AGREEMENT FOR SALE OF ASSETS

(Seattle Plant)

THIS AGREEMENT made this 13th day of February, 1978, between KAISER GYPSUM COMPANY, INC., a Washington corporation (hereinafter referred to as the "Seller") and NORWEST GYPSUM, INC., a Washington corporation (hereinafter referred to as the "Buyer");

WITNESSETH

WHEREAS, Seller owns certain tangible assets hereinafter more particularly described comprising its gypsum board manufacturing plant facility located at Seattle, Washington (such plant facility is hereinafter referred to as the "Seattle Plant"); and

WHEREAS, Buyer has agreed to purchase, and Seller has agreed to sell, these assets on the specific terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the respective mutual agreements, representations and warranties herein contained, Buyer and Seller agree as follows:

1. Sale of Plant Assets. The Seller hereby agrees to sell (or to assign or sublease in the case of leased assets) to the Buyer, and the Buyer hereby agrees to purchase or accept, subject in each case to the provisions of this Agreement, all of the following described real property and tangible personal properties that are owned or leased by the Seller and directly utilized by Seller in connection with its Seattle Plant and which are located upon the real estate described in the attached Schedule I (all of such items together being referred to as the "Plant Assets"):

A. Real Property. That certain parcel of land located between East Marginal Way and the Duwamish River in the City of Seattle, Washington, which is now owned by Seller, consisting of 9.7 acres more or less and as more particularly described on the

attached Schedule I, together with all the privileges and appurtenances thereto and all plants, buildings, structures, installations, fixtures, improvements, betterments and additions situated thereon, and together with easements for (1) Buyer's use of the dock facility (on adjoining land owned by Kaiser Cement & Gypsum Corporation, the parent company of Seller) to permit unloading of gypsum rock and Buyer's maintenance of a conveyor system thereon to the Seattle Plant, and (2) mutual easement for ingress and egress (such land, improvements, and easements together hereinafter referred to as the "Real Property");

B. Equipment. All of the machinery, tools, dies, appliances, vehicles, furniture, equipment, and other personal property of every kind and description that are located upon or within the Real Property, are owned or leased by Seller, and are utilized in connection with Seller's Seattle Plant operations, a current list of which is more specifically described in Schedule II hereto;

C. Inventory. All of the gypsum board and other finished goods and raw materials (whether expensed or capitalized), including gypsum board, gypsum rock, work in process, consumable manufacturing supplies, spare parts and repair materials that are actually on hand as of the Closing Date on or within the Real Property and are owned by Seller, an approximate list of which items currently on hand shall be attached hereto as Schedule III (such items hereinafter referred to as the "Inventory");

D. TOGETHER WITH, and included therein (to be delivered to Buyer subsequent to Closing) all papers and records in Seller's care, custody, or control relating solely to: (1) operation of the Seattle Plant, (2) the Plant Assets, and (3) including but not limited to all blueprints and specifications, all accounting and financial records, all maintenance and production records, all plats of survey of the Real Property, and all plans and designs of the Seattle Plant, and all other intangibles (excluding accounts receivable and payable).

KG2002538

2. Purchase Price. Purchaser agrees to pay and Seller agrees to accept, in full payment:

A. For all of the Real Property and Equipment, a total purchase price of Seven Million Six Hundred Thousand Dollars ($7,600,000.00); and

B. For said Inventories, a total purchase price equal to the aggregate value of said Inventories actually on hand, to be determined according to a physical count made jointly by the parties immediately prior to the Closing Date, with the various items thereof being counted and valued in the manner and at the prices provided for in Schedule V hereof.

The net purchase price payable on the Closing Date shall be increased, or decreased, as the case may be, by the net amount of the closing prorations and expenses provided for in Section 15.B below.

The purchase price shall be paid in immediate "good funds" upon Closing in the manner specified in Clause 15.B hereof, or at the option of Seller by cashier's check.

3. Closing Date. This transaction shall be closed and consummated at Safeco Title Insurance Company, 4th and Vine Building (or other locations of Seller's choice) in Seattle, Washington, at 9:30 a.m. P.S.T. on February 14, 1978, but in any event on or before 5:00 p.m. P.S.T. on February 15, 1978, or at such other time and place as the parties hereto mutually may agree in writing. Said date or any alternate date agreed to by the parties hereunder is herein referred to as the "Closing Date" or time of "Closing" for all purposes of this Agreement.

The Closing shall take place in the manner set forth in Clause 15 hereof.

4. Supply Contracts. Seller and Buyer shall upon Closing enter into written agreements between each other whereby:

KG2002539

A. Seller will insure the Seattle Plant a source of supply of gypsum board paper from Seller's paper manufacturing plant at San Leandro, California; and

B. Seller will insure the Seattle Plant a source of supply of gypsum rock.

Copies of such agreements in the form mutually agreed upon by the parties are attached. Appropriate dates and price adjustments as of the Closing Date shall be made therein by Seller as therein provided.

5. Representations and Warranties by Seller. The Seller does hereby represent and warrant as follows:

A. Organization and Standing. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington and has all the necessary corporate power and authority to own and to operate the Plant Assets hereunder as now owned and operated by it.

B. Authority. The execution, delivery and performance of this Agreement by the Seller, including, without limitation, the conveyances, transfers and deliveries contemplated hereby, have been duly and effectively authorized by all necessary corporate action, and this Agreement constitutes a legal, valid and binding obligation of the Seller, enforceable in accordance with its terms.

C. Title to Properties. Except as allowed pursuant to Paragraph 8.D or as disclosed in Schedule VI attached hereto, the Seller will on the Closing Date have, and be able to convey, title to all of the Plant Assets, free and clear of all mortgages, liens, encumbrances, pledges or security interests of any nature whatsoever, and otherwise such title shall be good and marketable.

KG2002540

D. Condition of Plant Assets. All of the Equipment has been maintained in accordance with customary industry practice and is operable in a normal manner; provided, however, that except as so expressly warranted (and subject further to the limitations thereon in Paragraph 28 below) all of the Plant Assets shall be transferred to and accepted by Buyer "As Is, Where Is" as of the Closing Date.

E. Absence of Other Assets. Except for the exceptions expressly set forth in Paragraph 1.E. above, there are no material tangible assets or properties of any nature which are being retained after the Closing Date by the Seller or any subsidiary or entity affiliated with the Seller which have been customarily and directly employed in the operations of its Seattle Plant.

F. Transfer Instruments. Except as set forth in Schedule VI attached hereto, and excluding current tax liens for taxes not yet due and payable, the instruments of transfer and conveyance to be executed by the Seller and delivered to Buyer on the Closing Date shall be valid and effective to transfer to Buyer title (or in the case of leased assets, all of the Seller's leasehold rights and interests therein) to all of the Plant Assets to be transferred hereunder, free and clear of all mortgages, liens, encumbrances, pledges or security interests of any nature whatsoever, and otherwise good and marketable title.

G. Litigation and Environmental Problems. Except as set forth in Schedule VII, there is no material litigation or proceeding pending, or to the knowledge of the Seller any investigation pending, or to the knowledge of the Seller any material litigation, proceeding or investigation threatened against or relating to the operation of the Seattle Plant or the Plant Assets, and the Seller does not know of any basis for any such possible action. Except as disclosed on said Schedule VII, the Seller has received no notice of any outstanding violation of any law, regulation or requirement relating to the

KG2002541

operation of the Seattle Plant or the Plant Assets to be transferred hereunder; and, so far as is known to the Seller, no such violation exists. Except as set forth in said Schedule VII, Seller does not know of any condition or set of facts relating to the operation of the Seattle Plant which constitutes a violation of any health, safety or environmental law or regulation.

H. Leases, Contracts and Agreements. Except as described in the attached Schedule VIII, and except for purchase commitments which have been entered into in the normal and ordinary course of business, the Seller does not have any leases of real or personal property, or any agreements, contracts, licenses, permits or commitments of any nature, oral or written, that materially affect the Plant Assets or the operation of the Seattle Plant. Except as set forth in said Schedule VIII, the Seller has complied with and is complying with all of the terms and conditions of all such leases, agreements, contracts or commitments materially affecting the Plant Assets to be transferred hereunder or the operation of the Seattle Plant, and Seller is not in default under any of them and no event has occurred which, with the lapse of time, would constitute a default on the part of Seller under any of them. Except as disclosed in said Schedule VIII and except as otherwise expressly agreed to herein, all of the Seller's leases, agreements, contracts, licenses, permits, or commitments and policies to be transferred to Buyer hereunder are freely assignable to Buyer without consent of another party.

I. Collective Bargaining Agreements. Except as described in Schedule IX, the Seller is not a party to any written or oral collective bargaining agreement or union contract, or to any hourly employee benefit agreement, commitment, arrangement or program relating to the operation of the Seattle Plant or the hourly employees employed therein.

J. Employment Agreements. Except as described in Schedule X hereof, Seller has no employment or consultative agreements, employee benefit agreements, programs,

KG2002542

commitments, understandings or arrangements involving salaried employees of the Seattle Plant, which shall include, for all purposes of this Agreement, any members of the sales or sales order group.

K. Disclosure. No representation or warranty by the Seller in this Agreement contains or will as of the Closing Date contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein not misleading.

6. Representations and Warranties by Buyer. Buyer does hereby represent and warrant as follows:

A. Organization and Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington and has all of the necessary corporate power to acquire, own and operate the Plant Assets hereunder.

B. Authority. The execution, delivery and performance of this Agreement by the Buyer (including, without limitation, all of the Buyer's assumptions and undertakings hereunder) have been duly authorized by all necessary corporate action, and this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable in accordance with its terms.

C. Litigation and Related Problems. Except as set forth in Schedule XI, the Buyer knows of no litigation, proceeding or investigation pending, or to the knowledge of the Buyer, threatened which might affect the Buyer's ability or right to perform and carry out its obligations hereunder, and Buyer does not know of any basis therefor.

D. Disclosure. No representation or warranty by the Buyer in this Agreement contains or will as of the Closing Date contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein not misleading.

KG2002543

7. Assumption of Liabilities. It is expressly understood and agreed that Buyer shall not, by virtue of this Agreement, the consummation of the transactions contemplated herein, or otherwise, assume any liability or obligation of the Seller or any liability or obligation constituting a charge, lien, encumbrance or security interest upon the Seattle Plant or any of the Plant Assets to be transferred hereunder, or any liability or obligation arising out of the sale of any product or other asset of the Seattle Plant, other than those set forth in this Paragraph 7. or in Paragraph 9. below.

The Buyer hereby expressly accepts responsibility for, assumes and agrees to perform the following:

A. Property Liens and Encumbrances. The mortgages, liens, encumbrances, pledges and security interests which are listed and described in Schedule VI, and current tax liens for real property taxes not yet due and payable.

B. Leases, Contracts and Agreements. The leases, agreements, contracts, licenses, permits and commitments which are listed and described in Schedule VIII (except for those which are expressly noted on the said Schedule as not to be assumed by Buyer) and the purchase commitments which are properly omitted from Schedule VIII, by virtue of the exception set forth in Paragraph 5.H. above, and such contracts as have been entered into pursuant to the provisions of Paragraph 8.B. hereof.

C. Risk of Divestiture. All risks of divestiture of any or all of the Plant Assets as may be required of Buyer after closing directly or indirectly by any governmental entity or agency.

KG2002544

8. Conduct of Business Pending the Closing Date. The Seller hereby agrees that from the date hereof and until the Closing Date and except as otherwise consented to and approved in writing by Buyer, the Seattle Plant, if operated, shall be operated as follows:

A. Operation of Business. The Seller reserves the right at any time, and from time to time, to close, shut down, suspend or limit, in whole or in part, operation of the Seattle Plant. It is understood that the Seller may be making purchases of raw materials, supplies, spare parts, and minor items of equipment, may be producing products for sale and for inventory, and may be selling products held or produced for resale, but shall be under no obligation to do so. The Seller shall restrict any purchases to such kinds and quantities thereof as are usual in the normal course of the business of the Seller.

B. Leases, Contracts and Commitments. Seller shall enter into no lease, agreement, contract or commitment of any nature, oral or written, that affects or relates to the Plant Assets or the operation of the Seattle Plant other than commitments which are entered into in the normal and ordinary course of business, without the prior consent of Buyer.

C. Compensation. No increase shall be made in the compensation payable or to become payable by Seller to any of the employees or agents associated with the Seattle Plant, except as are usual in the normal course of the business of the Seller, and no employment contract shall be entered into or any increase in any present pension payment or arrangement shall be made to or with any of them, other than pursuant to any existing pension or profit sharing plan (as the same has been amended at Seller's Board

KG2002545

of Directors meeting in December, 1977) or existing collective bargaining agreement or as Seller deems necessary as a result of the Employee Retirement Income Security Act or other applicable law.

D. Encumbrances and Dispositions. None of the Plant Assets shall be encumbered, disposed of, or made the subject of any contract or commitment for disposition, except for such dispositions as are made in the ordinary course of business by the Seattle Plant and except for liens for current state and local taxes not yet due and payable.

E. Insurance. Seller shall keep the Plant Assets and operations protected by insurance for the risks and in the amounts of coverage in accordance with Seller's present business practices. Seller shall cancel all insurance on the Plant Assets to be sold, assigned and transferred hereunder, effective as of the Closing Date, and Seller shall be entitled to retain all refunds resulting or due from such cancellation. All risk of loss, as to the Plant Assets, whether or not insured, shall remain with Seller prior to the Closing Date and shall pass to the Buyer upon the Closing Date, except as provided in Clause 17 hereof. Buyer shall arrange for its own insurance coverage on all such Plant Assets as of the Closing Date.

9. Employee Benefits.

A. Hourly Employees. Seller has entered into Labor Agreements as follows: (1) one dated September 1, 1977 with Drivers, Salesmen, and Warehousemen, Local Union #117, and (2) one dated September 1, 1977 with the International Union of Operating Engineers, Local #286, to cover hourly employees at the Seattle Plant who are represented

KG2002546

by those respective Unions. Both of such Agreements extend for three (3) years. Copies of such Agreements are attached on Schedule IX hereto. Buyer agrees to assume as "successor" all of the responsibilities of Seller under the Agreements with said Unions as they may exist as of the Closing Date, and to continue said Agreements for covered hourly employees.

B. Salaried Employees. Seller maintains the Kaiser Cement Retirement Plan ("Plan") for its salaried employees, including certain salaried employees at its Seattle Plant. Said employees will be terminated from the Plan as of the Closing Date. Seller agrees to cause the Administrative Committee of Kaiser Cement Retirement Plan to pay affected employees, from the qualified trust fund of the Plan, their accrued benefits to the Closing Date. Said accrued benefits will be calculated by Hewitt Associates, the Plan's actuaries, in accordance with the provisions of the Plan, but without application of the Plan's vesting schedule. Said accrued benefits will be paid within sixty (60) days of the Closing Date in the manner specified by the Administrative Committee of the Plan.

C. All Employees. Nothing herein contained shall be construed to constitute a commitment by Buyer to continue the employment of any particular employee or any such employees or to provide any comparable benefits to employees after the Closing, except as hereinabove expressly stated. Seller also agrees to provide all other accrued and vested benefits accrued to the Closing Date which have been earned by Seller's employees at its Seattle Plant, including severance pay to which they are entitled, in the case of employees not to be employed by Buyer.

//

//

//

KG2002547

10. Conditions Precedent to Obligations of Seller. All obligations of the Seller under this Agreement are subject to the fulfillment, prior to or at the Closing Date, of each of the following conditions (unless waived in writing by the Seller):

A. Representations. The representations and warranties of the Buyer contained in this Agreement shall not only have been true and complete in every material respect as of the date of this Agreement, but shall also be true and complete in every material respect as though again made as of the Closing Date;

B. Compliance. The Buyer shall have performed and complied with all terms and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing;

C. Board Approval. This transaction shall have been approved by Seller's Board of Directors on or before January 6, 1978.

11. Conditions Precedent to Obligations of Buyer. All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing Date, of each of the following conditions (unless waived in writing by Buyer):

A. Representations. The representations and warranties of the Seller contained in this Agreement shall not only have been true and complete in every material respect as of the date of this Agreement, but shall also be true and complete in every material respect as though again made as of the Closing Date.

B. Compliance. The Seller shall have performed and complied with all terms and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing.

12. Bulk Sales Law. The Buyer and Seller agree to waive compliance with any bulk sales or similar law to the extent the same may be applicable to the transactions, provided,

KG2002548

however, that by such waiver the Buyer does not agree to assume any liabilities or obligations of the Seller except to the extent expressly assumed in Paragraph 7. above.

13. Cure of Breach. Prior to the closing, the Buyer and Seller each hereby covenant and agree immediately to notify the other of any breach or potential breach by itself, or of any breach by the other party of which such notifying party becomes aware, or of any failure or likely failure to occur, of any term, conditions, or provision of this Agreement including, without limitation, any of the covenants, representations, warranties and conditions precedent contained herein.

A. If necessary, the Closing Date may be extended at the option of and upon written notice by the non-breaching party for such period of time as may be necessary with due diligence for the breaching party to cure such breach, provided, however, that in no event shall the Closing Date be extended under this Subparagraph A beyond February 15, 1978. For purposes of this Subparagraph, the term "breach" shall include any default or failure to comply with any of the terms, conditions, or provisions of this Agreement within the time period herein provided for.

B. In addition, if prior to Closing there appears any matter or circumstance which constitutes a material defect affecting the title to any of the Plant Assets, either real or personal, other than permitted exceptions disclosed on relevant schedules hereto, respectively, then either party shall give notice to the other of such defect, and Seller shall proceed forthwith to cure and remove all such defects, all at Seller's own cost and expense, and shall promptly furnish Buyer with evidence thereof reasonably satisfactory to Buyer's attorneys; and (unless Buyer elects to proceed to Close Subject to such defect or breach as below permitted) Seller may elect to extend the time of Closing for up to an additional

KG2002549

sixty (60) days to accomplish the same; provided, however, that if such defect or default cannot reasonably within such time be cured by Seller, then Seller may terminate this Agreement.

If, notwithstanding the foregoing, Buyer elects to proceed to close subject to a defect or breach, Seller shall remain obligated to use its best efforts to discharge, cure or remove any such defects or breaches which are material in nature, and which reasonably can be cured, unless Seller elects to terminate this Agreement as above provided.

14. Access and Information. Seller shall give to Buyer and to Buyer's counsel, accountants and other designated representatives, reasonable access to all of the Plant Assets and to all of the contracts and commitments to be assumed by the Buyer, as well as to all the accounting and production records of the Seattle Plant and to all purchase and payroll records of Seller relating solely to the Seattle Plant or the Plant Assets, and shall furnish Buyer with all information concerning the business and affairs of the Seattle Plant as Buyer may request reasonably.

Within a reasonable time after the Closing Date, Seller shall deliver to Buyer all accounting and production information in Seller's possession relating solely to the Seattle Plant which Seller has not heretofore delivered to Buyer. After the Closing Date, Buyer will permit Seller at all reasonable times, on request, to inspect such books and records relating to the Seattle Plant prior to the Closing Date which have been transferred to Buyer by Seller hereunder and to make extracts therefrom, and none of such books and records shall be destroyed unless written notice is first given and an offer is made to return to Seller the books and records intended to be destroyed.

In the event of a termination of this Agreement, Buyer shall keep confidential any information (unless readily ascertained from public or published information or trade sources) obtained from Seller concerning its operations and business and shall return to Seller (without

KG2002550

retaining copies thereof) all schedules, documents or other written information obtained by Buyer in connection therewith.

15. Procedures For Closing. On the Closing Date, as a part of and as mutual conditions precedent to, the transaction herein, the following shall occur:

A. To Be Delivered to Buyer. The Seller shall deliver to Buyer:

(1) Certified resolutions of Seller's board of directors authorizing the execution of this Agreement and the consummation of the transactions contemplated herein; and a Certificate of Incumbency of the officer executing the various instruments on behalf of Seller;

(2) A certificate signed by an authorized officer of the Seller attesting to the fact that all of the representations and warranties of the Seller contained in Paragraph 5. hereof are true and correct in every material respect as of the Closing Date;

(3) Duly executed standard warranty deed to the Real Property containing usual warranties of title and subject to no exceptions other than those exceptions shown on Schedule I hereto and of record, and such further standard terms, conditions, and exceptions as contained in a standard policy of title insurance;

(4) Duly executed bill(s) of sale conveying title to the Equipment and Inventory to Buyer, containing general warranties of title and subject only to exceptions disclosed on Schedules II and III hereto, respectively;

(5) Written assignments to Buyer of Seller's interests under the agreements described in Schedule VII, together with any consents to assignment required;

(6) An opinion of counsel for the Seller dated as of the Closing Date addressed to the Buyer to the effect that:

KG2002551

(a) Seller is duly organized, validly existing and in good standing under the laws of the State of Washington, and has all the necessary corporate power and authority to own and operate the Plant Assets hereunder and as now owned and operated by it.

(b) This Agreement has been duly executed and delivered by the Seller and constitutes a legal, valid and binding agreement of the Seller enforceable against Seller in accordance with its terms, subject to the application of general insolvency laws and to the exercise of a Court's discretion with regard to equity jurisdiction;

(c) Except as set forth in Schedule VII of this Agreement, such counsel knows of no litigation, proceedings or investigation pending, or to the knowledge of such counsel, threatened, which might affect the Seller's ability or right to perform and carry out its obligations hereunder;

(d) No provision of the Seller's Articles of Incorporation, or of its By-Laws, or of any contract known to such counsel to which the Seller is a party or by which the Seller is now bound, prevents the Seller from taking any action contemplated by this Agreement;

(e) Every instrument executed and delivered by the Seller in connection with the transactions contemplated by this Agreement is its legal, valid and binding obligation, and is enforceable against Seller in accordance with the terms of such instrument, subject to the application of general insolvency laws and to the exercise of a Court's discretion with regard to equity jurisdiction;

KG2002552

(f) All corporate and other proceedings required to be taken by the Seller or on its part to authorize it to execute and deliver all the instruments contemplated by this Agreement have been duly and properly taken, and that no vote or consent of the stockholders of Seller is necessary to authorize the transactions contemplated herein.

Such counsel shall be entitled to rely on statements of fact made by the Seller and its agents and employees and by public officials and may be made upon such counsel's best information and belief;

(7) Two copies of the Rock and Paper Supply contracts referred to in Clause 4, containing adjustments as of Date of Closing.

(8) And such assignment, and conveyances of other instruments sufficient to transfer to Buyer the items which Buyer is to assume pursuant to this Agreement.

(9) Possession of the Plant Assets.

B. Concurrently therewith, the parties shall:

(1) Execute the Rock and Paper Supply contracts and each retain one copy thereof;

(2) Prorate:

(a) Any prepaid or unpaid real property taxes on the Real Property, and personal property taxes on the tangible personal properties, being purchased hereunder as of the Closing Date on the basis of the fiscal year of each taxing body involved, and if the amount of any tax is not ascertainable as of the Closing Date, proration of the tax shall be based on the most recent ascertainable tax bill, subject to later reproration when the actual amount becomes known;

(b) Amounts prepaid or accrued under contracts for services, such as janitorial, utilities and similar items;

KG2002553

(c) To the extent not paid directly to employees, employee salaries and acrruals;

(d) Lease and rental payments; and

(e) Other items which are customarily prorated.

(3) Allocate and pay expenses of this transaction as follows:

(a) Buyer shall pay the premium for any policy of title insurance it may desire, and any sales or similar tax (including use tax) which may be payable with respect to the sale and transfer of Plant Assets hereunder (except as provided in Subsection (3)(b) hereof);

(b) Seller shall pay for recording the deed, the documentary stamps with respect to such deed, and the one per cent (1%) County real estate excise tax;

(c) Escrow and all other miscellaneous closing costs shall be shared equally.

C. Concurrently with Seller's compliance with the foregoing, Buyer shall:

(1) Pay the purchase price as provided for in Section 2, plus or minus any net prorations or adjustments under Clause B of this Section 9, by immediate "good funds" transfer into Seller's parent company's account #1336 007 at the Seattle First National Bank headquarters office, Seattle, Washington, so as to insure same-day credit, with no loss of interest thereon.

(2) Reimburse Seller for the IMP Mill as provided in Clause 16, if complete on Closing.

(3) Provide to Seller such agreements, satisfactory in form and content to Seller, by which Buyer assumes the obligations and liabilities described in this Agreement to be assumed by it.

KG2002554

(4) Provide to Seller a certificate signed by an authorized officer of Buyer attesting to the fact that all of the representations and warranties of Buyer contained in Paragraph 6. hereof are true and correct as of the Closing Date.

(5) Provide to Seller certified resolutions of Buyer's board of directors authorizing the execution of this Agreement and the consummation of the transactions contemplated herein; and Certificate of Incumbency of each officer executing Agreement on behalf of Buyer.

(6) Provide to Seller a resale or sales and use tax exemption certificate relating to the Inventory; and,

(7) Provide to Seller an opinion of counsel for the Buyer dated as of the Closing Date addressed to the Seller in form and substance satisfactory to the Seller's counsel to the effect that:

(a) Buyer is duly organized, validly existing and in good standing under the laws of the State of Washington, and has all the necessary corporate power and authority to acquire, own and operate the Plant Assets to be acquired hereunder;

(b) This Agreement has been duly executed and delivered by the Buyer and constitutes a legal, valid and binding agreement of the Buyer enforceable against Buyer in accordance with its terms, subject to the application of general insolvency laws and to the exercise of a Court's discretion with regard to equity jurisdiction;

(c) Except as set forth in Schedule XI of this Agreement, such counsel knows of no litigation, proceedings or investigation pending, or to the knowledge of such counsel, threatened, which might affect the Buyer's ability or right to perform and carry out its obligations hereunder;

KG2002555

(d) No provision of the Buyer's Articles of Incorporation, or its By-Laws, or of any contract known to such counsel to which the Buyer is a party or by which the Buyer is now bound, prevents the Buyer from taking any action contemplated by this Agreement;

(e) Every instrument executed and delivered by the Buyer in connection with the transactions contemplated by this Agreement, is its legal, valid and binding obligation and is enforceable against Buyer in accordance with the terms of such instrument, subject to the application of general insolvency laws and to the exercise of a Court's discretion with regard to equity jurisdiction;

(f) All corporate and other proceedings required to be taken by the Buyer or on its part to authorize it to execute and deliver all the instruments contemplated by this Agreement have been duly and properly taken and no vote or consent of the stockholder of Buyer is necessary to authorize the transactions contemplated herein.

Such counsel shall be entitled to rely on statements of fact made by the Buyer and its agents and employees and by public officials and may be made upon such counsel's best information and belief.

D. Additional Transfer Documents. From time to time, at Buyer's request, whether at or after the Closing Date and without further consideration, the Seller will execute and deliver such further instruments of transfer and take such other action as Buyer reasonably may require to transfer more effectively to Buyer title or possession to any of the Plant Assets to be transferred hereunder.

KG2002556

16. IMP Mill. Seller is in the process of constructing and installing an Impact Mill at the Seattle Plant. Seller shall continue such construction in the ordinary course and shall complete the same prior to closing hereunder (subject to delays beyond the control of Seller). Upon the later of (i) completion of such construction or (ii) closing hereunder, Buyer shall reimburse Seller in cash for the actual direct cost of such construction (estimated to be $65,000) but not, in any event, to exceed the sum of $75,000.

17. Damage or Destruction Prior to Closing. In the event that any of the buildings, structures, or Equipment being purchased by Buyer hereunder are damaged or destroyed due to any cause whatever (whether negligent or non-negligent) prior to the Closing date, and the damage is of such nature and magnitude that in the reasonable judgment of the parties:

A. The repair and restoration of such damage cannot be substantially completed within one hundred eighty (180) days after the occurrence thereof, or

B. The estimated cost of such repair and restoration is in excess of $7,600,000.00,

then either party may, within the periods hereinafter provided, elect to terminate this Agreement and all obligations arising hereunder. Seller shall have fifteen (15) days after such occurrence in which to make such election. Seller shall also give Buyer prompt notice of any such occurrence and Buyer shall have fifteen (15) days after the receipt of such notice in which to make its election. If either party fails to give notice of its election to terminate within the time limit so provided, then such right shall be deemed waived by the party failing to give such notice. If neither party gives such notice to terminate, Seller shall proceed immediately to repair and restore such damage, and shall retain all insurance proceeds therefrom, and such transaction shall close. In the event that the fifteen (15)-day notice periods above provided shall extend beyond the Closing Date provided in Section 4 hereof, such Closing Date shall be continued to the day following the expiration of the latest fifteen (15)-day notice period above provided.

KG2002557

In the event any such damage or destruction is of a lesser nature and magnitude than described above in this section, Seller shall with reasonable diligence commence and complete the repair and restoration of the damaged or destroyed buildings, structures, machinery or equipment and retain all insurance proceeds therefrom; and, in the event such property is not fully repaired and restored prior to the Closing Date provided herein, said Closing Date may be continued by Seller until Seller shall have completed such repairs or restoration.

In the event the parties disagree as to the cost of repair and restoration, notice of such disagreement may be given by either party and the parties shall promptly submit such question to binding arbitration by a qualified appraiser who has been designed by Seller's insurance carrier and who is acceptable to Buyer; and the notice period provided above shall be extended to fifteen (15) days after the appraiser has rendered his appraisal in writing, which he shall do as promptly as possible and in no event more than thirty (30) days after submittal to him.

18. Press Releases. It is the intention of the parties that a joint press release shall be issued upon execution of this Agreement by both parties, and possible also upon closing of the transaction. The wording of such press releases and other publications or other notices regarding this transaction shall be jointly and reasonably determined by the parties, but shall, in event of a dispute, be subject to Seller's final approval as to timing and content.

19. Indemnity by Seller. The Seller does hereby agree to indemnify and hold harmless Buyer at all times after the date of this Agreement and after the Closing Date against and in respect of:

A. Liabilities of the Seattle Plant. All liabilities and obligations of the Seller relating to the operations of the Seattle Plant, of every kind, nature and description, regardless of whether such liabilities or obligations are accrued or unaccrued, absolute or contingent, liquidated or unliquidated, or otherwise, which exist at the Closing Date or arise out of transactions entered into prior to, or a state of facts existing

KG2002558

prior to, the Closing Date, except only such liabilities and obligations as shall be expressly assumed by Buyer pursuant to this Agreement.

B. Claims Upon Plant Assets. All claims against, or claims of any interest in, or all liens or encumbrances or the like upon any or all of the Plant Assets to be transferred hereunder by the Seller to Buyer, which exist at the Closing Date or arise out of transactions entered into prior to, or a state of facts existing prior to, the Closing Date, excepting only such liabilities and obligations as shall be expressly assumed by Buyer pursuant to this Agreement.

C. Breach of Representation, Warranty or Agreement. Any liability, damage or loss resulting from any misrepresentation or non-fulfillment of any agreement on the part of Seller under this Agreement (provided, however, that Seller shall have no obligation hereunder to indemnify Buyer for any breach of the representations and warranties contained in Paragraph 5.D. above, except to the extent set forth in Paragraph 28 below).

D. Product Liabilities. All liabilities and obligations directly arising out of the sale by the Seller of defective inventory or the use or sale by the Buyer of defective finished goods inventory purchased by Buyer from Seller hereunder, but only as and to the extent expressly provided in the Seller's Standard Warranty, a copy of which is attached hereto as Exhibit A.

E. Miscellaneous. The indemnification of Seller herein provided shall include the duty or obligation on the part of Seller to defend and protect Buyer with respect to all claims, demands, actions, suits, and proceedings which are asserted against Buyer, the Seattle Plant or the Plant Assets which arise out of or are within the terms of Seller's indemnification set forth above and the duty or obligation to pay all reasonable costs and expenses directly associated with the foregoing.

KG2002559

20. Indemnity by Buyer. The Buyer does hereby agree to indemnify and hold harmless the Seller at all times after the date of this Agreement and after the Closing Date against and in respect of:

A. Assumed Obligations. All liabilities and obligations of Buyer or of the Seller of every kind, nature and description, regardless of whether such liabilities or obligations are absolute or contingent, liquidated or unliquidated, accrued or unaccrued or otherwise, which Buyer is expressly agreeing to assume pursuant to Paragraphs 7 and 9 above, subject to the terms thereof.

B. Liabilities of the Seattle Plant after Closing Date. All liabilities and obligations of every kind, nature and description, relating to the operations of the Seattle Plant after the Closing Date or which arise out of transactions or a state of facts which occur after the Closing Date.

C. Employee Benefits. All liabilities to and claims by employees of Seller who become employees of Buyer for pension, retirement plan, and other employee benefits accruing or arising from and after Closing date.

D. Breach of Representation, Warranty or Agreement. Any liability, damage, or loss resulting from any misrepresentation, or non-fulfillment of any agreement on the part of Buyer under this Agreement.

E. Miscellaneous. The indemnification of Buyer's herein provided shall include the duty or obligation on the part of Buyer to defend and protect Seller with respect to all claims, demands, actions, suits and proceedings which are asserted against Seller, which arise out of or are within the terms of Buyer's indemnification set forth above and the duty or obligation to pay all costs and expenses associated with the foregoing.

KG2002560

21. Defense of Claims. Promptly upon receipt of any claim asserted by any third party, or any action commenced by any third party involving any claim, liability or obligation within the scope of any of the indemnifications contained in Paragraphs 16 or 17 hereof by one of the parties to this Agreement, the party receiving such claim shall give written notice thereof to the other party hereto, and the party required to make indemnification under this Agreement (the "indemnitor") shall defend or otherwise protect such claim at its own cost and expense and with counsel of its own choice, and shall pay promptly any judgments rendered or settlements reached. The other party hereto (the "indemnitee") may, at its option, but shall not be required to, join in the defense by counsel of its own choosing and at its own expense. In the event that the indemnitor shall fail to notify the indemnitee that the said indemnitor will defend any such suit, proceedings, claim or demand, within fifteen (15) days after the notice thereof has been given to it, or in the event that the indemnitor shall fail to defend diligently the said suit, proceedings, claim or demand, the indemnitee shall have the right to defend the same and to obtain prompt payment from the indemnitor for its reasonable costs and expenses (including attorneys' fees) in connection therewith, and for any judgments recovered against it or settlements reached by it.

22. Brokerage. The Buyer agrees to hold harmless the Seller from any claim, demand or judgment made or rendered against the Seller for brokerage in this transaction from anyone with whom the Buyer has an understanding, agreement or commitment with respect to the payment of any broker's or finder's fee or the like with respect to the transactions contemplated by this Agreement; and the Seller agrees to save and hold harmless the Buyer from any claim, demand or judgment made or rendered against the Buyer for brokerage in this transaction from anyone with whom the Seller has an understanding, agreement or commitment with respect to the payment of any broker's or finder's fee or the like with respect to the transactions contemplated by this Agreement.

KG2002561

23. Expenses. The Buyer and the Seller shall each pay the respective expenses incurred by each of them in connection with the proceedings taken with respect to this Agreement and relating thereto. Buyer shall pay the policy premiums for title insurance and any sales or similar tax which may be payable with respect to the sale and transfer of Plant Assets hereunder. Seller shall pay for recording the deed and for the documentary stamps with respect to the deed. Escrow costs, if any, shall be shared equally.

24. Notices. All notices, letters, requests, demands and other communications hereunder shall be in writing and shall be deemed to be duly given if delivered in person and receipted for, or if deposited into the United States mail (first class and registered or certified with return receipt requested and with all postage prepaid), or if otherwise actually delivered:

A. If to the Seller:

Kaiser Gypsum Company, Inc.
Attention: James Rowe, Vice President, Marketing
300 Lakeside Drive
Oakland, California 94666

With copy to:

Kaiser Gypsum Company, Inc.
Attention: Charles W. Reese, Esquire
Legal Department
300 Lakeside Drive
Oakland, California 94666

KG2002562

B. If to the Buyer:

Norwest Gypsum, Inc.
6010 - 20th Street East
Tacoma, Washington 98424

With copy to:

Brownfield & Associates, Inc.
6010 - 20th Street East
Tacoma, Washington 98424

or to such other persons or at such other addresses as either party hereto may hereafter be notified by the other party in accordance with this paragraph.

25. Termination. Subject to the more specific remedies otherwise provided herein, either party may terminate this Agreement by immediate written notice to the other party, if a material breach has occurred by such other party and such breach has continued without correction for a period of fifteen (15) business days after receipt of written notice thereof from the terminating party.

26. Construction of Agreement. The paragraph and subparagraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meanings or interpretation hereof.

27. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall constitute one and the same instrument.

28. Survival of Representations and Warranties. All agreements, representations, warranties and indemnities herein shall survive any investigations in connection herewith and the Closing Date; provided, however, that the representations and warranties set forth in Paragraph 5.D. above re machinery and equipment (and the indemnification with respect thereto set forth in Paragraph 16.C. above), shall survive the Closing Date only as to claims asserted in writing by Buyer within thirty (30) days after the Closing Date.

KG2002563

29. Assignment/Benefit. Neither this Agreement nor any part thereof may be assigned either voluntarily or by operation of law by either party without the prior written consent of the other party; that either party may assign and transfer this Agreement to any of its subsidiaries or affiliates or its parent company, or joint venturer of which it holds a major interest, without such consent, in which instance the party so assigning shall remain liable hereunder for full and faithful performance of this Agreement by such subsidiary, affiliate, or parent company. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns.

30. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the matters herein contained (except for those related transactions described in Paragraph 10.C above) and supersedes and embodies all negotiations between the parties; and no agreements, representations, warranties, indemnities or promises, unless contained herein, shall be binding upon the parties hereto with respect to the matters herein contained.

31. Controlling Law. This Agreement shall be governed, construed and interpreted pursuant to the laws of the State of Washington.

//

//

//

//

//

//

//

//

KG2002564

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BUYER:

NORWEST GYPSUM, INC.

ATTEST:

Donald J. Tarabochia

Its: SECRETARY/TREASURER

By: Robert M Conley

Its: PRESIDENT

SELLER:

KAISER GYPSUM COMPANY, INC.

ATTEST:

_____

Its: _____

By: [illegible]

Its: Vice President

KG2002565

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 13th day of February, 1978, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn personally appeared James P. Rowe and ——, to me known to be the Vice President and ——, respectively, of KAISER GYPSUM COMPANY, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument, and that the seal affixed is the new corporate seal of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

Julie E Brandeberry
Notary public in and for the state of
WASHINGTON, residing at Seattle

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 13th day of February, 1978, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn personally appeared Robert M. Curley and Donald J. Tarabochia, to me known to be the President and Secretary/Treasurer, respectively, of NORWEST GYPSUM, INC. the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

Julie E Brandeberry
Notary public in and for the state of
WASHINGTON, residing at Seattle

KG2002566

STATE OF)
) ss.
COUNTY OF)

THIS IS TO CERTIFY that on this _____ day of _____, 1978, before me, the undersigned, a notary public in and for the state of _____, duly commissioned and sworn personally appeared _____, to me known to be the individual described in and who executed the within instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

_____
Notary public in and for the state of _____,
residing at _____.

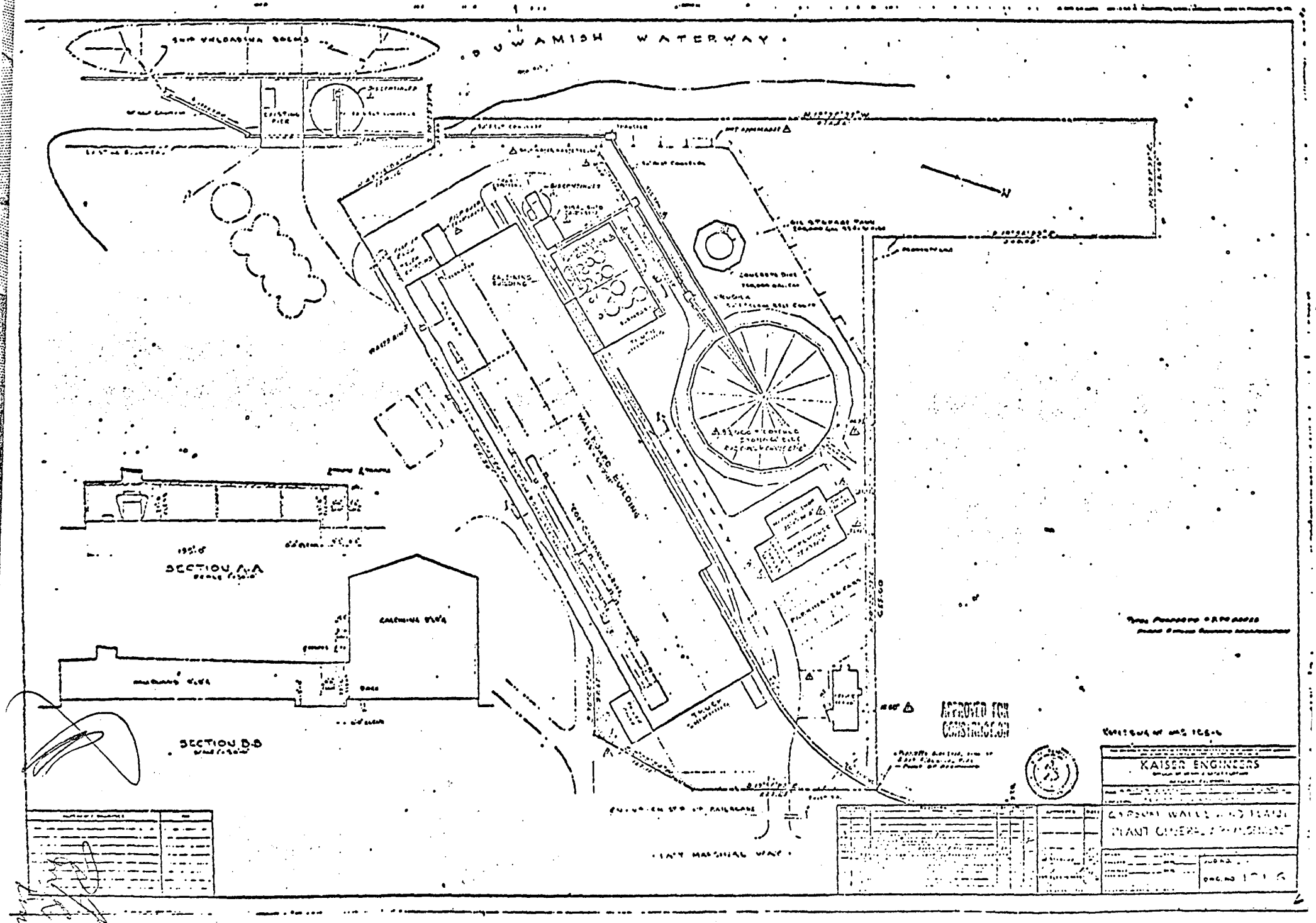
KG2002567

SCHEDULE I

See attached plat drawing of Plant.

See attached preliminary title commitment from Safeco Title Insurance Company, and supplements thereto.

KG2002568


DUWAMISH WATERWAY
SECTION A-A
SECTION B-B
APPROVED FOR CONSTRUCTION
KAISER ENGINEERS

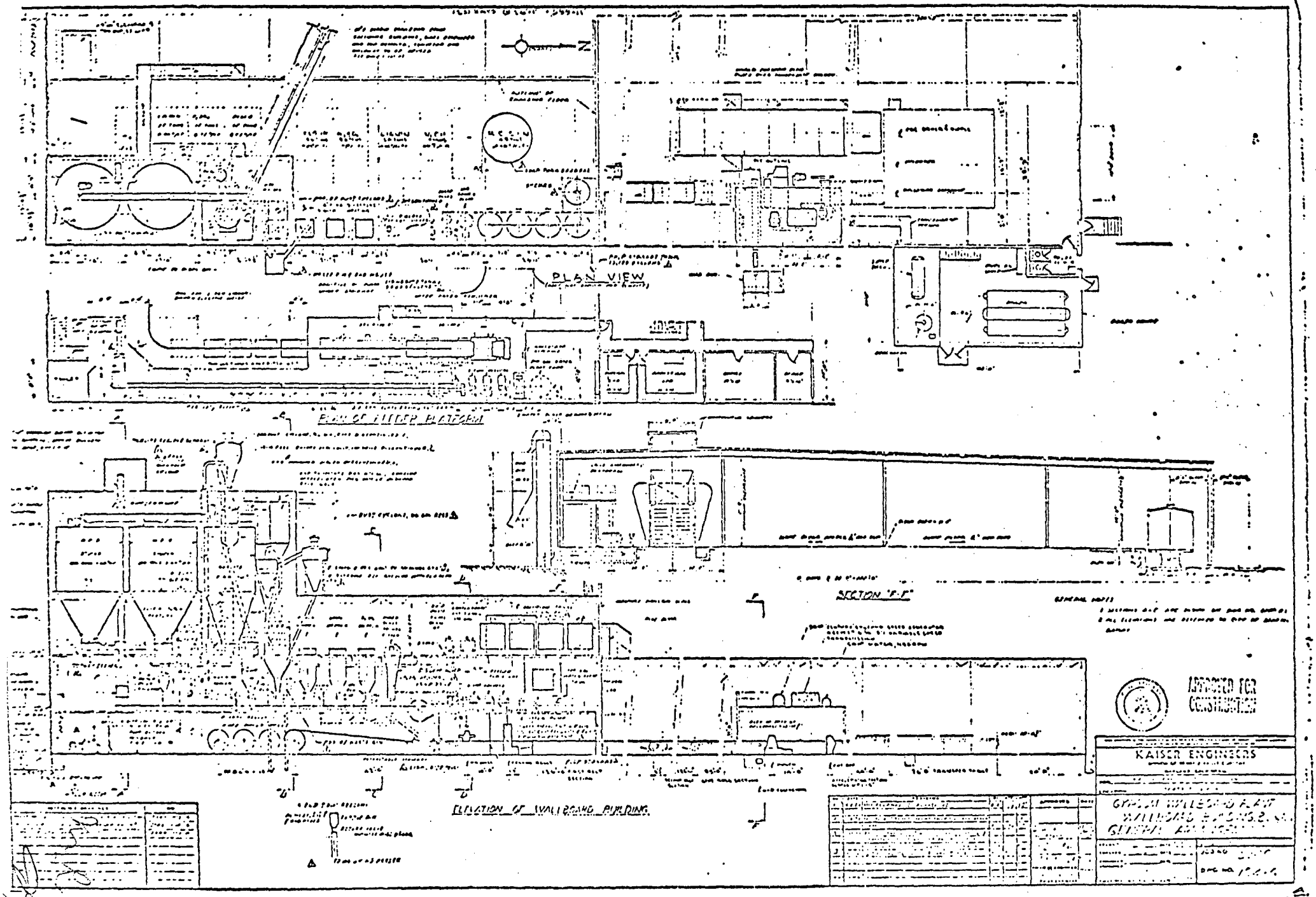
KG2002569

SCHEDULE II

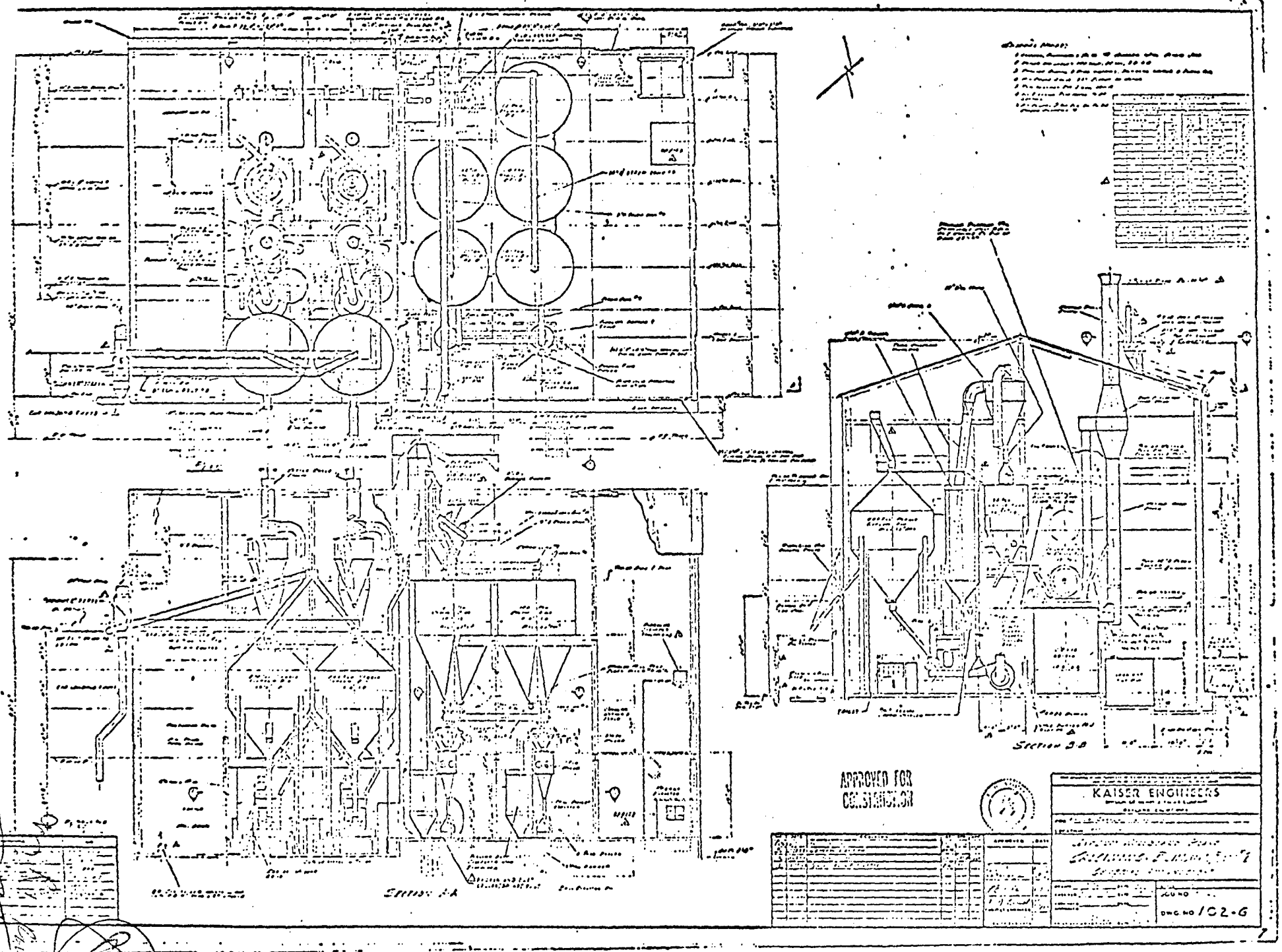
See attached drawing showing Plant equipment and machinery.

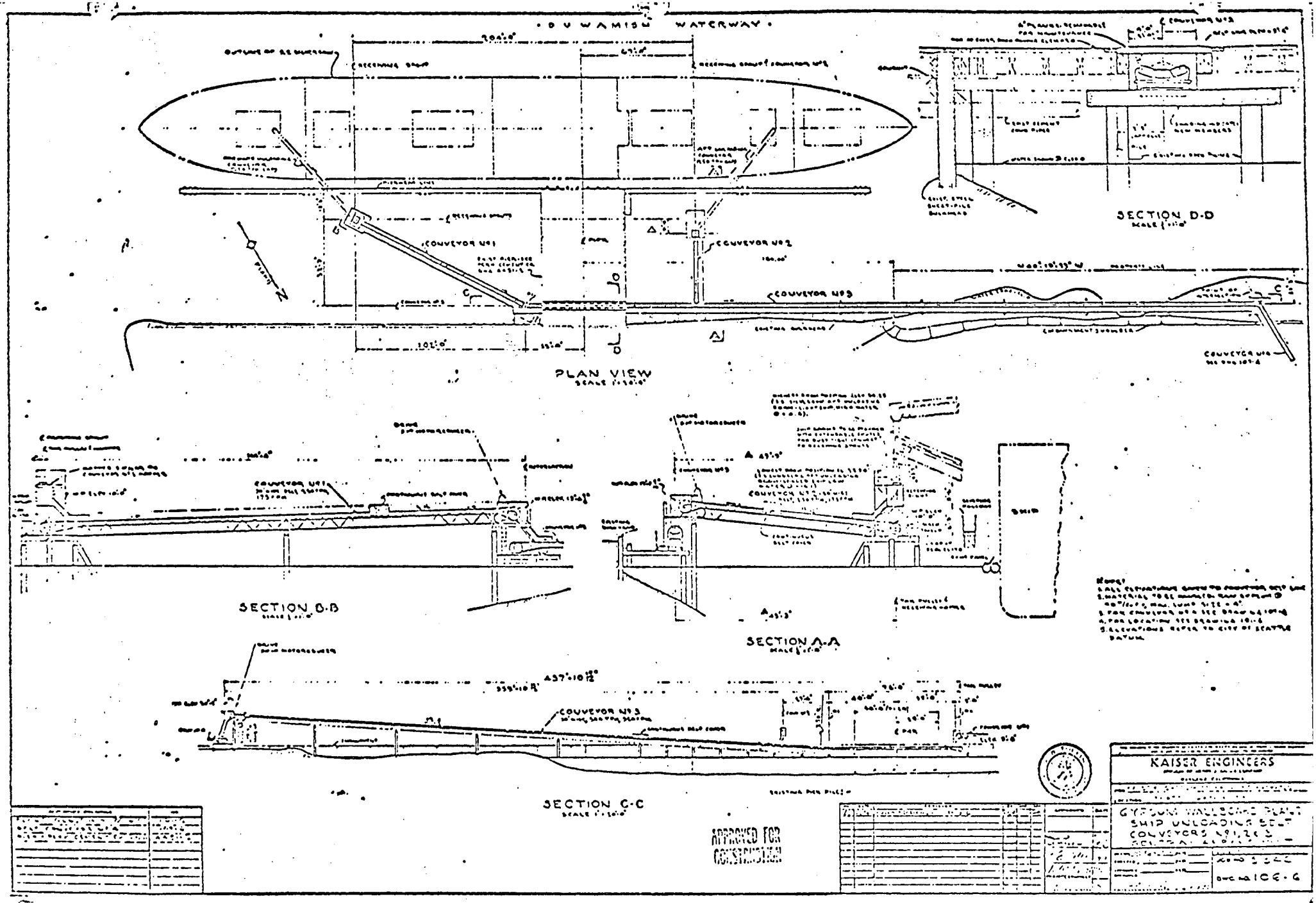
See attached schedules of two (2) forklifts, one (1) automobile and one (1) pick-up truck which are included in "Equipment" herein and which are leased, and which leases will be assigned or subleased to and assumed by Buyer as of the Closing Date.

There are various immaterial leases of typewriters, adding machines, etc., which will be assigned or subleased to Buyer if Buyer so desires.

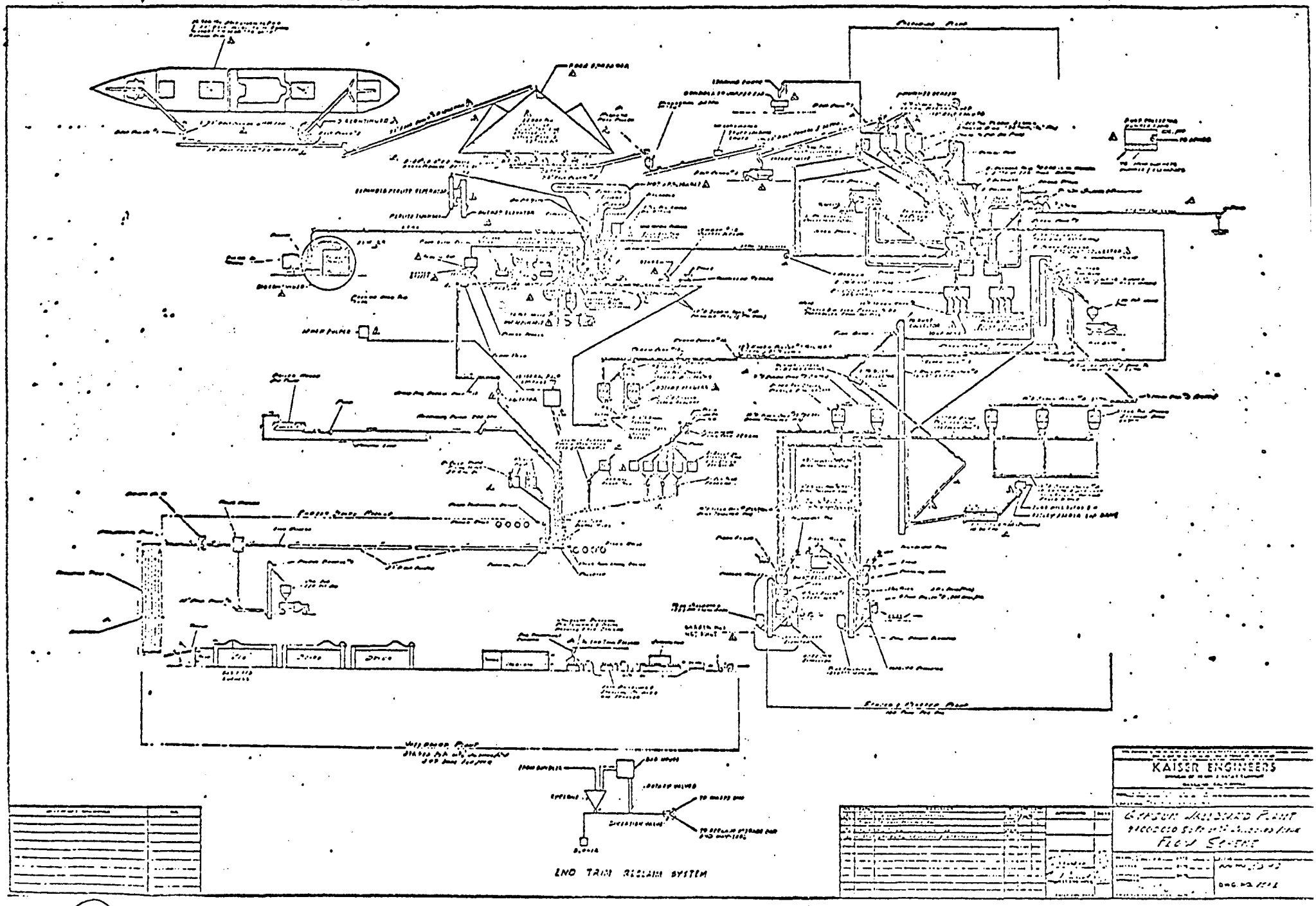

PLAN VIEW
PLAN OF FEEDER PLATFORM
SECTION "F-F"
ELEVATION OF WALLBOARD BUILDING
APPROVED FOR CONSTRUCTION
KAISER ENGINEERS

KG2002571


Section A-A
Section B-B
APPROVED FOR CONSTRUCTION
KAISER ENGINEERS
DWG NO 102-G


DUWAMISH WATERWAY
PLAN VIEW
SECTION D-D
SECTION B-B
SECTION A-A
SECTION C-C
CONVEYOR No 1
CONVEYOR No 2
CONVEYOR No 3
SHIP
APPROVED FOR CONSTRUCTION
KAISER ENGINEERS
GYPSUM WALLBOARD PLANT
SHIP UNLOADING BELT
CONVEYORS No 1, 2 & 3

KG2002573



KG2002574

KAISER GYPSUM COMPANY, INC.

AUTOS, TRUCKS AND OTHER MOBILE EQUIPMENT

EFFECTIVE: October 15, 1977

DESCRIPTION	GROUP NUMBER	EQUIPMENT NO.	DELIVERY DATE	MODEL YEAR	MODEL NUMBER	SERIAL NUMBER	ENGINE OR ID NUMBER	LICENSE	ASSIGNMENT/AT	PLANT EQUI NUMBER
SEATTLE										
Leased Automobiles										
Mercury Cougar	4	813-349	1/77	1977	90	7H90F514953		1PR389	C. Caprye	8030-01
Leased Pickups										
Ford 3/4 Ton		819-019	3/75	1975	F250	F258LW42529		PH5483		8030-06

KG2002575

KAISER CEMENT & GYPSUM CORPORATION

EQUIPMENT INVENTORY - LEASED WITH MANUFACTURERS HANOVER LEASING CORPORATION

LOCATION: SEATTLE WASHINGTON

AS OF : JUNE 30, 1977

Supplement No.	DESCRIPTION			Equipment No.	Serial No.	Cost	Quarterly Rental Payment	LEASE TERM Commencement	LEASE TERM Termination	No. of Years	Table No.
46	Caterpillar	V-508	Fork Lift Truck	864-309	81M3358	$ 30,000.00	$ 1,900.05	4-01-1977	3-31-1982	5	C-5-77
46	Caterpillar	V-508	Fork Lift Truck	864-310	81M3791						

A, B, or C = Equipment Category

5 = Life

7 = Year Lease Commenced

KG2002576

SAFECO TITLE INSURA COMPANY

Fourth & Vine Building
P. O. Box 21987
Seattle, Washington 98111
Telephone: (206) 292-1550

Washington Land Title Association
PRELIMINARY COMMITMENT FORM

To: FOSTER, PEPPER AND RIVIERA
4400 Seattle First Bank Building
Seattle, Washington 98154

Attention: Mr. Mike Brandeberry

Customer Ref: Kaiser Gypsum Company, Inc.
Order No. 382072

Date: November 21, 1977 at 8:00 a.m.

In the event this transaction fails to close, a cancellation fee will be charged for services rendered in accordance with our schedule.

SAFECO TITLE INSURANCE COMPANY, agrees to issue on request and on recording of any appropriate documents, its policy or policies as applied for, with coverage as indicated, based on this preliminary commitment that title to the property described herein is vested on the date shown above in

KAISER-GYPSUM COMPANY, INC., a Washington Corporation, as to Parcel A and in KAISER CEMENT AND GYPSUM CORPORATION, a California Corporation, formerly PERMENENTE CEMENT COMPANY, c corporation, as to Parcel B

subject only to the exceptions shown herein and to terms, conditions and exceptions contained in the policy form. This report and commitment shall have no force or effect except as a basis for the coverage specified herein.

Antonie L. McGregor

By _____
ANTONIE L. MC GREGOR
Authorized Signature

NOTE: Investigation should be made to determine if there are any service, installation, maintenance, or construction charges for sewer, water or electricity.

KG2002577

Order No. 382072

DESCRIPTION:

SEE EXHIBIT "I" AS HERETO ATTACHED AND MADE A PART HEREOF

EXCEPTIONS:

1. Release of damages dated January 13, 1954, recorded on January 28, 1954, in the office of the recording officer of King County, Washington, under recording number 4414751; wherein the hereinafter named owner, for and in consideration of the granting a permit to construct a side sewer, do hereby release to City of Seattle from all future claims for damages resulting from such construction.

Owner: KAISER GYPSUM COMPANY, INC. and the CITY OF SEATTLE

Affects: Parcels A and B.

2. Easement affecting a portion of said premises and for the purposes hereinafter stated, as granted by instrument recorded on July 29, 1954, in the office of the recording officer of King County, Washington, under recording number 4470012,

In favor of: KAISER GYPSUM COMPANY, INC., a Washington corporation and LONGVIEW FIBRE COMPANY, a Delaware corporation

For: Construction, operation and maintenance of a private roadway affecting a portion of Parcel A herein described. TOGETHER WITH the incidental purposes and/or stipulations contained therein

Affects: A frontage of 12 feet on the westerly line of East Marginal Way and extending 655 feet westerly, embracing the southerly 6 feet of the Longview property and the northerly 6 feet of the Gypsum property with the result that the common boundary line 655 feet long between the Longview property and the Gypsum property will be the center line of such roadway of Parcel A

3. Financing Statement filed April 5, 1976, as U.C.C. No. 7604056185, records of King County, Washington;

Debtor: PRO LINE PRODUCTS, INC., and PAUL W. BRENDLE II AND BARBARA BRENDLE

Secured Party: JOHN D. LEVY AND I. J. HALFON, c/o JOHN D. LEVY CO.

Order No. 382072
3. continued

For: All furniture, fixtures and other personal property, used or to be used by debtors, or any of them, at 5975 East Marginal Way South, Seattle, Washington, "Joint Compound Plant" which has been operated by Kaiser Gypsum Company and being acquired by Debtors, and all additions, replacements and substitutions thereto; also leasehold covering the real property wherein foregoing personal property is contained; also all work in process, raw materials and inventory.

Affects: Parcel A.

4. Unrecorded leasehold estates, if any.

NOTE: It is our understanding the proposed transaction will include transfer of certain easement rights located within the Duwamish Waterway and appurtenant to the subject lands. Our determination and opinion of the "insurability" (within the scope of Title Insurance) will follow by Supplemental Report.

5. Evidence of the authority of the officers of KAISER GYPSUM COMPANY, INC., a Washington corporation, to execute the forthcoming instrument. Copies of the current Articles and By-Laws and certified copies of appropriate resolutions should be submitted.

6. Evidence of the authority of the officers of KAISER CEMENT AND GYPSUM CORPORATION, a corporation, to execute the forthcoming instrument. Copies of the current Articles and By-Laws and certified copies of appropriate resolutions should be submitted.

NOTE: General taxes for the year 1977 in the sum of $9,778.24, which have been paid.
(Affects: Portion of Parcel A - Account No. 192404-9034-08).

NOTE: General taxes for the year 1977 in the sum of $24,192.92, which have been paid.
(Affects: Remaining Portion of Parcel A - Account No. 192404-9092-07).

Order No. 382072

NOTE: General taxes for the year 1977 in the sum of $22,778.25, which have been paid.
(Affects: Parcel B - Account No. 192404-9075-08).

NOTE: Title to vest later and when so vested will be subject to such matters as may be disclosed by a name search of said person or persons.

Owner's standard coverage	Amount:	$Later
	Premium:	100.00
	Sales Tax:	5.46

To Be Adjusted

sme

KG2002580

Order No. 382072

EXHIBIT "I"

PARCEL A

That portion of Government Lot 4 in Section 19, Township 24 North, Range 4 East W.M., in King County, Washington, described as follows:

BEGINNING at the intersection of the south line of West Fidalgo Street, as said street was heretofore condemned in King County Superior Court Cause No. 178890 under Ordinance No. 46352 of the City of Seattle, with the westerly line of East Marginal Way as now established;
thence south 19°36'23" east 303 feet along said way line to true point of beginning of this description;
thence continuing south 19°36'23" east 220.25 feet;
thence south 9°23'54" west 137.11 feet;
thence south 70°02'54" west 97.67 feet;
thence south 40°43'54" west 616.98 feet;
thence north 49°16'06" west 134.10 feet;
thence south 70°23'37" west 34.00 feet to the easterly line of Duwamish Waterway as now established;
thence north 19°35'39" west along the easterly line of said waterway 872.56 feet;
thence north 70°23'37" east 145.46 feet;
thence south 19°36'23" east 343 feet;
thence north 70°23'37" east 655.00 feet to the true point of beginning.

PARCEL B

Those portions of Government Lot 4, Section 19, Township 24 North, Range 4 East W.M., in King County, Washington, and Government Lot 5, in Section 30, Township 24 North, Range 4 East W.M., in King County, Washington, described as follows:

BEGINNING at a point on the westerly marginal line of East Marginal Way South which bears south 19°36'23" east 374.34 feet from the intersection of said westerly marginal line with the south line of West Fidalgo Street, as said street was established by Ordinance Number 80645 of the City of Seattle;
thence continuing south 19°36'23" east 330.22 feet to the northerly line of Slip Number 2;
thence south 43°30'30" west 406.28 feet;
thence south 27°45'30" west 335.58 feet to the section line between said Sections 19 and 30;

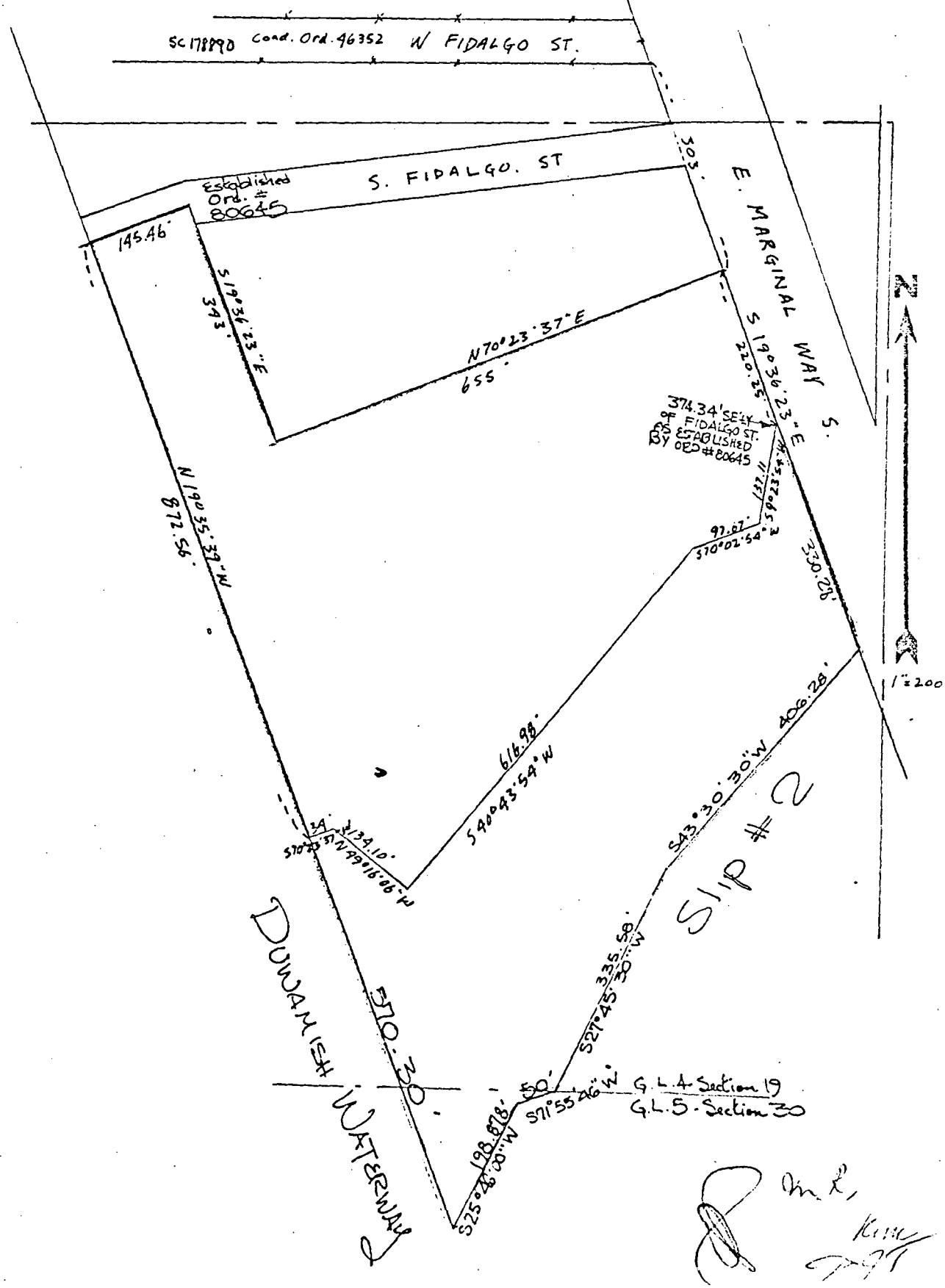
Order No. 382072
Exhibit "I" Continued

thence south 71°55'46" west 50 feet;
thence south 25°46'00" west 198.878 feet to the intersection of the easterly line of Duwamish Waterway as now located and established with the northerly line of said Slip Number 2;
thence north 19°35'39" west along the easterly line of said waterway 570.30 feet to the southerly boundary of that property conveyed to Kaiser Gypsum Co. by deed recorded under Auditor's File No. 4406913, records of King County, Washington;
thence following said southerly boundary along the courses described as follows:
North 70°23'37" east 34 feet to an angle point in said southerly boundary;
thence south 49°16'06" east 134.10 feet;
thence north 40°43'54" east 616.98 feet;
thence north 70°02'54" east 97.67 feet to a point which bears south 9°23'54" west from the true point of beginning;
thence north 9°23'54" east 137.11 feet to the true point of beginning.

The sketch is for your aid in locating your land with reference to streets and other parcels. While it is believed to be correct, the Company assumes no liability for any loss occurring by reason of reliance thereon.

SAFECO TITLE INSURANCE COMPANY

PORTION of G.L. #4 SEC. 19 TWP. 24 - R 4 EWM.
& Adjoining Portion of G.L. #5 in 30-24-4



TO-6 R1 1/74

KG2002583

SAFECO

SUPPLEMENTAL
TITLE REPORT

SAFECO TITLE INSURANCE COMPANY

DEC 06 1977

Your No. Kaiser -Gypsum Co

Our No. 382072

(Mortgagor)
(Purchaser)

Supplemental No. 1

To:

Foster, Pepper and Riviera

4400 Seattle First Bank BLdg

Seattle, Washington 98104

Attention

The following information affects the title to the property covered by our preliminary report, but is not intended to represent a complete report to date:

Paragraph(s) _____ is/are eliminated and may be disregarded.

☐ Matters dependent upon inspection of the premises have been cleared for ALTA LOAN Policy coverage as of _____. ALTA LOAN Policy when issued will contain WLTA Standard Indorsement.

The preliminary commitment is amended to include the following paragraph:

7. Easement affecting a portion of said premises and for the purposes hereinafter stated, as reserved by instrument recorded on December 23, 1953 in theoffice of the recording officer of King County, Washington under recording number 4406913
For: Roadway lying along and within the southern boundary of Parcel of Parcel A

Paragraph 4 of the report is amended to read as follows:

Unrecorded lease constructive notice of which is given by recital in Financing Statement recorded April 5, 1976, in the office of the recording officer of King County, Washington, under recording number 7604056185
Lessor: Kaiser Gypsum Company
Lessee: Prolime Products, Inc.

Dated December 5, 19 77, at 8:00 A.M.

SAFECO TITLE INSURANCE COMPANY

By

TT-2 R2 12/75

KG2002584

SAFECO

UPPLEMENTAL TITLE REPORT

SAFECO TITLE INSURANCE COMPANY

Your No. _____

Our No. 382072

(Mortgagor)
(Purchaser) _____

Supplemental No. _____

To:

Mike E. Brandeberry, Esq.
Foster, Pepper & Riviera
4400 Seattle-First National Bank Building

Seattle, WA 98154

Attention _____

The following information affects the title to the property covered by our preliminary report, but is not intended to represent a complete report to date:

Paragraph(s) _____ is/are eliminated and may be disregarded.

☐ Matters dependent upon inspection of the premises have been cleared for ALTA LOAN Policy coverage as of _____. ALTA LOAN Policy when issued will contain WLTA Standard Indorsement.

SAFECO will insure, as part of the legal description in the policy to issue, the proposed appurtenant easements (the forms for which were included with your letter to me dated January 27, 1978) in the following language*:

"TOGETHER WITH (A) an appurtenant mutual easement 25 feet in width as a right of way for the purposes of ingress and egress by foot, auto, or truck over and across the "Easement Area" described in Grant of Easement recorded under King County Recording No. _____;

"AND TOGETHER WITH (B) a non-exclusive appurtenant easement over and across the "Easement Area" and over and across the adjoining "Shoreside Facilities" for the purposes of unloading and conveying gypsum rock; all as defined and granted under instrument recorded as King County Recording No. _____."

*PROVIDED:

1. The blueprint of the Survey Map by Rex G. Judkins for H.C.E., Inc. is "completed" to show ALL the courses and distances contained in said Grants of Easements and clearly evidencing no physical obstructions; and

Dated _____, 19____, at _____ A.M.

SAFECO TITLE INSURANCE COMPANY

By _____

TT-2 R2 12/75

KG2002585

2. Said Grants of Easements are properly executed, acknowledged and recorded.

*AND PROVIDED FURTHER that it is understood the policy to issue will include as additional paragraphs the following:

"Paragraph _____. Terms, covenants and conditions as set forth in Grants of Easements recorded under King County Recording Nos. _____ and _____. (Affects easements insured in Schedule "A" hereof.)

"Paragraph _____. Conditions contained in the Corps of Army Engineers unrecorded Permit dated January 17, 1946 for the construction of a whart and five dolphins, with connecting bridge and camel. (Affects portion of Easement "B" insured in Schedule "A" hereof.)"

DATED: February 2, 1978 at 8 A.M.

SAFECO TITLE INSURANCE COMPANY

By: Frank W. Soderling
Frank W. Soderling, Vice President

SAFECO

UPPLEMENTAL
TITLE REPORT

SAFECO TITLE INSURANCE COMPANY

Your No. Kaiser Gypsum

Our No. 382072

(Mortgagor)
(Purchaser)

Supplemental No. 3

To:

Foster, Pepper and Riveria

4400 Seattle First Bank bldg

Seattle, Washington 98104
Attn: Mike Brandeberry

Attention

The following information affects the title to the property covered by our preliminary report, but is not intended to represent a complete report to date:

Paragraph(s) _____ is/are eliminated and may be disregarded.

☐ Matters dependent upon inspection of the premises have been cleared for ALTA LOAN Policy coverage as of _____. ALTA LOAN Policy when issued will contain WLTA Standard Indorsement.

Paragraph four of the preliminary commitment and amended in Supplemental number 1 is eliminated and may be disregarded.

RECEIVED
FEB 06 1978
FOSTER, PEPPER & RIVIERA

Dated February 3, 1978, at 9:00 A.M.

SAFECO TITLE INSURANCE COMPANY

Antoni R. McGregor

By Toni McGregor
bk

TT-2 R2 12/75

KG2002587

SAFECO

SUPPLEMENTAL TITLE REPORT

SAFECO TITLE INSURANCE COMPANY

Your No. Kaiser Gypsum Company

Our No. 382072

(Mortgagor)
(Purchaser)

Supplemental No. 4

To:

Foster, Pepper and Riviera

4400 Seattle First Bank Bldg

Seattle, Washington 98104
Attn: Mike Brandeberry

Attention

The following information affects the title to the property covered by our preliminary report, but is not intended to represent a complete report to date:

Paragraph(s) 3 is/are eliminated and may be disregarded.

☐ Matters dependent upon inspection of the premises have been cleared for ALTA LOAN Policy coverage as of _____. ALTA LOAN Policy when issued will contain WLTA Standard Indorsement.

Dated February 7, 19 78, at 9:00 A.M.

SAFECO TITLE INSURANCE COMPANY

By _____

TT 2 R2 12/75

KG2002588

SAFECO

Your No. Kaiser Gypsum

Our No. 382072

(Mortgagor)

(Purchaser)

Supplemental No: 5

To: Foster, Pepper and Riveria

4400 Seattle First Bank BLdg

Seatlte, Washington 98104

Attn: Mike Brandeberry

We have recorded the following instruments as requested in your closing order:

☐ Mortgage from _____ to _____	Recorded _____ File No. _____
☐ Assignment of Mortgage to _____	Recorded _____ File No. _____
☐ Release of Mortgage at paragraph _____ of Title Report	Recorded _____ File No. _____
☐ Deed of Trust from _____ to _____	Recorded _____ File No. _____
☐ Deed of Reconveyance from _____ to _____ Partial Full	Recorded _____ File No. _____
☐ Deed from _____ to _____	Recorded _____ File No. _____
☐ Contract _____ to _____	Excise No. _____ Recorded _____ File No. _____
☐ Amended Financing Statement between Pro Line Products and Levy, recording # 7802076073	Excise No. _____
☐ _____	

There has been no other change in the title to the property covered by our preliminary report

since _____ 19 ____ at _____ A.M. EXCEPT:

Paragraphs 3 and 4 are deleted.

Dated February 8, 19 78, at 9:00 A.M.

SAFECO® TITLE INSURANCE COMPANY

By _____

TT-38 R2 4/72

KG2002589

SAFECO

JPPLEMENTAL
ITLE REPORT

SAFECO TITLE INSURANCE COMPANY

Your No. Kaiser Gypsum

Our No. 382072

(Mortgagor)
(Purchaser)

Supplemental No. 6

To:

Foster, Pepper and Riveria

4400 Seattle First Bank Bldg

Seattle, Washington 98104

Attention Mike Brandeberry

The following information affects the title to the property covered by our preliminary report, but is not intended to represent a complete report to date:

Paragraph(s) _____ is/are eliminated and may be disregarded.

☐ Matters dependent upon inspection of the premises have been cleared for ALTA LOAN Policy coverage as of _____. ALTA LOAN Policy when issued will contain WLTA Standard Indorsement.

The following information is added to the report:

NOTE: General taxes for the year 1978 in the sum of $8,739.28, which cannot be paid until February 15, 1978
Affects: Portion of Parcel A- Account No. 192404-9034-08

General taxes for the year 1978 in the sum of $21,622.35, which cannot be paid until February 15, 1978.
Affects: Remaining protion of Parcel A- Account No. 192404-9092-07

General taxes for the year 1978 in the sum of $20,358.00, which cannot be paid until February 15, 1978
Affects: Parcel B- Account No. 192404-9075-08

Parcel A of the legal description is amended to read as follows:

see page 2 attached.

Dated February 9, 1978, at 9:00 A.M.

SAFECO TITLE INSURANCE COMPANY

By _____

TT-2 R2 12/75

KG2002590

thence north 10°35'39" west along the easterly line of said waterway 872.56 feet:
thence north 70°23'37" east 145.46 feet;
thence south 19°36'23" east 343 feet;
thence north 70°23'37" east 655.00 feet to the true point of beginning.
Together with an easement for ingress and egress over a strip of land 6 feet in width, lying adjacent to and Northwesterly of the following described line:
Beginning at the intersection of the southerly right-of-way line of West Fidalgo street, as established by City of Seattle ordinance No. 80645, with the westerly right-of-way line of East Marginal Way South, as now established, which point is South 19°36'23" East 148.91 feet from the intersection of the southerly right-of-way line of the former West Fidalgo Street, as described in City of Seattle ordinance No. 46352, with said westerly line of East Marginal way South; THENCE, South 19°36'23" East, along said westerly line of East Marginal Way South, 154.09 feet to the TRUE POINT OF BEGINNING OF the herein described line;
thence south 70°23'37" west along a portion of the northerly line of the above described main tract, 655.00 feet to the Terminus of said line.

GRID: Washington State Plane Co-ordinates, North Zone.

lcc: DAVIS, Wright, Todd, Riese & Jones
4200 Seattle-First National Bank Bldg.
Seattle, Washington 98154
Attn: Bradley T. Jones

Dated February 10, 1978 at 8:30 A.M.

By Toni McGregor/sg

SAFECO

SUPPLEMENTAL
TITLE REPORT

SAFECO TITLE INSURANCE COMPANY

Your No. _____

Our No. 382072

(Mortgagor)
(Purchaser) Kaiser Rypsum Co.

Supplemental No. 7

To:

Foster, Pepper and Riviera

4400 Seattle First Bank Bldg.

Seattle, Washington 98154

Attention Mr. Mike Brandeberry

The following information affects the title to the property covered by our preliminary report, but is not intended to represent a complete report to date:

Paragraph(s) _____ is/are eliminated and may be disregarded.

☐ Matters dependent upon inspection of the premises have been cleared for ALTA LOAN Policy coverage as of _____. ALTA LOAN Policy when issued will contain WLTA Standard Indorsement.

The Legal description has been amended as follows: (Parcel)

Parcel A.

That portion of Government Lot 4 in Section 19, Township 24 North, Range 4 East W.M., in King County, Washington, described as follows:

Beginning at the intersection of the southerly right-of-way line of west Fidalgo street, as established by City of Seattle ordinance No. 80645, with the westerly right-of-way line of East Marginal Way South as now established which point is South 19°36'23" East 148.91 feet from the intersection of the southerly right-of-way line of the former West Fidalgo Street, as described in City of Seattle Ordinance No. 46352 with said westerly line of East Marginal Way South; Thence South 19°36'23" east along said westerly line of East Marginal Way South 154.09 feet to the TRUE POINT OF BEGINNING
thence continuing south 19°36'23" east 220.25 feet;
thence south 9°23'54" west 137.11 feet;
thence south 70°02'54" west 97.67 feet;
thence south 40°43'54" west 616.98 feet;
thence north 49°16'06" west 134.10 feet;
thence south 70°23'37" west 34.00 feet to the easterly line of Duwamish Water way as now established:

Dated _____, 19____, at _____ A.M.

SAFECO TITLE INSURANCE COMPANY

By _____

TT-2 R2 12/75

KG2002592

Beginning at the intersection of the southerly right-ofway line of west Fidalgo street, as established by City of Seattle ordinance No. 80645, with the westerly right-of-way line of East Marginal Way South as now established which point is South 19°36'23" East 148.91 feet from the intersection of the southerly right-of-way line of the former West Fidalgo Street, as described in City of Seattle Ordinance No. 46352 with said westerly line of East Marginal way South; Thence South 19°36'23" east along said westerly line of East Marginal Way South 154.09 feet to the TRUE POINT OF BEGINNING
thence continuing south 19°36'23" east 220.25 feet;
thence south 9°23'54" west 137.11 feet;
thence south 70°02'54" west 97.67 feet;
thence south 40°43'54" west 616.98 feet;
thence north 49°16'06" west 134.10 feet;
thence south 70°23'37" west 34.00 feet to the easterly line of Duwamish Waterway as now established;
thence north 19°35'39" west along the easterly line of said waterway 872.56 feet;
thence north 70°23'37" east 145.46 feet;
thence south 19°36'23" east 343 feet;
thence north 70°23'37" east 655.00 feet to the true point of beginning.

SCHEDULE III

See attached approximate list of Inventory as of 9/30/77, with approximate (at unit cost) value of $586,000 as of such date. The list of items shall be adjusted per physical inventory for items actually on hand as of the Closing Date.

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF	PG	ACCOUNT-NO.		********** QUANTITY
CO.11 LED 02 85 FINISH GOOD LEDGER - SEATTLE				
*		1311 C3 0021		
OPENBAL	BFWD			10.590-
PRODCTN	SER5 04			4,852.790
* AVAILABLE			*	4,842.200
SHIPMNT	SDS8 08			3,034.430-
SHIPMNT	SDS8 08			1,837.530-
* CLOSING BALANCE			**	29.760-
*		1311 C3 0052		
OPENBAL	BFWD			21.043
* AVAILABLE			*	21.043
* CLOSING BALANCE			**	21.043
*		1311 C3 0210		
OPENBAL	BFWD			455.398
PRODCTN	SER2 02			7.072
* AVAILABLE			*	462.470
SHIPMNT	SDS1 01			2.592-
SHIPMNT	SDS8 08			313.312-
* CLOSING BALANCE			**	146.566
* 1/2 WALLBD-PC		1311 C3 0220		
OPENBAL	BFWD			142.638
PRODCTN	PNR1		MSF	
PRODCTN	SER5 05			9,893.870
* AVAILABLE			*	10,036.508
SHIPMNT	SDS1 01			1.920-
SHIPMNT	SDS8 08			9,582.398-
* CLOSING BALANCE			**	452.190
* 5/8 NAF WALLBD		1311 C3 0230		
OPENBAL	BFWD			582.309
PRODCTN	PNR1		MSF	
PRODCTN	SER5 05			4,265.727
* AVAILABLE			*	4,848.036

K.R.

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

	JV-REF	PG	ACCOUNT-NO.		QUANTITY
CO.11 LED 02 85 FINISH GOOD LEDGER - SEATTLE					
* 5/8 MAF WALLBD			1311 C3 0230		
SHIPMNT	SDS1 01				1.920-
SHIPMNT	SDS8 08				4,381.193-
* CLOSING BALANCE				**	464.923
*			1311 C3 0264		
OPENBAL	BFWD				84.211
PRODCTN	PNR1			MSF	
PRODCTN	SER5 05				382.144
* AVAILABLE				*	466.355
SHIPMNT	SDS8 08				407.360-
* CLOSING BALANCE				**	58.995
*			1311 C3 0280		
OPENBAL	BFWD				64.058
PRODCTN	SER2 02				3.552-
* AVAILABLE				*	60.506
SHIPMNT	SDS8 08				51.360-
* CLOSING BALANCE				**	9.146
*			1311 C3 0325		
OPENBAL	BFWD				38.526
* AVAILABLE				*	38.526
* CLOSING BALANCE				**	38.526
*			1311 C3 0332		
OPENBAL	BFWD				.096
* AVAILABLE				*	.096
* CLOSING BALANCE				**	.096
* 1/2 MOIST GD WALLBD			1311 03 0343		
OPENBAL	BFWD				204.398
PRODCTN	PNR1			MSF	
PRODCTN	SER5 05				215.584
* AVAILABLE				*	419.982

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF PG	ACCOUNT-NO.		QUANTITY
CO.11 LED 02 85 FINISH GOOD LEDGER - SEATTLE			
* 1/2 MOIST GD WALLBD	1311 C3 0343		
SHIPMNT SDS8 08			209.120-
* CLOSING BALANCE		**	210.862
*	1311 C3 0347		
OPENBAL BFWD			125.202
PRODCTN PNR1		MSF	
PRODCTN SER5 05			264.378
* AVAILABLE		*	389.580
SHIPMNT SDS8 08			344.168-
* CLOSING BALANCE		**	45.412
*	1311 C3 0352		
OPENBAL BFWD			5.248
* AVAILABLE		*	5.248
* CLOSING BALANCE		**	5.248
*	1311 C3 0356		
OPENBAL BFWD			1.056
* AVAILABLE		*	1.056
* CLOSING BALANCE		**	1.056
* 5/8 PC WALLBD	1311 C3 0363		
OPENBAL BFWD			.336
* AVAILABLE		*	.336
* CLOSING BALANCE		**	.336
* 5/8 NAF MOIST GD	1311 C3 0366		
OPENBAL BFWD			123.800
* AVAILABLE		*	123.800
SHIPMNT SDS8 08			118.944-
* CLOSING BALANCE		**	4.856
* 5/8 SOFFIT BD	1311 03 0371		
OPENBAL BFWD			40.640
* AVAILABLE		*	40.640
* CLOSING BALANCE		**	40.640

KG2002597

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF	PG	ACCOUNT-NO.		QUANTITY
CO.11 LED 02 85 FINISH GOOD LEDGER - SEATTLE				
*		1311 C3 0385		
OPENBAL	BFWD			92.170
* AVAILABLE			*	92.170
SHIPMNT	SDS1 01			3.191-
SHIPMNT	SDS8 08			79.932-
* CLOSING BALANCE			**	9.047
* CUNNAGE		1311 C3 0399		
OPENBAL	BFWD			18.816
* AVAILABLE			*	18.816
ADJUST	SDA1 01			18.816-
ADJUST	SDA1 01			18.240-
ADJUST	SDA2 01			196.224
* CLOSING BALANCE			**	177.984
*		1311 C3 0400		
OPENBAL	BFWD			3.520
* AVAILABLE			*	3.520
* CLOSING BALANCE			**	3.520
*		1311 C3 0999		
OPENBAL	BFWD			
* AVAILABLE			*	
* CLOSING BALANCE			**	
		TOTAL FINISH GOOD	***	1,660.686
*		1319 C3 9763		
OPENBAL	BFWD			1,510.000
* AVAILABLE			*	1,510.000
* CLOSING BALANCE			**	1,510.000
*		1319 C3 9795		
OPENBAL	BFWD			12.000
* AVAILABLE			*	12.000
* CLOSING BALANCE			**	12.000
		TOTAL FINISH GOOD	***	1,522.000
		TOTAL SEATTLE	*4*	3,182.686

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF	PG	ACCOUNT-NO.		********** QUANTITY
CO.11 LED 04 03 WORK/PROCESS LEDGER - SEATTLE				
* CRUSHED ROCK		1321 03 0100		
OPENBAL	BFWD		TON	75.000
RECEIPT	SER5 04			8,553.314-
RECEIPT	SER5 04			8,488.314
RECEIPT	SER5 04			9,999.999
RECEIPT	SER5 04			9,999.999-
RECEIPT	SER5 04			
* AVAILABLE			*	10.000
* CLOSING BALANCE			**	10.000
* GROUND ROCK		1321 03 0200		
OPENBAL	BFWD		TON	62.000
RECEIPT	SER5 04			9,999.999
RECEIPT	SER5 04			3,702.524-
RECEIPT	SER5 04			
RECEIPT	SER5 04			9,999.999-
RECEIPT	SER5 04			3,700.524
* AVAILABLE			*	60.000
* CLOSING BALANCE			**	60.000
* CALCINED GYPSUM		1321 03 0300		
OPENBAL	BFWD		TON	370.000
RECEIPT	SER5 02			9,999.999-
RECEIPT	SER5 02			886.902-
RECEIPT	SER5 04			9,999.999
RECEIPT	SER5 04			1,031.902
RECEIPT	SER5 04			
* AVAILABLE			*	515.000
* CLOSING BALANCE			**	515.000
TOTAL WORK/PROCESS***				585.000

KG2002599

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF	PC	ACCOUNT-NO.		QUANTITY
CO.11 LED 04 03 RAW MATERIAL LEDGER - SEATTLE				
* ALUMINUM FOIL		1331 C3 0100		
OPENBAL	BFWD		LBS	2.826
* AVAILABLE			*	2.826
* CLOSING BALANCE			**	2.826
* COCAL		1331 C3 0510		
OPENBAL	BFWD			
RECEIPT	SER3 01			50.680
RECEIPT	SER3 01			89.009
RECEIPT	JVR7 01			89.009-
* AVAILABLE			*	50.680
ISSUES	RMS3		LBS	50.680-
* CLOSING BALANCE			**	
* CORE PAPER		1331 C3 0950		
OPENBAL	BFWD			72.810
* AVAILABLE			*	72.810
* CLOSING BALANCE			**	72.810
* DEXTROSE SUGAR		1331 C3 1000		
OPENBAL	BFWD		LBS	4.400
RECEIPT	SER2 02			1.300-
* AVAILABLE			*	3.100
* CLOSING BALANCE			**	3.100
* FIBERGLASS		1331 C3 1450		
OPENBAL	BFWD			22.860
RECEIPT	SER3 01			41.028
* AVAILABLE			*	63.888
ISSUES	RMS3		LBS	32.753-
* CLOSING BALANCE			**	31.135
* FLOUR		1331 C3 1500		
OPENBAL	BFWD			17.200
* AVAILABLE			*	17.200

KG2002600

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF PG	ACCOUNT-NO.	QUANTITY
CO.11 LED 04 03 RAW MATERIAL LEDGER - SEATTLE		
* FLOUR	1331 C3 1500	
ISSUES RMS3	LBS	3.800-
* CLOSING BALANCE	**	13.400
* SHAFTWALL PAPER	1331 C3 1540	
OPENBAL BFWD	LBS	12.870
* AVAILABLE	*	12.870
* CLOSING BALANCE	**	12.870
* MOISTURE CD	1331 C3 1550	
OPENBAL BFWD		94.224
* AVAILABLE	*	94.224
ISSUES RMS3	LBS	15.288-
* CLOSING BALANCE	**	78.936
* GLUE- FOIL ADHESIVE	1331 C3 1590	
OPENBAL BFWD	LBS	.476
* AVAILABLE	*	.476
* CLOSING BALANCE	**	.476
* GREYBACK	1331 C3 1650	
OPENBAL BFWD		595.766
RECEIPT SER2 01		829.400
* AVAILABLE	*	1,425.166
ISSUES RMS3	LBS	838.438-
* CLOSING BALANCE	**	586.728
* SHEATH TAPE	1331 C3 1750	
OPENBAL BFWD		
RECEIPT SER6 01		.200
* AVAILABLE	*	.200
ISSUES RMS3	LBS	.200-
* CLOSING BALANCE	**	
* WALLBD TAPE	1331 C3 1800	
OPENBAL BFWD		111.778
* AVAILABLE	*	111.778

mch,

Rmc

KG2002601

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

****

JV-REF	PG	ACCOUNT-NO.	QUANTITY

CO.11 LED 04 03 RAW MATERIAL LEDGER - SEATTLE

* WALLBD TAPE		1331 C3 1800	
ISSUES	RMS3	LBS	4.680-
* CLOSING BALANCE		**	107.098
* LIGNIN		1331 C3 2100	
OPENBAL	BFWD		75.312
RECEIPT	VP		109.310
RECEIPT	SER3 01		46.160
RECEIPT	JVR7 01		43.700-
RECEIPT	JVR7 01		45.610-
RECEIPT	JVR7 01		20.000-
* AVAILABLE		*	121.472
ISSUES	RMS3	LBS	100.200-
* CLOSING BALANCE		**	21.272
* MANILA		1331 C3 2300	
OPENBAL	BFWD		595.818
RECEIPT	SER2 01		799.820
* AVAILABLE		*	1,395.638
ISSUES	RMS3	LBS	1,018.338-
* CLOSING BALANCE		**	377.300
*		1331 C3 2400	
OPENBAL	BFWD		79.250
RECEIPT	ACR1 03		113.230
* AVAILABLE		*	192.480
* CLOSING BALANCE		**	192.480
* NAF TAPE		1331 C3 2800	
OPENBAL	BFWD		24.262
RECEIPT	VP		
* AVAILABLE		*	24.262
ISSUES	RMS3	LBS	3.179-
* CLOSING BALANCE		**	21.083
* STARCH		1331 C3 3000	
OPENBAL	BFWD		225.100

KG2002602

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF	PG	ACCOUNT-NO.		QUANTITY
CO.11 LED 04 C3 RAW MATERIAL LEDGER - SEATTLE				
* STARCH		1331 C3 3000		
RECEIPT	VP			200.000
RECEIPT	SER3 01			100.000
RECEIPT	JVR7 01			100.000-
RECEIPT	JVR7 01			100.000-
* AVAILABLE			*	325.100
ISSUES	RMS3		LBS	181.600-
* CLOSING BALANCE			**	143.500
* POTASSIUM SULPHATE		1331 C3 3320		
OPENBAL	BFWD		LBS	20.000
RECEIPT	SER2 02			2.100-
* AVAILABLE			*	17.900
* CLOSING BALANCE			**	17.900
* PULP		1331 C3 3400		
OPENBAL	BFWD			67.600
RECEIPT	SER6 01			107.995
* AVAILABLE			*	175.595
ISSUES	RMS3		LBS	107.995-
* CLOSING BALANCE			**	67.600
* RAW ROCK STOCKPILE		1331 C3 3700		
OPENBAL	BFWD		TCN	14,566.075
RECEIPT	SER5 04			9,636.401
RECEIPT	SER5 04			9,060.117-
RECEIPT	SER5 04			9,999.999
RECEIPT	SER5 04			9,999.999-
* AVAILABLE			*	15,142.359
* CLOSING BALANCE			**	15,142.359
* SHEATHING		1331 C3 3900		
OPENBAL	BFWD			
RECEIPT	SER2 01			94.380
* AVAILABLE			*	94.380
ISSUES	RMS3		LBS	51.258-
* CLOSING BALANCE			**	43.122

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF PG	ACCOUNT-NO.	QUANTITY
CO.11 LED 04 03 RAW MATERIAL LEDGER - SEATTLE		
* SOFFIT	1331 C3 4380	
OPENBAL BFWD		36.460
* AVAILABLE	*	36.460
* CLOSING BALANCE	**	36.460
* SOAP	1331 C3 4500	
OPENBAL BFWD		18.450
* AVAILABLE	*	18.450
ISSUES RMS3	LBS	6.300-
* CLOSING BALANCE	**	12.150
* VERMICULITE	1331 C3 4610	
OPENBAL BFWD		112.000
RECEIPT SER1 01		
RECEIPT SER3 01		103.700
* AVAILABLE	*	215.700
ISSUES RMS3	LBS	194.100-
* CLOSING BALANCE	**	21.600
*	1331 C3 4710	
RECEIPT VP		
RECEIPT SER1 01		
* AVAILABLE	*	
* CLOSING BALANCE	**	
* ZIP TAPE	1331 C3 5050	
OPENBAL BFWD		3.282
RECEIPT SER3 01		5.767
* AVAILABLE	*	9.049
ISSUES RMS3	LBS	3.140-
* CLOSING BALANCE	**	5.909
TOTAL RAW MATERIAL***		17,012.114

Mr. R.

Rene

DGT

KG2002604

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

	JV-REF	PG	ACCOUNT-NO.		QUANTITY
CO.11 LED 04 03 SPARE PARTS LEDGER - SEATTLE					
* BRACING LUMBER			1341 C3 0050		
OPENBAL	BFWD			BF	3.072
* AVAILABLE				*	3.072
ISSUES	SES4	01			1.488-
* CLOSING BALANCE				**	1.584
* CORNER CLIPS			1341 C3 0200		
OPENBAL	BFWD			EA	9.000
RECEIPT	SER3	01			10.000
RECEIPT	JVR7	01			10.000-
* AVAILABLE				*	9.000
ISSUES	SES4	01			1.500-
* CLOSING BALANCE				**	7.500
* DIESELINE			1341 C3 0350		
OPENBAL	BFWD			GAL	.086
RECEIPT	VP				.900
RECEIPT	SER2	01			.238-
RECEIPT	SER2	01			.512-
RECEIPT	SER3	01			1.000
* AVAILABLE				*	1.236
ISSUES	SES4	01			.319-
* CLOSING BALANCE				**	.917
* FUEL-BUNKER C#6			1341 C3 0550		
OPENBAL	BFWD			GAL	113.520
* AVAILABLE				*	113.520
* CLOSING BALANCE				**	113.520
* FUEL OIL #2			1341 C3 0560		
OPENBAL	BFWD			GAL	1.389
RECEIPT	SER2	01			.512
* AVAILABLE				*	1.901
* CLOSING BALANCE				**	1.901
*			1341 C3 0580		
OPENBAL	BFWD				6.510
* AVAILABLE				*	6.510
* CLOSING BALANCE				**	6.510

KG2002605

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

	JV-REF	PG	ACCOUNT-NO.		MONTH QUANTITY	UNIT	AMOUNT	FG-PR RM-VA
CO.11 LED 04 03 SPARE PARTS LEDGER - SEATTLE								
* GASOLINE			1341	C3 0600				
OPENBAL	BFWD				GAL		.804	
* AVAILABLE					*		.804	
ISSUES	SES4	01					.117-	
* CLOSING BALANCE					**		.687	
* PROPANE			1341	C3 0750				
OPENBAL	BFWD				GAL		.495	
RECEIPT	VP						2.900	
RECEIPT	SER3	01					.600	
RECEIPT	SER3	01					.500	
RECEIPT	JVR7	01					.600-	
RECEIPT	JVR7	01					.300-	
RECEIPT	JVR7	01					.400-	
* AVAILABLE					*		3.195	
ISSUES	SES4	01					2.430-	
* CLOSING BALANCE					**		.765	
* CARCOVER%PLASTIC¤			1341	C3 0830				
OPENBAL	BFWD				SQF		434.000	
RECEIPT	SER3	01					264.000	
RECEIPT	SER3	01					270.000	
RECEIPT	JVR7	01					270.000-	
* AVAILABLE					*		698.000	
ISSUES	SES4	01					236.800-	
* CLOSING BALANCE					**		461.200	
* REPAIR PARTS			1341	C3 0850				
OPENBAL	BFWD							
* AVAILABLE					*			
* CLOSING BALANCE					**			
* WIRE STRAPPING			1341	C3 1450				
OPENBAL	BFWD				LBS		15.625	
* AVAILABLE					*		15.625	

KG2002606

K601-30 INVENTORY LEDGER KAISER GYPSUM COMPANY

JV-REF PG	ACCOUNT-NO.		QUANTITY
			**********
CO.11 LED 04 03 SPARE PARTS LEDGER - SEATTLE			
* WIRE STRAPPING	1341 C3 1450		
ISSUES SES4 01			1.776
* CLOSING BALANCE		**	13.849
TOTAL SPARE PARTS		***	608.433
*	1345 C3 1100		
OPENBAL BFWD			2.500
* AVAILABLE		*	2.500
* CLOSING BALANCE		**	2.500
TOTAL SPARE PARTS		***	2.500
TOTAL SEATTLE		*4*	18,208.047
TOTAL LEDGER		*5*	18,208.047

Mr. R,

Rmc

KG2002607

SCHEDULE IV

By mutual agreement of the parties, no allocation of the purchase price is made to land and fixtures for purposes of title insurance, County tax, and documentary stamp tax.

SCHEDULE V

The amount of the Inventory items which shall actually be counted as "Inventories" for purposes of this sales agreement shall be determined by a physical count (made jointly by Seller and Buyer just prior to Closing and with effect as of the Closing Date), and shall be multiplied by the Seller's unit cost for such items (or current market, whichever is lower) to arrive at the purchase price for said Inventory items at Closing. The inventory value used at closing does not include spare parts which have been expensed. These shall be included in final inventory counts

SCHEDULE VI

There are no liens or encumbrances on the Plant Assets, except as disclosed on the Safeco preliminary title commitment, as supplemented, which is attached to Schedule I and is incorporated herein by reference.

There is an oral agreement to lease on a month-to-month basis a parking area to Longview Fibre Company, for approximately $500 per month, of which Buyer is aware.

See Schedule II re leased Equipment items.

SCHEDULE VII

There are no current citations or environmental violations known at the Plant. Past problems with dust at transfer points on ship unloading have been remedied. Baghouses appear to control dust problems in the Plant.

There is no litigation affecting the Plant Assets.

SCHEDULE VIII

See Schedule VI re month-to-month lease of parking area.

See Schedule II re leased items of Equipment.

There are City business licenses from the City of Seattle, as well as permits for the boiler and perhaps other pressurized vessels. All permits and licenses are in order.

There are supply contracts as to electrical, gas, and water services to the Plant, which Buyer shall assume as of the Closing Date. There are also minor contracts for supply of oxygen and acetylene to the Plant which Buyer shall assume.

There is also an agreement for guard service when the Plant is shut down. This shall be assumed by Buyer.

Seller is not in default under any of the above items.

SCHEDULE IX

See attached copies of agreements with:

A. Drivers, Salesmen and Warehousemen, Local Union #117 Affiliate of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America -- term of agreement, three years from September 1, 1977 through August 31, 1980 (covering production and maintenance employees as delineated in Article II of that Agreement).

B. International Union of Operating Engineers, American Federation of Labor, Local 286 -- term of agreement, three years, September 1, 1977 through August 31, 1980 (covering boiler operators as delineated in Article II of that Agreement).

Both labor agreements require official notification of their existance to any successors of Kaiser Cement & Gypsum Corporation (See Article XXI Transfer of Company Title or Interest). Such notifications will be made by letters as may be appropriate.

AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of September, 1977, by and between KAISER CEMENT AND GYPSUM CORPORATION (GYPSUM DIVISION) (hereinafter referred to as the Employer) and DRIVER SALESMEN & WAREHOUSEMEN LOCAL UNION NO. 117, AFFILIATE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA (hereinafter referred to as the "Union").

WITNESSETH THAT:

The parties hereto agree as follows:

ARTICLE I - PURPOSE OF AGREEMENT

It is the intent and purpose of the parties hereto to set forth herein the basic agreement covering rates of pay, hours of work, and conditions of employment to be observed between the parties hereto with respect to the employees covered hereby and as hereinafter defined.

ARTICLE II - SCOPE OF AGREEMENT

The term "employee" and "employees" as and whereever used in this Agreement shall mean and include all production and maintenance employees of the Employer at its Gypsum plant located in Seattle, Washington, but excluding all office, clerical, technical and professional employees, boiler operators, watchmen and guards and supervisors as defined in the National Labor Relations Act.

ARTICLE III - RECOGNITION AND UNION SECURITY

(A) The Employer recognizes the Union as the exclusive bargaining agency for its employees for the purposes of collective bargaining in respect to rates of pay, wages, hours, or other conditions of employment.

(B) All employees shall be required to become members of the Union on the thirty-first (31st) day following the beginning of employment, or the effective date of this Agreement, whichever is the later, and thereafter to maintain membership in the Union during the term of this Agreement as a condition of employment; provided, however, that the Employer shall not be obligated to discharge any employee for failure to apply for or maintain membership in the Union as herein provided until a competent replacement can be obtained.

(C) New employees and those hired after a break in continuity of service will be regarded as probationary employees for the first thirty (30) working days of their employment and will receive no continuous service credit during such period. Probationary employees may be transferred, laid off or terminated at the discretion of Employer. Probationary employees continued in the service of the Employer subsequent to the thirty (30) working days from the date of hire shall receive full continuous service credit from the date of hire.

(D) The Union will furnish to the Employer a notarized list of its members who are employees of the Employer, which list shows the name, address, and badge number of each employee. On or before the last day of each calendar month, the Union shall submit to the Employer a notarized supplemental list, showing the same information regarding each employee included in such supplemental list as the notarized list first referred to, covering all employees who shall have become members of the Union since the last previous list of members of the Union was furnished to the Employer. For each employee included in the aforesaid lists to be supplied to the Employer by the Union and for whom the Employer has received a written assignment, not irrevocable for a period of more than one (1) year, or beyond the termination date of this Agreement, whichever occurs sooner, executed by the employee concerned authorizing the Employer so to do, the Employer shall deduct from the first (1st) pay of each succeeding calendar month (if Employer's payroll system reasonably so permits and in any event from the second (2nd) day of such month) the Union dues for the preceding month, and when permitted by law, and if indicated on such lists, the initiation fee due the Union from any employee. All amounts deducted by the Employer from the pay of any employee hereunder shall be remitted by the Employer to the Secretary-Treasurer of the Union local.

(E) The Union shall indemnify the Employer and hold it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action that shall be taken by the Employer for the purpose of complying with any provisions of this Article III, or in reliance upon any list or certificate which shall have been furnished to the Employer under any such provisions.

ARTICLE IV - WAGES

Effective on the respective dates set forth in Appendix "A", which is attached hereto and by this reference made a part hereof, the standard hourly wage scale for each classification shall be as set forth in Appendix "A".

ARTICLE V - HOURS OF WORK

(A) The work day for non-shift day workers shall be eight (8) hours within nine (9) hours. The normal work day for shift workers shall be eight (8) hours between the following periods:

First Shift:	8:00 a.m. to 4:00 p.m.
Second Shift:	4:00 p.m. to 12:00 a.m.
Third Shift:	12:00 a.m. to 8:00 a.m.

provided, however, that the Employer and the Union may mutually agree to change the beginning and ending times of such shifts in either direction.

The Employer will, subject to the requirements of continuous and efficient operations, exercise its efforts in good faith to the end that all workers will be scheduled on a basis of five (5) consecutive days of work followed by a rest period of forty-eight (48) consecutive hours; provided, however, the final right to arrange weekly work schedules rests exclusively with the Employer. Nothing herein shall

KG2002615

prevent the Employer from scheduling employees to work more than five (5) consecutive days without incurring overtime liability, subject to the provisions of Article VI. (Appendix "D")

(B) Whenever an employee is held over from the shift on which he has been working to the following shift due to the failure of a relief employee to report to work as scheduled, the employee so held over shall be given the option of continuing to work the remainder of such following shift or to leave and be paid for only the hours so worked in the event such relief employee reports late to work on such following shift. It is understood by the parties hereto that any employee reporting to work late is not eligible for reporting pay under Section (F) of Article VI of this Agreement, nor is the Employer under obligation to put a late employee to work.

ARTICLE VI - OVERTIME AND ALLOWED TIME

(A) Definitions:

The term "Payroll week" shall mean and consist of the seven (7) consecutive days commencing at 8:01 a.m., Monday, or at the shift changing hour nearest that time, and ending the following Monday at 8:00 a.m.

(B) Overtime shall be paid at the rate of time and one-half of the rate set forth in Appendix "A" attached hereto, in effect for the particular classification of work the employee is performing during the following hours:

(1) Hours worked in excess of eight (8) in any one payroll day.

(2) Hours worked on Saturday.

(C) Overtime shall be paid at the rate of double the rate of pay set forth in Appendix "A" attached hereto, in effect for the particular classification of work the employee is performing for hours worked on Sunday.

(D) Overtime payment shall not be duplicated for the same hours worked under any of the terms of this Agreement.

(E) Any employee called out to work after the starting time of any shift shall be given four (4) hours' work or pay for four (4) hours in the event he is not put to work.

(F) An employee who is regularly scheduled to report and who does report for work on time shall be given four (4) hours' work, or pay for four (4) hours in the event he is not put to work.

(G) Hours actually worked under Sections (E) and (F) of this Article shall be paid for at overtime rates only when they constitute overtime under the provisions of Sections (B) and (C) of this Article.

(H) The provisions of Sections (E) and (F) of this Article do not apply in the event that:

KG2002616

(1) Strikes, work stoppages in connection with labor disputes, or failures of utilities, or acts of God interfere with work being provided; or

(2) An employee is not put to work or is laid off after having been put to work; either at his own request or due to his own fault; or

(3) The Employer give such reasonable notice as determined. When an employee is notified not to report for work, such notice shall be given at least three (3) hours in advance of the time he was scheduled to report. Notice shall be deemed to have been given if the employer has called the telephone number listed with the Employment Office for use in such situations.

ARTICLE VII - SHIFT DIFFERENTIALS

(A) The employer shall continue to pay twenty (20) cents per hour wage differential above the basic straight time hourly rate for the hours worked for employees scheduled and working on the second shift.

(B) The employer shall continue to pay twenty-seven (27) cents per hour wage differential above the basic straight time hourly rate for the hours worked for employees scheduled and working on the third shift.

(C) Pay for consecutive hours of daily overtime worked by shift workers beyond scheduled shifts (eight (8) hours) shall be calculated and paid on the clock basis of the applicable shift differential.

ARTICLE VIII - SENIORITY

(A) In all cases of promotion, except those to positions excluded under the definition of "employees" in Article II hereof, and in all cases of increase or decrease in forces, the following factors listed below shall be considered. However, only where both factors (2) and (3) are relatively equal shall continuous service be the determining factor.

(1) Continuous service

(2) Ability to perform work

(3) Physical fitness

(B) The above factors shall be applied as set forth in the Supplemental Seniority Agreement which is attached hereto as Appendix "B" and by this reference is made a part hereof.

(C) There shall be no deduction for any time lost which does not constitute a break in continuous service. Continuous service is broken by:

KG2002617

(1) Voluntarily quitting the Employer

(2) Absence due to discharge or termination

(3) Suspension or leave of absence, either of which continues for more than six (6) months

(4) Absence due either to layoff or to disability, or both, which continues for more than two (2) years; provided, however, that employees injured while on duty, for which Workmen's Compensation is payable, shall accumulate credit for continuous service until the termination of the period for which their statutory compensation is payable.

(5) Leaves of absence for pregnancy shall be granted to employees with one (1) or more years of seniority without pay or benefits, as follows: Such employees may continue in employment during pregnancy up to but not including the seventh (7th) month of pregnancy if the employee's doctor certifies in writing that the employee is capable of continuing in employment without danger to herself. Prior to the seventh (7th) month the employee must advise the Employer in writing that she will wish to return to work after the birth of her child, and she must thereafter return ready and able to work within sixty (60) calendar days from the date of birth, with a doctor's certificate stating that she is capable of resuming her normal full-time employment. Employees who neglect or who find it impossible to comply with the foregoing shall lose all right to employment.

(6) Any employee covered by this Agreement and agreements supplementary hereto who leaves a position other than a temporary position with any Employer covered by this Agreement, for immediate induction into any of the armed forces of the United States, shall be reemployed if application is made within ninety (90) days after he is discharged from the armed forces in accordance with the provisions of Section 9B of the Selective Service Act of 1948 and any official amendment or modification thereof.

(D) Continuous service shall only include service with the Employer and shall not be transferrable between the Employer's plants.

(E) The parties hereby agree to continue to apply the provisions of this Agreement to all employees without regard to race, age, sex, religion, color, national origin, ancestry, or Union activities.

ARTICLE IX - MEAL PERIODS

(A) Any person required to work over five (5) continuous hours without time out for meals shall be paid time and one-half his standard hourly wage scale for the time worked over five (5) hours until his meal period is provided.

KG2002618

(B) Time for meals not to exceed one-half (1/2) hour on Employer time per shift shall be allowed shift workers.

(C) When an employee has finished his regular shift of work (eight (8) hours) and is required to remain on duty in excess of nine (9) consecutive hours including his regular shift, he shall have the option of taking an Employer-paid meal period at the rate of time and one-half for a period not to exceed one (1) hour or he may continue to work without a meal period and be paid one additional hour at time and one-half upon completion of his actual hours worked.

ARTICLE X - HOLIDAYS

(A) New Year's Day, Washington's Birthday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, the Friday after Thanksgiving Day, Day Before Christmas, Christmas Day, the employee s birthday, and the scheduled day preceding New Year's Day shall be recognized as holidays. Holidays falling on a Sunday shall be recognized on the following Monday. Holidays falling on a Saturday shall be recognized on either Friday or Saturday at the option of the Employer, but shall be designated accordingly with advance notice to the employees. The scheduled day preceding New Year's Day will be a holiday (i.e.) if New Year's Day falls on a Monday, the preceding Friday shall be the last scheduled work day. If an employee desires to have a holiday off for which he is scheduled, he shall be responsible for arranging his own relief and shall so notify his supervisor. Labor Day, Christmas Day and New Year's Day shall be considered as mandatory holidays and if the Employer desires to work on those holidays he shall post a sign-up sheet forty-eight (48) hours in advance of the holiday. Monday holidays as designated by Presidential Order shall be recognized holidays.

(B) An employee shall be paid for eight (8) hours at his regular straight rate of pay, including shift differentials, for each of the foregoing named holidays when not worked.

(C) All work performed on a holiday shall be paid at two and one-half times (2½) times the straight time rate, including shift differentials.

(D) All overtime work performed on a holiday shall be paid for at two and one-half (2½) times the straight time rate, including shift differentials.

(E) To be eligible for holiday pay under the provisions of Paragraph (B) above, an employee must have been continuously in the employ of the Employer for at least thirty (30) calendar days prior to the holiday.

(F) To be eligible for holiday pay under any of the above provisions, an employee must have worked his last regularly scheduled work day immediately preceding the holiday and his first regularly scheduled work day immediately following the holiday. However, the absence of an employee from work on any such work day becuase of illness or injury evidenced by a doctor's certificate shall not disqualify him from receiving holiday pay.

KG2002619

(G) When an employee is absent due to either an industrial or non-industrial accident or illness and a recognized holiday(s) falls within a 30-day calendar period following his last regularly scheduled work day, he will be eligible for holiday pay, upon his return to work, providing medical evidence substantiates the absence. Payment will be made as contractually provided unless State U.C.D., Workmen's Compensation, or Sick Leave benefits are being paid. Then the Employer will supplement these benefits to provide total pay equal to eight (8) hours at the employee's straight time rate of pay.

ARTICLE XI - VACATIONS

(A) Employees who have been in the service of the Employer continuously for one (1) year or more shall be entitled to one (1) week's vacation. Employees who have been in the service of the Employer continuously for two (2) years or more shall be entitled to two (2) week's vacation. Employees who have been in the service of the Employer continuously for five (5) years or more shall be entitled to three (3) week's vacation. Employees who have been in the service of the Employer continuously for twelve (12) years or more shall be entitled to four (4) week's vacation effective on ratification of agreement. Employees who have been in the service of the Employer continuously for twenty (20) years or more shall be entitled to five (5) week's vacation. Completion of the full periods of service specified above shall be a condition precedent to eligibility for the vacations provided above, respectively. In any event, an employee must have worked a minimum of twelve hundred (1200) hours in any vacation year to qualify him for a vacation.

(B) Vacation pay shall include appropriate shift differential for those on fixed shifts.

(C) (1) Any employee who, upon his vacation anniversary date, has not worked a minimum of twelve hundred (1200) hours within such preceding vacation year shall be eligible for prorated vacation pay to be computed as follows:

(2) Employee entitled to one (1) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred and twenty-five (125) paid hours, four (4) paid.

(3) Employee entitled to two (2) week's vacation and who did not make twelve hundred (1200) shall receive for every one hundred twenty-five (125) paid hours, eight (8) hours paid.

(4) Employee entitled to three (3) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, twelve (12) hours paid.

(5) Employee entitled to four (4) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, sixteen (16) hours paid.

KG2002620

(6) Employee entitled to five (5) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, twenty (20) hours paid.

(7) No employee should receive any proration of vacation unless he has one year of service with the Employer.

(D) No employee shall receive more than one vacation in any continuous twelve (12) months of service for the Employer.

(E) Vacations may be taken at any time at the employee's convenience provided ample notice is given to the Employer; and provided further, no interference with the Employer's operations will result. It shall be in the sole discretion of the Employer to determine whether interference with the Employer's operation would result from an employee taking a vacation at any speicified time.

(F) When a holiday specified in Article X fall on a day within an employee's vacation period, he shall receive eight (8) hours additional vacation pay or an extra day off.

(G) Where requested vacation periods conflict, preference shall be given to the oldest employee in point of service.

(H) Employees who are on a leave of absence from work due to an accident or illness (industrial or non-industrial) shall be credited with hours worked (for purpose of vacation credit accrual) at the rate of 173 hours for each full month he is off work up to a maximum of 1,000 hours for each accident or illness. Such hours shall be credited to the employee when he returns to work. In the case of shorter absences he shall be credited with forty (40) hours for each full week of absence.

(I) Employees who are temporarily laid off shall receive credit for hours worked (for purpose of vacation credit accrual) at the rate of 173 hours for each full month of layoff or forty (40) hours for each full week of layoff up to a maximum of 500 hours. Such hours shall be credited to the employee when he returns to work.

(J) The hours of credit to be applied under (G) and (H) above shall only apply to those employees returning to work with continuous service.

ARTICLE XII - HEALTH AND WELFARE

(A) Effective January 1, 1978 the Employer agrees to change the present Health and Welfare coverage to Puget Sound Plan No. 102. Effective January 1, 1978 the Employer agrees to change present Dental Plan to Puget Sound R. C. Plan. Effective January 1, 1978 the Employer agrees to change present Vision to Puget Sound Plan No. 659. The above Health and Welfare coverage is to be based on December compensable hours.

(B) Retirees Health and Welfare

The Employer agrees to continue to pay into the Retiree's

KG2002621

See "Letter of Understanding

Welfare Trust the sum of Six Dollars ($6.00) per month for each employee who received compensation for eighty (80) hours or more during the preceding month.

*

The above payments shall be made to the Administrative Office on or before the tenth (10th) of each month. In the event the Employer is delinquent in the payment of his contributions to either the Washington Teamsters Welfare Trust or the Retiree's Welfare Trust, the employees, the Union, or the Trustees shall have the right (notwithstanding any other provisions of this Agreement) to take any legal action they deem necessary against the Employer to collect such delinquent amounts, including the right to strike. In the event legal action is required to collect the Employer's contributions due to the Trusts then the Employer shall be liable for all costs and expenses of litigation, including reasonable attorney fees. The Employer and the Union hereby agree to the provisions of the Trusts and shall vest in the Trustees of the Trusts the sole discretion to determine eligibility, benefits and termination of benefits.

(C) Sick Leave

Each employee covered by this Agreement who has been continuously employed for a period of at least one (1) year shall thereafter be entitled to six (6) days (forty-eight (48) straight time hours) sick leave with pay per year. A doctor's certificate or other reasonable proof of illness may be required by the Employer. It is understood that those employees who become too ill to work during their shift and who have to go home shall be paid sick leave if they apply for it. Such sick leave with pay including appropriate shift differential for those on fixed shifts shall be applicable only in cases of bona fide illness or accident and shall be paid in the following manner:

(1) If an employee is absent from work on the day before any of the holidays listed in Article X or the day after any such holidays, due to bona fide illness or accident, said holiday shall be considered a work day's absence within the meaning of this Article.

(2) For the purposes of this Article, full pay shall mean pay for the regular daily schedule of working hours, for the regular daily schedule of working hours, for those days which the employee would have worked had the disability not occurred, calculated at straight time. The waiting period herein provided before full pay commences shall apply for each illness or accident in case the sick benefit allowance has not been used up in previous illnesses.

(3) Sick benefits - Unused sick leave to be paid off in December of each year.

(4) In industrial injury or disability cases, Workmen's Compensation or Unemployment Disability (UCD) benefits and sick benefit allowance shall be paid separately, but

KG2002622

in the event Workmen's Compensation payments or Unemployment Disability payments cover all or part of the period during which sick benefit allowances are paid, the sum of the two shall not exceed the sick benefit payable for said period, and the unused portion of accumulated sick leave will continue to be credited to the employee. Integration of sick leave benefits with Workmen's Compensation or Unemployment Disability payments is to be automatic; the Employer may not waive integration, and any employee entitled to Workmen's Compensation or Unemployment Disability payments must apply therefore (in order that the principle of integration may be applied) before sick benefits are payable.

ARTICLE XIII - PENSIONS

The Employer shall pay into the Western Conference of Teamsters Pension Trust Fund on account of each member of the bargaining unit, irrespective of membership or nonmembership in the Union, the following amounts which are to be based on hours for which compensation has been paid.

Effective January 1, 1978, based on December 1977 hours, the amount of sixty cents (60¢) per hour on all compensable hours. Not to exceed $103.80 per month.

Effective February 1, 1978, based on January 1978 hours, the amount of sixty-five cents (65¢) per hour on all compensable hours.
Not to exceed $112.45 per month.

Effective February 1, 1979, based on January 1979 hours, the amount of ninety-eight cents (98¢) per hour on all compensable hours.
Not to exceed $169.54 per month. (per 7¢ nickel)

Effective February 1, 1980, based on January 1980 hours, the amount of one dollar and five cents ($1.05) per hour on all compensable hours.
Not to exceed $181.65 per month.

The total amount due for each calendar month shall be remitted in a lump sum not later than ten days after the last business day of the month. If the Employer fails to make monetary contributions as required, such shall be a breach and the Union, without liability therefore, may implement any economic persuasion deemed expedient and such shall not be a violation of this Agreement.

The Employer agrees to abide by the rules established by the Trustees of said Trust Fund to facilitate the accurate determination of hours for which contributions are due, prompt and orderly collection, and accurate reporting and recording of amounts paid. Upon Union request, a copy of Pension transmittals shall be posted on the bulletin board.

The parties agree that because the Trustees of the Fund will rely on the execution of this Agreement to restore or not to reduce benefits

KG2002623

to Retiring Employees as indicated above, this Agreement with respect to payments into The Pension Trust Fund for active employees may not be modified, terminated or rescinded by the parties, directly or indirectly, during its term without the express written consent of the Trustees.

ARTICLE XIV - ADJUSTMENT OF GRIEVANCES

(A) Purpose

It is the intent and purpose of this Article, which shall be available to both the Union and the Employer, to provide for the presentation and equitable adjustment of grievances.

(B) Grievance Procedure

Step 1. Any complaint or grievance arising under this Agreement must be presented first by the complainant to his foreman within twenty-one (21) working days after the occurrence of the event causing the grievance, the foreman shall give an anwer to the complainant within one (1) working day after his discussion with the complainant. If the foreman's decision is not appealed to Step 2., the grievance shall be considered settled on the basis of the decision made, and shall not be eligible for further appeal.

Step 2. In order for a grievance to be considered further, it must be filed in writing within three (3) days after the foreman's answer, exclusive of Saturdays, Sundays and holidays. Grievances filed in this second step shall be in writing on grievance forms furnished by the Employer, shall be dated and signed by the employee and his Union local representative, and three (3) copies delivered to the Industrial Relations Representative. Such grievance shall be discussed in an attempt of settlement at a mutually convenient time within three (3) days after presentation to the Industrial Relations Representative. The Industrial Relations Redresentative will insert in the appropriate place on the form his disposition of the matter, sign and date the same, and return one copy to the Union's local representative within five (5) working days from the date of presentation in this Step 2. If the decision of the Employer is not appealed to Step 3., the grievance shall be considered settled on the basis of the decision last made, and shall not be eligible for further appeal.

Step 3. In order for a grievance to be considered further, it shall be appealed by the Union local for consideration to the Manager of Industrial Relations of the Employer within ten (10) working days after the decision of the Industrial Relations Representative. The Manager of Industrial Relations, or his designee, shall within ten (10) working days after receipt of the appeal confer with the Secretary-Treasurer of the Union, or his designee, in an attempt to settle the same. After such discussion, the Manager of Industrial Relations, or his designee, shall render his decision in writing to the Secretary-Treasurer of the Union. If such decision is unsatisfactory to the Union, the Union may, by written notice served on the Employer within thirty (30) days from receipt of such decision, appeal the grievance to arbitration as hereinafter provided. If the decision in this step is not appealed to arbitration as above provided, the grievance shall be considered settled on the basis of such decision, and shall not be eligible for further appeal.

KG2002624

Step 4. A grievance appealed from Step 3. shall be submitted to an impartial umpire to be appointed by mutual agreement of the parties hereto and whose decision shall be final. In the event mutual agreement cannot be reached on an umpire within ten (10) days from receipt of notice of appeal to arbitration, the parties shall appeal to the American Arbitration Association for a panel of seven (7) names. If the parties cannot agree upon one of the individuals named in the panel submitted, the Employer and the Union shall strike names alternately until one (1) name remains, and he shall be the arbitrator.

The arbitrator shall not have the power to alter or amend the terms of this Agreement, and the cost of said arbitration proceeding shall be borne equally by the Employer and the Union.

(C) Failure by the Employer to render its decision in Steps 2. and 3. within the time therein provided for (including mutually agreed-to extension periods) shall be deemed to constitute a granting of the grievance by the Employer. Waiver by the Union or by an employee as hereinbefore provided for, due to failure to process the grievance within the time periods established, or automatic granting of a grievance by the Employer due to its failure to render a decision within the prescribed time limits, shall not constitute a binding precedent upon either party on the merits of the particular grievance, in the event of a later recurrence of any situation which gives rise to the grievance so waived or automatically granted.

(D) If this Agreement is violated by the occurrence of a strike, work stoppage or interruption or impeding of work, no grievance shall be discussed or processed while such violation continues.

ARTICLE XV - JURY DUTY ALLOWANCE

Any employee who has completed thirty (30) days of employment with the Employer who is required to perform jury duty will be entitled to reimbursement at the straight time hourly rate of his regular job for the hours necessarily lost as a result of serving on the jury, provided, however, that such reimbursement shall not exceed eight (8) hours per day or forty (40) hours per week, less pay received for jury duty. For the purpose of this Article time spent in court in response to a summons for jury duty shall be considered as a service on a jury. The employee will be required to furnish a signed statement from a responsible officer of the court as proof of jury service and jury duty pay received.

Hours paid for jury duty will be counted as hours worked for the purpose of computing vacation and holiday pay but will not be counted as hours worked for the purpose of computing overtime.

ARTICLE XVI - FUNERAL LEAVE

In the event of a death in the immediate family of an employee who has completed thirty (30) days employment, he shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and attend same, not to exceed three (3) regularly scheduled working days. This provision does not apply if the death occurs during the employee's paid vacation, or while the employee is on leave of absence, layoff, or sick leave, and does not apply to death resulting

KG2002625

See "Letter of Understanding"

from earthquake.

For the purpose of this provision, the immediate family shall be restricted to father, stepfather, mother, stepmother, brother, stepson, sister, stepdaughter, spouse, child, mother-in-law and father-in-law. At the request of the Employer, the employee shall furnish a death certificate and proof of relationship.

Funeral leave applies only in instances in which the employee attends the funeral, or is required to make funeral arrangements, but is not applicable for other purposes such as settling the estate of the deceased.

ARTICLE XVII - STRIKES AND LOCKOUTS

There shall be no strikes, lockouts, or any interruption or cessation of work by either party on account of any labor dispute or matter arising under this Agreement. No picket lines shall be established by the Union, nor shall any picket line established by others be respected. Should any difference arise between the Employer and the Union as to the meaning or application of the provisions of this Agreement, the same shall be disposed of in accordance with the provisons of Article XIV of this Agreement.

Employees shall not refuse to handle any merchandise, except that in the event of a strike by members of the Union or the I.B.T. - I.L.W.U. Northern California Warehouse Council against an Employer not a member of the Association, employees shall not be required to handle merchandise is not ordinarily handled by the Employer-member of this Association.

Any action of the employees leaving jobs for their own protection in cases of a legally declared strike by some other union directly working on the job, if such strike is sanctioned and approved by the labor body or council having jurisdiction, or by the I.B.T. - I.L.W.U. Northern California Warehouse Council, shall not constitute a violation of this Agreement.

ARTICLE XVIII - MANAGEMENT

The management of the works and plant and the direction of the working forces, including the right to hire, suspend, or discharge for proper cause, or transfer, and the right to relieve employees from duty because of lack of work, or for other legitimate reasons, is vested exclusively in the Employer, provided that this will not be used for purposes of discrimination against any employee for Union activity.

ARTICLE XIX - SAVING CLAUSE

Should any of the terms and conditions of this Agreement be invalid under applicable Federal or State laws, the remaining terms and conditions shall continue in full force and effect.

KG2002626

ARTICLE XX - DURATION OF AGREEMENT

Except as otherwise specifically provided this Agreement is effective as of September 1, 1977, and shall remain in effect until September 1, 1980, and from year to year thereafter unless written notice of a desire to terminate or amend this Agreement is given sixty (60) days prior to September 1, 1980, or any such yearly expiration date by either of the parties to this Agreement. Such written notice as aforesaid shall indicate the nature of the changes and amendments proposed, and negotiations regarding the same shall commence within thirty (30) days after delivery of such notice.

ARTICLE XXI - TRANSFER OF COMPANY TITLE OR INTEREST

This agreement shall be binding upon the parties hereto, their Successors, Administrators, Executors and Assigns. The Company shall give notice of the existence of this agreement to any such successor, and request their assumption of the agreement and the retention of employees. A copy of such notice shall be provided to the Union at the time of the transaction. Should the successor through exercise of their separate legal rights decline to offer employment to any or all employees covered by this agreement, then the Company agrees to discuss with the Union the effect of such action on the concerned employees. Further, the Company agrees to bargain collectively with the Union with regard to employees not offered continued employment as though such employees were being terminated due to a plant closing.

ARTICLE XXII - NOTICE

Any notice to be given under this Agreement shall be given by Registered Mail and addressed to the respective parties as follows:

Manager of Industrial Relations
Kaiser Cement and Gypsum Corp.
300 Lakeside Drive
Oakland, California 94604

Secretary-Treasurer
Warehousemen s Local Union No. 117
553 John Street
Seattle, Washington 98109

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

KAISER CEMENT AND GYPSUM CORP.

By R. J. Wilson

By

By

By

DRIVER SALESMEN &
WAREHOUSEMEN'S LOCAL UNION NO. 117
AFFILIATE OF THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS, CHAUFFEURS
WAREHOUSEMEN AND HELPERS OF AMERICA

By Arnie Weinmeister

By

By

KG2002627

APPENDIX 'A' - WAGE RATES

JOB CLASSIFICATION AND TITLE	Effective** 9-1-77	* Effective 9-1-78 +.45/hr.	Effective 9-1-79 +.50/hr.
#1 - JANITOR	$6.875		
#2 - LABORER	6.925		
#3 -	6.975		
#4 -	7.025		
#5 - TAKE-OFF-MAN	7.075		
#6 - SACKER PAPER HANGER MAINTENANCE HELPER OILER	7.125		
#7 - CAR LOADER SACKER-LOADER	7.175		
#8 -	7.225		
#9 - LIFT TRUCK OPERATOR ROCKMAN/CRUSHER OPERATOR KNIFEMAN	7.275		
#10 - INSPECTOR MIXERMAN-PLASTER	7.325		
#11 - MIXERMAN-BATCHER MIXERMAN-BOARD	7.375		
#12 -	7.425		
#13 -	7.475		
#14 - MACHINEMAN	7.525		
#15 -	7.575		
#16 -	7.625		
#17 -	7.675		
#18 - CALCINER	7.725		
#19 -	7.775		
#20 -	7.825		
#21 -	7.875		
#22 - MAINTENANCE MAN	7.955		
PRODUCTION LEADMAN	8.28		
MAINTENANCE LEADMAN	8.75		

*Cost-of-Living effective 12/1/77
(See Appendix E)

**Effective on 12/22/77 all classifications will increase five cents (5¢) in lieu of the Layoff, Disability and Severance Fund.

KG2002628

APPENDIX "B"

SUPPLEMENTAL SENIORITY AGREEMENT

1. PURPOSE

A. In accordance with provisions of Article VIII of the Agreement, the Employer and the Union desire to establish seniority practices to be followed in all cases of promotions, and in all cases of decrease of forces.

B. It is not intended, however, that the procedure set forth below shall be construed as modifying or changing in any way any provision of the Agreement and all procedures and practices hereby established shall be and remain subject to the provisions of the Agreement.

C. This Supplemental Seniority Agreement shall run concurrently with the Agreement and, except as herein may be provided, shall remain in effect for the duration of the Agreement.

2. DEFINITION OF TERMS

As herein used, the following terms shall have the meaning given to each as follows:

A. "Seniority" shall mean continuous service as defined by Article VIII of the Agreement.

B. "Job Seniority" shall mean seniority on the job to which an employee is permanently assigned. No employee shall hold "Job Seniority" on more than one job at a time.

C. "Line of Progression Seniority" shall mean seniority within the Line of Progression as described and attached to this Agreement, and shall commence at the time an employee is regularly assigned to any classification within such Line of Progression.

3. SENIORITY

A. Seniority of employees covered by the Agreement shall be computed from the date of hire, and shall be determined in accordance with Article VIII of the Agreement.

B. In outlining herein the details by which promotions, transfer, decrease of forces, or restoration of forces shall be made, to avoid repetition in each instance hereinafter referred to, it is mutually understood that seniority pursuant hereto, shall be so applied only when ability and physical fitness are relatively equal, in accordance with the provisions of Article VIII, Section (A), of the Agreement.

4. SENIORITY LISTS

The Employer shall prepare and have available for inspection seniority lists for each job classification in the Line of Progression.

5. LINE OF PROGRESSION

The Line of Progression shall be as set forth and attached to this Agreement.

6. POSTING JOB VACANCIES

A. When a vacancy occurs, the job shall be posted so that the senior employee in the proper job classification may apply for it.

B. Ther period of posting shall be limited to five (5) days, excluding Saturday, Sunday, and holidays, during which time temporary assignments to fill job vacancies may be made.

C. When a job vacancy has been posted as outlined above, only those employees bidding for the job need be considered. Absence of a bid by an employee shall be deemed to be waiver of right of promotion to that particular job vacancy.

D. To be eligible to bid for a job, an employee must actually be present and on the job during the posting period, except that those employees on vacation or authorized leave of absence may submit a bid for a prospective job vacancy either before taking leave or during the period of leave, except that when such bid has been recorded it shall be accepted only provided the employee has returned to work at the completion of his authorized leave or vacation.

7. FILLING JOB VACANCIES

A. Vacancies which occur in any job except those jobs which are set forth in the Lines of Progression attached hereto, shall be posted for plantwide bid. The vacancy shall be awarded to the applicant with the most seniority in keeping with Article 8A.

B. Vacancies which occur in those jobs which are within the Lines of Progression shall be posted for bid within the Line of Progression, and shall be awarded to the applicant with the most plant seniority in the next lower classification or succeeding classifications, in keeping with Article 8A. In the event the vacancy is not filled in this manner it shall be posted for plantwide bid and filled as set forth in A above.

C. It is understood and agreed that all successful bidders or assignees to newly created jobs or job vacancies shall receive a trial period of thirty (30) calendar days. If it is determined by the Employer anytime within the above referred to trial period that the job bidder or assignee is not qualified, the disqualified employee will thereupon be returned to his former job.

D. If the job vacancy cannot be filled by the above procedure, the Employer may fill the vacancy by new hire.

KG2002630

8. TRANSFERS

Temporary transfers may be made by the Employer to meet emergencies and to fill temporary vacancies, but in such cases the transferred employee retains all rights to his regular job.

9. DEMOTIONS

A. Demotions shall be made down the Line of Progression.

B. Any employee, demoted as a result of a reduction in the crew in a given job classification or combination of equal job classifications in the Line of Progression, shall be placed in the next lower job classification in the Line of Progression, with top "Job Seniority"; provided, however, that an employee who has been promoted around other employees in the Line of Progression for any reason whatsoever shall be demoted in the same manner as he was promoted. When more than one employee is demoted, such employees shall have top "Job Seniority" in that job classification in the same relations, one to the other, as they held in the job classification from which they were demoted.

C. When an employee is demoted for reasons other than reduction in the crew or voluntarily requests demotion, his job will be declared vacant. In such event, the job shall be posted and filled in the manner provided by this Agreement. The employee so vacating his job will then take the first resultant lower job vacancy in the Line of Progression, which he is capable of performing.

D. An employee so demoted shall establish job seniority in his new job as of the date of reclassification and, in any event, shall not be eligible to bid on his previous job for a period of six months.

10. DECREASES IN FORCES

It is understood and agreed that plant seniority will be the prevailing factor at any time where there is a force reduction; except that both the Employer and the Union recognize the Employer's need to, at all times, retain a staff of trained men so as to maintain standards of quality and quantity of production, and therefore it is agreed that at the time of a force reduction the Union will meet with the Employer in order to discuss the manner of making proposed layoffs and in good faith, will consider modifications of the seniority practices hereby established, which the Employer claims are necessary to assure retention of an adequate staff of trained personnel as aforesaid.

11. NEW JOB CLASSIFICATIONS

The Employer will discuss with the Union in advance any job classification or content change which may be contemplated as a result of the introduction of new machinery, new methods of operation or the elimination of certain job classifications or duties. Whenever the Employer establishes a new job classification or revises an existing classification, the wage rate applicable thereto shall be subject to negotiation between the parties.

KG2002631

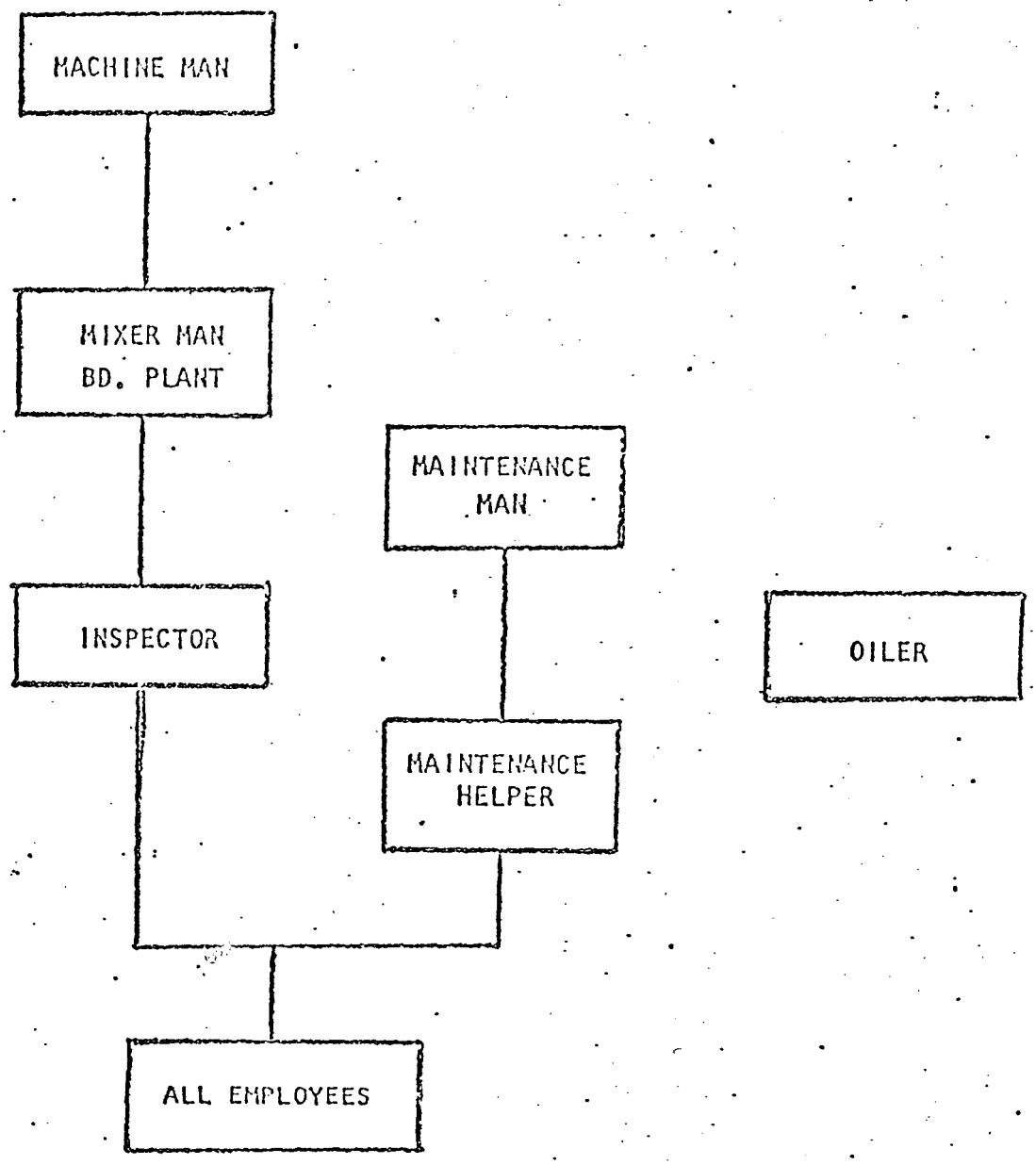
If the agreement on the rate is not reached within ten (10) days, then the Union may invoke the Grievance Procedure.

12. SUPPLEMENTAL AGREEMENTS

A. Questions concerning interpretation or application of this Agreement may arise from time to time and it is mutually agreed that in the interest of preventing misunderstanding, the Union and the Company shall promptly meet, at the request of either, to further clarify this Agreement in writing. Upon being mutually agreed to, such clarification shall become a part of this Agreement; however, such clarification shall not be inconsistent with the provisions of this Agreement.

B. If questions arise that cannot be mutually agreed to under Section A of this Paragraph 12, they shall be handled under the terms of the Agreement as set forth in Article XIV.

LINES OF PROGRESSION



APPENDIX "D"

KAISER GYPSUM COMPANY, INC.

KAISER CENTER · 300 LAKESIDE DRIVE
OAKLAND 12, CALIFORNIA

September 16, 1961

Mr. William L. Williams
Secretary - Treasurer
Warehousemen's Local Union No. 117
552 Denny Way
Seattle 9, Washington

Dear Bill:

We have outlined below the confirmation of our understanding regarding the problem of work weeks of less than 40 hours which resulted from the soft building materials market in our competitive area.

During the term of our current labor agreement, it is agreed that if an employee starts to work on Monday, he will be guaranteed a minimum of 40 hours of work or pay in that week. Of course, if the employee gets sick during the week or is absent from work for any other reason which is for the employee's convenience, the hours he misses will be deducted from the 40 hours insofar as the guarantee for that week is concerned. In weeks in which a holiday is observed and an employee is given a day off because of the holiday, the holiday will be counted as 8 hours worked as part of the 40 hour guarantee.

If the above meets with your understanding, would you please sign in the space provided below and return two copies for our files.

Very truly yours,

J. C. Reilly
Manager, Industrial Relations

W. L. Williams

KG2002634

Driver Salesmen and Warehousemen
LOCAL UNION NO. 117
International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America
653 JOHN STREET • SEATTLE, WA 98109 • 622-4157
ARNIE WEINMEISTER
SECRETARY-TREASURER

March 19, 1976

Mr. Richard J. Wiborn
Pacific Northwest
Industrial Relations Director
Kaiser Cement & Gypsum Corporation
5931 East Marginal Way South
Seattle, Washington 98134

Dear Mr. Wiborn:

This is to confirm that during the negotiations of the Agreement the following was agreed to between Kaiser Cement & Gypsum and the Union:

1. Effective March, 1976, the employer will post a list monthly as to how much accumulation each employee has in sick leave bank.

2. Maintenance Man: The Employer will replace broken, and in some cases, stolen tools.

3. Lunch Breaks (Take-Off): Lunch breaks shall be taken. When once started, the employee shall only be requested to work in an emergency. If less than 1/2 hour is taken, the remainder is to be taken when emergency is over. Supervisors shall not abuse the meaning of an emergency.

Please confirm the above understanding by signing in the space provided below, and returning two (2) copies to this office.

Sincerely,

DRIVER SALESMEN & WAREHOUSEMEN
LOCAL UNION NO. 117

Arnie Weinmeister

ARNIE WEINMEISTER, Secretary-Treasurer

AW:br

CONFIRMED:

KAISER CEMENT & GYPSUM CORPORATION

By Richard J. Wiborn

Date 3/29/76

KG2002635

KAISER
CEMENT & GYPSUM
CORPORATION

5931 EAST MARGINAL WAY SOUTH • SEATTLE, WASHINGTON 98134 • TELEPHONE 206/764-3010

February 19, 1976

Mr. Earl Bush, Admin. Assist.
Joint Council of Teamsters No. 28
553 John Street
Seattle, WA 98109

Dear Mr. Bush:

During our recent negotiations, two proposals were discussed at considerable length. Namely, Supervisory personnel working and proof of illness for sick leave pay. Therefore, this letter states the position of the Company as follows:

A. Company personnel shall not perform bargaining unit work except:

1. In emergency situations which involve immediate potential physical harm to another employee or mechanical damage to the equipment or plant itself;

2. to instruct or train employees;

3. to assist regular operators in set-up, start-up, or machinery adjustments or;

4. to perform experimental work.

B. As of July 1, 1976, only in certain specific instances, reasonable proof of illness may be required by the Employer; but for the most part, a doctor's certificate for sick leave pay will not be necessary. We feel that as long as sick leave is not taken advantage of, no problem will exist.

If you have any questions regarding the above, please do not hesitate to contact us.

Sincerely,

KAISER CEMENT & GYPSUM CORPORATION

Richard J. Wiborn
Pacific Northwest
Industrial Relations Director

RJW/dw

APPENDIX 'E'

COST OF LIVING

All employees covered by this Agreement shall be covered by the provisions of a cost-of-living allowance, as set forth in this section.

The amount of the cost-of-living allowance shall be determined and redetermined as provided below on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers" (1967-69=100) published by the Bureau of Labor Statistics, U. S. Department of Labor and referred to herein as the Index.

The first cost-of-living allowance shall be effective on December 1, 1977, based on the difference between the Base Index figure of June, 1977 and the Index figure for September, 1977. Thereafter during the life of the Agreement, adjustments in the cost-of-living allowance shall be made quarterly on the basis of changes in the Index as follows:

The cost-of-living allowance shall be one cent (1¢) for every .3 points increase in the Index for each quarterly calculation up to a maximum thirty cents (30¢) per hour in any one December to September yearly period.

To illustrate the calculations:

C.P.I. Difference	Payment Date
6/77 - 9/77	12/1/77
9/77 - 12/77	3/1/78
12/77 - 3/78	6/1/78
3/78 - 6/78	9/1/78
6/78 - 9/78	12/1/78
9/78 - 12/78	3/1/79
12/78 - 3/79	6/1/79
3/79 - 6/79	9/1/79
6/79 - 9/79	12/1/79
9/79 - 12/79	3/1/80
12/79 - 3/80	6/1/80
3/80 - 6/80	9/1/80

No adjustments, retroactive or otherwise, shall be made in the amount of the cost-of-living allowance due to any revisions which later may be made in the published figures for the Index for any month on the basis of which the allowance has been determined.

The cost-of-living allowance shall become a fixed part of the base rates for any classification.

A decline in the Index shall not result in a reduction of classification base rates.

Should the Index in its present form and on the same basis as the last

Driver Sales and Warehouse
LOCAL UNION NO. 117
International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America
553 JOHN STREET • SEATTLE, WA 98109 • 622-4157
ARNIE WEINMEISTER
SECRETARY-TREASURER

January 18, 1978

Mr. Richard J. Wiborn
Director of Industrial Relations
Permanente Plant
Permanente, CA 95014

Re: Kaiser Gypsum/Teamsters #117 Labor Agreement

Dear Dick:

In accordance with our telephone conversation, the following should be incorporated in the recently negotiated Kaiser Gypsum Agreement.

1. Article XII - Health and Welfare (maintenance of benefits clause)

   The Union will not request any increase in the benefits provided by any of the funds during the life of this Agreement. If there is an increase in payment needed to maintain the present benefits of any of the funds, the Company shall maintain such present benefits at the cost determined by the Trustees of the respective funds.

2. Article XVII - Strikes and Lockouts - second paragraph should read as follows:

   Employees shall not refuse to handle any merchandise, except that in the event of a strike by members of the Union or the I.B.T. - I.L.W.U. northern California Warehouse Council against an Employer not a member of the Association, employees shall not be required to handle merchandise destined to or shipped from such struck warehouse, provided such merchandise is not ordinarily handled by the Employer-member of this Association.

KG2002638

Index published prior to September 1, 1976 become unavailable, the parties shall attempt to adjust this section or, if agreement is not reached, request the Bureau of Labor Statistics to provide appropriate conversion or adjustment which shall be applicable as of the appropriate adjustment date and thereafter.

It is understood that the parties hereto may determine during the life of this contract what application shall be made in such cost-of-living increases in reference to where the same will be applied on provisions of this contract.

If the above meets with your approval, please sign the original and return to this office.

Sincerely,

DRIVER SALES & WAREHOUSE LOCAL UNION NO. 117

Earl

EARL D. BUSH, Business Representative

EDB:se

APPROVED:

By: Richard J. Wiborn

Richard J. Wiborn, Director of Industrial Relations
Kaiser Cement & Gypsum Corporation

M. R.
DJT
KMC

AGREEMENT

THIS AGREEMENT, made and entered into this first (1st) day of September, 1977 by and between KAISER CEMENT AND GYPSUM CORPORATION, (hereinafter referred to as the "Employer") and the INTERNATIONAL UNION OF OPERATING ENGINEERS, AMERICAN FEDERATION OF LABOR, (hereinafter referred to as the "Union"), on behalf of its Local Union 286.

WITNESSETH THAT:

The parties hereto agree as follows:

ARTICLE I - PURPOSE OF AGREEMENT

It is the intent and purpose of the parties hereto to set forth herein the basic agreement covering rates of pay, hours of work and conditions of employment to be observed between the parties hereto with respect to the employees covered hereby and as hereinafter defined.

ARTICLE II - SCOPE OF AGREEMENT

The term "employee" and "employees" as and wherever used in this Agreement shall mean and include all boiler operators employed by the Employer at its Gypsum plant located in Seattle, Washington, but excluding all production, maintenance, office, clerical, technical and professional employees, watchmen and guards and supervisors as defined in the National Labor Relations Act.

ARTICLE III - RECOGNITION AND UNION SECURITY

(A) The Employer recognizes the Union as the exclusive bargaining agency for its employees for the purposes of collective bargaining in respect to rates of pay, wages, hours or other conditions of employment.

(B) All employees shall be required to become members of the Union on or before the thirty-first (31st) day following the beginning of employment, or the effective date of this Agreement, whichever is the later, and thereafter to maintain membership in the Union during the term of this Agreement as a condition of employment; provided, however, that the Employer shall not be obligated to discharge any employee for failure to apply for or maintain membership in the Union as herein provided until a competent replacement can be obtained.

(C) New employees and those hired after a break in continuity of service will be regarded as probationary employees for the first thirty (30) working days of their employment and will receive no continuous service credit during such period. Probationary employees may be transfereed, laid off or terminated at the discretion of the Employer. Probationary employees continued in the service of the Employer subsequent to the thirty (30) working days from the date of hire shall receive full continuous service credit from the date of hire.

(D) The Union will furnish to the Employer a notarized list of its members who are employees of the Employer, which list shows the name, address, and badge number of each employee. On or before the last day of each calendar month, the Union shall submit to the Employer a notarized supplemental list, showing the same information regarding each employee included in such supplemental list as the notarized list first referred to, covering all employees who shall have become members of the Union since the last previous list of members of the Union was furnished to the Employer. For each employee included in the aforesaid lists to be supplied to the Employer by the Union and and for whom the Employer has received a written assignment, not irrevocable for a period of more than one (1) year, or beyond the termination date of this Agreement, whichever occurs sooner, executed by the employee concerned authorizing the Employer so to do, the Employer shall deduct from the first (1st) day of each succeeding calendar month (if Employer's payroll system reasonably so permits and in any event from the second (2nd) pay of such month) the Union dues for the preceding month, and when permitted by law, and if indicated on such lists, the initiation fee due the Union from any employee. All amounts deducted by the Employer from the pay of any employee hereunder shall be remitted by the Employer to the Secretary-Treasurer of the respective Union local.

(E) The Union shall indemnify the Employer and hold it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action that shall be taken by the Employer for the purpose of complying with any provisions of this Article III or in reliance upon any list of certificate which shall have been furnished to the Employer under any such provisions.

ARTICLE IV - WAGES

Effective on the respective dates set forth in Appendix "A", which is attached hereto and by this reference made a part hereof, the standard hourly wage scale for each classification shall be as set forth in Appendix "A".

ARTICLE V - HOURS OF WORK

(A) The work day for non-shift day workers shall be eight (8) hours within nine (9) hours between 8:00 a.m. and 5:00 p.m.; the work day schedule for shift workers shall be:

First Shift:	8:00 a.m. to 4:00 p.m.
Second Shift:	4:00 p.m. to 12:00 a.m.
Third Shift:	12:00 a.m. to 8:00 a.m.

unless otherwise agreed between the Employer and the Union.

The Employer will, subject to the requirements of continuous and efficient operations, exercise its efforts in good faith to the end that all workers will be scheduled on a basis of five (5) consecutive days of work followed by a rest period of forty-eight (48) consecutive hours; provided, however, the final right to arrange weekly work schedules rests exclusively with the Employer. Nothing herein shall prevent the Employer from scheduling employees to work more than five (5) consecutive days without incurring overtime liability, subject to

KG2002642

the provisions of Article VI.

(B) Time for meals not to exceed one-half (1/2) hour per shift shall be allowed shift workers working a three-shift schedule.

(C) Whenever an employee is held over from the shift on which he had been working to the following shift due to the failure of a relief employee to report to work as scheduled, the employee so held over shall be given the option of continuing to work the remainder of such following shift or to leave and be paid for only the hours so worked in the event such relief employee reports late to work on such following shift. It is understood by the parties hereto that any employee reporting to work late is not eligible for reporting pay under Section (G) of Article VI of this Agreement nor, is the Employer under obligation to put a late employee to work.

ARTICLE VI - OVERTIME AND ALLOWED TIME

(A) Definitions:

The term "payroll week" shall mean and consist of the seven (7) consecutive days commencing at 8:01 a.m., Monday and ending the following Monday at 8:00 a.m.

(B) Overtime shall be paid at the rate of time and one-half of the rate set forth in Article IV of this Agreement, if effect for the particular classification of work the employee is performing during the following hours:

(1) Hours worked in excess of eight (8) in a day.

(2) Hours worked on Saturday. (8:01 a.m. Saturday to 8:00 a.m. Sunday.)

(C) Overtime shall be paid at the rate of double the rate of pay in effect for the particular classification of work the employee is performing for hours worked on Sunday. (8:01 a.m. Sunday to 8:00 a.m. Monday.)

(D) Overtime payment shall not be duplicated for the same hours worked under any of the terms of this Agreement, and to the extent that hours are compensated for at overtime rates under one provision, they shall not be counted as hours worked in determining overtime under the same or any other provision.

(E) Any employee called out to work after the starting time of any shift shall be given four (4) hours' work or pay for four (4) hours in the event he is not put to work.

(F) An employee who is regularly scheduled to report and who does report for work on time shall be given four (4) hours' work, or pay for four (4) hours in the event he is not put to work.

(G) Allowed time (where no work is performed) under Sections (E) and (F) of this Article shall not be included in the hours worked during the work day or week for purposes of calculation overtime and

KG2002643

likewise shall not be paid for at overtime rates. Hours actually worked under Sections (E) and (F) of this Article shall be paid for at overtime rates only when they constitute overtime under the provisions of Sections (B) and (C) of this Article.

(H) The provisions of Sections (E) and (F) of this Article do not apply in the event that:

(1) strikes, work stoppages in connection with labor disputes, or failures of utilities, or acts of God interfer with work being provided; or

(2) an employee is not put to work or is laid off after having been put to work; either at his own request or due to his own fault; or

(3) the Employer gives such reasonable notice, as determined by the Employer and the Union, or a change in schedule or reporting time and that the employee scheduled or notified to report for work need not report.

ARTICLE VII - SHIFT DIFFERENTIALS

(A) Employees scheduled and working on the second shift shall receive twenty (20) cents per hour wage differential above the basic straight time hourly rate for the hours worked.

(B) Employees scheduled and working on the third shift shall receive twenty-seven (27) cents per hour wage differential above the basic straight time hourly rate for the hours worked.

(C) Pay for consecutive hours of daily overtime worked by shift workers beyond scheduled shifts (eight (8) hours) shall be calculated and paid on the clock basis of the applicable shift differential.

ARTICLE VIII - SENIORITY

(A) In all cases of promotion, except those to positions excluded under the definition of "employees" in Article II hereof, and in all cases of increase or decrease in forces, the following factors listed below shall be considered. However, only where both factors (2) and (3) are relatively equal shall continuous service be the determining factor.

(1) Continuous service

(2) Ability to perform work

(3) Physical fitness

(B) There shall be no deduction for any time lost which does not constitute a break in continuous service. Continuous service is broken by:

(1) Voluntarily quitting the Employer

KG2002644

(2) Absence due to discharge or termination.

(3) Suspension or leave of absence, either of which continues for more than six (6) months.

(4) Absnece due to either layoff or disability, or both, which continues for more than two (2) years; provided, however, that employees injured while on duty, for which Workmen's Compensation is payable, shall accumulate credit for continuous service until the termination of the period for which their statutory compensation is payable.

(5) Leaves of absence for pregnancy shall be granted to employees with one (1) or more years of seniority without pay or benefits, as follows: Such employees may continue in employment during pregnancy up to but not including the seventh (7th) month of pregnancy if the employee's doctor certifies in writing that the employee is capable of continuing in employment without danger to herself. Prior to the seventh (7th) month the employee must advise the Employer in writing that she will wish to return to work after the birth of her child, and she must thereafter return ready and able to work within sixty (60) calendar days from the date of birth, with a doctor's certificate stating that she is capable of resuming her normal full-time employment. Employees who neglect or who find it impossible to comply with the foregoing shall lose all right to employment.

(6) Any employee covered by this Agreement and agreements supplementary hereto who leaves a position other than a temporary position with any Employer covered by this Agreement, for immediate induction into any of the armed forces of the United States, shall be re-employed if application is made within ninety (90) days after he is discharged from the armed forces in accordance with the provisions of Section 9B of the Selective Service Act of 1948 and any official amendment or modification thereof.

(C) Continuous service shall only include service with the Employer and shall not be transferable between the Employer's plants.

(D) The Employer will discuss with the Union in advance any job classification or content change which may be contemplated. Whenever the Employer establishes a new job classification or revises an existing classification, the wage rate applicable thereto shall be subject to negotiation between the parties. If agreement on the rate is not reached within 10 days, then the Union may invoke the Grievance Procedure.

(E) The parties hereby agree to continue to apply the provisions of this Agreement to all employees without regard to race, age, sex, religion, color, national origin, ancestry, or Union activities.

KG2002645

ARTICLE IX - MEAL PERIODS

Any person required to work over five (5) continuous hours without time out for meals shall be paid time and one-half his standard hourly wage scale for the time worked over five (5) hours until his meal period is provided.

ARTICLE X - HOLIDAYS

(A) New Year's Day, Washington's Birthday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, the Friday after Thanksgiving Day, Day Before Christmas, Christmas Day, the employee's birthday, and the scheduled day preceding New Year's Day shall be recognized as holidays. Holidays falling on a Sunday shall be recognized on the following Monday. Holidays falling on a Saturday shall be recognized on either Friday or Saturday at the option of the Employer, but shall be designated accordingly with advance notice to the employees. The scheduled day preceding New Year's Day will be a holiday (i.e., if New Year's Day falls on a Monday, the preceding Friday shall be the last scheduled work day). If an employee desires to have a holiday off for which he is scheduled, he shall be responsible for arranging his own relief and shall so notify his supervisor. Labor Day, Christmas Day and New Year's Day shall be considered as mandatory holidays and if the Employer desires to work on those holidays, he shall post a sign-up sheet forty-eight (48) hours in advance of the holiday. Monday holidays as designated by Presidential Order shall be recognized holidays.

(B) An employee shall be paid for eight (8) hours at his regular straight rate of pay, including shift differentials, for each of the foregoing named holidays when not worked.

(C) All work performed on a holiday shall be paid at two and one-half times (2½) the straight time rate, including shift differentials.

(D) All overtime work performed on a holiday shall be paid for at two and one-half (2½) times the straight time rate, including shift differentials.

(E) To be eligible for holiday pay under the provisions of Paragraph (B) above, an employee must have been continuously in the employ of the Employer for at least thirty (30) calendar days prior to the holiday.

(F) To be eligible for holiday pay under any of the above provisions, an employee must have worked his last regularly scheduled work day immediately preceding the holiday and his first regularly scheduled work day immediately following the holiday. However, the absence of an employee from work on any such work day because of illness or injury evidenced by a doctor's certificate shall not disqualify him from receiving holiday pay.

(G) When an employee is absent due to either an industrial or non-industrial accident or illness and a recognized holiday(s) falls within a 30-day calendar period following his last regularly scheduled work day, he will be eligible for holiday pay, upon his return to work.

KG2002646

providing medical evidence substantiates the absence. Payment will be made as contractually provided unless State U.C.D., Workmen s Compensation, Sick Leave benefits are being paid. Then the Employer will supplement these benefits to provide total pay equal to eight (8) hours at the employee's straight time rate of pay.

ARTICLE XI - VACATIONS

(A) Employees who have been in the service of the Employer continuously for one (1) year or more shall be entitled to one (1) week's vacation. Employees who have been in the service of the Employer continuously for two (2) years or more shall be entitled to two (2) week's vacation. Employees who have been in the service of the Employer continuously for five (5) years or more shall be entitled to three (3) week's vacation. Employees who have been in the service of the Employer continuously for twelve (12) years or more shall be entitled to four (4) week's vacation effective on ratification of agreement. Employees who have been in the service of the Employer continuously for twenty (20) years or more shall be entitled to five (5) week's vacation. Completion of the full periods of service specified above shall be a condition precedent to eligiblilty for the vacations provided above, respectively. In any event, an employee must have worked a minimum of twelve hundred (1200) hours in any vacation year to qualify him for a vacation.

(B) Vacation pay shall include appropriate shift differential for those on fixed shifts.

(C) (1) Any employee who, upon his vacation anniversary date, has not worked a minimum of twelve hundred (1200) hours with such preceding vacation year shall be eligible for prorated vacation pay to be computed as follows:

(2) Employee entitled to one (1) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, four (4) hours paid.

(3) Employee entitled to two (2) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, eight (8) hours paid.

(4) Employee entitled to three (3) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, twelve (12) hours paid.

(5) Employee entitled to four (4) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, sixteen (16) hours paid.

(6) Employee entitled to five (5) week's vacation and who did not make twelve hundred (1200) hours shall receive for every one hundred twenty-five (125) paid hours, twenty (20) hours paid.

KG2002647

(7) No employee should receive any proration of vacation unless he has one year of service with the Employer.

(D) No employees shall receive more than one vacation in any continuous twelve (12) months of service for the employer.

(E) Vacations may be taken at any time at the employee's convenience, provided ample notice is given to the Employer; and provided further, no interference with the Employer's operations will result. It shall be in the sole discretion of the Employer to determine whether interference with the Employer's operation would result from an employee taking a vacation at any specified time.

(F) When a holiday specified in Article X falls on a day within an employee's vacation period, he shall receive eight (8) hours additional vacation pay or an extra day off.

(G) Where requested vacation periods conflict, preference shall be given to the oldest employee in point of service.

(H) Employees who are on a leave of absence from work due to an accident or illness (industrial or non-industrial) shall be credited with hours worked (for purpose of vacation credit accrual) at the rate of 173 hours for each full month he is off work up to a maximum of 1,000 hours for each accident or illness. Such hours shall be credited to the employee when he returns to work. In the case of shorter absences he shall be credited with forty (40) hours for each full week of absence.

(I) Employees who are temporarily laid off shall receive credit for hours worked (for purpose of vacation credit accrual) at the rate of 173 hours for each full month he is off work up to a maximum of 500 hours. Such hours shall be credited to the employee when he returns to work.

(J) The hours of credit to be applied under (G) and (H) above shall only apply to those employees returning to work with continuous service.

ARTICLE XII - HEALTH & WELFARE

(A) The Employer will pay the cost for each eligible employee and eligible dependents, a Health and Welfare coverage including:

(1) Medical Plan
(2) Life Insurance (employees only)
(3) Dental Plan
(4) Prescription Plan
(5) Vision Plan

These plans are set forth in Appendix "B" attached hereto.

(B) Sick Leave

Each employee covered by this Agreement who has been continuously employed for a period of at least one (1) year shall thereafter be

KG2002648

entitled to six (6) days (forty-eight (48) straight time hours) sick leave with pay per year. A doctor's certificate or other reasonable proof of illness may be required by the Employer. It is understood that those employees who become too ill to work during their shift and who have to go home shall be paid sick leave if they apply for it. Such sick leave with pay including appropriate shift differential for those on fixed shifts shall be applicable only in cases of bona fide illness or accident and shall be paid in the following manner:

(1) If an employee is absent from work on the day before any of the holidays listed in Article X or the day after any such holidays, due to bona fide illness or accident, said holiday shall be considered a work day's absence within the meaning of this Article.

(2) For the purposes of this Article, full pay shall mean pay for the regular daily schedule of working hours, for those days which the employee would have worked had the disability not occurred, calculated at straight time. The waiting period herein provided before full pay commences shall apply for each illness or accident in case the sick benefit allowance has not been used up in previous illnesses.

(3) Sick benefits - Unused sick pay to be paid off in December of each year.

(4) In industrial injury or disability cases, Workmen's Compensation or Unemployment Disability (UCD) and sick benefit allowance shall be paid separately, but in the event Workmen's Compensation payments or Unemployment Disability payments cover all or part of the period during which sick benefit allowances are paid, the sum of the two shall not exceed the sick benefit payable for said period, the unused portion of accumulated sick leave will continue to be credited to the employee. Integration of sick leave benefits with Workmen's Compensation or Unemployment Disability payments is to be automatic; the Employer may not waive integration, and any employee entitled to Workmen's Compensation or Unemployment Disability payments must apply therefore (in order that the principle of integration may be applied) before sick benefits are payable.

ARTICLE XIII - PENSIONS

The Employer shall pay into the Central Pension Fund of the International Union of Operating Engineers and Participated Employers a sum of sixty cents (60¢) per hour or all compensable hours. Not to exceed $103.80 per month.

Effective February 1, 1978, based on January 1978 hours, the amount of sixty-five cents (65¢) per hour on all compensable hours. Not to exceed $112.45 per month.

Effective February 1, 1979, based on January 1979 hours, the amount of seventy cents (70¢) per hour on all compensable hours. Not to exceed $121.10 per month.

KG2002649

Effective February 1, 1980, based on January 1980 hours, the amount of seventy-seven cents (77¢) per hour on all compensable hours. Not to exceed $133.21 per month.

ARTICLE XIV - ADJUSTMENT OF GRIEVANCE

(A) Purpose

It is the intent and purpose of this Article, which shall be available to both the Union and the Employer, to provide for the presentation and equitable adjustment of grievance.

(B) Grievance Procedure

Step 1. Any complaint or grievance arising under this Agreement must be presented first by the complainant to his foreman within twenty-one (21) working days after the occurrence of the event causing the grievance, and the foreman shall give an answer to the complainant within one (1) working day after his discussion with the complainant. If the foreman's decision is not appealed to Step 2, the grievance shall be considered settled on the basis of the decision made, and shall not be eligible for further appeal.

Step 2. In order for a grievance to be considered further, it must be filed in writing within three (3) days after the foreman's answer, exclusive of Saturdays, Sundays and holidays. Grievances filed in this second step shall be in wriiting on grievance forms furnished by the Employer, shall be dated and signed by the employee and his Union local representative, and three (3) copies delivered to the Industrial Relations Representative. Such grievance shall be discussed in an attempt of settlement at a mutually convenient time within three (3) days after presentation to the Industrial Relations Representative. The Industrial Relations Representative will insert in the appropriate place on the form his disposition of the matter, sign and date the same, and return one copy to the Union's local representative within five (5) working days from the date of presentation in this Step 2. If the decision of the Industrial Relations Representative is not appealed to Step 3, the grievance shall be considered settled on the basis of the decision last made, and shall not be eligible for further appeal.

Step 3. In order for a grievance to be considered further, it shall be appealed by the Union local for consideration to the Manager of Industrial Relations of the Employer within ten (10) working days after the decision of the Industrial Realtions Representative. The Manager of Industrial Relations or his authorized designee, shall, within ten (10) working days after receipt of the appeal, confer with the Director of the Union, or his designee, in an attempt to settle the same. After such discussion, the Manager of Industrial Relations, or his designee, shall render his decision in writing to the Director of the Union. If such decision is unsatisfactory to the Union, the Union may, by written notice served on the Employer within thirty (30) days from receipt of such decision, appeal the grievance to arbitration as hereinafter provided. If the decision in this step is not appealed to arbitration as above provided, the grievance shall be considered settled on the basis of such decision, and shall not be eligible for further appeal.

KG2002650

Step 4. A grievance appealed from Step 3 shall be submitted to an impartial umpire to be appointed by mutual agreement of the parties hereto and whose decision shall be final. In the event mutual agreement cannot be reached on an umpire within ten (10) days from receipt of notice of appeal to arbitration, the parties shall appeal to the American Arbitration Association for a panel of seven (7) names. If the parties cannot agree upon one of the individuals named in the panel submitted, the Employer and the Union shall strike names alternately until one (1) name remains, and he shall be the arbitrator.

The arbitrator shall not have the power to alter or amend the terms of this Agreement, and the cost of said arbitration proceeding shall be borne equally by the Employer and the Union.

(C) Failure by the Employer to render its decision in Steps 2 and 3 within the time therein provided for (including mutally agreed to extension periods) shall be deemed to constitute a granting of the grievance by the Employer. Waiver by the Union or by an employee as hereinbefore provided for, due to failure to process the grievance within the time periods established, or automatic granting of a grievance by the Employer due to its failure to render a decision within the prescribed time limits, shall not constitute a binding precedent upon either party on the merits of the particular grievance, in the event of a later recurrence of any situation which gives rise to the grievance so waived or automatically granted.

(D) If this Agreement is violated by the occurrence of a strike, work stoppage or interruption or impeding of work, no grievance shall be discussed or processed while such violation continues.

ARTICLE XV - JURY DUTY ALLOWANCE

Any employee who has completed thirty (30) days of employment with the Employer who is required to perform jury duty will be entitled to reimbursement at the straight time hourly rate of his regular job for the hours necessarily lost as a result of serving on the jury, provided, however, that such reimbursement shall not exceed eight (8) hours per day or forty (40) hours per week, less pay received for jury duty. For the purpose of this Article time spent in court in response to a summons for jury duty shall be considered as a service on a jury. The employee will be required to furnish a signed statement from a responsible officer of the court as proof of jury service and jury duty pay received.

Hours paid for jury duty will be counted as hours worked for the purpose of computing vacation and holiday pay but will not be counted as hours worked for the purpose of computing overtime.

ARTICLE XVI - FUNERAL LEAVE

In the event of a death in the immediate family of an employee who has completed thirty (30) days employment, he shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and attend same, not to exceed three (3) regularly scheduled working days. This provision does not apply if the death occurs during the employee's paid vacation, or while the employee is

KG2002651

on leave of absence, layoff, or sick leave, and does not apply to death resulting from earthquake.

For the purpose of this provision, the immediate family shall be restricted to father, stepfather, mother, stepmother, borther, stepson, sister, stepdaughter, spouse, child, mother-in-law and father-in-law. At the request of the Employer, the employee shall furnish a death certificate and proof of relationship.

Funeral leave applies only in instances in which the employee attends the funeral, or is required to make funeral arrangements, but is not applicable for other purposes such as settling the estate of the deceased.

ARTICLE XVII - STRIKES AND LOCKOUTS

There shall be no strikes, lockouts or any interruption or cessation of work by either party on account of any labor dispute or matter arising under this Agreement. No picketlines shall be established by the Union, nor shall any picketlines established by others be respected. Should any differences arise between the Employer and the Union as to the meaning or application of the provisions of this Agreement, the same shall be disposed of in accordance with the provisions of Article XIV of this Agreement.

ARTICLE XVIII - MANAGEMENT

The management of the works and plant and the direction of the working forces, including the right to hire, suspend, or discharge for proper cause, or transfer, and the right to relieve employees from duty because of lack of work, or for other legitimate reasons, is vested exclusively in the Employer, provided that this will not be used for purposes of discrimation against any employee for Union activity.

ARTICLE XIX - SAVINGS CLAUSE

Should any of the terms and conditions of this Agreement be invalid under applicable Federal or State laws, the remaining terms and conditions shall continue in full force and effect.

ARTICLE XX - DURATION OF AGREEMENT

Except as otherwise specifically provided, this Agreement is effective as of September 1, 1977, and shall remain in effect until September 1, 1980, and from year to year thereafter unless written notice of a desire to terminate or amend this Agreement is given sixty (60) days prior to September 1, 1980, or any such yearly expiration date by either of the parties to this Agreement. Such written notice as aforesaid shall indicate the nature of the changes and amendments proposed, and negotiations regarding the same shall commence within thirty (30) days after delivery of such notice. In the event negotiations fail to arrive at agreed changes prior to the termination date of this Agreement, the same shall continue in effect without revision until changes can be agreed upon, but in no event beyond sixty (60) days after the termination date of this Agreement, except by mutual consent of the parties.

KG2002652

ARTICLE XXI - TRANSFER OF COMPANY TITLE OR INTEREST

This agreement shall be binding upon the parties hereto, their Successors, Administrators, Executors and Assigns. The Company shall give notice of the existence of this agreement to any such successor, and request their assumption of the agreement and the retention of employees. A copy of such notice shall be provided to the Union at the time of the transaction. Should the successor through exercise of their separate legal rights decline to offer employment to any or all employees covered by this agreement, then the Company agrees to discuss with the Union the effect of such action on the concerned employees. Further, the Company agrees to bargain collectively with the Union with regard to employees not offered continued employment as though such employees were being terminated due to a plant closing.

ARTICLE XXII - NOTICE

Any notice to be given under this Agreement shall be given by Registered Mail and addressed to the respective parties as follows:

Manager of Industrial Relations
Kaiser Cement & Gypsum Corporation
300 Lakeside Drive
Oakland, California 94604

Secretary & Business Representative
International Union of Operating
Engineers, Local No. 286
2716 Western Avenue
Seattle, Washington 98121

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

KAISER CEMENT AND GYPSUM CORPORATION

By R. J. Wilson

By

By

By

INTERNATIONAL UNION OF OPERATING ENGINEERS

By Clayton F. Nelson

By Hugh R. Smith

By

By

KG2002653

APPENDIX 'A'

WAGE RATES

Job Classification (Title)	Effective** 9-1-77 *	Effective 9-1-78 +.45/hr.	Effective 9-1-79 +.50/hr.
Boiler Operator	$7.955		
Chief Boiler Operator	8.205		

*Cost-of-Living effective 12/1/77
See Appendix 'D'

**Effective on 12/22/77 the above classifications will increase five cents (5¢) in lieu of the Layoff, Disability and Severance Fund.

KG2002654

APPENDIX 'B'

HEALTH & WELFARE

(1) Medical Plan - Same as present.

(2) Major Medical - Same as present.

(3) Life Insurance - Effective 2/1/78 increase from $6,000 to $8,000 (employee only).

Accidental Death & Dismemberment - Effective 2/1/78 (24 Hour Coverage) increase from $6,000 to $8,000 (employee only).

(4) Dental - Effective 2/1/78 change to B-17.

(5) Prescription Drug - Same as present.

(6) Vision - Effective 2/1/78 provide Vision Plan E-05.

(7) Accident & Sickness - (Non-Occupational) Same as present.

Effective 7-1-72

Any employee retiring under the pension plan shall have the present H & W medical plan continued at Employer expense. Said plan shall be integrated with Medicare and shall contain a non-duplication clause.

APPENDIX 'C'

COST OF LIVING

All employees covered by this Agreement shall be covered by the provisions of a cost-of-living allowance, as set forth in this section.

The amount of the cost-of-living allowance shall be determined and redetermined as provided below on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers" (1967-69=100) published by the Bureau of Labor Statistics, U. S. Department of Labor and referred to herein as the Index.

The first cost-of-living allowance shall be effective on December 1, 1977, based on the difference between the Base Index figure of June, 1977 and the Index figure for September, 1977. Thereafter during the life of the Agreement, adjustments in the cost-of-living allowance shall be made quarterly on the basis of changes in the Index as follows:

The cost-of-living allowance shall be one cent (1¢) for every .3 points increase in the Index for each quarterly calculation up to a maximum thirty cents (30¢) per hour in any one December to September yearly period.

To illustrate the calculations:

C.P.I. Difference	Payment Date
6/77 - 9/77	12/1/77
9/77 - 12/77	3/1/78
12/77 - 3/78	6/1/78
3/78 - 6/78	9/1/78
6/78 - 9/78	12/1/78
9/78 - 12/78	3/1/79
12/78 - 3/79	6/1/79
3/79 - 6/79	9/1/79
6/79 - 9/79	12/1/79
9/79 - 12/79	3/1/80
12/79 - 3/80	6/1/80
3/80 - 6/80	9/1/80

No adjustments, retroactive or otherwise, shall be made in the amount of the cost-of-living allowance due to any revisions which later may be made in the published figures for the Index for any month on the basis of which the allowance has been determined.

The cost-of-living allowance shall become a fixed part of the base rates for any classification.

A decline in the Index shall not result in a reduction of classification base rates.

Should the Index in its present form and on the same basis as the last

KG2002656

Index published prior to September 1, 1976 become unavailable, the parties shall attempt to adjust this section or, if agreement is not reached, request the Bureau of Labor Statistics to provide appropriate conversion or adjustment which shall be applicable as of the appropriate adjustment date and thereafter.

It is understood that the parties hereto may determine during the life of this contract what application shall be made in such cost-of-living increases in reference to where the same will be applied on provisions of this contract.

SCHEDULE X

See Clause 9.B of the sales Agreement regarding the applicable pension agreement for salaried employees.

SCHEDULE XI

Buyer represents that there is no (1) litigation, (2) investigations, or (3) proceedings which might affect Buyer's ability to perform under this Agreement.

EXHIBIT A

See attached copy of Seller's Standard Form Warranty for sales of gypsum products.

KAISER GYPSUM COMPANY, INC.

TERMS AND CONDITIONS OF SALE

In the event Buyer's purchase order states terms additional to or different from these Terms and Conditions of Sale then Seller's acknowledgment in accordance with the terms hereof shall be deemed a notification of objection to such additional and or different terms, or in the event such purchase order expressly limits acceptance to its terms the Seller's acknowledgment in accordance with the terms hereof shall be deemed a rejection of Buyer's offer to purchase, and in either event Seller's acknowledgment shall constitute an offer to sell [illegible] in accordance with its terms and without modification, addition or alteration. THE FAILURE OF BUYER TO DELIVER NOTIFICATION OF OBJECTION TO THESE TERMS AND CONDITIONS OF SALE WITHIN A REASONABLE TIME SHALL BE DEEMED AN ACCEPTANCE THEREOF AND A CONTRACT SHALL BE FORMED ONLY UPON SUCH TERMS AND CONDITIONS OF SALE.

1. PRICE:
The prices of Seller's products are subject to adjustment, without prior notice, to the Seller's prices in effect at the time of each shipment. Said prices do not include sales, excise or other taxes payable on account of this transaction and all taxes now in effect, and/or hereafter levied which are applicable to this transaction and all increases thereon, shall be added to the prices specified and shall be paid by the Purchaser.

2. TERMS OF PAYMENT
Cash discount, when applicable will be stated on each individual invoice and will be allowed only if taken within the time stated thereon, and provided there are no past due items. Otherwise the net amount of invoices will be payable by the Purchaser on or before the last day of the month in which a cash discount would have been allowed as stated on the face of the invoice. Overdue invoices shall bear interest at the rate of nine percent (9%) PER ANNUM or the maximum rate of interest permitted by law, whichever is less. Purchaser's payments on overdue invoices shall be applied first against accrued interest. Purchaser agrees to pay all of Seller's costs of collection hereunder including reasonable attorneys fees.

3. CREDIT:
All orders are subject to approval and acceptance by the General Sales Office of the Seller. Seller reserves the right to reject any orders, as well as the right to select its own customers. If, at any time, Seller deems the financial responsibility of the Purchaser unsatisfactory, it reserves the right to require payment in advance, or other security or guarantee that invoices will be promptly paid when due. If Purchaser fails to comply with the terms of payment or with any other terms of sale, Seller shall have the right to withhold further deliveries or to cancel the unfilled portion of any order, and all unpaid accounts shall thereupon become due and payable without prejudice to any claims for damages Seller may be entitled to make.

4. DELIVERY AND SHIPMENT:
A. All risk of loss, damage and other incidents of title and ownership shall pass to Purchaser upon delivery to carrier at Seller's shipping point and such delivery shall constitute delivery to Purchaser. In order to secure Purchaser's performance until payment in full is received, Seller retains: (i) the right at any time to identify the products to the contract, (ii) the rights to divert or stop in transit, (iii) the right to resell, and (iv) a "purchase money security interest," as defined in Cal. Commercial Code §9107, in the products described herein and the proceeds or products thereof. Information concerning said security interest may be obtained from Seller at "300 Lakeside Drive, Oakland, California, Attention: Credit Manager."
B. Weights of shipments will be the minimum weights established by Seller, subject only to minimum weights required under government regulations or as published or established in applicable freight tariffs. Shipment shall be made either freight charges collect or prepaid at Seller's option. In the event shipment is made collect, any allowances for freight or applicable rates which has been included in the price will be made on Seller's invoice. Switching charges, stopover charges, demurrage, private spur rentals and any other such costs will be for the account of and paid by Purchaser. Seller reserves the right to specify the mode of transportation and routing of all shipments, and to designate the plant from which shipment is to be made. Where Seller agrees to Purchaser's request for any special mode of transportation or routing of shipments, any excess charges resulting therefrom shall be for the Purchaser's account. Except where otherwise specified herein, weights of shipments shall be determined by reference to carrier's receipt for such shipment at Seller's shipping point.

5. GENERAL LIABILITY
Every effort will be made to make delivery as promptly as possible but delivery dates or time of arrival of shipments at destination will not be guaranteed by Seller. In no event shall Seller be liable for failure or delay in performance or delivery when such failure or delay result from or in connection with strikes, boycotts or other labor troubles of any kind, Seller's participation at the request or urging of any government or governmental corporation, agency or bureau in any plan, policy or program of general public interest respecting priorities, allocations, limitations or other restraints which affect manufacture or delivery hereunder; or any other cause or occurrence beyond Seller's control, including but not limited to, riots, insurrections, revolutions, wars (declared or undeclared), acts of the public enemy, fires, inclement weather, floods, windstorms, tornadoes, cyclones, tidal waves, lightning, earthquakes, or other acts of God, explosions, sabotage, landslides, embargoes, quarantine restrictions, damage, destruction or breakdowns of any kind of Seller's equipment or facilities necessary for performance hereunder arising from any cause whatsoever; delays or failures of usual sources of supply of materials, equipment or transportation, shortage of transportation facilities or equipment, shortage of labor, fuel or other materials; any present or future laws, orders, regulations, directives or policies enacted, adopted, instituted or sponsored by any government or governmental corporation, agency or bureau effecting mandatory restrictions, limitations, priorities, allotments, allocations, preclusions or substitutions which delay, restrict or prevent performance hereunder, or any other cause or occurrence beyond Seller's control delaying, restricting or preventing Seller's performance hereunder, whether or not like or similar to the causes or occurrence specifically enumerated above.

6. WARRANTY.
A. Seller expressly warrants title and that the products sold by it hereunder are free from defects in materials at the time of shipment. EXCEPT FOR SUCH EXPRESS WARRANTIES, SELLER MAKES NO WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, AND ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND OTHER WARRANTIES OF WHATEVER KIND, ARE HEREBY DISCLAIMED BY SELLER AND EXCLUDED.
Seller shall have the right at its sole option to replace or repair any defective products, to refund the purchase price or to grant a reasonable allowance on account of such defects and, in any event, Sellers liability for defective products shall be limited to the extent expressly hereinafter provided in Paragraph 6A hereof.
B. SELLER ASSUMES NO LIABILITY FOR ANY FAILURE OF PURCHASER'S SPECIFICATIONS TO MEET PURCHASER'S REQUIREMENTS.

7. INSPECTION:
Purchaser shall inspect Seller's products before commencing installation, and if, for any reason, Seller's products are regarded as unsatisfactory, Purchaser shall notify Seller before installation is commenced. Seller shall not be liable for any claims made after the commencement of installation.

8. CLAIMS:
A. Any claims or exceptions by Purchaser for defective products must be made in writing within 30 days after Purchaser's receipt of shipment and in all events before installation is commenced; and Purchaser shall give Seller an opportunity to investigate. SELLER IS FURNISHING BASIC PRODUCTS AT STANDARD PRICES AND IS NOT INSURING PURCHASER AGAINST POSSIBLE CONSEQUENCES OF ERROR, OMISSION OR NEGLECT IN PRODUCTION OR DELIVERY. EXCEPT FOR BREACH OF THE EXPRESS WARRANTIES SPECIFIED IN PARAGRAPH 6A ABOVE, SELLER SHALL NOT, UNDER ANY CIRCUMSTANCES, BE LIABLE ON ACCOUNT OF ANY IMPERFECTION, DEVIATION FROM SPECIFICATIONS OR OTHER DEFECT IMPAIRING THE QUALITY, VALUE, OR SUITABILITY FOR ANY PURPOSE, OF ANY PRODUCT SOLD HEREUNDER, WHETHER CAUSED BY SELLER'S NEGLIGENCE OR OTHERWISE. IN NO EVENT SHALL SELLER BE LIABLE FOR CONSEQUENTIAL, SPECIAL, OR CONTINGENT DAMAGES, OR ANY OTHER CLAIM OR DEMAND WHATSOEVER, EXCEPT TO THE EXTENT OF THE PURCHASE PRICE OF THE PRODUCT, THE REFUND OF WHICH SHALL BE PURCHASER'S SOLE AND EXCLUSIVE REMEDY HEREUNDER. PURCHASER ASSUMES ALL RISK OF LOSS, DAMAGE OR DELAY INCIDENT TO THE FURNISHING OF ANY PRODUCT BY SELLER HEREUNDER, OR THE UTILIZATION THEREOF, EXCEPT TO THE EXTENT EXPRESSLY ABOVE PROVIDED.
B. To claim an allowance for transportation overcharges on Seller's invoice, the original paid freight bill shall be attached to Purchaser's remittance.
C. Seller shall have no responsibility to make any claim for loss, damage or injury to shipment caused by the carrier or others after delivery to carrier at Seller's shipping point. Any claim by Purchaser against Seller for shortage or damage occurring prior to such delivery must be made within five days after receipt of shipment and accompanied by original transportation bill signed by carrier noting that carrier received material from Seller in the condition claimed.

9. SPECIAL OR NONSTOCK MATERIALS:
In the case of special or nonstock materials, Purchaser's cancellation will not be accepted with respect to finished items and items within 10 days of completion and on other items in the process of manufacture, the cancellation charge shall be the percentage of completion as applied to the purchase price. Where unprocessed material only is involved, the cancellation charge shall be the cost of the material plus 10%.

10. MISCELLANEOUS CONDITIONS.
A. The waiver by Seller of any term, provision or condition herein stated shall not be construed to be a waiver of any other term, condition or provision hereof, nor shall such waiver be deemed a waiver of a subsequent breach of the same term, condition, or provision nor shall it be deemed a waiver of any conditions in any subsequent order.
B. Purchaser may not cancel or modify any order or request the privilege of making any changes in specification except in writing and with the express consent of Seller and subject to such conditions as will save Seller harmless from any loss by reason thereof. This acknowledgment constitutes the sole and entire agreement between Purchaser and Seller and none of the terms and conditions contained herein may be added to, deleted, modified or altered except by a written instrument signed by Seller. There are no oral understandings, representations or agreements relative to this acknowledgment which are not fully expressed herein.
C. The laws of the State of California shall govern the validity, interpretation and enforcement hereof.

KG2002661

GYPSUM ROCK SUPPLY CONTRACT
(Seattle)

THIS AGREEMENT made this _____ day of February, 1978, is between KAISER GYPSUM COMPANY, INC., a Washington corporation (hereinafter with its subsidiaries referred to as "Seller") and NORWEST GYPSUM, INC., a Washington corporation (hereinafter referred to as "Buyer").

WHEREAS, Seller currently owns all interest in COMPANIA OCCIDENTAL MEXICANA, S.A., a Mexican corporation (hereinafter referred to as "C.O.M.S.A.") which operates under a concession from the Republic of Mexico certain gypsum deposits on the Island of San Marcos, Territory of Baja California, Republic of Mexico (hereinafter referred to as "San Marcos Island") and is in the business of mining and selling gypsum rock from such deposits; and

WHEREAS, Buyer desires, and Seller is willing to insure a long-term source of gypsum rock to Buyer's gypsumboard manufacturing plant located at Seattle, Washington (hereinafter referred to as the "Seattle Plant");

NOW, THEREFORE, it is agreed as follows:

1. Purchase and Sale. Seller agrees to sell (or cause to be sold by others) to Buyer, and Buyer agrees to purchase and pay for, gypsum rock of the quality and in the quantities and at the prices and on the terms and conditions hereinafter set forth.

2. Specifications. All the gypsum rock to be sold by Seller and purchased by Buyer under this Agreement shall be crude gypsum rock at least equal in quality in every respect to the crude gypsum rock supplied by Seller to its own plants on the western seaboard of the United States, and shall be of a minimum of ninety-two per cent (92%) purity on a dry basis and crushed so as to pass through a ring five (5) inches in diameter.

The gypsum rock to be delivered may, at Buyer's option, be sampled by Buyer at the delivery point to check compliance with specifications. Whether or not so sampled, Buyer

KG2002662

shall have the right to reject any shipment which does not conform to specifications. At Buyer's option, without prejudice to any other remedies, if the average gypsum content in two (2) consecutive shipments of gypsum rock hereunder shall be lower than ninety-two per cent (92%), Buyer shall be entitled to a reduction in the price thereof, directly proportionate to the average percentage by which the gypsum rock is lower in gypsum content than ninety-two per cent (92%) for the said two (2) consecutive shipments. Determination of gypsum content in the gypsum rock shall be made by standard American Society of Testing Materials methods. Buyer shall have access to Seller's daily production records showing purity.

The parties acknowledge that Seller is furnishing a basic raw material subject only to the above specifications in this Section, and is not insuring Buyer of such material's fitness for any particular purpose or for possible consequences of error, omission or neglect by Buyer in production or delivery of furnished goods from such raw material. Except that such rock shall conform to specifications herein, Seller expressly disclaims any and all warranties of merchantability, fitness for a particular purpose and any other warranties of any kind whatsoever, express or implied. In any event, Seller's maximum responsibility for defective rock supplied hereunder shall be limited to replacement or refund of the purchase price therefor, and in no event shall Seller be liable for any consequential damages.

3. Quantity. Seller shall sell and deliver, and Buyer shall (a) purchase and accept (or pay for) a minimum of one hundred thousand (100,000) tons, and (b) at Buyer's option, purchase (and if so, accept and pay for) up to a maximum of one hundred fifty thousand (150,000) tons (a "ton" defined herein as being a short ton of 2,000 pounds avoirdupois) of gypsum rock hereunder on the terms and conditions otherwise herein set forth, each calendar year during the term of this Agreement (or a lesser pro rata amount if for a partial calendar year), at the Contract Price specified in Section 5 of this Agreement.

KG2002663

Quantities of gypsum rock shall be determined by ship-draft weights, which shall be acknowledged in writing by the Master or the First Mate of the vessel making delivery. The tonnage of each delivery shall be evidenced by Seller's Ocean Bill of Lading issued at the loading point. Such tonnage shall be subject to verification by Buyer at point of delivery.

4. Delivery. Deliveries of gypsum rock shall be made by Seller, via the "M/V PACIFIC CARRIER" or other appropriate self-unloading marine equipment, at the end of the ship's boom conveyor at the dock facilities adjacent to Buyer's Seattle Plant. Seller (with vessel crew) shall conduct all unloading operations to such point of delivery. All risk of loss, damage or destruction respecting the gypsum rock so delivered shall pass to Buyer at the end of the ship's boom conveyor. Buyer shall furnish the necessary men to take and let go lines during docking, unloading and departure of the vessels delivering such gypsum rock, so that Seller shall have no responsibility to or for stevedores or longshoremen.

A. Buyer shall, prior to the commencement of each calendar quarter during the term hereof, furnish to Seller a schedule of estimated delivery date requirements, and Seller shall employ its best efforts to meet such schedule. Buyer shall endeavor to schedule full ship load quantities (to be approximately 20,000 - 24,000 tons of rock), except as Seller reasonably may request so as to accommodate Seller's other customers in the Puget Sound area (in which case Buyer shall use its best efforts to schedule partial ship loads). Deliveries of gypsum rock to Buyer hereunder shall be spaced at such intervals during the calendar year as Buyer shall reasonably request. Seller shall notify Buyer in writing of the estimated date of arrival of vessels at least ten (10) days in advance of such estimated arrival date, specifying the name and general specifications of each vessel and the quantity of gypsum rock which will be delivered to Buyer in each vessel.

KG2002664

Buyer shall be prepared to accept delivery of such gypsum rock upon arrival of the vessels specified in such notice, unless Buyer notifies Seller in writing, within forty-eight (48) hours of receipt of such notice, that it is unable to accept such delivery and further specifies on which other dates (to be as close as possible to the delivery time originally requested by Seller) Buyer can accept delivery from Seller's vessels. Seller shall then advise Buyer promptly as to whether such dates are acceptable to it.

If Buyer fails to notify Seller of its inability to accept delivery within the time specified above, Buyer shall bear the liability for demurrage and other expenses which may arise as a direct result of delays occasioned by Buyer's failure to accept delivery on the arrival of the vessel.

B. Unless timely notice to the contrary was given to Seller as provided in Section A above, the shoreside facilities at Buyer's Seattle Plant shall, upon arrival of the vessel, be clear of barges, other vessels and obstructions and ready in all respects to receive delivery of the gypsum rock. Such facilities shall be safe in all respects with sufficient depth of water at all times and stages of water and tide to accommodate the delivery vessel safely, loaded with a cargo of gypsum rock as provided herein. The vessel as so loaded shall be able to proceed to such shoreside facilities unobstructed, remain thereat and depart therefrom unobstructed and always safely afloat. Seller's vessels shall diligently proceed to dock, unload and depart from such shoreside facilities. Such facilities shall be capable of taking delivery of gypsum rock at an average rate of eight hundred (800) tons per hour, Saturdays, Sundays, and holidays included.

C. The rock is to be received by Buyer at its own risk and expense.

Upon arrival of Seller's vessel at the unloading dock, the Master shall give Buyer notice of readiness to commence unloading, which notice may be given any hour, day or night, whether in berth or not, whether in Free Pratique or not. Lay time shall commence

KG2002665

two (2) hours after notice has been tendered and vessel is ready to unload, whether in berth or not, whether in Free Pratique or not. If, however, unloading dock is unavailable or inaccessible on the vessel's arrival at or off the dock, time shall commence to count on the vessel's anchoring in or off the dock.

D. Buyer shall pay demurrage at the initial rate of U.S. $6,000.00 per day or pro rata for any part of a day, payable day by day for demurrage beyond thirty-six (36) hours lay time for full ship load (and proportionate shorter time for partial loads). Such demmurage rate shall be escalated in proportion to cost increases on transportation under Clause 5C(2) hereof. If unloading is delayed because of breakdown of vessel's equipment, such time is to be added to total lay time.

E. The dock and conveyor facilities which are to be used for delivery of the rock hereunder actually are on and/or extend from land owned by Seller's parent corporation, Kaiser Cement & Gypsum Corporation, a California corporation (hereinafter "KCGC"). As a part of this transaction, KCGC is to grant Buyer an easement to use such dock and to maintain at its expense such conveyor facilities for accepting delivery of rock hereunder. Should for any reason such easement be or become unfeasible, the parties shall make mutually satisfactory alternative arrangements to accomplish delivery of rock to Buyer's Seattle Plant via KCGC's dock and the existing conveyor facilities, with appropriate adjustment for any increased costs to Seller or KCGC as a result.

5. Contract Price.

A. The Contract Price for gypsum rock delivered to Buyer's Seattle Plant hereunder shall consist of:

(1) The agreed rock and transportation "formula elements" as set forth in Section B;

KG2002666

(2) Which formula elements shall be adjusted respectively for cumulative increases or decreases in the "escalation elements" set forth in Section C; and

(3) Which total of such adjusted "formula elements" shall then be divided by 0.65.

The initial Contract Price as so determined for the period from January 1 to March 30, 1978 is Fifteen Dollars ($15.00) per ton.

B. The above formula is based on a mutually agreed initial market price of Fifteen Dollars ($15.00) per ton (applicable October 1 - December 31, 1977), given the approximate equalized rock and transportation costs to Seller's West Coast plants as of October, 1977, and an acceptable profit margin to Seller (not including subsidiaries or affiliates) or approximately thirty-five per cent (35%).

Upon such understanding, the agreed "formula elements" for escalation of such Contract Price are:

Rock base formula element	$2.25/ton
Transportation base formula element	$7.50/ton

The increases or decreases in escalation elements in Section C are to be applied to these given formula elements for rock and transportation, respectively, and then the total of such adjusted formula elements shall be divided by 0.65, so as to give a new Contract Price. For example, if averaged for the last calendar quarter of 1978 the escalation cost elements for rock have increased by twenty-five cents ($.25) per ton and the M/V PACIFIC CARRIER's costs have increased by fifty cents ($.50) per ton, the new Contract

KG2002667

Price for the first quarter of 1979 would be determined as follows:

Rock:	$2.25 formula element + .25 escalation element increment	$ 2.50
Transportation:	$7.50 formula element + .50 escalation element increment	8.00
Subtotal:		$10.50
÷ 0.65 =	new Contract Price:	$16.15

C. The respective agreed formula elements in Section A shall be adjusted for actual cumulative increases or decreases in the following "escalation elements":

(1) The rock formula element shall be increased or decreased five cents ($.05) per ton for each respective $.05 per ton increase or decrease in the combined total costs of the following costs of producing gypsum rock at San Marcos Island:

(a) Costs of labor, which shall include salaries, fringe benefits, bonuses, profit-sharing and all other payments required by contract or by law, above or below fifty-four cents ($.54) per ton;

(b) Costs of explosives and/or blasting agents, above or below thirteen cents ($.13) per ton;

(c) Costs of fuel oil and lubricants, above or below eight cents ($.08) per ton; and

(d) Costs of all applicable taxes, including housing tax (other than income taxes), surface rentals, fees and inspections, assessments, and other payments required by law or decree, above or below sixteen cents ($.16) per ton.

(e) Costs of parts, materials and supplies above or below thirty-seven cents ($.37) per ton.

KG2002668

(2) The transportation formula element shall be increased or decreased one cent (1¢) per ton for each respective increase or decrease in the following costs of transporting gypsum rock from San Marcos Island to Buyer's Seattle Plant:

(a) For each Three Hundred Seventy-Six Dollars ($376) per month increase or decrease in the average monthly total labor costs applicable to labor employed on the M/V PACIFIC CARRIER delivering the gypsum rock to Buyer's Seattle Plant for the preceding calendar year (excluding any month during which the vessel had idle time), above or below Thirty-Three Thousand Five Hundred Thirty-One Dollars ($33,531) per month;

(b) For each Four Thousand Five Hundred Fifteen Dollars ($4,515) annual or annualized increase in the insurance cost except the cost of war risk insurance for the M/V PACIFIC CARRIER transporting the gypsum rock, while in operation, above Two Hundred Thousand Eight Hundred Sixty Dollars ($200,860) per year with deductibles of Fifty Thousand Dollars ($50,000) hull and machinery and Fifty Thousand Dollars ($50,000) P & I/occurrence;

Provided, however, in case of an increase or decrease in policy deductible amounts, resulting noninsured losses (or increased insured gains) will be added to (or subtracted from) the insurance cost hereunder to the extent such losses (or net additional recovery) respectively, fall between the present base policy deductible amounts; and provided further, there shall be passed on to Buyer under this formula only the costs of commercially reasonable amounts of insurance; and

KG2002669

(c) For each six and five tenths cents (6.5¢) increase in the "price per barrel of fuel oil" used in the operation of the vessels transporting the gypsum rock, above or below Eleven and 70/100 Dollars ($11.70) per barrel for 1500 "Light Marine Fuel Oil (LMFO)" San Francisco Bay. The price per barrel of fuel oil shall be deemed to be the actual average cost of fuel oil used by the ships which transport gypsum rock.

Any cost adjustment in Subsection (2) of this Section C shall be further adjusted by adding to such adjustment amount the then applicable rate of Mexican Freight Tax (currently 2.2%) imposed by any governmental agency of the Republic of Mexico in effect at the date of adjustment. (The gypsum rock cost figures in Subsection (1) above already include the present Mexican Freight Tax rate of 2.2%).

D. The rock and transportation formula elements shall be adjusted annually at the end of each calendar year during the term hereof, based on an average of cost increases for the preceding calendar quarter, and the Contract Price determined therefrom will become effective for the following calendar year, except for the fuel element, which shall be adjusted for cost changes each calendar quarter. Seller shall notify Buyer promptly within thirty (30) days after the end of each year (and quarterly as to fuel) of the price adjustments applicable for the next period. Labor or other costs which are paid in Mexican Pesos shall first be converted to United States Dollars at the median between buying and selling rates of exchange prevailing at the end of the relevant calendar period and the amount of increase or decrease in said costs for the above price adjustment shall be computed on the basis of said costs as converted in United States Dollars.

KG2002670

All components of such formula shall be determined in accordance with generally accepted accounting principles. For purposes of this Paragraph 5, the Seller at its sole expense annually shall employ the firm of independent certified public accountants as are employed by Seller for its general accounting and audit purposes to examine the records of Seller for the purpose of determining that the price adjustments computed by the Seller during the preceding year were made in accordance with the terms of this Agreement and to render an opinion with regard thereto to both Buyer and Seller.

E. The cost escalation elements included in Section C above are based on Seller's subsidiary's current wholly-owned operation of C.O.M.S.A. and mining of rock from San Marcos Island; and Seller's subsidiary's current operation of the "M/V PACIFIC CARRIER" to transport the gypsum rock to Seattle.

(1) In the event that any vessel other than the M/V PACIFIC CARRIER is used to deliver rock to Buyer (as well as Seller's other West Coast plants) because of the temporary unavailability (including required surveys and drydocking) of the M/V PACIFIC CARRIER (or other vessel hereafter substituted for it), Buyer shall pay (in addition to the Contract Price) the additional out-of-pocket costs to Seller for delivery of rock to Buyer by such alternate means, which shall be proportionately equal to the additional costs to Seller's West Coast plants similarly affected.

(2) In the event that (a) Seller's interest in C.O.M.S.A. is reduced to less than majority control, and/or (b) the M/V PACIFIC CARRIER is replaced by either another vessel, or by contracted vessel services through charter or contract of affreightment, and/or sold and chartered back, the initial new costs of rock

KG2002671

and/or transportation to Seattle as may be applicable (which shall be equitably consistent with Seller's cost of rock supplied to its own West Coast plants) shall be substituted for the above respective rock and/or transportation "escalation elements" (so as to be applied back to the formula elements as further increases or decreases in the respective new (i.e., substituted) cost escalation elements occur). In other words, no Contract Price adjustment shall be made by virtue of such changeover, but subsequent adjustments shall be made by applying the actual amount of increases or decreases in actual costs thereafter over and above the initial substituted cost escalation elements, and applying the amount of such increase or decrease to the previous (adjusted) formula elements. For example, assume that in January, 1979, when the Contract Price is $16.15 (based on an adjusted rock formula element of $2.50 and an adjusted transportation formula element of $8.00) the M/V PACIFIC CARRIER is sold and chartered back, and the new contract of affreightment provides for an initial transportation cost of $8.50 per ton which increases in December, 1979 to $9.00 per ton:

(a) No Contract Price increase would be made in January, 1979 (but the $8.50 C.O.A. transportation rate would become the new transportation cost escalation element base, against which subsequent actual transportation cost increases would be measured, so as to be added to the prior $8.00 transportation formula element so as to determine a new Contract Price);

(b) In January, 1979, the Contract Price would be increased to $16.92, determined in the following manner:

KG2002672

Rock formula element (prior adjusted)			$ 2.50
Transportation formula element (prior adjusted)		$8.00	
C.O.A. cost 12/31/79	$9.00		
less C.O.A. cost base at 1/1/79	-8.50		
		.50	
Sub-total			8.50
Total Costs			$11.00
÷ by 0.65 =		Contract Price:	$16.92

(3) In the event that the M/V PACIFIC CARRIER (or a suitable vessel which is hereafter substituted in its place) is permanently replaced by a contract of affreightment or any other arrangement because of damage, loss, destruction, major repairs or other "force majeure" reasons, then notwithstanding any other provisions of this contract, the amount by which the substituted actual transportation cost per ton paid by Seller for rock supplied to Seattle hereunder (which rate shall be equitably consistent with the actual rock transportation costs to Seller's other West Coast plants on a similar basis) exceeds, or is less than, the prior cumulative adjusted transportation "escalation elements", shall be applied to (i.e., added or subtracted respectively) the prior adjusted transportation "formula element" (as shall further increases or decreases in such actual costs be applied in accordance with regular formula adjustments) so as then to determine a new Contract Price, effective immediately.

6. Payment. Seller shall invoice Buyer for each shipment of gypsum rock sold and delivered hereunder as soon as practical after each delivery has been made. Payment of such invoices shall be made by Buyer within thirty (30) days from the date of receipt.

KG2002673

7. Duration. This Agreement shall continue in effect for a term of nine (9) years commencing from the date hereof and ending April 30, 1986; subject only to termination as as hereinafter set forth; provided, however, that if Seller is able to extend its mining concession from San Marcos Island beyond 1986, either party shall have the right to extend the term of this Agreement up to an additional six (6) years, or for the extended term of such concession, whichever is shorter.

8. Termination.

A. In addition to its other remedies at law or equity, either party may terminate this Agreement, as permitted as follows:

(1) By sixty (60) days' written notice to the other party if an event of "force majeure" (as defined in Clause 9) has caused a suspension of performance of this Agreement by the other party for a continuous period of one hundred eighty (180) days and such force majeure condition has not been corrected or eliminated under the requirements of Section 9 below and exists at the time the notice is given.

(2) By immediate written notice to the other party, if a material breach has occurred by the other party and such breach has continued without correction for a period of thirty (30) days after receipt of written notice thereof from the terminating party, unless such breach is for other than the payment of money, and such breach can be cured within an additional sixty (60) days, and such defaulting party proceeds diligently to cure the same.

(3) By immediate written notice to the other party upon the insolvency, receivership or bankruptcy of the other party or an assignment by the other party

KG2002674

for the benefit of its creditors, or the filing of a petition by or against the other party under the provisions of the Bankruptcy Act as now in force or hereinafter amended or under any similar act for the relief of debtors; provided that in the case of an involuntary petition against a party, such is not dismissed within thirty (30) days.

B. Seller may terminate this Agreement at any time by sixty (60) days' written notice to Buyer in case Seller ceases to supply gypsum rock from San Marcos Island to the gypsum wallboard manufacturing plants at Long Beach and Antioch, California which Seller currently owns.

C. Buyer may terminate this Agreement at any time by sixty (60) days' written notice to Seller in case the Seattle Plant permanently ceases to operate (other than for "force majeure" reasons, and other than by sale or transfer of the plant, in which situations Clauses 9 and 10 hereof shall control), and Buyer does not anytime within two (2) years thereafter own or operate another gypsum wallboard manufacturing plant within the relevant Seattle market area.

9. Force Majeure. If because of "force majeure" as herein defined either party fails in whole or in substantial part to make or to take deliveries of gypsum rock when and as provided under this Agreement, then such obligation of that party to make or take delivery shall be temporarily suspended to the minimum extent made necessary by such force majeure. The party whose performance is affected by such force majeure shall give notice to the other party, as promptly as practicable, of the nature, probable duration, and the express cause of such suspension of its performance and shall use due diligence to resume full performance of its obligations hereunder at the earliest practicable date. Any deficiencies in deliveries hereunder caused by force majeure shall not be made up except by mutual consent of the parties.

KG2002675

During any period wherein Seller is unable to furnish gypsum rock hereunder or is delayed from furnishing the same, and for such reasonable period thereafter as the Buyer's interim purchase commitments may require, Buyer may purchase its requirements of gypsum rock elsewhere. A period of one (1) year shall be deemed a reasonable period hereunder. Further, upon the removal of the Seller's force majeure disability, Seller shall have the right to fill its own plants' reasonable requirements of gypsum rock before it shall be required again to furnish Buyer with gypsum rock or with additional rock hereunder.

The term "force majeure" as used herein shall mean any cause or causes beyond the control of the party whose performance is affected thereby, such as acts of God, civil or military authorities; acts of the public enemy; war or insurrections; tempest; flood; riots, strikes or other labor disturbances; compliance with regulations, orders or requests of any governmental authority, including voluntary or involuntary allocations or priorities arising out of any defense, war, or allocation activity; inability to secure vessels; inability of vessels safely to navigate, dock or load; shortage of fuel or other materials; damage, destruction, unforeseeable breakdowns or failure of any kind to or of Buyer's or Seller's plants, equipment or facilities necessary for performance hereof; failure of usual sources of supply; loss of vessels or damage, destruction, breakdowns or failure thereof; damages and accidents of the seas, rivers, machinery, boilers, steamship navigation and errors of navigation; or other cause or causes of a similar nature which are beyond the control of the party whose performance is affected thereby and wholly or in substantial part prevent the mining or delivering of the gypsum rock by Seller, the receiving or accepting of the gypsum rock by Buyer, the use of the gypsum rock in Buyer's Seattle Plant, or delivery of finished product from Buyer's Seattle Plant.

KG2002676

Interruption of deliveries because of "force majeure" shall not affect the remainder of this Agreement, nor extend its term, and upon removal of the cause of such interruption, delivery shall be resumed as soon as reasonably possible except as herein expressly provided.

10. Assignment. This Agreement shall not be assigned or transferred in whole or in part by action of the parties, operation of law, or otherwise, except as expressly provided in this clause, without the prior written consent of the other party, and any such purported assignment or transfer without such prior written consent shall be void and of no force or effect; provided, however:

A. That either party may assign and transfer this Agreement to any of its subsidiaries or affiliates or its parent company, without such consent, in which instance however, the party so assigning shall remain liable hereunder for full and faithful performance of this Agreement by such subsidiary, affiliate, or parent company, and

B. Seller may (and shall use its best efforts to do so if requested by Buyer and if Seller will not thereafter be able to provide the similar service to Buyer) assign by express written agreement all or part of its rights and obligations under this Agreement to any financially responsible purchaser, leasee or oprator of its San Marcos Island facility and/or supplier or transportor of gypsum to various West Coast locations. In the event of such an assignment and if Seller retains no ownership or control over such facilities, the assignee shall then have such rights and such obligations of the Seller under this Agreement as are the subject of such assignment, and Seller shall have no further rights or obligations under this Agreement with respect to the rights and obligations thereby assigned.

KG2002677

C. Buyer may, and shall if requested by Seller, assign this entire Agreement to any financially responsible subsequent purchaser of the Seattle Plant, and shall require such purchaser expressly to assume all obligations of Buyer hereunder. In the event of such an assignment, the assignee shall then have such rights and such obligations of the Buyer under this Agreement, and if Buyer retains no ownership or control over such Plant and such assignee acquires all of such Plant, Buyer shall have no further rights or obligations under this Agreement.

Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties hereto.

11. Notices. All notices, letters, requests, demands and other communications hereunder shall be in writing and shall be deemed to be duly given if delivered in person and receipted for, or if deposited into the United States mail (first class, registered or certified with return receipt requested and with all postage prepaid), or if otherwise actually delivered and receipted for:

A. If to the Seller:

Kaiser Gypsum Company, Inc.
Attention: President
300 Lakeside Drive
Oakland, California 94666

With copy to:

Kaiser Gypsum Company, Inc.
Legal Department
300 Lakeside Drive
Oakland, California 94666

KG2002678

B. If to the Buyer:

Norwest Gypsum, Inc.
6010 - 20th Street East
Tacoma, Washington 98424

or to such other persons or at such other addresses as either party hereto may hereafter be notified by the other party in accordance with this paragraph.

12. Waiver. The waiver by either party of any term, provision or condition herein stated shall be effective only if in writing and signed by such party, and shall not be construed to be a waiver of any other term, condition or provision hereof, nor a waiver of a subsequent breach of the same term, and condition or provision.

13. Miscellaneous.

A. This Agreement contains the entire understanding of the parties hereto respecting the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, whether written or oral, with respect to the matters herein contained. No understandings, representations or warranties of any kind, express or implied, and no local general or trade customs not expressly stated herein shall in any way alter or vary the terms hereof or be binding on the parties in the interpretation or fulfillment hereof unless reduced to writing and signed by each of the parties hereto.

B. The paragraph and subparagraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meanings of or interpretation hereof.

C. This Agreement shall be amended only by a writing signed by both parties and which expressly states that it is intended to amend this Agreement.

KG2002679

14. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

15. Governing Law. This Agreement shall be governed, construed and interpreted pursuant to the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective seals to be hereunto affixed, the day and year first above written.

NORWEST GYPSUM, INC., Buyer

Attest: Donald J. Tarabochia By _____

Its SECRETARY / TREASURER Its _____

KAISER GYPSUM COMPANY, INC., Seller

Attest: _____ By _____

Its _____ Its _____

KG2002680

GYPSUM BOARD PAPER SUPPLY CONTRACT
(Seattle)

THIS AGREEMENT made this _____ day of February, 1978, is between KAISER GYPSUM COMPANY, INC., a Washington corporation (hereinafter referred to as "Seller"), and NORWEST GYPSUM, INC., a Washington corporation (hereinafter referred to as "Buyer").

WHEREAS, Seller owns and operates a paper manufacturing plant facility located at San Leandro, California (hereinafter its "San Leandro Plant") which produces (1) Manila Wallboard (Face) Paper, (2) Gray Wallboard (Back) Paper, (3) Green Moisture Guard (Face) Paper, and (4) Black Sheathing Paper (Face and Back), which types of paper are suitable for use in the manufacture of gypsum board products, all of which papers are hereinafter collectively sometimes referred to as "Gypsum Board Paper";

WHEREAS, Buyer owns a gypsum board manufacturing plant located at Seattle, Washington (hereinafter the "Seattle Plant");

WHEREAS, Buyer desires from Seller, and Seller is willing to insure to Buyer, a long-term source of supply of Gypsum Board Paper for use in Buyer's Seattle Plant;

NOW, THEREFORE, it is agreed as follows:

1. Purchase and Sale. Seller hereby agrees to manufacture, sell and deliver to Buyer, and Buyer hereby agrees to order, accept, and pay for, Gypsum Board Paper of the type and quality and in the quantities and at the prices and on the terms and conditions hereinafter set forth.

2. Specifications. Each type of Gypsum Board Paper to be sold by Seller and purchased by Buyer under this Agreement shall conform to the general specifications and to the respective particular specifications set forth on Schedule A attached hereto and made a part hereof. In addition, each such type of Gypsum Board Paper shall be at least equal in quality in every respect to the same respective type of gypsum board paper supplied by Seller to its own gypsum board manufacturing plants on the western seaboard of the United States.

The Gypsum Board Paper to be delivered may, at Buyer's option, be sampled by Buyer at the delivery point to check compliance with specifications. Whether or not so sampled, Buyer shall have the reasonable right to reject any shipment which does not conform to specifications. Determination of quality shall be made by standard American Society of Testing Materials methods. Each grade of Gypsum Board Paper shall be trimmed according to the sizes of width and diameter of rolls requested in writing by Buyer.

3. Quantity. The quantity of all types of Paper to be sold by Seller and purchased and taken (or paid for) by Buyer hereunder shall be six thousand five hundred (6,500) tons (a "ton" defined herein as being a short ton of 2,000 pounds), each calendar year during the term of this Agreement (or a lesser pro rata amount if for a partial calendar year).

4. Delivery. All deliveries of Gypsum Board Paper hereunder shall be made to Buyer F.O.B. Seller's San Leandro Plant, loaded on trucks or on rail cars (of the type reasonably requested by Buyer as may be available) as Buyer may from time to time direct in its orders. Seller shall conduct all loading operations onto such carriers.

Buyer shall, prior to the commencement of each calendar quarter during the term hereof, furnish to Seller a schedule of estimated delivery date requirements, and Seller shall employ its best efforts to meet such schedule. Deliveries of Gypsum Board Paper to Buyer

KG2002682

hereunder shall be spaced at such intervals during the calendar year as Buyer shall reasonably request. Written orders for Gypsum Board Paper shall be issued by Buyer and mailed to Seller on or before the 20th of each month, for deliveries required the following month. The parties shall cooperate to work out a mutually acceptable shipping schedule.

5. Title. Title to all Gypsum Board Paper sold to Buyer hereunder shall in all cases pass to Buyer upon delivery on board carrier's cars or trucks at Seller's San Leandro Plant, and thereafter the risk of loss or damage shall be on the Buyer provided such damage is not due to the negligence of the Seller.

6. Contract Price. The total Contract Price per ton for each type of Gypsum Board Paper delivered hereunder shall be determined as follows:

A. Such price shall consist of:

(1) Seller's actual total costs of production per ton at its San Leandro Plant (including plant overhead) for all types of Paper supplied hereunder (plus additional amounts provided under subparagraph E of this Clause 6); plus

(2) An amount sufficient to yield to Seller on Paper supplied hereunder a gross profit margin of twenty per cent (20%).

For example, based on costs shown in Seller's "Trend of Direct Manufacturing Costs" report for September 30, 1977 (a copy of which is attached hereto), Seller's average costs for all types of paper at its San Leandro Plant were $204.61 (before depreciation) per ton, which would translate into a "Contract Price" for the quarter October - December 1977 of $255.76 per ton, in order to yield a gross profit to Seller of twenty per cent (20%) (or $51.15 per ton).

KG2002683

The initial Contract Price as so determined (based on costs as of December 31, 1977) and applicable through March 30, 1978, is $256.00 per ton.

B. Such Price shall be redetermined each calendar quarter based on an average of the costs shown in Seller's "Trend of Direct Manufacturing Costs" reports for the preceding calendar quarter, and such price shall then be effective for each type of paper for the entire following calendar quarter. Seller shall notify Buyer within thirty (30) days after the end of a quarter of the redetermined Price for the following quarter. Until notification of a price adjustment, the Contract Price for the previous quarter will be continued for interim billing purposes; however, at the date of notification of the Contract Price adjustment, the difference between the interim billing price and the adjusted Contract Price since the effective date of the adjustment shall be charged or credited to the Buyer and shall be due and payable to the Seller within the normal terms specified elsewhere in this Agreement. During the term of this Agreement, Seller shall provide Buyer with copies of its monthly "Trend of Direct Manufacturing Costs" report for its San Leandro Plant (reflecting the costs included in this formula), which reports Buyer shall keep confidential.

C. All components of such formula shall be determined in accordance with generally accepted accounting principles.

D. For purposes of this Paragraph 6, the Seller at its sole expense annually shall employ the firm of independent certified public accountants as are employed by Seller for its general accounting and audit purposes to examine the records of Seller for the purpose of determining that the price adjustments computed by the Seller during the preceding year were made in accordance with the terms of this Agreement and to render an opinion with regard thereto to both Buyer and Seller.

E. In the event that after January 1, 1978, Seller makes capital investments

KG2002684

in the San Leandro Plant and if such an investment (a) exceeds $50,000 in amount, and (b) is reasonably calculated to result in manufacturing cost savings and/or cost increase avoidance, Seller shall partially recover its investment by adding to the then actual production costs (for purposes of the formula in subparagraph A above) an imputed cost of funds on such investment of twenty-four per cent (24%) per year based upon the depreciated book value of such incremental investment.

E. There shall be added to the Contract Price a surcharge of Ten Dollars ($10.00) per ton for Sheathing Paper.

7. Payment Terms. The terms of payment shall be net thirty (30) days from date of invoice by Seller.

8. Duration. This Agreement shall continue in effect for a term of fifteen (15) years commencing from the date hereof subject only to termination as hereinafter set forth.

9. Termination. In addition to its other remedies at law or equity:

A. Either party may terminate this Agreement, as permitted as follows:

(1) By sixty (60) days' written notice to the other party if an event of "force majeure" (as defined in Clause 10) has caused a suspension of performance of this Agreement by the other party for a continuous period of one hundred eighty (180) days and such force majeure condition has not been corrected or eliminated under the requirements of Section 10 below and exists at the time the notice is given.

(2) By immediate written notice to the other party, if a material breach has occurred by the other party and such breach has continued without correction for a period of thirty (30) days after receipt of written notice thereof from the terminating party, unless such breach is for other than the payment of money, and such breach can be cured within an additional sixty (60) days, and such defaulting party proceeds diligently to cure the same, and in fact cures such breaches within the applicable time.

KG2002685

(3) By immediate written notice to the other party upon the insolvency, receivership or bankruptcy of the other party or an assignment by the other party for the benefit of its creditors, or the filing of any petition by or against the other party under the Bankruptcy Act as now in force or hereinafter amended or under any similar act for the relief of debtors; provided in the case of an involuntary petition against one party, such is not dismissed within thirty (30) days.

B. Seller may terminate this Agreement at any time by sixty (60) days' written notice to Buyer in case Seller ceases to supply paper from its San Leandro Plant to the gypsum wallboard manufacturing plants at Long Beach and Antioch, California which Seller currently owns.

C. Buyer may terminate this Agreement at any time by sixty (60) days' written notice to Seller in case Buyer permanently ceases to operate the Seattle Plant (other than for "force majeure" reasons, and other than by sale or transfer of the Plant, in which situations Clauses 10 and 15 hereof shall control), and Buyer does not anytime within two (2) years thereafter own or operate another gypsum wallboard manufacturing plant within the relevant Seattle market area.

10. Force Majeure. If because of "force majeure" as herein defined either party fails in whole or in substantial part to make or to take deliveries of Paper when and as provided under this Agreement, then each obligation of that party to make or take delivery shall be temporarily suspended to the minimum extent made necessary by such force majeure. The party whose performance is affected by such force majeure shall give notice to the other party, as promptly as practicable, of the nature, probable duration, and the express cause of such suspension of its performance and shall use due diligence to resume full performance of its

KG2002686

obligations hereunder at the earliest practicable date. Any deficiencies in deliveries hereunder caused by force majeure shall not be made up except by mutual consent of the parties.

During any period wherein Seller is unable to furnish Gypsum Board Paper hereunder or is delayed from furnishing the same, and for such reasonable period thereafter as the Buyer's interim purchase commitments may require, Buyer may purchase its requirements of Gypsum Board Paper elsewhere.

The term "force majeure" as used herein shall mean any cause or causes beyond the control of the party whose performance is affected thereby, such as acts of God, civil or military authorities; acts of the public enemy; war or insurrections; tempest; flood; riots, strikes or other labor disturbances; compliance with regulations, orders or requests of any governmental authority, including voluntary or involuntary allocations or priorities arising out of any defense, war, or allocation activity; shortage of fuel or other materials; damage, destruction, unforeseeable breakdowns or failure of any kind to or of Buyer's Seattle Plant or Seller's San Leandro Plant, equipment or facilities necessary for performance hereof; failure or shortages of usual sources of supply; inability to secure transportation; loss of carriers or damage, destruction, breakdowns or failure thereof; or other cause or causes of a similar nature which are beyond the control of the party whose performance is affected thereby and wholly or in substantial part prevent the production or delivery of the Gypsum Board Paper by Seller, the receiving or accepting of the Gypsum Board Paper by Buyer, the use of the Gypsum Board Paper in Buyer's Seattle Plant, or delivery of finished product from Buyer's Seattle Plant.

Interruption of deliveries because of "force majeure" shall not affect the remainder of this Agreement, nor extend its term, and upon removal of the cause of such interruption, delivery shall be resumed as soon as reasonably possible except as herein expressly provided.

KG2002687

11. Warranty. Seller warrants that each type of Gypsum Board Paper sold to Buyer hereunder shall be of the same respective grade and quality and meet the same standards as that same type which Seller supplies to its own gypsum board plants from the San Leandro Paper Plant, and shall comply with the applicable specifications set forth in Schedule A (subject to any change in such specifications as permitted in this Agreement), expressly subject however to the conditions and limitations contained in this Paragraph 11.

If Buyer shall claim that any paper is defective or not in compliance with the applicable specifications for any other reason, it shall give Seller notice thereof within a reasonable time after date of shipment to Buyer, and in any event promptly upon discovery thereof, and Seller shall have a reasonable opportunity to inspect such paper for the purpose of verifying the existence, nature and cause of any such claimed defects. Seller will make its inspection within a reasonable time after notification by Buyer and Seller will make prompt arrangements for disposition, at its sole expense, of any and all such defective paper.

Seller agrees to replace F.O.B. Seller's San Leandro Plant any Gypsum Board Paper which does not comply with the warranty in this Paragraph 11., provided however that (A) Seller shall have no responsibility with respect to paper found to be defective by reason of failure to meet specification requirements as to tensile strength, moisture content or saturation unless Seller shall have received notice of such defect thereof from Buyer within thirty (30) days after date of shipment from Buyer's plant; (B) that except as otherwise specifically provided herein, Seller shall only be responsible for latent defects in Gypsum Board Paper supplied hereunder which are found within six (6) months from date of shipment to Buyer; and (C) that Seller's total and exclusive responsibility hereunder for defective paper or paper not in compliance with specifications for any reason shall not exceed the delivered cost of such paper at Buyer's plant, and Seller shall in no event be liable for any indirect or consequential damages of any kind or nature. THIS WARRANTY IS IN LIEU OF AND

KG2002688

EXCLUDES ANY AND ALL OTHER WARRANTIES, INCLUDING ANY OF QUALITY OR FITNESS, WHETHER EXPRESS OR IMPLIED, AS TO BUYER AND PURCHASERS OR USERS FROM AND THROUGH BUYER.

12. Patent Infringement. Seller represents and warrants that none of the Gypsum Board Paper to be sold hereunder and none of the processes to be used in the manufacture thereof infringes or will infringe any United States Letters Patent and agrees to indemnify and hold harmless the Buyer from and against any and all loss, costs, liability, damage and expense resulting from, arising out of, or incurred in connection with the infringement or alleged infringement of patent rights by reason of Buyer's use or sale of any Gypsum Board Paper purchased from Seller hereunder. Upon notice in writing given to Seller by Buyer, Seller agrees to appear and defend, at its own expense, any and all suits at law or in equity arising from such alleged infringement. If as a result of any such suit Seller's costs and the price to Buyer for Gypsum Board Paper products is increased, Buyer shall have the additional right to terminate this Agreement by giving thirty (30) days' written notice to Seller.

13. Specification Changes. The specifications for Gypsum Board Paper may be changed under any of the following circumstances:

A. Upon reasonable advance written notice by Buyer to Seller, so as to accommodate any reasonable changes in machinery or conditions at Buyer's Seattle Plant; and

B. By mutual written agreement between the parties hereto.

Provided, however, in the event of any such changes, there shall be made such reasonable price adjustments and other changes to the provisions herein as may be equitable to both parties in order properly to reflect any increase or decrease in Seller's actual manufacturing costs of the Gypsum Board Paper of such changed specifications.

KG2002689

14. Maintenance of San Leandro Plant. Seller represents that as of the date of this contract the facilities at the San Leandro Plant are capable of producing at least 45,000 tons of Gypsum Board Paper per year. Seller agrees to cause such San Leandro Plant facilities to be kept in good working order and production capacity therefrom to be maintained at not less than 45,000 tons per year.

15. Assignment. This Agreement shall not be assigned or transferred in whole or in part by action of the parties, operation of law, or otherwise, except as expressly provided in this clause, without the written consent of the other party, and any such purported assignment or transfer without such written consent shall be void and of no force or effect; provided, however:

A. That either party may assign and transfer this Agreement to any of its subsidiaries or affiliates or its parent company, without such consent, in which instance the party so assigning shall remain liable hereunder for full and faithful performance of this Agreement by such subsidiary, affiliate, or parent company, and

B. Seller may (and shall use its best efforts to do so if requested by Buyer) assign by express written agreement all or part of its rights and obligations under this Agreement to any financially responsible individual or corporation who purchases, leases or operates its San Leandro Plant. In the event of such an assignment, the assignee shall then have such rights and such obligations of the Seller under this Agreement as are the subject of such assignment, and Seller shall have no further rights or obligations under this Agreement with respect to the rights and obligations thereby assigned.

C. Buyer may, and shall if required by Seller, assign this entire Agreement to any subsequent purchaser of the Seattle Plant, and shall require such purchaser expressly

KG2002690

to assume all obligations of Buyer hereunder. In the event of such an assignment, the assignee shall then have such rights and such obligations of the Buyer under this Agreement, and Buyer shall have no further rights or obligations under this Agreement.

Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties hereto.

16. Notices. All notices, letters, requests, demands and other communications hereunder shall be in writing and shall be deemed to be duly given if delivered in person and receipted for, or if deposited into the United States mail (first class, registered or certified with return receipt requested and with all postage prepaid), or if otherwise actually delivered and receipted for:

A. If to the Seller:

Kaiser Gypsum Company, Inc.
Attention: President
300 Lakeside Drive
Oakland, California 94666

With copy to:

Kaiser Gypsum Company, Inc.
Attention: Legal Department
300 Lakeside Drive
Oakland, California 94666

B. If to the Buyer:

Norwest Gypsum, Inc.
6010 - 20th Street East
Tacoma, Washington 98424

KG2002691

or to such other persons or at such other addresses as either party hereto may hereafter be notified by the other party in accordance with this paragraph.

17. Waiver. The waiver by either party of any term, provision or condition herein stated shall be effective only if in writing, and shall not be construed to be a waiver of any other term, condition or provision hereof, nor a waiver of a subsequent breach of the same term, condition or provision.

18. Miscellaneous.

A. This Agreement contains the entire understanding of the parties hereto respecting the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, whether written or oral, with respect to the matters herein contained. No understandings, representations or warranties of any kind, express or implied, and no local general or trade customs not expressly stated herein shall in any way alter or vary the terms hereof or be binding on the parties in the interpretation or fulfillment hereof unless reduced to writing and signed by each of the parties hereto.

B. The paragraph and subparagraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meanings of or interpretation hereof.

C. This Agreement shall be amended only by writing signed by both parties.

19. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

KG2002692

20. Governing Law. This Agreement shall be governed, construed and interpreted pursuant to the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective seals to be hereunto affixed, the day and year first above written.

NORWEST GYPSUM, INC., Buyer

Attest: _____ By _____

Its _____ Its _____

KAISER GYPSUM COMPANY, INC., Seller

Attest: _____ By _____

Its _____ Its _____

KG2002693

SCHEDULE A
TO
GYPSUM BOARD PAPER SUPPLY CONTRACT

I. CAR PREPARATION:

1. Cars or trucks in which paper is to be shipped shall be thoroughly cleaned of trash and any material which may damage the rolls. Completely inspect all rail car interior walls and floors for straps, nails, etc. Dunnage or liner paper shall be used as required to protect the rolls against damage in transit.

2. Loading: Paper rolls shall be rolled or loaded into the car or truck in a manner to prevent loosening of the windings. Care shall be exercised to avoid bar marks, and edge tears on the roll.

3. Bracing: Rolls shall be packed tightly on the car or truck and blocked with chocks to prevent excessive movement.

II. PACKAGING

Roll No.
Weight of Roll
C.M. Tensile
Date:
Basis Weight
Roll Diameter

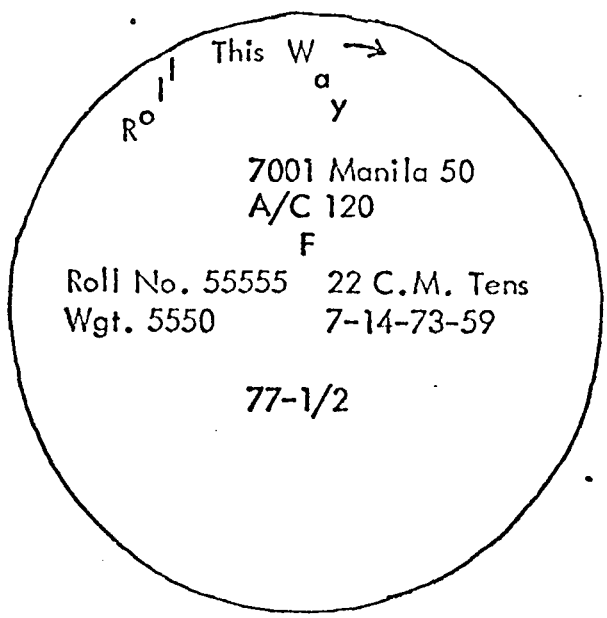
A. Data should be stenciled as near the core as possible for ease in identifying rolls which are pulled at Gypsum plants.

B. Basis weight is combined in the date line, 7-14-73-59 roll diameter to nearest 1/2 inch.

Straps shall be placed 2 inches from each edge of each roll. The straps shall be placed smooth side out and tightened to a snug fit.

III. GENERAL ROLL SPECIFICATIONS

The following information should be stenciled on each butt:



Direction: "Roll this Way" with arrow pointing direction in which roll may be rolled without loosening.
Grade: Grade Number and Name.

III. Cont'd

1. All rolls of Gypsum grade paper shall be rewound with the face (top) liner inside the roll on 4" diameter cores.

2. Rolls shall be straight, uniformly tight across their width and tight from the core out.

3. Rolls of gypsum grade paper shall not contain an unreasonable number of edge tears, cuts, holes, creases or other defects which may catch on guides, folders, scorers or other machine parts in the gypsum plant and result in paper breaks.

4. Holes or spots in the sheet which are flagged by the dry end inspectors may be taped on both sides of the sheet provided:

   a. The entire defect can be covered by one 12-inch length of splicing tape on each side.

   b. The defect is not closer than 4-inches from the edge of the sheet.

5. Any holes or spots which do not meet the above requirements shall be removed and replaced with a mill splice.

6. Not more than 5 mill splices shall be allowed in any roll.

7. No mill splices shall be closer than 5 inches from the core.

8. Mill splices must not be closer than 2 inches apart in rolls within the first 62 inches diameter or closer than 1-1/2 inches apart in rolls above 62 inches diameter.

9. No mill splices shall be closer than 2 inches from the outside of the roll.

IV. PAPER CHARACTERISTICS

Color of all board paper shall be commercially equal to standard sample for the type of paper.

Face paper top liner shall have a uniform color and completely conceal the color of the filler. There shall be no off-color spots more than 1/8" in diameter. There shall be no more than six spots larger than 1/16" in diameter in any 32 square feet of face paper.

Face paper top liner shall be sufficiently sized and calendered to prevent absorption of water from water paints and to prevent fiber raising during application of oil paints.

Water Absorption: Bottom Liner - Bottom liner water absorption shall be reported to the nearest 0.25 minute that the drop is absorbed. At times, extended absorption test results need to be re-interpreted based upon whether and how the bottom liner surface wets out.

RMC

IV. PAPER CHARACTERISTICS - Cont'd

Hot Cobb Test (120°F): Cobb values for top and bottom liners shall be reported to the nearest 0.10 gram.

Tensile Strength: Tensile strength shall be reported as the minimum whole number strength value tested. DO NOT round off fractional strength values, i.e. report 21-3/4 lbs. as 21 lbs. or 22-1/4 lbs. as 22 lbs.

Porosity: Porosity shall be reported to the nearest second.

Width: Width variations shall be no more than ± 1/2" from widths specified by individual Gypsum plants.

Formation:

a. All grades shall have uniform formation in all plies.

b. All grades shall be reasonably free of crushes, checking, calendar scabs, slime holes, dead stock spots, streaks or oil spots.

c. All face paper grades shall be reasonably free of asphalt or hot melt adhesive contamination. The surface shall be such that no spots shall bleed through water or oil based paint products when the Gypsum board is decorated.

d. All board paper shall be reasonably free from cockles and waves. Board paper shall bend sufficiently to form the folded edges of Gypsum board without cracking when properly scored in the wallboard machines.

Moisture: Gypsum grade paper shall contain no wet spots or moisture streaks.

Caliper:

a. Each caliper reading shall be recorded to the nearest ten thousandth (0.0001) inch on the caliper data report sheet. Average caliper shall be recorded to the nearest five ten thousandth (0.0005) inch on the Laboratory Report Sheet.

b. Caliper shall be uniform across the width of the sheet to ± 0.0005 inch with no abrupt changes.

Float: Float tests shall show no uneven sizing streaks and shall be above minimum values specified for individual paper grades.

IV. PAPER CHARACTERISTICS - Cont'd

Filler Float: Filler Float tests shall show no uneven sizing streaks and shall be above minimum values specified for individual paper grades.

V. MANILA WALLBOARD PAPER SPECIFICATION

This paper is to be used as the face paper in the manufacture of gypsum wallboard. In general, it shall confirm to the following specifications and perform satisfactorily when run normally on the board machine.

1. Color - Manila to match standard sample.

2. Weight - 62# - 64# per thousand square feet.

3. Caliper - .0180 minimum.

4. Width of sheet - 50 inches.

5. Tensile

   a. Cross grain 22# minimum

6. Moisture content - 6-7%

7. Water drop 1-5

8. Core holes - As specified.

9. Porosity - 200 seconds maximum.

10. Hot cobb - Top: .5 to .9/Bottom: 1.5 to 2.0.

11. Finish

    a. Bond Liner - uncalendared.
    b. Face Liner - starch or CMC finish and calendared to produce a smooth hard scuff free surface.

12. Paper shall be reasonably free from cockles and supplied in firmly wound rolls to requested diameter and banded on each edge. All splices shall be plainly marked and no more than 5 splices per roll. Splices shall be firmly glued together with gummed tape. Splices shall be as strong as paper itself, offset at edge of paper not more than 1/8", and shall be washed with red or blue line the full circumference of the roll.

    Date of manufacture, roll number, roll weight and caliper shall be stenciled on the side of each roll.

VI. GRAY WALLBOARD PAPER SPECIFICATIONS

This paper is to be used as the back paper in the manufacture of gypsum wallboard in general, it shall conform to the following specifications and perform satisfactorily when ran normally on the board machine.

1. Color - Mist grey of normal news finish.

2. Weight - 59# - 61# per thousand square feet.

3. Caliper - .016 minimum.

4. Width of sheet - .47"

5. Tensile

   a. Cross grain 21# minimum.

6. Moisture Content 6-7%

7. Water drop 1-5

8. Core holes - as specified.

9. Porosity - 200 seconds maximum.

10. Hot cobb 1.5 maximum (top)
    1.5-2.0 (bottom)

11. Finish

    a. Bond Liner - uncalendared.
    b. Face Liner - water or other finish and calendared to produce a smooth hard scuff free finish.

Paper shall be reasonably free from cockles and supplied in firmly wound rolls to requested diameter and banded on each edge. All splices shall be plainly marked and no more than 5 splices per roll. Splices shall be firmly glued together with gummed tape. Splices shall be as strong as paper itself, offset at edge of paper not more than 1/8", and shall be washed with red or blue line the full circumference of the roll.

Date of manufacture, roll number, roll weight and caliper shall be stenciled on the side of each roll.

For Sheathing Paper: Same specifications as Gray Wallboard, but with color to match Black Standard. (Note: surcharge of $10 per ton.)

VII. GREEN MOISTURE GUARD (FACE) SPECIFICATION

This paper is to be used as the face paper in the manufacture of gypsum wallboard. In general, it shall conform to the following specifications and perform satisfactorily when ran normally on the board machine.

1. Color - Green to match standard sample
2. Weight - 70# - 75# per thousand square feet
3. Caliper - .018 - .021 inches
4. Width of sheet - 50 inches
5. Tensile
   a. Cross grain 24# minimum
6. Moisture Content - 6 - 7%
7. Sizing Water Drop 1-5
8. Core holes - As specified
9. Porosity - 275 maximum
10. Saturation Hot Cobb Top .9 maximum
    Bottom 2.3 maximum
11. Finish
    a. Bond Liner - uncalendared.
    b. Face Liner - starch or CMC finish and calendared to produce a smooth hard scuff-free surface.
12. Ply Bond - 70# minimum

Paper shall be reasonably free from cockles and supplied in firmly wound rolls to specified diameter and banded on each edge. All splices shall be plainly marked and no more than 5 splices per roll. Splices shall be firmly glued together with gummed tape. Splices shall be as strong as paper itself, offset at edge of paper not more than 1/8", and shall be washed with red or blue line the full circumference of the roll.

Date of manufacture, roll number, roll weight and caliper shall be stenciled on the side of each roll.