans" means each and all "employee benefit plans" as defined in Section 3(3) of ERISA, other than Multiemployer Plans, that on the date of execution of this Agreement are maintained or contributed to by Seller or any of Seller's subsidiaries or any of their predecessors or in which Seller or any of Seller's subsidiaries or any of their predecessors participates or participated and which in any such case provides benefits to Employees.

(k) "Employee Census Data" has the meaning given in Section 6.6(a)(ii).

(l) "Employees" means all Current Employees, former employees and retired employees of the Companies or any predecessor provided that in any such case the employee

is or was involved in the Business, and the term "Employee" means any of the Employees.

(m) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(n) "ERISA Affiliate" means any trade or business (whether or not incorporated) which is under common control with Seller or Buyer or Wassall, as applicable, or which, together with Seller or Buyer or Wassall, as applicable, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

(o) "FASB 87" means the Financial Accounting Standards Board Statement No. 87, Employers' Accounting for Pensions.

(p) "Investment Plan Spinoff Date" has the meaning given in Section 6.6(b)(i).

(q) "Multiemployer Plan" has the meaning given in Section 4001(a)(3) of ERISA.

(r) "PBGC" means the Pension Benefit Guaranty Corporation.

(s) "PBO" means, with respect to the USG Pension Plan, the projected benefit obligation as calculated at a determined date in accordance with FASB 87.

(t) "Pension Plans" means each and all "employee pension benefit plans" as defined in Section 3(2)

of ERISA, other than Multiemployer Plans, which on the date of execution of this Agreement are subject to Title IV of ERISA and are maintained by Seller or any of Seller's subsidiaries or ERISA Affiliates thereof, or to which Seller or any of Seller's subsidiaries or ERISA Affiliates thereof contributed or is obligated to contribute thereunder, and which in any such case provide benefits to Employees.

(u) "Pension Plan Closing Date" means the last day of the calendar month preceding the month in which the actual Closing occurs.

(v) "Surplus" shall mean the excess of the fair market value of the USG Pension Plan assets as of the Pension Plan Closing Date over the PBO attributable to all participants in the USG Pension Plan (including the Current Participants) as of the Pension Plan Closing Date, calculated as provided in Section 6.6(a)(ii).

(w) "USG Investment Plan" has the meaning given in Section 6.6(b)(i).

(x) "USG Pension Plan" has the meaning given in Section 6.6(a)(i).

10.3 Relating to Environmental Matters.

(a) "ACO" has the meaning given in Section 6.17(a).

(b) "Beecham Indemnity" means the indemnification rights assigned to Issuer pursuant to Exhibit C-2.

(c) "CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.).

(d) "Disposal" shall have the meaning set forth in the Solid Waste Disposal Act, 42 U.S.C. § 6903(3).

(e) "ECRA" means the New Jersey Environmental Cleanup Responsibility Act ("ECRA") (N.J. Stat. An. § 13:1K-6 et seq.).

(f) "Environmental Claim" means any accusation, allegation, notice of violation, action, claim, Lien, demand, abatement or other Order or direction (conditional or otherwise) by any Person (including any Governmental Body) for personal injury (including sickness, disease or death), tangible or intangible property damage, damage to the environment, nuisance, pollution, contamination or other adverse effects on the environment or any fine, penalty or restriction, which accusation, allegation, notice, action, claim, Lien, demand, abatement, Order, direction, fine, penalty or restriction results from or is based upon (A) the existence, or the continuation of the existence, of a Release (including, without limitation,

sudden or non-sudden accidental or non-accidental Releases) of any Hazardous Material, odor or audible noise in, into or onto the environment (including, without limitation, the air, soil, surface or groundwater); (B) the environmental aspects of the transportation, storage, treatment or disposal of Hazardous Materials; or (C) the violation, or alleged violation, of any Environmental Laws, Environmental Permits or Orders of or from any Governmental Body relating to environmental matters.

(g) "Environmental Disclosure Documents" has the meaning given in Section 4.18(a).

(h) "Environmental Law" means any Law existing on the Closing Date concerning Releases of Hazardous Materials into any part of the natural environment, or activities that might result in damage to the natural environment, or any Law that is concerned in whole or in substantial part with the natural environment, with protecting or improving the quality of the natural environment or with protecting public health and includes, but is not limited to, CERCLA, the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15

U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and (insofar as it relates to employee health and safety in relation to exposure to Hazardous Materials and/or the natural environment) the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) ("OSHA") as such laws have been amended or supplemented, and the regulations promulgated pursuant thereto, and any and all analogous state or local statutes, including, without limitation, the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5-13) and ECRA, and the regulations promulgated pursuant thereto.

(i) "Environmental Liabilities" means any and all Liabilities suffered by Wassall, Buyer or Seller, as the case may be, or incurred in good faith and arising out of or resulting from an Environmental Claim or Remedial Action, whether known or unknown as of the Closing Date.

(j) "Environmental Lien" means any Lien in favor of any Governmental Body for Environmental Claims and/or Remedial Actions.

(k) "Environmental Permit" means any permit, approval, authorization, license, variance, registration or permission required under any applicable Environmental Laws and all supporting documents associated therewith.

(l) "Grace Order" means the consent order issued on September 24, 1986 by the NJDEP in the matter of W.R. Grace & Co. (ECRA Case No. 85458).

(m) "Hazardous Materials" means any substance, material or waste which is regulated by any Governmental Body pursuant to any Environmental Law, including, without limitation, any material or substance which is defined as a "hazardous waste", "hazardous material", "hazardous substance", "extremely hazardous waste" or "restricted hazardous waste", "subject waste", "contaminant", "toxic waste" or "toxic substance" under any provision of Environmental Law, including but not limited to, petroleum products, asbestos-containing materials, polychlorinated biphenyls, fugitive dust, odor and audible noise.

(n) "IRPTA" means the Illinois Responsible Property Transfer Act (Ill. Rev. Stats. ch. 30 § 901 et seq.).

(o) "Release" means any release, Spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Material into the indoor or outdoor environment, or into or out of any real property including groundwater.

(p) "Remedial Action" means all actions, including, without limitation, any capital expenditures, required or voluntarily undertaken to (A) clean up, remove, treat or in any other way address any Release of any Hazardous Material in the indoor or outdoor environment pursuant to Environmental Laws; (B) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not migrate or endanger or threaten to endanger public health or welfare of the indoor or outdoor environment pursuant to Environmental Laws; (C) bring any real property from non-compliance into compliance with all Environmental Laws and Environmental Permits; or (D) perform pre-remedial studies and investigations or post-remedial monitoring and care in connection with any of the foregoing.

(q) "Spill" means a discharge, spillage, uncontrolled loss, seepage or filtration of oil, petroleum, chemical liquids or solids, liquid or gaseous products or any other Hazardous Materials.

11. Miscellaneous.

11.1 Guarantees. Wassall guarantees to Seller the full and prompt performance of Buyer's covenants, agreements and obligations under this Agreement. USG guarantees to Wassall and Buyer the full and prompt

performance of the Companies' covenants, agreements and obligations under this Agreement.

11.2 Bulk Sales. Buyer and Wassall acknowledge that Seller will not comply with the provisions of the bulk transfer laws of any jurisdiction in connection with the transaction contemplated by this Agreement.

11.3 Certain Costs and Expenses. All sales, use or similar Taxes applicable to, or resulting from, the sale and purchase of the Assets shall be borne 50% by Seller and 50% by Buyer. Real Property Taxes and similar charges shall be apportioned between Buyer and Seller as of the Closing Date.

11.4 Finders. Seller, on the one hand, and Wassall and Buyer, on the other hand, respectively represent and warrant that they have not employed or utilized the services of any broker or finder in connection with this Agreement or the transactions contemplated by it, except that (a) Seller has utilized the services of Salomon Brothers Inc and shall be liable for any compensation payable to it, and (b) Wassall and Buyer have utilized the services of Dillon, Read & Co. Inc. and shall be liable for any compensation payable to it.

11.5 Entire Agreement. This Agreement (with its Schedules and Exhibits) contains, and is intended as, a

complete statement of all of the terms of the arrangements between the parties with respect to the matters provided for, supersedes any previous agreements and understandings between the parties with respect to those matters (except as otherwise provided in Section 6.1), and cannot be changed or terminated orally.

11.6 Governing Law; Consent to Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with the law of the State of New York, applicable to agreements made and to be performed therein.

(b) Any action to enforce, which arises out of or in any way relates to, any of the provisions of this Agreement shall be brought and prosecuted in any Federal court or courts located within the Southern District of New York. The parties consent to the jurisdiction of the United States District Court for the Southern District of New York and to the service of process in any manner provided by New York law. Each party irrevocably waives any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such court and any claim that such suit, action or proceeding brought in such court has been brought in an inconvenient forum and agrees that service of process in accordance with the

foregoing sentences shall be deemed in every respect effective and valid personal service of process upon such party.

11.7 Table of Contents and Headings. The table of contents and section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

11.8 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given when delivered personally or by facsimile or mailed by registered mail, return receipt requested, to the parties at the following addresses (or to such other address as a party may have specified by notice given to the other party pursuant to this provision):

If to USG or the Companies, to:

USG Corporation
101 South Wacker Drive
Chicago, Illinois 60606-4385
Attention: J. Bradford James
Vice President and
Chief Financial Officer

With copies to:

USG Corporation
101 South Wacker Drive
Chicago, Illinois 60606-4385
Attention: General Counsel

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Attention: Michael G. Timmers, Esq.

If to Buyer to:

Wassall USA Acquisition Inc.
Southport Station
107 John Street
Southport, Connecticut 06490
Attention: Kevin J. Doyle, President

If to Wassall, to:

Wassall PLC
Control House
247 Cromwell Road
London SW5 OUB
England
Attention: J.C. Miller, Chief Executive

If to Buyer or Wassall, with a copy to:

Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153
Attention: Ellen J. Odoner, Esq.

11.9 Separability. If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain in full force and effect.

11.10 Waiver. USG may waive compliance by Wassall or Buyer, and Buyer may waive compliance by USG or any of the Companies, with any provision of this Agreement. No waiver of any provision shall be construed as a waiver of any other provision. Any waiver must be in writing.

11.11 No Third Party Beneficiaries. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement.

11.12 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. No delegation of obligations hereunder may be made by either party (by operation of law or otherwise) without the prior written consent of the other and any attempted delegation without the required consent shall be void. Notwithstanding the foregoing, at any time prior to the Closing, Buyer may, at its option, notify Seller that all or any specified portion of the Assets and the Assumed Liabilities shall instead be sold to or assumed by one or more of Buyer's designees (all of which shall be wholly owned direct or indirect subsidiaries of Wassall), in which event the parties shall take all action required to effect the transaction in the manner so specified by Buyer. As used in this Agreement, the term "Buyer" includes all such designees.

11.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

11.14 Right of Offset. Buyer shall have the right to offset against any amounts due under the Supply and Technology Agreements any and all undisputed Liabilities

referred to in Section 1.3(b)(vi) that are not offset pursuant to Section 2.3. The parties shall follow the notice and dispute resolution procedures contemplated by Section 2.3(b) with respect to Offsetting Liabilities.

USG CORPORATION

By: _____

Its: Vice President and Chief Financial Officer

DAP INC.

By: _____

Its: _____

BHI INTERNATIONAL INC.

By: _____

Its: _____

DAP CANADA INC.

By: _____

Its: _____

WASSALL PLC

By: _____

Its: _____

WASSALL USA ACQUISITION, INC.

By: _____

Its: _____

USG CORPORATION

By: _____

Its: _____

DAP INC.

By: S Morstan

Its: President and CEO

BHI INTERNATIONAL INC.

By: S Morstan

Its: President and CEO

DAP CANADA INC.

By: S Morstan

Its: President and CEO

WASSALL PLC

By: _____

Its: _____

WASSALL USA ACQUISITION, INC.

By: _____

Its: _____

Transmittal memo 7671	# of pages ▸ 1
To: Steve	From: S. D. Corstan
Co.	Co. DAP
Phone #	Phone # 513-667-4961
Fax # 513-667-3331	Fax # 513-667-3331