

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996 COMMISSION FILE NUMBER 1-5794

MASCO CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State of Incorporation)
No.)

38-1794485
(I.R.S. Employer Identification

21001 VAN BORN ROAD, TAYLOR, MICHIGAN
(Address of Principal Executive Offices)

48180
(Zip Code)

Registrant's telephone number, including area code: 313-274-7400 Securities Registered Pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$1.00 Par Value Inc.	New York Stock Exchange,
5 1/4% Convertible Subordinated Debentures Due 2012 Inc.	New York Stock Exchange,

Securities Registered Pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant on February 28, 1997 (based on the closing sale price of \$35 1/8 of the Registrant's Common Stock, as reported on the New York Stock Exchange Composite Tape on such date) was approximately \$5,437,650,000.

Number of shares outstanding of the Registrant's Common Stock at February 28, 1997:

160,764,934 shares of Common Stock, par value \$1.00 per share

Portions of the Registrant's definitive Proxy Statement to be filed for its 1997 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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PART I

ITEM 1. BUSINESS.

Masco Corporation is engaged principally in the manufacture, sale and installation of home improvement and building products. Masco believes that it is the largest domestic manufacturer of faucets, kitchen and bath cabinets and plumbing supplies and that it is a leading domestic producer of a number of other home improvement and building products. Masco was incorporated under the laws of Michigan in 1929 and in 1968 was reincorporated under the laws of Delaware. Except as the context otherwise indicates, the terms "Masco" and the "Company" refer to Masco Corporation and its consolidated subsidiaries.

The Company is among the country's largest manufacturers of brand-name consumer products designed for the improvement and building of the home, including faucets, kitchen and bath cabinets, kitchen appliances, bath and shower enclosure units, spas and hot tubs, other shower, bath and plumbing specialties and accessories, door locks and other builders' hardware, air treatment products, venting and ventilating equipment and water pumps. These products are sold through mass merchandisers, hardware stores, home centers, distributors, wholesalers and other outlets to consumers and contractors. The Company's operations are categorized into two industry segments: Kitchen and Bath Products and Other Specialty Products.

INDUSTRY SEGMENTS

The following table sets forth for the three years ended December 31, 1996, the contribution of the Company's industry segments to net sales and operating profit:

	NET SALES(1)		
	1996	1995	1994
Kitchen and Bath Products.....	\$2,519,000	\$2,283,000	
\$2,077,000			
Other Specialty Products.....	718,000	644,000	
506,000			

Total.....	\$3,237,000	\$2,927,000	
\$2,583,000			
=====	=====	=====	

	OPERATING PROFIT(1)(2)		
	1996	1995	1994
Kitchen and Bath Products.....	\$ 462,000	\$ 411,000	\$
441,000			
Other Specialty Products.....	104,000	82,000	
70,000			

Total.....	\$ 566,000	\$ 493,000	\$
511,000			
=====	=====	=====	

(1) Results exclude the home furnishings products segment, which was classified as discontinued operations in 1995. See the Note to the Company's Consolidated Financial Statements captioned "Discontinued Operations," included in Item 8 of this Report.

(2) Amounts are before general corporate expense.

The net sales and operating profit attributable to industry segments for 1995 and 1994 have been restated to conform to the current year

classification of the Company's operations into the Kitchen and Bath Products and Other Specialty Products segments. Additional financial information concerning the Company's operations by industry segments as of and for the three years ended December 31, 1996 is set forth in the Note to the Company's Consolidated Financial Statements captioned "Segment Information," included in Item 8 of this Report.

KITCHEN AND BATH PRODUCTS

The Company manufactures a variety of single and double handle faucets. DELTA(R) and PEERLESS(R) single and double handle faucets are used on kitchen, lavatory and other sinks and in bath and shower installations. DELTA faucets are sold primarily through manufacturers' representatives to

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distributors who sell the faucets to plumbers, building contractors, remodelers, retailers and others. PEERLESS faucets are sold primarily through manufacturers' representatives directly to retail outlets such as mass merchandisers, home centers and hardware stores and are also sold under private label. The Company's ARTISTIC BRASS(R) and SHERLE WAGNER(TM) faucets and accessories are produced for the decorator markets and are sold through wholesalers, distributor showrooms and other outlets. ALSONS(R) hand showers and shower heads and MIXET(R) valves and accessories are distributed through manufacturers' representatives to the wholesale market and to retailers.

Sales of faucets worldwide approximated \$757 million in 1996, \$698 million in 1995 and \$667 million in 1994. The percentage of operating profit on faucets is somewhat higher than that on other products offered by the Company. The Company believes that the simplicity, quality and reliability of its faucet mechanisms, manufacturing efficiencies and capabilities, its marketing and merchandising activities, and the development of a broad line of products have accounted for the continued strength of its faucet sales.

The Company manufactures stock, semi-custom and custom kitchen and bath cabinetry in a variety of styles and in various price ranges. The Company sells cabinets under a number of trademarks, including MERILLAT(R), KRAFTMAID(R), STARMARK(R) and FIELDSTONE(R), with sales to distributors, home centers, dealers and direct to builders for both the home improvement and new construction markets. In addition to its domestic manufacturing, the Company manufactures cabinetry in Germany, where sales are made primarily through Company-owned showrooms to consumers, and in England, with sales primarily to builders for the new construction market. Sales of kitchen and bath cabinets were approximately \$832 million in 1996, \$758 million in 1995 and \$665 million in 1994.

The Company's brass and copper plumbing system components and other plumbing specialties are sold to plumbing, heating and hardware wholesalers and to home centers, hardware stores, building supply outlets and other mass merchandisers. These products are marketed for the wholesale trade under the BRASSCRAFT(R) trademark and for the "do-it-yourself" market under the PLUMB SHOP(R), HOME PLUMBER(R) and MELARD(TM) trademarks and are also sold under private label.

Other Kitchen and Bath Products sold by the Company include THERMADOR(R) cooktops, ovens, ranges and related cooking equipment and refrigerators, which are marketed through appliance distributors and dealers. The Company's AQUA GLASS(R) acrylic and gelcoat bath and shower units and whirlpools are sold primarily to wholesale plumbing distributors for use in the home improvement and new home construction markets. Other bath and shower enclosure units, shower trays and laundry tubs are sold to the home improvement market through hardware stores and home centers under the brand names AMERICAN SHOWER & BATH(TM) and TRAYCO(TM). HUPPE(R) luxury bath and shower enclosures are manufactured and sold by the Company through wholesale channels primarily in Germany. The Company manufactures bath and shower accessories, vanity mirrors and bath storage products and sells these products under the brand name ZENITH PRODUCTS(R) and other tradenames to home centers, hardware stores and mass merchandisers for the "do-it-yourself" market. The Company's spas and hot tubs are sold under the brand name HOT SPRING SPA(R) and other trademarks directly to retailers for sale to residential customers. In early 1997, the Company acquired Franklin Brass Manufacturing Company, a leading manufacturer of bath accessories and bath safety products.

OTHER SPECIALTY PRODUCTS

The Company's Other Specialty Products include premium BALDWIN(R) quality brass rim and mortise lock sets, knobs and trim and other builders' hardware which are manufactured and sold for the home improvement and new home construction markets. WEISER(R) lock sets and related hardware are sold through contractor supply outlets, hardware distributors and home centers. SAFLOK(TM) electronic lock sets and WINFIELD(TM) mechanical lock sets are sold primarily to the hospitality market. In early 1997, the Company acquired LaGard Inc., whose electronic lock sets are used primarily in containers for the banking industry, such as safes, ATMs, vaults and cabinetry.

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The Company has recently begun to incorporate on many of its decorative brass products a durable coating that offers anti-tarnish protection, under the names BRILLIANCE(TM) and THE LIFETIME FINISH(TM). This innovative finish is currently available on certain of the Company's bath and door hardware.

The Company manufactures ventilation products under the tradename AMP(R), including grilles, registers, diffusers and humidifiers which are sold through wholesale distribution and home centers. GEBHARDT(TM) commercial ventilating products and JUNG(TM) water pumps are manufactured and distributed by the Company in Europe. Through local offices across the United States, the Company also installs fiberglass insulation and other building products primarily for the residential home building industry.

RECENT DEVELOPMENTS

In August 1996, the Company completed the sale of its home furnishings products businesses to Furnishings International Inc. These operations were principally engaged in the manufacture and sale of quality furniture, fabrics and other home furnishings. The total proceeds from the sale were \$1,050 million, consisting of \$708 million in cash, \$285 million in junior debt securities due 2008, and the balance in 13% cumulative preferred stock, 15 percent of the common stock of Furnishings International and preferred stock convertible into an additional 25 percent ownership. The Company, however, is restricted from maintaining ownership of Furnishings International in excess of 20 percent, so any additional common stock would be acquired only for resale. The Company's financial statements and related notes reflect a 1995 pre-tax and after-tax charge of \$650 million approximating the actual loss on disposition as of the 1996 sale date. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Discontinued Operations" included in Item 7 of this Report and the Note to the Company's Consolidated Financial Statements included in Item 8 of this Report captioned "Discontinued Operations." Unless otherwise noted, reference to the Company excludes information relating to the discontinued operations.

GENERAL INFORMATION

No material portion of the Company's business is seasonal or has special working capital requirements, although the Company maintains a higher investment in inventories for certain of its businesses than the average manufacturing company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Cash Flows from Operating Activities," included in Item 7 of this Report. The Company does not consider backlog orders to be material and no material portion of its business is dependent upon any one customer or subject to renegotiation of profits or termination of contracts at the election of the federal government. Compliance with federal, state and local regulations relating to the discharge of materials into the environment, or otherwise relating to the protection of the environment, is not expected to result in material capital expenditures by the Company or to have a material effect on the Company's earnings or competitive position. In general, raw materials required by the Company are obtainable from various sources and in the quantities desired.

INTERNATIONAL OPERATIONS

The Company, through its subsidiaries, has home improvement and building products manufacturing plants in Belgium, Canada, Denmark, England, France, Germany, Italy, Mexico, Spain, Taiwan and Turkey. Home improvement and building products manufactured by the Company outside of the United States include faucets and accessory products, bath and shower enclosures, bath accessories, kitchen and bath cabinets, decorative accessories, door lock sets and related hardware, floor registers, humidifiers, ventilating equipment, submersible water pumps and special insulation materials. The Company expanded its European operations during 1996 through the acquisition of three manufacturers: The Moore Group Ltd., a leading United Kingdom based manufacturer of kitchen cabinets, Horst

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Breuer GmbH, a German manufacturer of shower enclosures and E. Missel GmbH, a leading German manufacturer of proprietary plumbing insulation materials.

The Company's foreign operations are subject to political, monetary, economic and other risks attendant generally to international businesses. These risks generally vary from country to country.

Financial information concerning the Company's export sales and foreign and domestic operations, including the net sales, operating profit and assets which are attributable to the Company's operations in North America and in other geographic areas, as of and for the three years ended December 31, 1996, is set forth in Item 8 of this Report in the Note to the Company's Consolidated Financial Statements captioned "Segment Information."

PATENTS AND TRADEMARKS

The Company holds a number of United States and foreign patents covering various design features and valve constructions used in certain of its faucets, and also holds a number of other patents and patent applications, licenses, trademarks and tradenames. As a manufacturer of brand name consumer products, the Company views its trademarks and other proprietary rights as important, but does not believe that there is any reasonable likelihood of a loss of such rights that would have a material adverse effect on the Company's present business as a whole.

COMPETITION

The major domestic and foreign markets for the Company's products are highly competitive. Competition is based primarily on performance, quality, style, customer service and price, with the relative importance of such factors varying among products. A number of companies of varying size compete with one or more of the Company's product lines.

EMPLOYEES

At December 31, 1996, approximately 22,800 people were employed by the Company. Satisfactory relations have generally prevailed between the Company and its employees.

EQUITY INVESTMENTS

MascoTech, Inc.

In 1984, Masco transferred its industrial businesses to a newly formed subsidiary, MascoTech, Inc. (formerly Masco Industries, Inc.), which became a separate public company in July, 1984 when Masco distributed to its stockholders shares of MascoTech common stock as a special dividend. In October 1996, the Company reduced its common equity interest in MascoTech from 45 percent to 21 percent through the sale to MascoTech of MascoTech common stock and warrants to purchase shares of MascoTech common stock. Payment of \$115 million of the purchase price was made in cash at closing and the balance of \$151 million is due by September 30, 1997 payable in cash, or at MascoTech's option, in cash and publicly traded securities of Emco Limited held by MascoTech. As part of that transaction, the Company granted MascoTech a right of first refusal, which expires September 30, 2000, to purchase the remaining shares of MascoTech common stock held by the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 of this Report, regarding the effect of this transaction on the Company. Emco is a Canadian manufacturer and distributor of home improvement and building products. MascoTech's conversion of its outstanding preferred stock into MascoTech common stock in mid-1997 will further reduce the Company's ownership in MascoTech to approximately 17 percent.

MascoTech is a leading supplier of metalworked and aftermarket products for the transportation industry. MascoTech's net sales for 1996 were approximately \$1.3 billion.

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During the last decade, MascoTech pursued diversified growth in the transportation-related, architectural and defense markets. Structural changes in recent years in the markets served by MascoTech, combined with the growth opportunities and the capital requirements of certain of MascoTech's transportation-related businesses, led MascoTech to an evaluation of the prospects for all of its businesses. This evaluation resulted in a strategic plan to focus on its core operating capabilities and divest certain other businesses. MascoTech's engine and drivetrain group and aftermarket group constitute its core operating businesses.

In late 1994, MascoTech adopted a plan to dispose of its architectural products, defense and certain of its transportation-related businesses. The disposition of these businesses was completed in 1996. In addition, in 1996, MascoTech disposed of its heavy-gauge stamping operations and in early 1997, it completed the sale of its engineering and technical services businesses. The cash portion of the proceeds from the disposition of these businesses has been applied to reduce MascoTech's indebtedness and to provide capital to invest in its core businesses. The disposition of these businesses did not meet the criteria for discontinued operations treatment for accounting purposes; accordingly, the sales and results of operations of these businesses are included in the results of continuing operations through the date of disposition. Businesses held for sale or sold, including the engineering and technical services businesses and the heavy-gauge stamping operations, had sales of approximately \$412 million in 1996. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 of this Report, regarding the effect of these actions on the Company.

Approximately 80 percent of MascoTech's transportation-related Products sales in 1996 (including businesses held for disposition) were original equipment automotive products and services. Sales to original equipment manufacturers are made through factory sales personnel and independent sales representatives. During 1996, sales to various divisions and subsidiaries of Ford Motor Company, Chrysler Corporation, General Motors Corporation and New Venture Gear, Inc. accounted for approximately 18 percent, 11 percent, 10 percent and 12 percent, respectively, of MascoTech's net sales (including businesses held for disposition). Sales to the automotive aftermarket are made primarily to distributors utilizing factory sales personnel. Aftermarket products are sold to companies distributing into the traditional, retail and heavy-duty segments of the automotive aftermarket.

MascoTech's engine and drivetrain products include semi-finished transmission shafts, drive gears, engine connecting rods, wheel spindles and front wheel drive components. Aftermarket products include fuel and emission systems components, windshield wiper blades, constant-velocity joints, brake hardware repair kits and other automotive accessories. MascoTech's metalworked products are manufactured using various technologies, including cold, warm and hot forming, powder metal forming, value-added machining, tubular steel fabricating and hydroforming.

TriMas Corporation

The Company and MascoTech currently own approximately 4 percent and 37 percent, respectively, of the outstanding common stock of TriMas Corporation. TriMas is a diversified proprietary products company with leadership positions in commercial, industrial and consumer niche markets, including specialty container products, pressurized gas cylinders, specialty industrial gaskets, towing systems products, specialty fasteners, pressure-sensitive tapes and products for fiberglass insulation, and precision cutting tools.

Hans Grohe

The Company has a 27 percent partnership interest in Hans Grohe GmbH & Co. KG, a German manufacturer of faucets, handheld showers, shower heads and other shower accessories.

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ITEM 2. PROPERTIES.

The following list sets forth the location of the Company's principal manufacturing facilities and identifies the industry segments utilizing such facilities:

Arizona.....	Tucson (2)
California.....	Carlsbad (1), Corona (1), Costa Mesa (2), Los Angeles (1), Pico Rivera (1), Rancho Dominguez (1), Torrance (2) and Vista (1)
Colorado.....	Boulder (2)
Delaware.....	New Castle (1)
Illinois.....	Chicago (2)
Indiana.....	Cumberland (1), Greensburg (1) and Kendallville (2)
Iowa.....	Northwood (1)
Kentucky.....	Henderson (1) and Morgantown (1)
Michigan.....	Adrian (1), Hillsdale (1), Lapeer (1), Riverview (1) and Troy (2)
Minnesota.....	Lakeville (1)
Mississippi.....	Olive Branch (2)
Nevada.....	Las Vegas (1)
New Jersey.....	Moorestown (1) and Passaic (1)
North Carolina.....	Thomasville (1)
Ohio.....	Jackson (1), Loudonville (1), Middlefield (1) and Orwell (1)
Oklahoma.....	Chickasha (1)
Oregon.....	Klamath Falls (1)
Pennsylvania.....	Reading (1 and 2)
South Dakota.....	Rapid City (1) and Sioux Falls (1)
Tennessee.....	Adamsville (1), Jackson (1), LaFollette (2) and McEwen (1)
Texas.....	Lancaster (1)
Virginia.....	Atkins (1), Culpeper (1), Lynchburg (1) and Mt. Jackson (1)
Belgium.....	Brussels (2) and St. Niklaas (2)
Canada.....	Burnaby, British Columbia (2); Brantford (1), Cambridge (1), London (1) and St. Thomas (1), Ontario
Denmark.....	Odense (1)
England.....	Brownhills (1), Corby (1), Warminster (1) and Wetherby (1)
France.....	Sevres (1)
Germany.....	Ahaus (1), Bad Zwischenahn (1), Iserlohn (1), Netzschkau (2), Neuwied (1), Steinhagen (2), Stuttgart (2) and Waldenburg (2)
Italy.....	Lacchiarella (1) and Zingonia (1)
Mexico.....	Mexicali (2)
Spain.....	Barcelona (1)
Taiwan.....	Tai Chung (1)
Turkey.....	Czerkezkoy (1)

Industry segments identified in the preceding table are: (1) Kitchen and Bath Products and (2) Other Specialty Products. Multiple footnotes within the same parentheses indicate that significant activities relating to more than one segment are conducted at that location.

The three principal faucet manufacturing plants are located in Greensburg, Indiana, Chickasha, Oklahoma and Jackson, Tennessee. The faucet manufacturing plants and the majority of the Company's other manufacturing facilities range in size from approximately 10,000 square feet to 900,000 square feet. The Company owns most of its manufacturing facilities and none of the properties is subject to significant encumbrances. In addition to its manufacturing facilities, the Company operates approximately 65 facilities (the majority of which are leased) which install fiberglass insulation and other building products. The Company's corporate headquarters are located in Taylor, Michigan and are owned by the Company. An additional building near its corporate headquarters is used by the Company's corporate research and development department.

The Company's buildings, machinery and equipment have been generally well maintained, are in good operating condition, and are adequate for current production requirements.

The following list sets forth the location of MascoTech's principal manufacturing facilities:

Florida.....	Deerfield Beach and Ocala
Indiana.....	Elkhart, Fort Wayne and North Vernon
Kentucky.....	Nicholasville
Michigan.....	Burton, Canton, Detroit, Farmington Hills, Fraser, Green Oak Township, Hamburg, Holland,
Ohio.....	Livonia, Royal Oak, St. Clair, Troy and Ypsilanti
Port	Bucyrus, Canal Fulton, Lima, Minerva and
Oklahoma.....	Clinton
Pennsylvania.....	Tulsa
Virginia.....	Ridgway
Czech Republic.....	Duffield
England.....	Brno
Germany.....	Wolverhampton
Italy.....	Nurnberg and Zell am Harmersbach
	Poggio Rusco

All of MascoTech's manufacturing facilities are primarily engaged in MascoTech's Transportation -- Related Products operations. MascoTech's principal manufacturing facilities range in size from approximately 10,000 square feet to 320,000 square feet, substantially all of which are owned by MascoTech and are not subject to significant encumbrances. The MascoTech executive offices are located in Taylor, Michigan, and are provided by the Company to MascoTech under a corporate services agreement.

MascoTech's buildings, machinery and equipment have been generally well maintained, are in good operating condition, and are adequate for current requirements.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to claims and litigation in the ordinary course of business, but does not believe that any such claim or litigation will have a material adverse effect on its consolidated financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

SUPPLEMENTARY ITEM. EXECUTIVE OFFICERS OF REGISTRANT (PURSUANT TO INSTRUCTION 3 TO ITEM 401(B) OF REGULATION S-K).

NAME ----	POSITION -----	AGE ---	OFFICER SINCE -----
Richard A. Manoogian.....	Chairman of the Board and Chief Executive Officer	60	1962
Raymond F. Kennedy.....	President and Chief Operating Officer	54	1989
Dr. Lillian Bauder.....	Vice President -- Corporate Affairs	57	1996
David A. Doran.....	Vice President -- Taxes	55	1984
Daniel R. Foley.....	Vice President -- Human Resources	55	1996
Eugene A. Gargaro, Jr.....	Vice President and Secretary	54	1993
Frank M. Hennessey.....	Executive Vice President	58	1995
John R. Leekley.....	Senior Vice President and General Counsel	53	1979
Richard G. Mosteller.....	Senior Vice President -- Finance	64	1962
Robert B. Rosowski.....	Vice President -- Controller and Treasurer	56	1973
Samuel Valenti, III.....	Vice President -- Investments	51	1971

Executive officers who are elected by the Board of Directors serve for a term of one year or less. Each elected executive officer has been employed in a managerial capacity with the Company for over five years except for Messrs. Foley and Gargaro and Dr. Bauder. Mr. Foley was employed by MascoTech, Inc. as its Vice President -- Human Resources from 1994 to 1996 and was President of Executive Business Partners, Inc., a training and consulting firm, from 1993 to 1994. From 1991 to 1992, he was Vice President -- Administration and General Counsel at Domino's Pizza, Inc., a company engaged in producing, distributing and retail sales of food products through franchised and company-owned stores. Mr. Gargaro joined the Company as its Vice President and Secretary in October, 1993. Prior to joining the Company, Mr. Gargaro was a partner at the Detroit law firm of Dykema Gossett PLLC. Mr. Gargaro has served as a director and Secretary of MascoTech, Inc., since 1984, and as a director and Secretary of TriMas Corporation since 1989. From 1984 to 1996, Dr. Bauder served as President and Chief Executive Officer of Cranbrook Educational Community.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The New York Stock Exchange is the principal market on which the Company's Common Stock is traded. The following table indicates the high and low sales prices of the Company's Common Stock as reported on the New York Stock Exchange Composite Tape and the cash dividends declared per share for the periods indicated:

QUARTER	MARKET PRICE				DIVIDENDS DECLARED
	HIGH		LOW		
1996					
Fourth.....	\$36	7/8	\$28	7/8	\$.20
Third.....	31	1/4	26	5/8	.20
Second.....	32	1/8	26	5/8	.19
First.....	31	3/8	27	7/8	.19
Total.....					\$.78
					====
1995					
Fourth.....	\$31	1/2	\$27		\$.19
Third.....	29	1/2	25	3/8	.19
Second.....	29	3/8	24	5/8	.18
First.....	27	3/4	22	1/2	.18
Total.....					\$.74
					====

On February 28, 1997, there were approximately 5,700 holders of record of the Company's Common Stock.

The Company expects that its practice of paying quarterly dividends on its Common Stock will continue, although future dividends will continue to depend upon the Company's earnings, capital requirements, financial condition and other factors.

ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth summary consolidated financial information for the Company's continuing operations, for the years and dates indicated:

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
	1996	1995	1994	1993	1992
Net sales.....	\$3,237,000	\$2,927,000	\$2,583,000	\$2,243,000	\$2,042,000
Income from continuing operations(1)...	\$ 295,200	\$ 200,050	\$ 172,710	\$ 215,210	\$ 179,130
Per share of common stock:					
Income from continuing operations(1).....	\$1.84	\$1.25	\$1.09	\$1.41	\$1.18
Dividends declared.....	\$.78	\$.74	\$.70	\$.66	\$.62
Dividends paid.....	\$.77	\$.73	\$.69	\$.65	\$.61
At December 31:					
Total assets.....	\$3,701,650	\$3,778,630	\$4,177,100	\$3,864,850	\$3,765,220
Long-term debt.....	\$1,236,320	\$1,577,100	\$1,587,160	\$1,413,480	\$1,481,680

(1) The year 1994 includes a \$79 million after-tax (\$.50 per share) non-cash equity investment charge.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following financial and business analysis provides information which the Company believes is relevant to an assessment and understanding of the Company's consolidated financial position and results of operations. This financial and business analysis should be read in conjunction with the consolidated financial statements and related notes.

OVERVIEW

The Company is engaged principally in the manufacture, sale and installation of home improvement and building products. These products are sold to the home improvement and home construction markets through mass merchandisers, hardware stores, home centers, distributors, wholesalers and other outlets for consumers and contractors.

Factors which affect the Company's results of operations include the levels of home improvement and residential construction activity principally in the U.S. and Europe (including repair and remodeling and new construction), cost management and the Company's ability to maintain its leadership positions in an increasingly competitive marketplace. Historically, the Company has been able to largely offset cyclical declines in housing markets through new product introductions and market share gains.

Net sales and operating profit from continuing operations for 1996 were \$3,237 million and \$481 million, representing increases of 11 percent and 19 percent, respectively, over 1995. Net income from continuing operations and income from continuing operations per share for 1996 were \$295 million and \$1.84, representing increases of 48 percent and 47 percent, respectively, and include the benefits of higher other income in 1996. Increases in net sales typically result in operating profit improvements that exceed the net sales increases due to the allocation of fixed and semi-fixed costs over a higher sales base. The 1996 fourth quarter included after-tax charges (primarily for adjustments of miscellaneous assets to their estimated fair value) of \$37.5 million or \$.23 per share, which were more than offset by the after-tax gain from the sale of certain MascoTech investments of \$40.7 million or \$.25 per share.

CORPORATE DEVELOPMENT

Consistent with the Company's objective of building on its European presence, the Company during 1996 acquired: The Moore Group Ltd., a leading United Kingdom manufacturer of kitchen cabinets; Horst Breuer GmbH, a German manufacturer of shower enclosures; and E. Missel GmbH, a leading German manufacturer of proprietary specialty products. The aggregate purchase price for these companies was approximately \$173 million, and the acquisitions were accounted for as purchase transactions. These companies had combined annual net sales in 1995 of approximately \$140 million.

Acquisitions have historically contributed significantly to Masco's long-term growth, even though generally the initial impact on earnings is minimal after deducting acquisition-related costs such as interest and added depreciation and amortization. The important earnings benefit to Masco arises from subsequent growth of acquired companies, since incremental sales are not handicapped by these expenses.

DISCONTINUED OPERATIONS

In late November 1995, the Company's Board of Directors approved a formal plan to dispose of the Company's home furnishings products segment. Operations that were included in this segment were principally engaged in the manufacture and sale of quality furniture, fabrics and other home furnishings. The appropriate provisions were recorded in the fourth quarter of 1995 for the estimated loss on the discontinued operations through the expected disposal date, the reduction of assets to their estimated net realizable value and the anticipated liabilities related to the disposal. The total provision amounted to \$650 million on a pre-tax and after-tax basis. The approximate results of operations for the

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period after the decision to discontinue were previously estimated and included in the expense provision established in 1995.

In early August 1996, the Company completed the sale of its home furnishings products businesses to Furnishings International Inc. Furnishings International's investors include 399 Venture Partners (a subsidiary of Citibank), certain members of Furnishings International's management, the Company and certain affiliates of Travelers Group Inc. Total proceeds to the Company from the sale were \$1,050 million with approximately \$708 million of the purchase price in cash. The balance consisted of \$285 million of 12 percent pay-in-kind junior debt securities, and equity securities totalling \$57 million, consisting of 13 percent cumulative preferred stock with a stated value of \$55 million, 15 percent of the common stock of Furnishings International and convertible preferred stock.

The junior debt securities mature in 2008; the Company is recording the 12 percent pay-in-kind interest income from these securities. The Company will record dividend income from the 13 percent cumulative preferred stock if and when such dividends are declared. The convertible preferred stock represents transferable rights for up to a 25 percent common ownership, although the Company is restricted from maintaining an ownership in excess of 20 percent of Furnishings International's common equity. As such, the Company will not acquire additional common equity, except for purposes of resale only. Of the cash proceeds received from this sale, approximately \$550 million was applied to reduce bank debt. The balance of the proceeds will eventually be invested in the future growth of the Company.

Under a transitional services agreement, the Company provides corporate-related services for a fee to Furnishings International through April 1997. Substantially all of these services will be discontinued after such date.

The Company's \$650 million pre-tax and after-tax charge for the disposition of the home furnishings products segment, which was recorded at December 31, 1995, approximated the actual loss on disposition as of the 1996 sale date.

The majority of the charge from the disposition of the home furnishings products segment resulted in a capital loss for tax purposes. The ultimate tax benefit from the disposition cannot be determined currently and will be reported in subsequent periods if and when taxable capital gains are realized.

The Company's former President and Chief Operating Officer, Wayne B. Lyon, has retired as a Company employee and joined Furnishings International as its full-time Chairman, President and Chief Executive Officer. The Company's Executive Vice President and President -- Building Products, Raymond F. Kennedy, was appointed President and Chief Operating Officer of the Company in August 1996.

PROFIT MARGINS

Operating profit margin, before general corporate expense, improved to 17.5 percent in 1996 following a decline to 16.8 percent in 1995 from 19.8 percent in 1994. The improvement in 1996 is principally due to a reduction in selling, general and administrative expenses as a percentage of sales. The Company's operating margin from faucet sales is somewhat higher than that on other products offered by the Company due to the simplicity, quality and reliability of its faucet mechanisms, manufacturing efficiencies and capabilities, extensive marketing and merchandising activities and breadth of product offering.

General corporate expense in 1996 was \$85 million, as compared with \$90 million in 1995 and \$80 million in 1994. Operating profit margin, after general corporate expense, was 14.8 percent, 13.7 percent and 16.7 percent in 1996, 1995 and 1994, respectively.

Net income from continuing operations as a percentage of sales increased to 9.1 percent in 1996 from 6.8 percent and 6.7 percent in 1995 and 1994, respectively. After-tax profit return on shareholders'

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equity, as measured by net income from continuing operations, increased to 17.8 percent in 1996 from 9.4 percent and 8.6 percent in 1995 and 1994, respectively.

For 1994, net income from continuing operations reflects an unusual after-tax charge of \$79 million or approximately \$.50 per share for the Company's equity share of its affiliate MascoTech, Inc.'s \$315 million non-cash after-tax charge for the divestiture of its non-core businesses. Prior to giving effect to such charge, net income from continuing operations as a percentage of sales and after-tax profit return on shareholders' equity for 1994 were 9.7 percent and 12.5 percent, respectively.

FINANCIAL CONDITION

Over the years, the Company has largely funded its growth through cash provided by a combination of operations and long-term bank and other borrowings. At December 31, 1996, the Company's shelf-registration statement permits the issuance of up to a combined \$759 million of debt and equity securities.

Bank credit lines are maintained to ensure availability of short-term funds on an as-needed basis. At December 31, 1996, the Company had available \$750 million under its bank revolving-credit facility. Any outstanding balances under this facility are due and payable in November 2001. Certain debt agreements contain limitations on additional borrowings and requirements for maintaining a certain level of tangible net worth. At December 31, 1996, the Company was in compliance with these limitations and requirements, and the Company's tangible net worth exceeded the most restrictive of such provisions by approximately \$347 million.

Maintaining high levels of liquidity and cash flow are among the Company's financial strategies. During 1996, the Company strengthened its balance sheet and reduced both its short-term and long-term debt. The Company's working capital ratio was 2.8 to 1 at December 31, 1996 compared with 2.2 to 1 at December 31, 1995. The Company's debt as a percent of total capitalization approximated 39 percent at December 31, 1996 compared with 47 percent at December 31, 1995. The Company's improved financial strength at December 31, 1996 compared with December 31, 1995 is primarily due to the payment of long-term debt from a portion of the cash consideration from the sale of the Company's home furnishings products businesses, the sale of certain MascoTech investments and improved earnings from operations in 1996. The Company's cash balance at December 31, 1996 includes approximately \$150 million from European borrowings which should improve the Company's utilization of foreign tax credits in future years.

CASH FLOWS

Significant sources and uses of cash in the past three years are shown in the following table, in thousands:

CASH SOURCES (USES)	1996	1995	1994
-----	-----	-----	-----
From continuing operations.....	\$ 340,140	\$ 260,910	\$ 290,140
Sale of discontinued operations.....	707,630	--	--
Sale of MascoTech investments.....	115,000	--	--
Sale of Formica investment.....	--	74,470	--
Acquisitions of companies.....	(173,110)	--	
(126,830)			
Capital expenditures.....	(138,540)	(165,080)	
(121,790)			
Increase (decrease) in debt, net.....	(368,160)	(52,180)	182,470
Cash dividends paid.....	(123,530)	(116,350)	
(108,960)			
Repurchase of Company common stock.....	--	--	
(61,730)			
From discontinued operations, net.....	--	34,560	
(102,040)			
Other, net.....	53,830	(12,390)	
(9,870)			
	-----	-----	-----
Cash: increase (decrease).....	\$ 413,260	\$ 23,940	\$
(58,610)	=====	=====	=====

CASH FLOWS FROM OPERATING ACTIVITIES

Continuing operations generated \$79.2 million and \$50.0 million more cash in 1996 than in 1995 and 1994, respectively, primarily due to increased earnings and a decreased impact from changes in working capital. During 1996, the Company's accounts receivable and inventories increased by \$27.0 million and \$20.2 million, respectively, primarily as a result of acquisitions. As compared with the average manufacturing company, the Company maintains a higher investment in inventories, which relates to the Company's business strategies of providing better customer service, establishing efficient production scheduling and benefitting from larger, more cost-effective purchasing.

CASH FLOWS FROM INVESTING ACTIVITIES

Investing activities of continuing operations provided cash of \$564.8 million in 1996 compared with cash used for investing activities of \$141.3 million in 1995. The increase of \$706.1 million is primarily the result of cash proceeds from the sale of discontinued operations and certain MascoTech investments, offset by cash used for the acquisition of three European companies at an aggregate purchase price of approximately \$173 million, which was principally provided by European borrowings. The Company anticipates the continued use of cash for the acquisition of companies.

In early August 1996, the Company completed the sale of its home furnishings products segment to Furnishings International Inc. Total proceeds to the Company from the sale were \$1,050 million with approximately \$708 million of the purchase price in cash. (See Discontinued Operations in this Management's Discussion and Analysis.)

During October 1996, the Company completed the sale to MascoTech, Inc. of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock. Under the sale agreement, the Company received \$266 million, with \$115 million cash paid at closing. The Company receives interest income at 6.625 percent on the \$151 million balance of the consideration, which is due by September 1997; this amount is included in non-current assets inasmuch as the Company may receive publicly traded securities of Emco Limited held by MascoTech, in payment of a substantial portion of this balance. Emco Limited is a Canadian manufacturer and distributor of home improvement and building products. The Company recorded a 1996 fourth quarter net pre-tax gain of \$67.8 million (\$40.7 million after-tax) from the sale. This gain was principally offset by fourth quarter charges aggregating \$49.1 million pre-tax (\$37.5 million after-tax) primarily for adjustments of miscellaneous assets to their estimated fair value. This transaction reduced the Company's common equity ownership in MascoTech from 45 percent to 21 percent. The transaction, when considered along with the conversion by mid-1997 of outstanding MascoTech preferred stock into MascoTech common stock, will reduce the Company's ownership in MascoTech to approximately 17 percent (which equals the Company's voting interest at December 31, 1996). MascoTech holds an option expiring in 2002 to require the Company to purchase up to \$200 million aggregate amount of subordinated debt securities of MascoTech. As part of the transaction, Masco Chairman Richard Manoogian also agreed to sell to MascoTech one million shares of his holdings of MascoTech common stock at the then market price of \$13 5/8. As a result, his common ownership in MascoTech before the transaction remains approximately the same, at seven percent, following the purchases by MascoTech.

Capital expenditures totalled \$138.5 million in 1996 compared with \$165.1 million in 1995. These amounts primarily pertain to expenditures for additional facilities related to increased demand for existing products as well as for new Masco products. The Company also continues to invest in automating its manufacturing operations and increasing its productivity, in order to be a more efficient producer and improve customer service and response time. The Company expects capital expenditures for 1997, excluding those of potential 1997 acquisitions, to approximate the 1996 level. Depreciation and amortization expense for 1996 totalled \$99.7 million, compared with \$90.1 million for 1995; for 1997, depreciation and amortization expense is expected to be approximately \$105 million, excluding 1997 acquisitions.

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Costs of environmental responsibilities and compliance with existing environmental laws and regulations have not had, nor in the opinion of the Company are they expected to have, a material adverse effect on the Company's capital expenditures, financial position, or results of operations.

CASH FLOWS FOR FINANCING ACTIVITIES

Cash used for financing activities increased to \$491.7 million in 1996 from \$156.1 million in 1995. During 1996, the Company paid the \$250 million of 9 percent notes due April 15, 1996 through borrowings under its bank revolving-credit agreement. The Company later in 1996 applied approximately \$550 million of the proceeds from the 1996 sale of the home furnishings products segment to reduce bank debt.

During 1996, the Company increased its dividend rate 5 percent to \$.20 per share quarterly. This marks the 38th consecutive year in which dividends have been increased.

The Company believes that its present cash balance and cash flows from operations are sufficient to fund its near-term working capital and other investment needs. The Company believes that its longer-term working capital and other general corporate requirements will be satisfied through cash flows from operations and, to the extent necessary, from future financial market activities, from proceeds from asset sales and from bank borrowings.

CONSOLIDATED RESULTS OF OPERATIONS

Net sales for 1996 were \$3,237 million, representing an increase of 11 percent over 1995. After adjusting for acquisitions and the divestiture of two small operations, net sales for 1996 increased 7 percent over 1995. Net sales for 1995 increased 13 percent to \$2,927 million from \$2,583 million in 1994; after adjusting for acquisitions in 1995 and 1994, net sales for 1995 increased 7 percent.

Cost of sales as a percentage of sales was 63.3 percent in 1996 compared with 63.1 percent and 60.9 percent for 1995 and 1994, respectively. The modest increase in the cost of sales percentage for 1996 over 1995 is primarily attributable to softness in the Company's European markets, expenses associated with manufacturing process improvement initiatives and product sales mix, which offset the benefits resulting from increased sales volume and new product introductions. The increase in the cost of sales percentage for 1995 over 1994 was primarily the result of plant start-up costs related to a major new faucet facility in the U.S. and product sales mix. Product sales mix was primarily occasioned by a higher percentage of lower margin sales to total sales.

Excluding amortization of excess cost over acquired net assets (\$12.1 million, \$10.0 million and \$6.7 million in 1996, 1995 and 1994, respectively), selling, general and administrative expenses as a percentage of sales were 21.5 percent in 1996 compared with 22.8 percent and 22.1 percent for 1995 and 1994, respectively. The decrease in the selling, general and administrative expenses percentage in 1996 results from the Company's cost-reduction initiatives, the substitution of contingent incentive-based compensation for the reduction in compensation for certain executives and the leverage of fixed and semi-fixed costs over a higher sales base. The increase in the selling, general and administrative expenses percentage in 1995 resulted from higher promotional, advertising and insurance costs in 1995 versus 1994.

Included in other income and expense, net are equity earnings from MascoTech of \$13.9 million for 1996 as compared with equity earnings of \$18.2 million for 1995 and \$106.1 million of equity loss from MascoTech in 1994. The decrease in equity earnings from MascoTech for 1996 compared with 1995 principally reflects the Company's \$11.7 million pre-tax equity share of MascoTech's loss from the sale of its metal stamping businesses. The Company recognized a \$67.8 million net pre-tax gain (\$40.7 million after-tax) from the fourth quarter 1996 sale to MascoTech of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock. The equity loss from MascoTech in 1994 reflects the Company's \$138 million pre-tax (\$79 million

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after-tax) equity share of MascoTech's unusual non-cash 1994 fourth quarter charge for the disposition of its non-core businesses.

Included in other income and expense, net for 1996 are \$36.3 million of fourth quarter charges primarily related to adjustments of miscellaneous assets to estimated fair value and \$14.0 million of interest income from the pay-in-kind notes of Furnishings International Inc.

Other income and expense, net for 1995 includes a \$15.9 million gain from the sale of the Company's investment in Formica Corporation; this gain was offset primarily by charges for product line disposals.

After-tax income and income per share from continuing operations for 1996 were \$295 million and \$1.84 compared with \$200 million and \$1.25 for 1995 and \$173 million and \$1.09 for 1994, respectively. Excluding the Company's equity share of the above-mentioned 1994 MascoTech charge, after-tax income and income per share from continuing operations for 1994 were approximately \$252 million and \$1.59. The Company's effective tax rate decreased to 41.3 percent in 1996 from 43.1 percent in 1995 due primarily to a reduction in higher-taxed foreign income as a percentage of total income. The 1994 tax rate was 41.0 percent.

OUTLOOK FOR THE COMPANY

Assuming that the U.S. economy maintains its present rate of moderate growth and interest rates remain relatively stable, the Company expects improvement in both sales and earnings for 1997. The Company also expects to improve its results in 1997 and in future years: by continuing to invest in new manufacturing technologies and productivity improvement initiatives in order to reduce costs and increase efficiency; by maintaining a lower level of selling, general and administrative expenses; by introducing new products and marketing initiatives to increase market share and share of customer; and by actively pursuing acquisition candidates that complement or support the Company's core competencies.

NET SALES BY PRODUCT SEGMENT AND GEOGRAPHIC AREA

The following table sets forth the Company's net sales from continuing operations by product group and geographic area, in millions.

	NET SALES			PERCENT CHANGE	
	1996	1995	1994	1996 VS 1995	1995 VS 1994
Kitchen and Bath Products:					
Faucets.....	\$ 757	\$ 698	\$ 667	8%	5%
Cabinets.....	832	758	665	10%	14%
Other.....	930	827	745	12%	11%
	2,519	2,283	2,077	10%	10%
Other Specialty Products.....	718	644	506	11%	27%
	-----	-----	-----		
Total.....	\$3,237	\$2,927	\$2,583	11%	13%
	=====	=====	=====		
North America.....	\$2,680	\$2,441	\$2,247	10%	9%
European Union.....	557	486	336	15%	45%
	-----	-----	-----		
Total.....	\$3,237	\$2,927	\$2,583	11%	13%
	=====	=====	=====		

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BUSINESS SEGMENT RESULTS

Kitchen and Bath Products

Net sales of the Company's Kitchen and Bath Products increased 10 percent in 1996 over 1995 and 10 percent in 1995 over 1994; after adjusting for acquisitions, net sales increased 7 percent in 1996 over 1995 and 6 percent in 1995 over 1994. These increases are largely due to higher unit sales volume of faucets, cabinets and other kitchen and bath products, and to a lesser extent, selling price increases and new product introductions.

Operating profit of the Company's Kitchen and Bath Products, before general corporate expense, was \$462 million, \$411 million and \$441 million in 1996, 1995 and 1994, respectively. Operating margin, before general corporate expense, improved to 18.3 percent in 1996 following a decline to 18.0 percent in 1995 from 21.2 percent in 1994.

Operating results of this business segment showed a net improvement in 1996 over 1995. This net improvement results from higher unit sales volume, increased efficiency and utilization of new and existing manufacturing facilities and the leverage of fixed and semi-fixed selling, general and administrative expenses over a higher sales base, which more than offset the modestly weaker results of the Company's U.S. cabinet businesses and the lower results of European operations. Operating results of the Company's U.S. cabinet businesses were modestly weaker in 1996 and 1995 due to the influence of a higher percentage of lower margin sales to total sales and the recognition of certain expenses for various initiatives undertaken to improve manufacturing processes and customer service and to shorten product delivery time. Operating results of this business segment were also lower in 1995, as compared with 1994, due to plant start-up costs related to a major new faucet facility in the U.S.

Other Specialty Products

Net sales of the Company's Other Specialty Products increased 11 percent in 1996 over 1995 and 27 percent in 1995 over 1994. After adjusting for acquisitions and divestitures, net sales increased 7 percent in 1996 over 1995 and 11 percent in 1995 over 1994. Operating profit of the Company's Other Specialty Products, before general corporate expense, was \$104 million, \$82 million and \$70 million in 1996, 1995 and 1994, respectively. Operating margin, before general corporate expense, improved to 14.5 percent in 1996 following a decline to 12.7 percent in 1995 from 13.8 percent in 1994.

Operating results of this business segment for 1996 as compared with 1995 benefitted from higher unit sales volume of mechanical and electronic lock sets and higher installation sales of fiberglass insulation, and to a lesser extent, selling price increases and new product introductions. Operating results in 1996 also benefitted from the leverage of fixed and semi-fixed selling, general and administrative expenses over a higher sales base and the divestiture of two under-performing operations. Operating profit as a percentage of sales decreased in 1995 from 1994, in part due to lower unit sales volume of mechanical lock sets. Operating results were negatively affected in 1996 and 1995 by lower results of European operations.

GEOGRAPHIC AREA RESULTS

North America

Net sales of North American operations increased 10 percent in 1996 over 1995 and 9 percent in 1995 over 1994. Net sales of North American operations, after adjusting for acquisitions and divestitures, increased 9 percent in 1996 over 1995 and 5 percent in 1995 over 1994. Operating profit from North American operations, before general corporate expense, was \$479 million, \$407 million and \$437 million for 1996, 1995 and 1994, respectively. Operating margin, before general corporate expense, improved to 17.9 percent in 1996 following a decline to 16.7 percent in 1995 from 19.5 percent in 1994.

Operating results of North American operations in 1996 benefitted from higher sales volume which was partly driven by an increase in U.S. housing transactions, including higher levels of new construction and existing homes sales. Operating results of North American operations in 1995 were

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lower, in part due to plant start-up costs related to a major new faucet facility and product sales mix. Operating results of the Company's Canadian operations were relatively flat in 1996 and 1995, as compared with 1994.

European Union

Net sales of European operations increased 15 percent in 1996 over 1995 and 45 percent in 1995 over 1994; after adjusting for acquisitions, net sales decreased 1 percent in 1996 from 1995 and increased 19 percent in 1995 over 1994. Operating profit from European operations, before general corporate expense, was \$87 million, \$86 million and \$74 million for 1996, 1995 and 1994, respectively. Operating margin, before general corporate expense, decreased to 15.6 percent in 1996 following a decline to 17.7 percent in 1995 from 22.0 percent in 1994.

Results of European operations were lower in 1996 and 1995, in part due to softness in the Company's European markets beginning in mid-1995, competitive pricing pressures on certain products and the influence of a higher percentage of lower margin sales to total sales. In addition, a stronger U.S. dollar had a negative effect on the translation of European results in 1996 as compared with 1995, lowering European net sales by approximately 3 percent. A weaker U.S. dollar in 1995 as compared with 1994 resulted in an increase in European net sales of approximately 12 percent.

RECENTLY ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

Statement of Financial Accounting Standards No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and the American Institute of Certified Public Accountants' Statement of Position No. 96-1, "Environmental Remediation Liabilities," become effective in January 1997 and will not have a material impact on the Company's financial statements.

The Company has elected to continue to apply the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and, accordingly, stock options do not constitute compensation expense in the determination of net income in the statement of operations. Had stock option compensation expense been determined pursuant to the methodology of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the pro forma effect for 1996 would have been a reduction in the Company's earnings per share of approximately \$.03 or less than two percent, which would not have been material.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Shareholders of Masco Corporation:

We have audited the accompanying consolidated balance sheets of Masco Corporation and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 1996 and the financial statement schedule as listed in Item 14(a)(2) of the Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Masco Corporation and subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan
February 18, 1997

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MASCO CORPORATION
CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1996 AND 1995

ASSETS

	1996	1995
	-----	-----
Current Assets:		
Cash and cash investments.....	\$ 473,730,000	\$ 60,470,000
Receivables.....	466,900,000	439,900,000
Inventories.....	411,940,000	391,760,000
Prepaid expenses and other.....	77,200,000	72,370,000
	-----	-----
Total current assets.....	1,429,770,000	964,500,000
Receivable from MascoTech, Inc.....	151,380,000	--
Equity investment in MascoTech, Inc.....	10,150,000	202,380,000
Equity investments in other affiliates.....	57,680,000	62,570,000
Securities of Furnishings International Inc.....	356,340,000	--
Property and equipment.....	940,590,000	856,690,000
Excess of cost over acquired net assets.....	457,350,000	343,510,000
Other assets.....	298,390,000	296,310,000
Net assets of discontinued operations.....	--	1,052,670,000
	-----	-----
Total assets.....	\$3,701,650,000	\$3,778,630,000
	=====	=====
	LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities:		
Notes payable.....	\$ 7,590,000	\$ 25,690,000
Accounts payable.....	149,500,000	125,230,000
Accrued liabilities.....	361,350,000	294,930,000
	-----	-----
Total current liabilities.....	518,440,000	445,850,000
Long-term debt.....	1,236,320,000	1,577,100,000
Deferred income taxes and other.....	107,080,000	100,250,000
	-----	-----
Total liabilities.....	1,861,840,000	2,123,200,000
	-----	-----
Shareholders' Equity:		
Common shares authorized: 400,000,000; issued: 1996 -- 160,870,000; 1995 -- 160,380,000.....	160,870,000	160,380,000
Preferred shares authorized: 1,000,000.....	--	--
Paid-in capital.....	140,010,000	128,550,000
Retained earnings.....	1,536,410,000	1,366,330,000
Cumulative translation adjustments.....	2,520,000	170,000
	-----	-----
Total shareholders' equity.....	1,839,810,000	1,655,430,000
	-----	-----
Total liabilities and shareholders' equity.....	\$3,701,650,000	\$3,778,630,000
	=====	=====

See notes to consolidated financial statements.

MASCO CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995	1994
Net sales.....	\$3,237,000,000	\$2,927,000,000	\$2,583,000,000
Cost of sales.....	2,048,070,000	1,846,330,000	1,574,100,000
Gross profit.....	1,188,930,000	1,080,670,000	1,008,900,000
Selling, general and administrative expenses...	696,290,000	668,310,000	571,480,000
Amortization of excess of cost over acquired net assets.....	12,140,000	10,020,000	6,670,000
Operating profit.....	480,500,000	402,340,000	430,750,000
Other income (expense), net:			
Re: MascoTech, Inc.:			
Equity earnings (loss).....	13,860,000	18,200,000	(106,110,000)
Gain from sale of investments, net.....	67,800,000	--	--
Equity earnings, other affiliates.....	6,230,000	8,010,000	6,630,000
Other, net.....	8,990,000	(2,960,000)	23,090,000
Interest expense.....	(74,680,000)	(73,800,000)	(61,530,000)
	22,200,000	(50,550,000)	(137,920,000)
Income from continuing operations before income taxes.....	502,700,000	351,790,000	292,830,000
Income taxes.....	207,500,000	151,740,000	120,120,000
Income from continuing operations....	295,200,000	200,050,000	172,710,000
Discontinued operations (net of income taxes):			
Income from operations.....	--	8,270,000	20,990,000
Loss on disposition, net.....	--	(650,000,000)	--
Net income (loss).....	\$ 295,200,000	\$ (441,680,000)	\$ 193,700,000
Earnings (loss) per share:			
Continuing operations.....	\$1.84	\$ 1.25	\$1.09
Discontinued operations:			
Income from operations.....	--	.05	.13
Loss on disposition, net.....	--	(4.07)	--
Earnings (loss) per share.....	\$1.84	\$(2.77)	\$1.22

See notes to consolidated financial statements.

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MASCO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995	1994
	-----	-----	-----
Cash Flows From (For):			
Operating Activities:			
Income from continuing operations.....	\$ 295,200,000	\$ 200,050,000	\$ 172,710,000
Depreciation and amortization.....	99,680,000	90,090,000	73,830,000
Equity (earnings) loss, net.....	(12,310,000)	(17,770,000)	106,200,000
Deferred income taxes.....	28,850,000	18,240,000	(31,930,000)
Gain from sale of MascoTech investments, net.....	(67,800,000)	--	--
(Increase) in receivables.....	(7,510,000)	(56,660,000)	(25,750,000)
(Increase) in inventories.....	(1,890,000)	(13,970,000)	(39,900,000)
Increase in accounts payable and accrued liabilities, net.....	38,410,000	42,110,000	33,780,000
Other, net.....	(32,490,000)	(1,180,000)	1,200,000
	-----	-----	-----
Net cash from operating activities of continuing operations.....	340,140,000	260,910,000	290,140,000
Operating activities of discontinued operations.....	--	60,370,000	24,500,000
	-----	-----	-----
Net cash from operating activities.....	340,140,000	321,280,000	314,640,000
	-----	-----	-----
Investing Activities:			
Acquisition of companies.....	(173,110,000)	--	(126,830,000)
Capital expenditures.....	(138,540,000)	(165,080,000)	(121,790,000)
Cash proceeds from sale of discontinued operations.....	707,630,000	--	--
Cash proceeds from sale of MascoTech investments.....	115,000,000	--	--
Proceeds from sale of Formica investment.....	--	74,470,000	--
Other, net.....	53,830,000	(12,390,000)	(9,870,000)
Investing activities of discontinued operations.....	--	(38,290,000)	(78,290,000)
	-----	-----	-----
Net cash from (for) investing activities.....	564,810,000	(141,290,000)	(336,780,000)
	-----	-----	-----
Financing Activities:			
Retirement of notes.....	(250,000,000)	(200,000,000)	--
Increase in other debt.....	537,380,000	497,830,000	239,710,000
Payment of other debt.....	(655,540,000)	(350,010,000)	(57,240,000)
Repurchase of Company common stock.....	--	--	(61,730,000)
Cash dividends paid.....	(123,530,000)	(116,350,000)	(108,960,000)
Financing activities of discontinued operations.....	--	12,480,000	(48,250,000)
	-----	-----	-----
Net cash (for) financing activities.....	(491,690,000)	(156,050,000)	(36,470,000)
	-----	-----	-----
Cash and Cash Investments:			
Increase (decrease) for the year.....	413,260,000	23,940,000	(58,610,000)
At January 1.....	60,470,000	36,530,000	95,140,000
	-----	-----	-----
At December 31.....	\$ 473,730,000	\$ 60,470,000	\$ 36,530,000
	=====	=====	=====

See notes to consolidated financial statements.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Principles of Consolidation. The consolidated financial statements include the accounts of Masco Corporation and all majority-owned subsidiaries. All significant intercompany transactions have been eliminated. The Company classified its home furnishings products segment as discontinued operations in 1995. (See "Discontinued Operations" note.) Accordingly, the financial statements and related notes present the home furnishings products segment as discontinued operations. Certain amounts for prior years have been reclassified to conform to the current year presentation.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates and assumptions.

Average Shares Outstanding. The average number of common shares outstanding in 1996, 1995 and 1994 approximated 160.6 million, 159.6 million and 158.8 million, respectively.

Cash and Cash Investments. The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash investments.

Receivables. The Company does significant business with a number of individual customers. The Company monitors its exposure for credit losses and maintains adequate allowances for doubtful accounts. At December 31, 1996 and 1995 accounts and notes receivable are presented net of allowances for doubtful accounts of \$17.9 million and \$16.3 million, respectively.

Property and Equipment. Property and equipment, including significant betterments to existing facilities, are recorded at cost. Upon retirement or disposal, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of operations. Maintenance and repair costs are charged to expense as incurred.

Depreciation and Amortization. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and land improvements, 2 to 10 percent, and machinery and equipment, 5 to 33 percent. Depreciation was \$71.7 million, \$65.3 million and \$54.5 million in 1996, 1995 and 1994, respectively.

The excess of cost over net assets of acquired companies is being amortized using the straight-line method over periods not exceeding 40 years; at December 31, 1996 and 1995 such accumulated amortization totalled \$70.2 million and \$58.1 million, respectively. At each balance sheet date, management assesses whether there has been an impairment in the carrying value of excess of cost over net assets of acquired companies, primarily by comparing current and projected annual sales, operating income and annual cash flows on an undiscounted basis with the related annual amortization expense; management also considers business prospects, market trends and other economic factors in performing this assessment. Based on this assessment, there was no permanent impairment related to the excess of cost over net assets of acquired companies at December 31, 1996 and 1995. Purchase costs of patents are being amortized using the straight-line method over the legal lives of the patents, not to exceed 17 years. Amortization of intangible assets was \$28.0 million, \$24.8 million and \$19.3 million in 1996, 1995 and 1994, respectively.

Fair Value of Financial Instruments. The carrying value of financial instruments reported in the balance sheet for current assets and current liabilities approximates fair value. The fair value of financial instruments that are carried as long-term investments (other than those accounted for by the equity method) was based principally on quoted market prices for those or similar investments or by discounting future cash flows using a discount rate that approximates the risk of the investments. The

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCOUNTING POLICIES -- (CONCLUDED)

fair value of the Company's long-term debt instruments was based principally on quoted market prices for the same or similar issues or the current rates available to the Company for debt with similar terms and remaining maturities. The aggregate market value of the Company's long-term investments and long-term debt at December 31, 1996 was approximately \$631 million and \$1,248 million, as compared with the Company's aggregate carrying value of \$601 million and \$1,236 million, respectively, and at December 31, 1995 was approximately \$157 million and \$1,603 million, as compared with the Company's aggregate carrying value of \$116 million and \$1,577 million, respectively.

Recently Issued Statements of Financial Accounting Standards. Statement of Financial Accounting Standards No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and the American Institute of Certified Public Accountants' Statement of Position No. 96-1, "Environmental Remediation Liabilities," become effective in January 1997 and will not have a material impact on the Company's financial statements.

ACQUISITIONS

During the second quarter of 1996, the Company acquired The Moore Group Ltd., a leading United Kingdom manufacturer of kitchen cabinets, and Horst Breuer GmbH, a German manufacturer of shower enclosures. In the third quarter of 1996, the Company acquired E. Missel GmbH, a leading German manufacturer of proprietary specialty products. The aggregate purchase price for these companies was approximately \$173 million and the acquisitions were accounted for as purchase transactions. These companies had combined annual net sales in 1995 of approximately \$140 million.

DISCONTINUED OPERATIONS

In late November 1995, the Company's Board of Directors approved a formal plan to dispose of the Company's home furnishings products segment. Operations that were included in this segment were principally engaged in the manufacture and sale of quality furniture, fabrics and other home furnishings. The appropriate provisions were recorded in the fourth quarter of 1995 for the estimated loss on the discontinued operations through the expected disposal date, the reduction of assets to their estimated net realizable value and the anticipated liabilities related to the disposal. The total provision amounted to \$650 million on a pre-tax and after-tax basis.

During August 1996, the Company completed the sale of its home furnishings products segment to Furnishings International Inc. Furnishings International's investors include: 399 Venture Partners (a subsidiary of Citibank), certain members of Furnishings International's management, the Company and certain affiliates of Travelers Group Inc. Total proceeds to Masco from the sale were, in millions:

Cash.....	\$
708	
Junior debt securities (12% pay-in-kind).....	
285	
Preferred stock (13% cumulative).....	
Common stock (15% ownership).....	H
57	
Convertible preferred stock.....	

Total proceeds from the sale.....	
\$1,050	
=====	

The junior debt securities mature in 2008. The Company will record dividend income from the 13% cumulative preferred stock, with a stated value of \$55 million, if and when such dividends are declared. The convertible preferred stock represents transferable rights for up to a 25 percent common ownership, although the Company is restricted from maintaining an ownership in excess of 20 percent of Furnishings International's common equity. As such, the Company will not acquire additional

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

DISCONTINUED OPERATIONS -- (CONCLUDED)

common equity, except for purposes of resale only. Of the cash proceeds received from this sale, approximately \$550 million was applied to reduce bank debt.

Under a transitional services agreement, the Company provides corporate-related services for a fee to Furnishings International through April 1997. Substantially all of these services will be discontinued after such date.

Net sales and income from operations of the discontinued segment for the eleven months ended November 30, 1995 and the year ended December 31, 1994 were \$1,852 million and \$8.3 million, and \$1,885 million and \$21.0 million, respectively. Income from operations of the discontinued segment for 1995 and 1994 is net of applicable income taxes of \$22.0 million and \$8.8 million, respectively. The income tax rate of discontinued operations was higher in 1995 primarily due to higher taxes on foreign operations and decreased foreign tax credits.

INVENTORIES

THOUSANDS)	(IN	
	AT DECEMBER 31	
	1996	1995
-----	-----	
Raw material.....	\$185,500	
\$171,670		
Finished goods.....	135,190	
130,070		
Work in process.....	91,250	
90,020		
-----	-----	
	\$411,940	
\$391,760		
=====	=====	

Inventories are stated at the lower of cost or net realizable value, with cost determined principally by use of the first-in, first-out method.

EQUITY INVESTMENTS IN AFFILIATES

Equity investments in affiliates consist primarily of the following common equity and partnership interests:

	AT DECEMBER 31		
	1996	1995	
	----	----	

1994			

MascoTech, Inc.....	21%	45%	44%
Hans Grohe, a German partnership.....	27%	27%	27%
TriMas Corporation.....	4%	5%	5%

Excluding the partnership interest in Hans Grohe, for which there is no quoted market value, the aggregate market value of the Company's equity investments at December 31, 1996 (which may differ from the amounts that could then have been realized upon disposition), based upon quoted market prices at that date, was \$166 million, as compared with the Company's related aggregate carrying value of \$27 million.

The Company's carrying value of its equity investments at December 31, 1996, approximated the Company's equity in the underlying net book value in these affiliates, except for \$20 million of excess carrying value pertaining to the equity investment in MascoTech. Such excess is being amortized over a period not to exceed 40 years.

During October 1996, the Company completed the sale to MascoTech, Inc. of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock.

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EQUITY INVESTMENTS IN AFFILIATES -- (CONCLUDED)

Under the sale agreement, the Company received approximately \$266 million, with \$115 million cash paid at closing. The Company receives interest income at 6.625 percent on the \$151 million balance of the consideration, which is due in September 1997; this amount is included in non-current assets inasmuch as the Company may receive publicly traded securities of Emco Limited held by MascoTech, in payment of a substantial portion of this balance. The Company recorded a 1996 fourth quarter net pre-tax gain of \$67.8 million (\$40.7 million after-tax) from the sale.

The transaction reduced the Company's common equity ownership in MascoTech from 45 percent to 21 percent. This transaction, when considered along with the conversion in mid-1997 of outstanding MascoTech preferred stock into MascoTech common stock, will reduce the Company's ownership in MascoTech to approximately 17 percent (which equals the Company's voting interest at December 31, 1996). MascoTech holds an option expiring in 2002 to require the Company to purchase up to \$200 million aggregate amount of subordinated debt securities of MascoTech.

Approximate combined condensed financial data of the above-listed affiliates are summarized in U.S. dollars as follows, in thousands:

	1996	1995	1994
	-----	-----	-----
At December 31:			
Current assets.....	\$ 770,980	\$ 788,020	\$ 944,940
Current liabilities.....	(287,200)	(276,180)	
(277,260)			
Working capital.....	483,780	511,840	667,680
Property and equipment.....	662,520	728,730	626,670
Other assets.....	571,610	624,430	681,630
Long-term liabilities.....	(1,152,980)	(1,083,140)	
(1,266,060)			
Shareholders' equity.....	\$ 564,930	\$ 781,860	\$ 709,920
Net sales.....	\$ 2,136,740	\$ 2,488,900	\$ 2,465,070
Income (loss) from continuing operations.....	\$ 181,710	\$ 201,860	\$
(165,200)			
Net income (loss) attributable to common shareholders.....	\$ 109,500	\$ 115,570	\$
(164,750)			
The Company's net equity in above net income (loss).....	\$ 20,090	\$ 26,210	\$
(99,480)			
Cash dividends received by the Company from affiliates.....	\$ 7,780	\$ 8,440	\$ 6,720

In December 1994, MascoTech announced and recorded a non-cash after-tax charge of \$315 million in anticipation of losses associated with the planned disposition of its non-core businesses. As a result, the Company recorded its equity share of this non-cash charge.

Equity in undistributed earnings of affiliates of \$32 million at December 31, 1996, \$30 million at December 31, 1995 and \$17 million at December 31, 1994 are included in consolidated retained earnings.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

PROPERTY AND EQUIPMENT

THOUSANDS)	(IN	
	AT DECEMBER 31	
-----	1996	1995

Land and improvements.....	\$ 68,750	\$
61,490		
Buildings.....	428,860	
408,570		
Machinery and equipment.....	976,470	
872,310		

	1,474,080	
1,342,370		
Less accumulated depreciation.....	533,490	
485,680		

	\$ 940,590	\$
856,690		
	=====	
=====		

ACCRUED LIABILITIES

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

LONG-TERM DEBT

THOUSANDS)	(IN	
	AT DECEMBER 31	
	1996	1995
-----	-----	
Notes, 6.625%, due September 15, 1999.....	\$ 200,000	\$
200,000		
Notes, 9% , due October 1, 2001.....	175,000	
175,000		
Notes, 6.125%, due September 15, 2003.....	200,000	
200,000		
Notes, 7.125%, due August 15, 2013.....	200,000	
200,000		
Notes, 9% , due April 15, 1996.....	--	
250,000		
Bank revolving-credit agreement.....	--	
250,000		
European bank debt.....	275,050	
119,810		
Convertible subordinated debentures, 5.25%, due		
2012.....	177,920	
177,920		
Other.....	15,940	
22,060		
-----	-----	
	1,243,910	
1,594,790		
Less current portion.....	7,590	
17,690		
-----	-----	
	\$1,236,320	
\$1,577,100		
=====	=====	

At December 31, 1996, all of the outstanding notes above are nonredeemable.

The Company paid the 9% notes due April 15, 1996 through borrowings under its bank revolving-credit agreement. The Company later in 1996 applied approximately \$550 million of the proceeds from the 1996 sale of the home furnishings products businesses to reduce bank debt.

European bank debt relates to borrowings for acquisitions and expansion primarily in Germany. At December 31, 1996, approximately \$134 million of European debt relates to lines of credit in Germany, which are largely due and payable in November 2000. The balance are short-term borrowings, which the Company has classified as long-term since it is currently negotiating to replace such debt with a new term loan expiring in 2002, or it can replace such debt with the utilization of its existing bank revolving-credit agreement. Interest is payable on European borrowings based upon various floating rates as selected by the Company (approximately 4.5 percent at December 31, 1996).

The 5.25% subordinated debentures due February 15, 2012 are convertible into common stock at \$42.28 per share.

Certain debt agreements contain limitations on additional borrowings and requirements for maintaining a certain level of tangible net worth. At December 31, 1996, the Company's tangible net worth exceeded the most restrictive of such provisions by approximately \$347 million.

At December 31, 1996, the maturities of long-term debt during each of the next five years were approximately as follows: 1997-\$7.6 million; 1998-\$16.7 million; 1999-\$209.5 million; 2000-\$154.8 million; and 2001-\$277.2 million.

The Company has a \$750 million bank revolving-credit agreement, with any outstanding balance due and payable in November 2001. Interest is payable on borrowings under this agreement based upon various floating rates as selected by the Company.

The Company has on file with the Securities and Exchange Commission, an unallocated shelf registration pursuant to which the Company is able to issue up to a combined \$759 million of debt and equity securities.

Interest paid was approximately \$102 million, \$115 million and \$103 million in 1996, 1995 and 1994, respectively. Amounts paid include interest pertaining to discontinued operations.

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SHAREHOLDERS' EQUITY

	(IN THOUSANDS)		
	1996	1995	1994
	-----	-----	-----
Common Shares, \$1 Par Value			
Balance, January 1.....	\$ 160,380	\$ 156,990	\$ 152,850
Shares issued.....	490	3,390	6,910
Shares repurchased.....	--	--	
(2,770)			
	-----	-----	-----
Balance, December 31.....	160,870	160,380	156,990
	-----	-----	-----
Paid-In Capital			
Balance, January 1.....	128,550	44,840	69,880
Shares issued.....	11,460	83,710	33,920
Shares repurchased.....	--	--	
(58,960)			
	-----	-----	-----
Balance, December 31.....	140,010	128,550	44,840
	-----	-----	-----
Retained Earnings			
Balance, January 1.....	1,366,330	1,924,740	1,805,170
Retained earnings of pooled companies....	--	--	37,820
Net income (loss).....	295,200	(441,680)	193,700
Cash dividends declared.....	(125,120)	(116,730)	
(111,950)			
	-----	-----	-----
Balance, December 31.....	1,536,410	1,366,330	1,924,740
	-----	-----	-----
Cumulative Translation Adjustments			
Balance, December 31.....	2,520	170	
(8,240)			
	-----	-----	-----
Shareholders' Equity			
Balance, December 31.....	\$1,839,810	\$1,655,430	\$2,118,330
	=====	=====	=====

On the basis of amounts paid (declared), cash dividends per share were \$.77 (\$.78) in 1996, \$.73 (\$.74) in 1995 and \$.69 (\$.70) in 1994.

In December 1995, the Company's Board of Directors announced the approval of a Shareholder Rights Plan. The Rights were designed to enhance the Board's ability to protect the Company's shareholders against, among other things, unsolicited attempts to acquire control of the Company that do not offer an adequate price to all shareholders or are otherwise not in the best interests of the shareholders. The Rights were issued to shareholders of record in December 1995 and will expire in December 2005.

In 1994, the Company's Board of Directors authorized the repurchase of up to 10 million shares of its common stock in open-market transactions or otherwise. Pursuant to this authorization, approximately 2.8 million common shares were repurchased in 1994 at an aggregate cost of approximately \$62 million.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

STOCK OPTIONS AND AWARDS

The Company's Long-Term Stock Incentive Plan (the "Plan") provides for the issuance of stock-based incentives in various forms. At December 31, 1996, outstanding stock-based incentives were in the form of restricted long-term stock awards and stock options.

Pursuant to the Plan, the Company granted long-term stock awards, net, for 540,000, 1,250,000 and 598,000 shares of Company common stock during 1996, 1995 and 1994, respectively, to key employees of the Company and affiliated companies. These long-term stock awards do not cause share dilution inasmuch as the Company reacquires an equal number of shares on the open market. The weighted average grant date fair value per share of long-term stock awards granted during 1996 and 1995 was \$31 and \$27, respectively. Compensation expense for the vesting of long-term stock awards was \$14.9 million, \$13.3 million and \$10.7 million in 1996, 1995 and 1994, respectively. The unamortized costs of unvested stock awards, aggregating approximately \$78.3 million at December 31, 1996, are being amortized over the ten-year vesting periods.

Fixed stock options are granted to key employees of the Company and affiliated companies and have a maximum term of 10 years. The exercise price of each fixed option equals the market price of the Company's common stock on the date of grant. These options generally vest in installments beginning in the third year and extending through the eighth year after grant.

To demonstrate his commitment to enhance shareholder value, the Company's Chief Executive Officer requested that his annual salary and bonus be reduced to \$1 per year effective January 1, 1996. The Compensation Committee of the Board of Directors, in acceding to this request, considered alternative compensation arrangements for the Chief Executive Officer based upon the Board's own desire to improve shareholder value, and accordingly in April 1996 granted the Chief Executive Officer a ten-year option to purchase one million shares of Company common stock. This option, however, will become exercisable only if the price of Company common stock exceeds \$41 per share within three years of the date of grant or, if that target is not exceeded, exceeds \$50 per share within five years of the date of grant. The exercise price of this option is set at either \$41 or \$50 per share, based on whether the three-year or five-year target is met. The option will expire unexercised if neither target price is met.

As a demonstration of their commitment to enhance shareholder value, the officers and other key employees of the Company have also agreed to have a significant portion of their compensation tied to stock options, with a grant date fair value exercise price of \$32, which are subject to accelerated exercisability if the price of Company common stock exceeds \$41 per share within three years of the date of grant or, if that target is not met, exceeds \$50 per share within five years of the date of grant. Such options were granted for approximately 1,615,000 shares of Company common stock in 1996. In addition, the executive officers were granted career stock awards with annual vestings commencing if and when the Company common stock price reaches \$50 per share by April 2001; if such stock price is not achieved, then vesting of these awards will commence at retirement.

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

STOCK OPTIONS AND AWARDS -- (CONCLUDED)

A summary of the status of the Company's stock options granted under the Plan or prior plans for the three years ended December 31, 1996 is presented below.

	(SHARES IN THOUSANDS)		
	1996	1995	1994
	-----	-----	-----
Option shares outstanding, January 1.....	5,456	5,510	5,686
Weighted average exercise price.....	\$23	\$23	\$22
Option shares granted.....	2,680	205	73
Weighted average exercise price.....	\$35	\$28	\$37
Option shares exercised.....	467	196	224
Weighted average exercise price.....	\$21	\$21	\$21
Option shares cancelled.....	361	63	25
Weighted average exercise price.....	\$22	\$21	\$21
Option shares outstanding, December 31.....	7,308	5,456	5,510
Weighted average exercise price.....	\$28	\$23	\$23
Weighted average remaining option term (in years).....	5.5	4.3	5.1
Option shares exercisable, December 31.....	2,807	2,916	2,445
Weighted average exercise price.....	\$24	\$24	\$24

At December 31, 1996, a combined total of 8,188,000 shares of Company common stock was available for the granting of stock options and long-term stock awards under the Plan.

The Company has elected to continue to apply the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and, accordingly, stock options do not constitute compensation expense in the determination of net income in the statement of operations. Had stock option compensation expense been determined pursuant to the methodology of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the pro forma effect for 1996 would have been a reduction in the Company's earnings per share of approximately \$.03 or less than two percent, which would not have been material.

Pursuant to the 1984 Restricted Stock (MascoTech) Incentive Plan, the Company may award to key employees of the Company and affiliated companies, shares of common stock of MascoTech, Inc. held by the Company. No such awards were granted in 1996, 1995 or 1994. At December 31, 1996, there were 4,695,000 of such shares available for granting future awards under this plan.

The data in this note include discontinued operations.

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EMPLOYEE RETIREMENT PLANS

The Company sponsors defined-benefit pension plans and defined-contribution retirement plans for most of its employees. In addition, substantially all salaried employees participate in noncontributory profit-sharing plans, to which payments are determined annually by the Directors. Aggregate charges to income under the Company's pension and profit-sharing plans were \$24.4 million in 1996, \$24.0 million in 1995 and \$17.5 million in 1994.

Net periodic pension cost for the Company's qualified pension plans includes the following components:

	(IN THOUSANDS)		
	1996	1995	1994
	-----	-----	-----
Service cost.....	\$ 6,220	\$ 5,050	\$ 5,930
Interest cost.....	9,450	8,430	7,830
Actual (return) loss on assets.....	(7,070)	(11,550)	2,780
Net amortization and deferral.....	(2,610)	2,550	
(13,700)			
	-----	-----	-----
Net periodic pension cost.....	\$ 5,990	\$ 4,480	\$ 2,840
	=====	=====	=====

The funded status of the Company's qualified pension plans is summarized as follows, in thousands, at December 31:

	1996		1995	
	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS
Actuarial present value of benefit obligations:				
Vested benefit obligation.....	\$ 71,060 =====	\$30,920 =====	\$ 69,100 =====	\$ 28,750 =====
Accumulated benefit obligation.....	73,400 =====	32,110 =====	71,440 =====	31,620 =====
Projected benefit obligation.....	97,430	32,110	94,830	31,620
Assets at fair value.....	76,910 -----	25,130 -----	73,690 -----	16,090 -----
Projected benefit obligation in excess of plan assets.....	(20,520)	(6,980)	(21,140)	(15,530)
Reconciling items:				
Unrecognized net loss.....	18,830	6,210	27,750	7,890
Unrecognized prior service cost.....	60	3,690	(3,960)	3,300
Unrecognized net (asset) obligation at transition.....	(2,530)	(890)	(3,090)	(260)
Requirement to recognize minimum liability.....	--	(9,010)	--	(10,930)
Accrued pension cost.....	\$ (4,160) =====	\$(6,980) =====	\$ (440) =====	\$(15,530) =====

Major assumptions used in accounting for the Company's pension plans are as follows:

	1996	1995	1994
-----	-----	-----	
Discount rate for obligations.....	7.5%	7.25%	
8.5%			
Rate of increase in compensation levels.....	5.0%	5.0 %	
5.0%			
Expected long-term rate of return on plan assets....	11.0%	11.0 %	
13.0%			

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

EMPLOYEE RETIREMENT PLANS -- (CONCLUDED)

In addition to the Company's qualified pension plans, the Company has non-qualified unfunded supplemental pension plans covering certain employees, which provide for pension benefits in addition to those provided by the qualified pension plans. The actuarial present value of accumulated benefit obligations and projected benefit obligations related to the Company's non-qualified pension plans totalled \$24.7 million and \$30.2 million, and \$17.6 million and \$24.6 million at December 31, 1996 and 1995, respectively; net periodic pension cost for these plans was \$4.9 million, \$3.7 million and \$2.3 million in 1996, 1995, and 1994, respectively.

The Company sponsors certain postretirement benefit plans that provide medical, dental and life insurance coverage for eligible retirees and dependents in the United States based on age and length of service. At December 31, 1996, the aggregate present value of the accumulated postretirement benefit obligation approximated \$4.0 million.

SEGMENT INFORMATION

The Company is engaged principally in the manufacture, installation and sale of home improvement and building products. In 1996, the Company categorized its home improvement and building products businesses into the following segments:

Kitchen and Bath Products - kitchen and bath cabinets; kitchen appliances; faucets; plumbing fittings; bath and shower tubs and enclosures; whirlpools and spas; and bath accessories.

Other Specialty Products - builders' hardware, including mechanical and electronic lock sets; venting and ventilating equipment; insulation; and water pumps.

These products are sold to the home improvement and home construction markets through mass merchandisers, hardware stores, home centers, distributors, wholesalers and other outlets for consumers and contractors.

The Company's operations are principally located in North America and Europe. Segment information for 1995 and 1994 has been reclassified to conform to the current year presentation.

Corporate assets consist primarily of real property, cash and cash investments and other investments.

Pursuant to a corporate services agreement to provide MascoTech, Inc. with certain corporate staff and administrative services, the Company charges a fee approximating .8 percent of MascoTech net sales. This fee approximated \$7 million in 1996, \$9 million in 1995 and \$11 million in 1994 and is included as a reduction of general corporate expense.

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SEGMENT INFORMATION -- (CONCLUDED)

The following table presents information about the Company by product segment and geographic area:

	NET SALES(1)(2)			OPERATING PROFIT			(IN THOUSANDS) ASSETS AT DECEMBER 31		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
	-----	-----	-----	-----	-----	-----	-----	-----	-----
The Company's operations by segment were:									
Kitchen and Bath Products.....	\$2,519,000	\$2,283,000	\$2,077,000	\$462,000	\$411,000	\$441,000	\$1,646,000	\$1,445,000	\$1,293,000
Other Specialty Products.....	718,000	644,000	506,000	104,000	82,000	70,000	632,000	591,000	459,000
Total.....	\$3,237,000	\$2,927,000	\$2,583,000	\$566,000	\$493,000	\$511,000	\$2,278,000	\$2,036,000	\$1,752,000
	=====	=====	=====	=====	=====	=====	=====	=====	=====
The Company's operations by geographic area were:									
North America.....	\$2,680,000	\$2,441,000	\$2,247,000	\$479,000	\$407,000	\$437,000	\$1,667,000	\$1,623,000	\$1,400,000
European Union.....	557,000	486,000	336,000	87,000	86,000	74,000	611,000	413,000	352,000
Total.....	\$3,237,000	\$2,927,000	\$2,583,000	566,000	493,000	511,000	2,278,000	2,036,000	1,752,000
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Other (income) expense, net.....				(22,000)	51,000	138,000			
General corporate expense, net.....				85,000	90,000	80,000			
Income from continuing operations before income taxes(3).....				\$503,000	\$352,000	\$293,000			
				=====	=====	=====			
Equity investments in and receivable from affiliates.....							220,000	265,000	242,000
Securities of Furnishings International Inc.....							356,000	--	--
Corporate assets.....							848,000	425,000	454,000
Net assets of discontinued operations.....							--	1,053,000	1,729,000
Total assets.....							\$3,702,000	\$3,779,000	\$4,177,000
							=====	=====	=====

	PROPERTY ADDITIONS(4)			DEPRECIATION AND AMORTIZATION		
	1996	1995	1994	1996	1995	1994
	-----	-----	-----	-----	-----	-----
The Company's operations by segment were:						
Kitchen and Bath Products.....	\$116,000	\$111,000	\$113,000	\$58,000	\$51,000	\$41,000
Other Specialty Products.....	42,000	43,000	20,000	21,000	20,000	15,000
Total.....	\$158,000	\$154,000	\$133,000	\$79,000	\$71,000	\$56,000
	=====	=====	=====	=====	=====	=====

(1) Included in net sales in 1996, 1995 and 1994 are export sales from the U.S. of \$46.2 million, \$40.9 million and \$45.5 million, respectively.

(2) Intra-company sales between segments and geographic areas represented less than one percent of consolidated net sales in 1996, 1995 and 1994.

(3) Income from continuing operations before income taxes and net income pertaining to continuing foreign operations were \$82 million and \$40 million, \$96 million and \$52 million, and \$94 million and \$56 million for 1996, 1995 and 1994, respectively.

(4) Property additions include assets of acquired companies.

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

OTHER INCOME (EXPENSE), NET

	(IN THOUSANDS)		
	1996	1995	1994
	-----	-----	-----
Re: MascoTech, Inc.:			
Equity earnings (loss).....	\$ 13,860	\$ 18,200	
\$(106,110)			
	-----	-----	-----
Gain from sale of investments, net.....	67,800	--	--
	-----	-----	-----
Equity earnings, other affiliates.....	6,230	8,010	6,630
	-----	-----	-----
Other, net:			
Income from cash and cash investments.....	6,910	2,600	1,480
Other interest income.....	20,710	4,500	4,950
Other items.....	(18,630)	(10,060)	16,660
	-----	-----	-----
	8,990	(2,960)	23,090
	-----	-----	-----
Interest expense.....	(74,680)	(73,800)	
(61,530)			
	-----	-----	-----
	\$ 22,200	\$(50,550)	
	-----	-----	-----
\$ (137,920)	=====	=====	=====

Other interest income for 1996 includes \$14.0 million of interest income from the 12% pay-in-kind junior debt securities of Furnishings International Inc.

Other items in 1996 include \$36.3 million of fourth quarter charges primarily related to adjustments of miscellaneous assets to their estimated fair value.

Interest expense is presented net of interest expense pertaining to discontinued operations of \$21.8 million, \$44.0 million and \$43.2 million in 1996, 1995 and 1994, respectively.

Equity earnings from MascoTech for 1994 were \$32 million, prior to the Company's pre-tax equity share of MascoTech's non-cash 1994 fourth quarter charge.

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES

	(IN THOUSANDS)		
	1996	1995	1994
	-----	-----	-----
Income from continuing operations before income taxes:			
Domestic.....	\$420,560	\$256,190	\$199,000
Foreign.....	82,140	95,600	93,830
	-----	-----	-----
	\$502,700	\$351,790	\$292,830
	=====	=====	=====
Provision for income taxes:			
Currently payable:			
Federal.....	\$119,250	\$ 84,230	\$106,550
State and local.....	18,280	14,740	13,950
Foreign.....	41,120	34,530	31,550
Deferred:			
Federal.....	27,880	9,300	
(38,510)			
Foreign.....	970	8,940	6,580
	-----	-----	-----
	\$207,500	\$151,740	\$120,120
	=====	=====	=====
Deferred tax assets at December 31:			
Intangibles.....	\$ 27,350	\$ 29,340	
Inventories.....	12,870	8,910	
Accrued liabilities.....	53,660	40,430	
Capital loss carryforward.....	163,960	--	
Other, principally equity investments.....	46,470	50,000	
	-----	-----	
	304,310	128,680	
Valuation allowance.....	(206,310)	--	
	-----	-----	
	98,000	128,680	
	-----	-----	
Deferred tax liabilities at December 31:			
Property and equipment.....	116,000	102,550	
Other.....	10,580	25,860	
	-----	-----	
	126,580	128,410	
	-----	-----	
Net deferred tax liability (asset) at December 31.....	\$ 28,580	\$ (270)	
	=====	=====	

Net deferred tax liability (asset) at December 31, 1996 and 1995 consists of net short-term deferred tax assets of \$14.5 million and \$44.3 million, respectively, and net long-term deferred tax liabilities of \$43.1 million and \$44.0 million, respectively.

A valuation allowance of \$206.3 million has been recorded at December 31, 1996 due to the Company's inability to quantify the portion of its capital loss benefit which may ultimately be realized. Such capital loss benefit results from a \$164.0 million after-tax capital loss carryforward on the disposition of the Company's home furnishings products segment and a \$42.3 million after-tax future deductible temporary difference of a capital nature on the Company's equity investments.

At December 31, 1995, the Company had estimated a potential unrecorded deferred tax asset of \$230.0 million from the anticipated loss on disposition of its home furnishings products segment. Following this disposition, the Company estimates the potential useable capital loss benefit to be approximately \$200.0 million. The 1996 tax provision included \$36.0 million of this previously

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES -- (CONCLUDED)

unrecorded benefit, which was offset by the \$42.3 million tax provision for the valuation allowance provided on the deferred tax asset pertaining to the Company's equity investments.

The following is a reconciliation of the U.S. federal statutory rate to the effective tax rate allocated to income from continuing operations before income tax:

	1996	1995	
1994			
----	----	----	----
U.S. federal statutory rate.....	35%	35%	35%
State and local taxes, net of federal tax benefit.....	2	3	3
Higher taxes on foreign earnings.....	3	5	4
Dividends-received deduction.....	--	--	(2)
Amortization in excess of tax.....	1	1	1
Valuation allowance, net of capital loss benefit.....	1	--	--
Other, net.....	(1)	(1)	--
	----	----	----
Effective tax rate on income from continuing operations...	41%	43%	41%
	===	===	===

Income taxes paid were approximately \$201 million, \$170 million and \$175 million in 1996, 1995 and 1994, respectively. Amounts paid include taxes on discontinued operations.

Earnings of foreign subsidiaries generally become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. Provision has not been made at December 31, 1996 for U.S. or additional foreign withholding taxes on approximately \$32 million of remaining undistributed earnings of foreign subsidiaries, as those earnings are intended to be permanently reinvested; it is not practical to estimate the amount of deferred tax liability on such earnings.

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MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COMBINED FINANCIAL STATEMENTS (UNAUDITED)

The following presents the combined financial statements of the Company, MascoTech, Inc. and TriMas Corporation as one entity, with Masco Corporation as the parent company. These combined financial statements present the Company's home furnishings products segment as discontinued operations. (See "Discontinued Operations" note.) Intercompany transactions have been eliminated. Amounts, except earnings per share, are in thousands.

-----	1996	1995
-----	-----	
COMBINED BALANCE SHEETS		
Assets		
Current assets:		
Cash and cash investments.....	\$ 599,020	\$
169,240		
Marketable securities.....	37,760	
4,120		
Receivables.....	674,530	
727,300		
Prepaid expenses and other.....	81,320	
52,160		
Deferred income taxes.....	53,670	
95,650		
Net current assets of businesses held for	85,980	
62,410		
disposition.....		
Inventories:		
Raw material.....	238,250	
230,290		
Finished goods.....	209,590	
198,680		
Work in process.....	125,950	
142,700		

	573,790	

Total current assets.....	2,106,070	
1,682,550		
Equity investments in affiliates.....	221,380	
199,330		
Securities of Furnishings International Inc.....	356,340	--
Property and equipment.....	1,523,590	
1,496,840		
Excess of cost over acquired net assets.....	660,690	
618,190		
Net non-current assets of businesses held for	22,850	
104,510		
disposition.....		
Net assets of discontinued operations.....	--	
1,052,670		
Other assets.....	415,280	
390,300		

Total assets.....	\$5,306,200	
\$5,544,390		
	=====	
=====		
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable.....	\$ 16,620	\$
31,050		
Accounts payable.....	241,420	
249,330		
Accrued liabilities.....	501,800	
406,570		

Total current lia	759,840	
686,950		
Long-term debt.....	2,020,400	
2,466,210		
Deferred income taxes and other.....	300,170	

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COMBINED FINANCIAL STATEMENTS (UNAUDITED) -- (CONTINUED)

	FOR THE YEARS ENDED DECEMBER 31		
	1996	1995	1994
COMBINED STATEMENTS OF OPERATIONS			
Net sales.....	\$ 5,095,710	\$ 5,141,160	\$ 4,807,560
Cost of sales.....	(3,476,820)	(3,598,140)	(3,307,870)
Selling, general and administrative expenses.....	(933,250)	(938,480)	(855,390)
Gains (charge) on disposition of businesses, net.....	(31,520)	5,290	(400,000)
Operating profit.....	654,120	609,830	244,300
Other income (expense), net:			
Interest expense.....	(115,460)	(137,230)	(124,290)
Other, net.....	106,810	26,990	81,070
	(8,650)	(110,240)	(43,220)
Income from continuing operations before income taxes and other interests.....	645,470	499,590	201,080
Income taxes.....	279,830	230,850	118,230
Other interests in combined affiliates.....	70,440	68,690	(89,860)
Income from continuing operations.....	295,200	200,050	172,710
Discontinued operations (net of income taxes):			
Income from operations.....	--	8,270	20,990
Loss on disposition, net.....	--	(650,000)	--
Net income (loss).....	\$ 295,200	\$ (441,680)	\$ 193,700
Earnings (loss) per share:			
Continuing operations.....	\$1.84	\$ 1.25	\$1.09
Discontinued operations:			
Income from operations.....	--	.05	.13
Loss on disposition, net.....	--	(4.07)	--
Earnings (loss) per share.....	\$1.84	\$(2.77)	\$1.22

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

COMBINED FINANCIAL STATEMENTS (UNAUDITED) -- (CONCLUDED)

FOR THE YEARS ENDED DECEMBER 31

	1996	1995	1994
COMBINED STATEMENTS OF CASH FLOWS			
Cash Flows From (For) Operating Activities:			
Income from continuing operations.....	\$ 295,200	\$ 200,050	\$ 172,710
Depreciation and amortization.....	167,080	158,640	161,170
Equity earnings, net.....	(12,730)	(5,860)	
(6,850)			
Deferred income taxes.....	39,590	75,130	
(96,480)			
(Gains) charge on disposition of businesses, net.....	31,520	(5,290)	400,000
Gain from change in investment.....	--	(5,100)	--
Other interests in net income (loss) of combined affiliates, net.....	70,440	68,690	
(89,860)			
(Increase) decrease in receivables.....	1,230	(83,240)	
(70,970)			
(Increase) decrease in inventories.....	14,870	(15,250)	
(66,150)			
Increase in accounts payable and accrued liabilities, net.....	93,700	28,640	72,220
Discontinued operations, net.....	(19,240)	62,560	
(5,910)			
Other, net.....	(40,050)	(2,500)	
(5,990)			
Net cash from operating activities.....	641,610	476,470	463,890
Cash Flows From (For) Investing Activities:			
Capital expenditures.....	(207,600)	(284,350)	
(261,320)			
Acquisitions, net of cash acquired.....	(247,800)	(23,850)	
(126,830)			
Cash proceeds from sale of discontinued operations.....	707,630	--	--
Proceeds from sale of subsidiaries.....	223,720	122,190	41,220
Proceeds from sale of Formica investment.....	--	74,470	--
Other, net.....	(34,200)	52,440	
(41,250)			
Discontinued operations, net.....	--	(38,290)	
(78,290)			
Net cash from (for) investing activities.....	441,750	(97,390)	
(466,470)			
Cash Flows From (For) Financing Activities:			
Increase in debt.....	570,520	577,290	659,680
Payment of debt.....	(1,063,720)	(855,250)	
(406,800)			
Repurchase of common stock.....	(14,040)	(13,130)	
(115,860)			
Cash dividends paid.....	(146,340)	(137,380)	
(128,150)			
Discontinued operations, net.....	--	12,480	
(48,250)			
Net cash (for) financing activities.....	(653,580)	(415,990)	
(39,380)			
Cash and Cash Investments:			
Increase (decrease) from the year.....	429,780	(36,910)	
(41,960)			
At January 1.....	169,240	206,150	248,110
At December 31.....	\$ 599,020	\$ 169,240	\$ 206,150

MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONCLUDED)

INTERIM FINANCIAL INFORMATION (UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)
 QUARTERS ENDED

	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
1996:				
Net sales.....	\$ 843,000	\$843,000	\$787,000	\$764,000
Gross profit.....	\$ 293,830	\$321,000	\$290,430	\$283,670
Net income:				
Income.....	\$ 83,400	\$ 81,800	\$ 68,000	\$ 62,000
Income per share.....	\$.52	\$.51	\$.42	\$.39
1995:				
Net sales.....	\$ 754,000	\$738,000	\$714,000	\$721,000
Gross profit.....	\$ 256,950	\$276,670	\$264,880	\$282,170
Income from continuing operations:				
Income.....	\$ 10,650	\$ 62,070	\$ 57,410	\$ 69,920
Income per share.....	\$.06	\$.39	\$.36	\$.44
Net income (loss):				
Income (loss).....	\$(646,580)	\$ 67,100	\$ 63,400	\$ 74,400
Income (loss) per share.....	\$(4.06)	\$.42	\$.40	\$.47

The fourth quarter of 1996 includes a \$67.8 million net pre-tax gain from the sale of certain MascoTech, Inc. investments (\$40.7 million after-tax or \$.25 per share). This gain was principally offset by fourth quarter charges aggregating \$49.1 million pre-tax (\$37.5 million after-tax or \$.23 per share) primarily for adjustments of miscellaneous assets to their estimated fair value.

Fourth quarter 1995 net loss and loss per share reflect the Company's \$650 million non-cash pre-tax and after-tax charge for the disposition of its home furnishings products segment.

Quarterly net sales and gross profit amounts exclude net sales and gross profit of the Company's home furnishings products segment, which the Company classified as discontinued operations during the fourth quarter of 1995. Net sales and gross profit of the Company's home furnishings products segment for the 1995 quarters ended March 31, June 30, September 30 and December 31 were \$505 million and \$128.4 million, \$494 million and \$121.2 million, \$497 million and \$115.5 million and \$518 million and \$123.8 million, respectively.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information regarding executive officers required by this Item is set forth as a Supplementary Item at the end of Part I hereof (pursuant to Instruction 3 to Item 401(b) of Regulation S-K). Other information required by this Item will be contained in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, to be filed on or before April 30, 1997, and such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, to be filed on or before April 30, 1997, and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, to be filed on or before April 30, 1997, and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, to be filed on or before April 30, 1997, and such information is incorporated herein by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(A) LISTING OF DOCUMENTS.

(1) Financial Statements. The Company's Consolidated Financial Statements included in Item 8 hereof, as required at December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995 and 1994, consist of the following:

Consolidated Balance Sheets Consolidated Statements of Operations Consolidated Statements of Cash Flows Notes to Consolidated Financial Statements

(2) Financial Statement Schedules.

- (i) Financial Statement Schedule of the Company appended hereto,
as required for the years ended December 31, 1996, 1995 and 1994, consists of the following:
II. Valuation and Qualifying Accounts
- (ii) (A) MascoTech, Inc. and Subsidiaries Consolidated Financial Statements appended hereto, at December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995 and 1994, consist of the following:
 - Consolidated Balance Sheet
 - Consolidated Statement of Operations
 - Consolidated Statement of Cash Flows
 - Notes to Consolidated Financial Statements
- (B) MascoTech, Inc. and Subsidiaries Financial Statement Schedule appended hereto, for the years ended December 31, 1996, 1995 and 1994, consists of the following:
II. Valuation and Qualifying Accounts

(3) Exhibits.

- 3.i Restated Certificate of Incorporation of Masco Corporation and amendments thereto.
- 3.ii Bylaws of Masco Corporation, as amended.(5)
- 4.a.i Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Corporation's: (i) 9% Notes Due October 1, 2001 (all filed herewith), (ii) 6 5/8% Notes Due September 15, 1999(7), (iii) 6 1/8% Notes Due September 15, 2003(6), and (iv) 7 1/8% Debentures Due August 15, 2013.(6)
- 4.a.ii Agreement of Appointment and Acceptance of Successor Trustee dated as of July 25, 1994 among Masco Corporation, Morgan Guaranty Trust Company of New York and The First National Bank of Chicago.(4)
- 4.a.iii Supplemental Indenture dated as of July 26, 1994 between Masco Corporation and The First National Bank of Chicago.(4)
- 4.b Indenture dated as of December 1, 1982 between Masco Corporation and Citibank, N.A., as Trustee, and Directors' resolutions establishing Masco Corporation's 5 1/4% Convertible Subordinated Debentures Due 2012, including form of Debenture.
- 4.c \$750,000,000 Amended and Restated Credit Agreement dated as of November 14, 1996 among Masco Corporation, the banks party thereto and Morgan Guaranty Trust Company of New York, as agent.

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- 4.d Rights Agreement dated as of December 6, 1995 between Masco Corporation and The Bank of New York, as Rights Agent.(2)
- 4.e Indenture dated as of November 1, 1986 between Masco Industries, Inc. (now known as MascoTech, Inc.) and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Industries, Inc.'s 4 1/2% Convertible Subordinated Debentures Due 2003(5), Agreement of Appointment and Acceptance of Successor Trustee dated as of August 4, 1994 among MascoTech, Inc., Morgan Guaranty Trust Company of New York and The First National Bank of Chicago and Supplemental Indenture dated as of August 5, 1994 among MascoTech, Inc. and The First National Bank of Chicago.(3)
- 4.f Credit Agreement dated as of February 28, 1997, by and among MascoTech, Inc., the banks party thereto, NBD Bank, as agent for the banks, and Comerica Bank, The Bank of New York, NationsBank, N.A. and Bank of America Illinois, as co-agents.
- NOTE: Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of Masco Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of Masco Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by Masco Corporation to the Securities and Exchange Commission upon request.
- 10.a Assumption and Indemnification Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(2)
- 10.b Corporate Services Agreement dated as of January 1, 1987 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(7) and Amendment No. 1 dated as of October 31, 1996.(1)
- 10.c Corporate Opportunities Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(2) and Amendment No. 1 dated as of October 31, 1996.(1)
- 10.d Stock Repurchase Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) and related letter dated September 20, 1985, Amendment to Stock Repurchase Agreement dated as of December 20, 1990 (all filed herewith), and amendment to Stock Repurchase Agreement included in Agreement dated as of November 23, 1993.(5)
- NOTE: Exhibits 10.e through 10.p constitute the management contracts and executive compensatory plans or arrangements in which certain of the Directors and executive officers of the Company participate.
- 10.e Masco Corporation 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).(2)
- 10.f Masco Corporation 1988 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)
- 10.g Masco Corporation 1988 Stock Option Plan (Restated December 6, 1995).(2)
- 10.h Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated December 6, 1995).(2)
- 10.i Masco Corporation 1984 Stock Option Plan (Restated December 6, 1995).(2)
- 10.j Masco Corporation Restricted Stock Incentive Plan (Restated December 6, 1995).(2)

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10.k	MascoTech, Inc. 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).(2)
10.l	MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)
10.m	MascoTech, Inc. 1984 Stock Option Plan (Restated December 6, 1995).(2)
10.n	Masco Corporation Supplemental Executive Retirement and Disability Plan.(3)
10.o	Masco Corporation Benefits Restoration Plan.(3)
10.p.i	Form of Agreement dated June 29, 1989 between Masco Corporation and certain of its officers.(5)
10.p.ii	Registration Agreement dated as of December 27, 1988 among Masco Industries, Inc. (now known as MascoTech, Inc.), Masco Corporation and TriMas Corporation, Amendment dated as of April 21, 1992, Amendment to Registration Agreement dated as of January 5, 1993, Amendment to Registration Agreement dated as of May 26, 1994, and Amendment to Registration Agreement dated as of May 15, 1996.
10.q	Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 between Masco Corporation and MascoTech, Inc., including form of Note (5) and Amendment No. 1 thereto dated as of October 31, 1996.(1)
10.r	Registration Agreement dated as of March 31, 1993 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(5)
10.s	Stock Purchase Agreement between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) dated as of December 23, 1991 (regarding Masco Capital Corporation).
10.t	Stock Purchase Agreement dated as of October 15, 1996 between Masco Corporation and MascoTech, Inc.(1) and related promissory note.
10.u	12% Senior Note Due 2008 by Furnishings International Inc. to Masco Corporation and Registration Rights Agreement dated as of August 5, 1996 between Furnishings International Inc. and Masco Corporation.
11	Computation of Primary and Fully Diluted Per Share Earnings (Loss).
12	Computation of Ratio of Earnings to Fixed Charges.
21	List of Subsidiaries.
23.a	Consent of Coopers & Lybrand L.L.P. relating to Masco Corporation's Financial Statements and Financial Statement Schedule.
23.b	Consent of Coopers & Lybrand L.L.P. relating to MascoTech, Inc.'s Financial Statements and Financial Statement Schedule.
27	Financial Data Schedule.

(1) Incorporated by reference to the Exhibits filed with Masco Corporation's Current Report on Form 8-K dated November 13, 1996.

(2) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1995.

(3) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.

(4) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.

(5) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1993.

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(6) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

(7) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1992.

THE COMPANY WILL FURNISH ITS STOCKHOLDERS A COPY OF ANY OF THE ABOVE EXHIBITS NOT INCLUDED HEREIN UPON THE WRITTEN REQUEST OF SUCH STOCKHOLDER AND THE PAYMENT TO THE COMPANY OF THE REASONABLE EXPENSES INCURRED BY THE COMPANY IN FURNISHING SUCH COPY OR COPIES.

(B) REPORTS ON FORM 8-K.

The following Current Report on Form 8-K was filed by Masco Corporation during the quarter ended December 31, 1996:

1. Current Report on Form 8-K dated November 13, 1996 reporting under Item
5. "Other Events" the Company's sale of MascoTech, Inc. common stock and warrants to purchase common stock.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MASCO CORPORATION

By /s/ RICHARD G. MOSTELLER

RICHARD G. MOSTELLER
Senior Vice President -- Finance

March 27, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

PRINCIPAL EXECUTIVE OFFICER:

/s/ RICHARD A. MANOOGIAN

Chairman of the Board
and Chief Executive Officer

RICHARD A. MANOOGIAN

PRINCIPAL FINANCIAL OFFICER:

/s/ RICHARD G. MOSTELLER

Senior Vice President --

Finance

RICHARD G. MOSTELLER

PRINCIPAL ACCOUNTING OFFICER:

/s/ ROBERT B. ROSOWSKI

Vice President -- Controller

and

ROBERT B. ROSOWSKI

Treasurer

/s/ LILLIAN BAUDER

Director

LILLIAN BAUDER

/s/ ERWIN L. KONING

Director

ERWIN L. KONING

/s/ JOSEPH L. HUDSON, JR.

Director

JOSEPH L. HUDSON, JR.

/s/ WAYNE B. LYON

Director

WAYNE B. LYON

/s/ JOHN A. MORGAN

Director

JOHN A. MORGAN

/s/ ARMAN SIMONE

Director

ARMAN SIMONE

/s/ PETER W. STROH

Director

PETER W. STROH

March 27, 1997

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MASCO CORPORATION

FINANCIAL STATEMENT SCHEDULES

PURSUANT TO ITEM 14(A)(2) OF FORM 10-K

ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION

Schedules, as required, for the years ended December 31, 1996, 1995 and 1994:

PAGE

II. Valuation and Qualifying Accounts.....
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MascoTech, Inc. and Subsidiaries Consolidated Financial
Statements and Financial Statement Schedule.....
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MASCO CORPORATION
SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

COLUMN A -----	COLUMN B -----	COLUMN C -----		COLUMN D -----	COLUMN E -----
DESCRIPTION -----	BALANCE AT BEGINNING OF PERIOD -----	ADDITIONS -----		DEDUCTIONS -----	BALANCE AT END OF PERIOD -----
		CHARGED TO COSTS AND EXPENSES -----	CHARGED TO OTHER ACCOUNTS -----		
			(A)	(B)	
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
1996.....	\$16,260,000	\$5,060,000	\$ 640,000	\$(4,010,000)	\$17,950,000
	=====	=====	=====	=====	=====
1995.....	\$12,050,000	\$6,450,000	\$ 80,000	\$(2,320,000)	\$16,260,000
	=====	=====	=====	=====	=====
1994.....	\$ 9,010,000	\$4,380,000	\$1,230,000	\$(2,570,000)	\$12,050,000
	=====	=====	=====	=====	=====

NOTES:

(A) Allowance of companies acquired and companies disposed of, net.

(B) Deductions, representing uncollectible accounts written off, less recoveries of accounts written off in prior years.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Shareholders of MascoTech, Inc.:

We have audited the accompanying consolidated balance sheet of MascoTech, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 1996 and the financial statement schedule as listed in Item 14(a)(2)(ii)(A) and (B) of this Form 10-K. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepting auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MascoTech, Inc. and subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

As discussed in the footnotes to the consolidated financial statements, effective January 1, 1996, the Company changed its method of accounting for the impairment of long-lived assets and for long-lived assets to be disposed of.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan
February 28, 1997

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MASCOTECH, INC.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1996 AND 1995

ASSETS

	1996	1995
	-----	-----
Current assets:		
Cash and cash investments.....	\$ 19,400,000	\$ 16,380,000
Marketable securities.....	37,760,000	4,120,000
Receivables.....	127,530,000	216,490,000
Inventories.....	69,640,000	94,420,000
Deferred and refundable income taxes.....	39,180,000	51,300,000
Prepaid expenses and other assets.....	14,480,000	21,630,000
Net current assets of businesses held for disposition....	85,980,000	62,410,000
	-----	-----
Total current assets.....	393,970,000	466,750,000
Equity and other investments in affiliates.....	282,470,000	237,530,000
Property and equipment, net.....	388,460,000	466,450,000
Excess of cost over net assets of acquired companies.....	69,140,000	115,750,000
Notes receivable and other assets.....	72,090,000	47,780,000
Net non-current assets of businesses held for disposition...	22,850,000	104,510,000
	-----	-----
Total assets.....	\$1,228,980,000	\$1,438,770,000
	=====	=====
	LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:		
Accounts payable.....	\$ 58,170,000	\$ 99,710,000
Accrued liabilities.....	96,910,000	82,400,000
Current portion of long-term debt.....	3,370,000	5,150,000
	-----	-----
Total current liabilities.....	158,450,000	187,260,000
Long-term debt held by Masco Corporation.....	151,380,000	--
Other long-term debt.....	601,020,000	701,910,000
Deferred income taxes and other long-term liabilities.....	153,170,000	134,420,000
	-----	-----
Total liabilities.....	1,064,020,000	1,023,590,000
	-----	-----
Shareholders' equity:		
Preferred stock, \$1 par: Authorized: 25 million; Outstanding: 10.8 million (liquidation value -- \$216 million).....	10,800,000	10,800,000
Common stock, \$1 par: Authorized: 250 million; Outstanding: 37.3 million and 55.5 million.....	37,250,000	55,520,000
Paid-in capital.....	41,080,000	307,910,000
Retained earnings.....	61,060,000	32,380,000
Other.....	14,770,000	8,570,000
	-----	-----
Total shareholders' equity.....	164,960,000	415,180,000
	-----	-----
Total liabilities and shareholders' equity.....	\$1,228,980,000	\$1,438,770,000
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

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MASCOTECH, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995	1994
	-----	-----	-----
Net sales.....	\$ 1,281,220,000	\$ 1,678,210,000	\$ 1,702,260,000
Cost of sales.....	(1,048,110,000)	(1,397,880,000)	(1,385,430,000)
	-----	-----	-----
Gross profit.....	233,110,000	280,330,000	316,830,000
Selling, general and administrative expenses...	(132,260,000)	(176,810,000)	(194,680,000)
Gains (charge) on disposition of businesses, net.....	(31,520,000)	5,290,000	(400,000,000)
	-----	-----	-----
Operating profit (loss).....	69,330,000	108,810,000	(277,850,000)
	-----	-----	-----
Other income (expense), net:			
Interest expense.....	(29,970,000)	(49,900,000)	(49,830,000)
Equity and interest income from affiliates...	40,460,000	31,420,000	29,810,000
Gain from change in investment of an equity affiliate.....	--	5,100,000	--
Other, net.....	(2,600,000)	4,850,000	33,380,000
	-----	-----	-----
	7,890,000	(8,530,000)	13,360,000
	-----	-----	-----
Income (loss) from continuing operations before income taxes (credit), extraordinary item and cumulative effect of accounting change, net.....	77,220,000	100,280,000	(264,490,000)
Income taxes (credit).....	37,300,000	41,090,000	(30,070,000)
	-----	-----	-----
Income (loss) from continuing operations before extraordinary item and cumulative effect of accounting change, net.....	39,920,000	59,190,000	(234,420,000)
Gain on disposition of discontinued energy operations (net of income taxes).....	--	--	11,700,000
	-----	-----	-----
Income (loss) before extraordinary item and cumulative effect of accounting change, net.....	39,920,000	59,190,000	(222,720,000)
Extraordinary income (net of income taxes)....	--	--	2,600,000
Cumulative effect of accounting change (net of income taxes).....	11,700,000	--	--
	-----	-----	-----
Net income (loss).....	\$ 51,620,000	\$ 59,190,000	\$ (220,120,000)
	=====	=====	=====
Preferred stock dividends.....	\$ 12,960,000	\$ 12,960,000	\$ 12,960,000
	=====	=====	=====
Earnings (loss) attributable to common stock.....	\$ 38,660,000	\$ 46,230,000	\$ (233,080,000)
	=====	=====	=====

	1996		1995	1994
	PRIMARY	ASSUMING FULL DILUTION	PRIMARY	PRIMARY
Earnings (loss) per common and common equivalent share:				
Continuing operations.....	\$.50	\$.49	\$.81	\$(4.20)
Gain on disposition of discontinued energy operations.....	--	--	--	.20
Income (loss) before extraordinary item and cumulative effect of accounting change, net.....	.50	.49	.81	(4.00)
Extraordinary income.....	--	--	--	.04
Cumulative effect of accounting change, net.....	.22	.21	--	--
Earnings (loss) attributable to common stock.....	<u>\$.72</u>	<u>\$.70</u>	<u>\$.81</u>	<u>\$(3.96)</u>

The accompanying notes are an integral part of the consolidated financial statements.

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MASCOTECH, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995	1994
	-----	-----	-----
CASH FROM (USED FOR):			
OPERATING ACTIVITIES:			
Net income (loss).....	\$ 51,620,000	\$ 59,190,000	\$(220,120,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities, excluding reclassification of businesses held for disposition:			
(Gains) charge on disposition of businesses, net.....	31,520,000	(5,290,000)	400,000,000
Gain from change in investment of an equity affiliate.....	--	(5,100,000)	--
Gains from sales of TriMas common stock.....	--	--	(17,900,000)
Depreciation and amortization.....	44,470,000	47,070,000	66,760,000
Equity earnings, net of dividends.....	(31,650,000)	(23,360,000)	(23,720,000)
Deferred income taxes.....	8,640,000	51,330,000	(67,760,000)
(Increase) decrease in marketable securities, net.....	(24,890,000)	57,990,000	(34,320,000)
Decrease (increase) in receivables.....	10,200,000	(21,910,000)	(37,940,000)
Decrease (increase) in inventories.....	19,190,000	4,650,000	(23,390,000)
Decrease (increase) in prepaid expenses and other current assets.....	38,650,000	(1,900,000)	(32,860,000)
Increase (decrease) in accounts payable and accrued liabilities.....	9,320,000	(9,070,000)	65,330,000
Other, net, including extraordinary item.....	(8,820,000)	2,390,000	(6,000,000)
Net assets of businesses held for disposition, net, including cumulative effect of accounting change.....	(19,240,000)	2,190,000	(30,410,000)
Net cash from operating activities.....	129,010,000	158,180,000	37,670,000
FINANCING ACTIVITIES:			
Issuance of convertible debt.....	--	--	337,240,000
Increase in other debt.....	5,220,000	79,460,000	82,730,000
Payment or repurchase of other debt.....	(114,900,000)	(253,770,000)	(349,230,000)
Retirement of Company Common Stock.....	(14,040,000)	(13,130,000)	(54,130,000)
Repurchase of Company Common Stock and warrants from Masco Corporation for cash.....	(116,000,000)	--	--
Payment of dividends.....	(22,940,000)	(21,000,000)	(18,980,000)
Other, net.....	(8,610,000)	(2,250,000)	(5,010,000)
Net cash used for financing activities.....	(271,270,000)	(210,690,000)	(7,380,000)
INVESTING ACTIVITIES:			
Cash received from sales of TriMas securities....	--	--	18,180,000
Cash received from sale of businesses.....	223,720,000	122,190,000	41,220,000
Acquisition of businesses.....	(47,200,000)	(23,850,000)	--
Capital expenditures.....	(42,390,000)	(95,800,000)	(115,220,000)
Receipt of cash from notes receivable.....	9,300,000	6,570,000	14,640,000
Other, net.....	1,850,000	(2,170,000)	(10,360,000)
Net cash from (used for) investing activities.....	145,280,000	6,940,000	(51,540,000)
CASH AND CASH INVESTMENTS:			
Increase (decrease) for the year.....	3,020,000	(45,570,000)	(21,250,000)
At January 1.....	16,380,000	61,950,000	83,200,000
At December 31.....	\$ 19,400,000	\$ 16,380,000	\$ 61,950,000
	=====	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES:

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. All significant intercompany transactions have been eliminated. Corporations that are 20 to 50 percent owned are accounted for by the equity method of accounting; ownership less than 20 percent is accounted for on the cost basis unless the Company exercises significant influence over the investee. Capital transactions by equity affiliates, which change the Company's ownership interest at amounts differing from the Company's carrying amount, are reflected in other income or expense and the investment in affiliates account.

The consolidated balance sheet at December 31, 1996 reflects the segregation of net current and net non-current assets related to the disposition of the Company's Technical Services Group ("TSG") and, at December 31, 1995, reflects the segregation of assets related to the plan adopted in late 1994 to dispose of certain businesses.

The Company has a corporate services agreement with Masco Corporation, which at December 31, 1996 owned approximately 21 percent of the Company's Common Stock. Under the terms of the agreement, the Company pays fees to Masco Corporation for various corporate staff support and administrative services, research and development and facilities. Such fees, which are determined principally as a percentage of net sales, aggregated approximately \$7 million in 1996, \$9 million in 1995, and \$11 million in 1994.

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from such estimates and assumptions.

Cash and Cash Investments. The Company considers all highly liquid debt instruments with an initial maturity of three months or less to be cash and cash investments. The carrying amount reported in the balance sheet for cash and cash investments approximates fair value.

Marketable Securities. The Company's marketable equity securities holdings are categorized as either trading or available-for-sale securities, and, as a result, are stated at fair value. Changes in the fair value of trading securities are recognized in earnings and the changes in the fair value of available-for-sale securities are recorded in shareholders' equity, net of deferred taxes.

Receivables. Receivables are presented net of allowances for doubtful accounts of approximately \$2.0 million at both December 31, 1996 and 1995.

Inventories. Inventories are stated at the lower of cost or net realizable value, with cost determined principally by use of the first-in, first-out method.

Property and Equipment, Net. Property and equipment additions, including significant betterments, are recorded at cost. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Repair and maintenance costs are charged to expense as incurred.

Depreciation and Amortization. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and land improvements, 2 1/2 to 10 percent, and machinery and equipment, 6 2/3 to 33 1/3 percent. Deferred financing costs are amortized over the lives of the related debt securities. The excess of cost over net assets of acquired companies is amortized using the straight-line method over the period estimated to be benefitted, not exceeding 40 years. At each balance sheet date, management assesses whether there

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

has been a permanent impairment of the excess of cost over net assets of acquired companies by comparing anticipated undiscounted future cash flows from operating activities with the carrying amount of the excess of cost over net assets of acquired companies. The factors considered by management in performing this assessment include current operating results, business prospects, market trends, potential product obsolescence, competitive activities and other economic factors. Based on this assessment, there was no permanent impairment related to the excess of cost over net assets of acquired companies at December 31, 1996.

At December 31, 1996 and 1995, accumulated amortization of the excess of cost over net assets of acquired companies and patents was \$29.4 million and \$42.3 million, respectively. Amortization expense was \$8.5 million, \$13.7 million and \$22.9 million in 1996, 1995 and 1994, respectively.

Income Taxes. The Company records income taxes in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), "Accounting for Income Taxes." SFAS No. 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, SFAS No. 109 generally allows consideration of all expected future events other than enactments of changes in the tax law or tax rates. A provision has not been made for U.S. or additional foreign withholding taxes on approximately \$47 million of undistributed earnings of foreign subsidiaries as those earnings are intended to be permanently reinvested. Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

Earnings (Loss) Per Common Share. Primary earnings per common share are based on the weighted average shares of common stock and common stock equivalents outstanding (including the dilutive effect of options and warrants, utilizing the treasury stock method) of 53.8 million and 57.1 million in 1996 and 1995, respectively. Primary loss per common share in 1994 is based on 58.9 million weighted average shares of common stock outstanding. The effect of options and warrants on earnings per common share in 1994 would be anti-dilutive. Primary earnings (loss) per common share are calculated on earnings (loss) after deducting preferred stock dividends of \$13.0 million in each of 1996, 1995 and 1994.

Fully diluted earnings per common share is presented only when the assumed conversion of convertible securities is dilutive. Convertible securities did not have a dilutive effect on earnings (loss) per common share in 1996, 1995 or 1994. Fully diluted earnings per common share is presented in 1996 due to the utilization of the treasury stock method.

In late 1996, the Company purchased from Masco Corporation 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock. These shares and warrants have been retired. If such retirement had taken place at the beginning of 1996, the pro forma primary and fully diluted earnings per common and common equivalent share amounts would have been \$.78 and \$.77, respectively, in 1996.

Recently Issued Accounting Pronouncements. At January 1, 1996, the Company adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which resulted in a pre-tax gain (because the fair value of the businesses being held for sale at January 1, 1996 exceeded the carrying value for such businesses) of \$16.7 million (\$11.7 million after-tax), recorded as the cumulative effect of an accounting change. The pro forma effect of the retroactive application of the change on the financial statements for the years prior to 1996 has not been presented because the new method did not have a material effect on the earnings reported for those years. The Company adopted the disclosure requirements of SFAS No. 123, "Accounting for

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Stock-Based Compensation," effective with the 1996 financial statements, and elected to continue to measure compensation cost using the intrinsic value method, in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, no compensation cost for stock options has been recognized. If compensation cost had been determined based on the estimated fair value of options granted in 1996 and 1995, consistent with the methodology in SFAS No. 123, the pro forma effects on the Company's net income and income per common share would not have been material. SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and the American Institute of Certified Public Accountants' Statement of Position No. 96-1, "Environmental Remediation Liabilities," become effective in 1997 and will not have a material impact on the Company's financial statements. The Company expects that SFAS No. 128, "Earnings Per Share," will not have a material impact on earnings per share when adopted in 1997.

SUPPLEMENTARY CASH FLOWS INFORMATION:

Significant transactions not affecting cash were: in 1996: in addition to cash received, approximately \$25 million comprised of both common stock and warrants (with a portion of the common stock subsequently sold for approximately \$14 million of cash), as consideration from the sale of MascoTech Stamping Technologies, Inc.; in addition to the cash payment by the Company of \$121 million, notes approximating \$159 million were issued for the purchase of 18 million shares of the Company's Common Stock and warrants to purchase 10 million shares of the Company's Common Stock (see "Shareholders' Equity" note); in 1995: in addition to cash received, approximately \$34 million comprised of both notes receivable due from, and a 29 percent equity interest in, the acquiring company, as consideration for a non-core business unit.

Income taxes paid (refunded) were \$(12) million, \$11 million and \$28 million in 1996, 1995 and 1994, respectively. Interest paid was \$30 million, \$55 million and \$61 million in 1996, 1995 and 1994, respectively.

DISPOSITIONS OF OPERATIONS:

In late 1994, the Company adopted a plan to dispose, by sale or liquidation, a number of businesses, including its architectural products, defense and certain of its transportation-related products and services businesses, as part of its long-term strategic plan to increase the focus on its core operating capabilities. Through dates of sale, the businesses held for disposition had sales of approximately \$90 million, \$468 million and \$637 million in 1996, 1995 and 1994, respectively, and operating losses before gains (charge) on disposition of businesses, net of \$14 million, \$11 million and \$7 million in 1996, 1995 and 1994, respectively. At December 31, 1996, the Company has substantially completed the disposition of such businesses, and the liability for accrued exit costs approximates \$17 million, including approximately \$11 million related to post-employment benefits.

The Company's carrying value of a number of the businesses disposed of exceeded the estimated proceeds expected from such dispositions. To reflect the estimated loss on the disposition of these businesses, the Company in 1994 recorded a non-cash charge aggregating \$400 million pre-tax (approximately \$315 million after-tax or \$5.35 per common share) for those businesses for which a loss was anticipated.

During 1995, the Company divested a number of such businesses, in separate transactions, for aggregate proceeds of approximately \$180 million, which resulted in net gains of approximately \$25 million. These net gains were substantially offset by reductions in the estimated net proceeds the Company expected to receive from certain remaining businesses to be sold, aggregating approximately \$12 million, and by certain exit costs incurred in 1995 aggregating approximately \$8 million.

In May, 1996, the Company sold MascoTech Stamping Technologies, Inc. (MSTI), a wholly owned subsidiary, to Tower Automotive, Inc. (Tower) resulting in an after-tax loss of approximately \$26

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MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

million (\$.47 per common share), including after-tax losses of approximately \$1 million related to the closure of a MSTI manufacturing facility not included in the sale. The Company received initial consideration of approximately \$80 million, consisting principally of \$55 million in cash, 785,000 shares of Tower common stock and warrants to purchase additional Tower common stock. The Company applied the cash proceeds (including approximately \$14 million received from the subsequent sale of 600,000 shares of Tower common stock) to reduce its indebtedness. The Company may receive additional consideration, contingent upon the future earnings of MSTI over the next three years, which, if entirely earned, would substantially offset the loss.

On January 3, 1997, the Company completed the sale of its Technical Services Group (comprised of the Company's engineering and technical business services units) to MSX International, Inc. Also included in this transaction were the net assets of APX International which were acquired by the Company in November, 1996 for approximately \$44 million. The sale will result in total proceeds to the Company of approximately \$145 million, subject to certain adjustments, consisting of cash, subordinated debentures, preferred stock and an approximate 45 percent common equity interest in MSX International, Inc. Net proceeds to the Company will approximate \$90 million, after taking into account the purchase price for APX International and taxes payable in connection with this transaction. The excess of the consideration received by the Company over the book value of the related net assets has been deferred and will be recognized when cash is received. The net assets of the Technical Services Group and APX International are reflected on the consolidated balance sheet as net assets of businesses held for disposition at December 31, 1996. The Company has not reflected any revenues or expenses in the consolidated statement of operations related to APX International from the date of acquisition through December 31, 1996 as control was deemed to be temporary.

The disposition of businesses held for sale or sold, including MSTI and TSG, did not meet the criteria for discontinued operations treatment for accounting purposes; accordingly, the sales and results of operations of these businesses were included in continuing operations until disposition. Businesses held for sale or sold, including MSTI and TSG, had sales of approximately \$412 million, \$874 million and \$964 million in 1996, 1995 and 1994, respectively, and operating income (losses) before gains (charge) on disposition of businesses, net of \$(13) million, \$5 million and \$8 million in 1996, 1995 and 1994, respectively.

In late 1993, the Company adopted a plan to divest the business units in its energy segment. Certain of the remaining business units were sold in 1994 at prices greater than those used in estimating the loss on disposition in 1993, resulting in a reversal in 1994 of approximately \$18 million pre-tax (\$11.7 million after-tax) of the charge established in 1993.

Amounts included in the consolidated balance sheet for net assets of businesses held for disposition consist of the following at December 31, 1996 and 1995:

	(IN THOUSANDS)	
	1996	1995
Receivables.....	\$ 59,110	\$ 49,510
Other current assets.....	46,050	88,000
Current liabilities.....	(19,180)	
(75,100)		
Net current assets.....	85,980	62,410
Property and equipment, net.....	22,090	26,180
Other non-current assets and liabilities, net.....	760	78,330
Net non-current assets.....	22,850	104,510
Net assets of businesses held for disposition.....	\$108,830	\$166,920
	=====	=====

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INVENTORIES:

THOUSANDS)	(IN	
	AT DECEMBER 31	
-----	1996	1995

Finished goods.....	\$21,020	
\$21,120		
Work in process.....	20,360	
38,480		
Raw material.....	28,260	
34,820		

	\$69,640	
\$94,420		
	=====	

EQUITY AND OTHER INVESTMENTS IN AFFILIATES:

Equity and other investments in affiliates consist primarily of the following common stock interests in publicly traded affiliates:

	AT DECEMBER 31		
-----	1996	1995	
1994	----	----	

TriMas Corporation.....	41%	41%	41%
Emco Limited.....	43%	43%	43%
Titan Wheel International, Inc.	12%	15%	20%

TriMas Corporation ("TriMas") is a diversified manufacturer of commercial, industrial and consumer products. Emco Limited ("Emco") is a Canadian-based manufacturer and distributor of building and other industrial products. Titan Wheel International, Inc. ("Titan") is a manufacturer of wheels, tires and other products for agricultural, construction and off-highway equipment markets. At December 31, 1996, the investments in Titan common stock and in Emco convertible and other debt are classified for accounting purposes as available-for-sale securities. Accordingly, these investments have been recorded at fair value which was in excess of their carrying value resulting in unrealized gains of approximately \$8 million pre-tax which have been reflected as an adjustment to shareholders' equity, net of deferred taxes of \$3 million, at December 31, 1996.

The carrying amount of investments in affiliates at December 31, 1996 and 1995 and quoted market values at December 31, 1996 for publicly traded affiliates (which may differ from the amounts that could have been realized upon disposition) are as follows:

	(IN THOUSANDS)		
	1996 QUOTED MARKET	1996 CARRYING	1995
CARRYING	VALUE	AMOUNT	AMOUNT
	-----	-----	

Common stock:			
TriMas Corporation.....	\$362,690..	\$101,880	\$
80,150			
Emco Limited.....	65,130..	49,400	
43,720			
Titan Wheel International, Inc.....	42,280..	42,280	
32,240			
-----	-----	-----	
Common stock holdings.....	470,100..	193,560	
156,110			
Convertible and other debt:			
Emco Limited.....	35,130..	35,130	
32,390			
-----	-----	-----	
Investments in publicly traded affiliates.....	\$505,230..	228,690	
188,500			
	=====		
Other non-public affiliates.....		53,780	
49,030			
-----		-----	
Total.....		\$282,470	
\$237,530			
=====		=====	

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

During 1994, the Company sold a portion of its common stock holdings in TriMas, decreasing the Company's common equity ownership interest in TriMas to 41 percent, and resulting in a pre-tax gain of \$17.9 million.

In June, 1995, Titan sold newly issued common stock in a public offering and issued common stock as a result of the conversion of convertible securities. The Company recognized pre-tax income of approximately \$5.1 million as a result of the change in the Company's common equity ownership interest in Titan.

In December, 1996, Titan called for redemption its 4 3/4% Convertible Subordinated Notes which resulted in the issuance of approximately 4.5 million common shares, reducing the Company's common equity ownership interest in Titan to approximately 12 percent. As a result, the investment in Titan has been classified for accounting purposes as available-for-sale.

In addition to its equity and other investments in publicly traded affiliates, the Company has equity and other investment interests in privately held manufacturers of automotive components, including the Company's common equity ownership interest in Delco Remy International, Inc., a manufacturer of automotive electric motors and other components (acquired in 1994), and Saturn Electronics & Engineering, Inc., a manufacturer of electromechanical and electronic automotive components (acquired in 1995).

Equity in undistributed earnings of affiliates of \$57 million at December 31, 1996, \$38 million at December 31, 1995 and \$24 million at December 31, 1994 are included in consolidated retained earnings.

Approximate combined condensed financial data of the Company's equity affiliates accounted for under the equity method are as follows:

	(IN THOUSANDS)	
	AT DECEMBER 31	
	1996	1995
Current assets.....	\$ 839,250	\$ 985,310
Current liabilities.....	(342,980)	
(413,290)		
Working capital.....	496,270	572,020
Property and equipment, net.....	453,350	581,670
Excess of cost over net assets of acquired companies...	257,160	261,300
Other assets.....	78,990	90,180
Long-term debt.....	(655,370)	
(745,480)		
Deferred income taxes and other long-term liabilities.....	(73,680)	
(60,240)		
Shareholders' equity.....	\$ 556,720	\$ 699,450

THOUSANDS)

(IN

FOR THE YEARS ENDED DECEMBER 31

	1996	1995	1994
Net sales.....	\$2,959,980	\$2,729,260	
\$1,989,670			
Operating profit.....	\$ 269,440	\$ 235,510	\$
174,850			
Earnings attributable to common stock.....	\$ 128,820	\$ 92,700	\$
74,870			

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MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Equity and interest income from affiliates consists of the following:

THOUSANDS)	(IN		
	FOR THE YEARS ENDED DECEMBER		
	31		
	1996	1995	1994
	-----	-----	

The Company's equity in affiliates' earnings available for common shareholders.....	\$35,190	\$26,230	
\$25,970			
Interest income.....	5,270	5,190	
3,840			
-----	-----	-----	
Equity and interest income from affiliates.....	\$40,460	\$31,420	
\$29,810			
=====	=====	=====	

PROPERTY AND EQUIPMENT, NET:

THOUSANDS)	(IN	
	AT DECEMBER 31	
	1996	1995

Cost:		
Land and land improvements.....	\$ 17,530	\$
16,030		
Buildings.....	109,730	
121,470		
Machinery and equipment.....	513,010	
609,730		
-----	-----	
	640,270	
747,230		
Less accumulated depreciation.....	251,810	
280,780		
-----	-----	
	\$388,460	
\$466,450		
=====	=====	

Depreciation expense totalled \$37 million, \$38 million and \$44 million in 1996, 1995 and 1994, respectively.

ACCRUED LIABILITIES:

THOUSANDS)	(IN	
	AT DECEMBER 31	
-----	1996	1995

Salaries, wages and commissions.....	\$15,930	
\$19,690		
Income taxes.....	2,810	
3,260		
Interest.....	4,050	
3,940		
Insurance.....	33,940	
30,880		
Property, payroll and other taxes.....	5,500	
6,830		
Other.....	34,680	
17,800		
-----	-----	
\$82,400	\$96,910	
=====	=====	

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

LONG-TERM DEBT:

THOUSANDS)	(IN	
	AT DECEMBER 31	
	1996	1995
-----	-----	
Bank revolving credit agreement.....	\$250,000	
\$350,000		
4 1/2% Convertible Subordinated Debentures, due 2003....	310,000	
310,000		
6 5/8% Note held by Masco Corporation.....	151,380	--
Other.....	44,390	
47,060		

	755,770	
707,060		
Less current portion of long-term debt.....	3,370	
5,150		

Long-term debt.....	\$752,400	
\$701,910		
	=====	
=====		

The interest rates applicable to the revolving credit agreement are principally at alternative floating rates provided for in the agreement (approximately six percent at December 31, 1996). In early 1997, the Company amended the revolving credit agreement; as a result, the new \$575 million revolving credit agreement is due 2002.

The amended revolving credit agreement requires the maintenance of a specified level of tangible shareholders' equity as defined, with limitations on the ratios of senior debt to earnings and debt to equity (as defined). Under the most restrictive of these provisions, approximately \$70 million was available at December 31, 1996 for the payment of cash dividends and the acquisition of Company Capital Stock.

The note held by Masco Corporation was part of the consideration paid by the Company for the purchase of 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock from Masco Corporation. Although the note payable to Masco Corporation is due September 30, 1997, it is classified as non-current at December 31, 1996 as the Company has the intent and the ability to refinance this borrowing on a long-term basis.

On March 15, 1995, the Company redeemed at maturity \$233 million of its 10% Senior Subordinated Notes utilizing its bank revolving credit agreement. During 1994, the Company recognized extraordinary income of \$4.4 million pre-tax (\$2.6 million after-tax) related to the early extinguishment of a portion of the 4 1/2% Convertible Subordinated Debentures.

The maturities of debt during the next five years are as follows (taking into account the amended credit agreement and assuming the short-term debt referred to above is refinanced by the amended credit agreement) (in millions):
 1997 - \$3; 1998 - \$3; 1999 - \$3; 2000 - \$3; and 2001 - \$1.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SHAREHOLDERS' EQUITY:

	(IN THOUSANDS)					
	PREFERRED STOCK	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	OTHER	SHAREHOLDERS' EQUITY
Balance, January 1, 1994.....	\$10,800	\$ 60,510	\$ 367,290	\$ 232,120	\$(3,090)	\$ 667,630
Net loss.....	--	--	--	(220,120)	--	(220,120)
Preferred stock dividends.....	--	--	--	(12,960)	--	(12,960)
Common stock dividends.....	--	--	--	(6,630)	--	(6,630)
Retirement of common stock.....	--	(4,070)	(50,060)	--	--	(54,130)
Translation adjustments, net.....	--	--	--	--	5,450	5,450
Exercise of stock options.....	--	170	1,730	--	--	1,900
Balance, December 31, 1994.....	10,800	56,610	318,960	(7,590)	2,360	381,140
Net income.....	--	--	--	59,190	--	59,190
Preferred stock dividends.....	--	--	--	(12,960)	--	(12,960)
Common stock dividends.....	--	--	--	(6,260)	--	(6,260)
Retirement of common stock.....	--	(1,210)	(11,920)	--	--	(13,130)
Translation adjustments, net.....	--	--	--	--	6,210	6,210
Exercise of stock options.....	--	120	870	--	--	990
Balance, December 31, 1995.....	10,800	55,520	307,910	32,380	8,570	415,180
Net income.....	--	--	--	51,620	--	51,620
Preferred stock dividends.....	--	--	--	(12,960)	--	(12,960)
Common stock dividends.....	--	--	--	(9,980)	--	(9,980)
Retirement of common stock and warrants.....	--	(18,720)	(270,320)	--	--	(289,040)
Translation adjustments and other.....	--	--	--	--	6,200	6,200
Exercise of stock options.....	--	450	3,490	--	--	3,940
Balance, December 31, 1996.....	\$10,800	\$ 37,250	\$ 41,080	\$ 61,060	\$14,770	\$ 164,960

In July, 1993, the Company issued 10.8 million shares of 6% Dividend Enhanced Convertible Stock (DECS, classified as Convertible Preferred Stock) at \$20 per share (\$216 million aggregate liquidation amount) in a public offering. On July 1, 1997, each of the then outstanding shares of the DECS will convert into one share of Company Common Stock, if not previously redeemed by the Company or converted at the option of the holder, in both cases for Company Common Stock.

Each share of the DECS is convertible at the option of the holder anytime prior to July 1, 1997 into .806 of a share of Company Common Stock, equivalent to a conversion price of \$24.81 per share of Company Common Stock. Dividends are cumulative and each share of the DECS has 4/5 of a vote, voting together as one class with holders of Company Common Stock.

The Company, at its option, may redeem the DECS at a call price payable in shares of Company Common Stock principally determined by a formula based on the then current market price of Company Common Stock. Redemption by the Company, as a practical matter, will generally not result in a call price that exceeds one share of Company Common Stock or is less than .806 of a share of Company Common Stock (resulting from the holder's conversion option).

On October 31, 1996, the Company purchased from Masco Corporation 17 million shares of MascoTech common stock and warrants to purchase 10 million shares of MascoTech common stock, for cash and notes approximating \$266 million. Payment of the note, which approximates \$151 million and bears interest at 6 5/8 percent, is due September 30, 1997 and is payable in cash or at the Company's

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

option partially by the transfer of its holdings in its equity affiliate, Emco Limited. As part of this transaction, Richard A. Manoogian, Chairman of both Masco Corporation and MascoTech, also sold to MascoTech one million shares of MascoTech common stock (at the then current market price) for approximately \$13.6 million, for cash and a \$7.6 million note bearing interest at 6 5/8 percent, payable on September 30, 1997. In addition, as part of this transaction, Masco Corporation's agreement to purchase from the Company, at the Company's option, up to \$200 million of subordinated debentures was extended through 2002, and the corporate services agreement with Masco Corporation was extended until September 30, 1998. Masco Corporation also agreed that MascoTech will have the right of first refusal to purchase the approximate 7.8 million shares of MascoTech common stock that Masco Corporation continues to hold, should Masco Corporation decide to dispose of such shares.

In addition, during each of 1996 and 1995, the Company repurchased and retired approximately one million shares of its common stock in open-market purchases, pursuant to a Board of Directors' authorized repurchase program. At December 31, 1996, the Company may repurchase approximately four million additional shares of Company Common Stock and Convertible Preferred Stock pursuant to this repurchase authorization.

Under a Stock Repurchase Agreement, Masco Corporation has the right to sell to the Company, at approximate fair market value, shares of Company Common Stock following the occurrence of certain events that would result in an increase in Masco Corporation's ownership percentage in excess of 49 percent of the then outstanding shares of Company Common Stock. Such events include repurchases of Company Common Stock initiated by MascoTech or any of its subsidiaries, and reacquisitions of Company Common Stock through forfeitures of shares previously awarded by the Company pursuant to its employee stock incentive plans. In each case, MascoTech has control over the amount of Company Common Stock it would ultimately acquire, including shares subject to repurchase under the Stock Repurchase Agreement. The aforementioned rights expire 30 days from the date notice is given by MascoTech. To the extent these rights have been exercised at any balance sheet date, the Company would reclassify from permanent capital an amount representative of the repurchase obligation.

On the basis of amounts paid (declared), cash dividends per common share were \$.18 (\$.18) in 1996, \$.14 (\$.11) in 1995 and \$.10 (\$.11) in 1994.

STOCK OPTIONS AND AWARDS:

The Company's Long-Term Stock Incentive Plan (the "Plan") provides for the issuance of stock-based incentives in various forms. At December 31, 1996, outstanding stock-based incentives are in the form of restricted long-term stock awards and stock options.

Pursuant to the Plan, the Company granted long-term stock awards, net, for 480,000, 461,000 and 213,000 shares of Company Common Stock during 1996, 1995 and 1994, respectively, to key employees of the Company and affiliated companies. The weighted average grant date fair value per share of long-term stock awards granted during 1996 and 1995 was \$14 and \$12, respectively. Compensation expense for the vesting of long-term stock awards was approximately \$2.3 million, \$4.8 million and \$3.3 million in 1996, 1995 and 1994, respectively. The unamortized costs of unvested stock awards, aggregating approximately \$26 million at December 31, 1996, are being amortized over the ten-year vesting periods.

Fixed stock options are granted to key employees of the Company and affiliated companies and have a maximum term of 10 years. The exercise price of each fixed option equals the market price of Company Common Stock on the date of grant. These options either vest no later than 10 years after grant or in installments beginning in the third year and extending through the eighth year after grant.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

A summary of the status of the Company's stock options granted under the Plan or prior plans for the three years ended December 31, 1996 is presented below.

	(SHARES IN THOUSANDS)		
	1996	1995	1994
Option shares outstanding, January 1.....	3,440	3,620	3,810
Weighted average exercise price.....	\$ 8	\$ 7	\$ 7
Option shares granted.....	1,370	--	20
Weighted average exercise price.....	\$15	--	\$24
Option shares exercised.....	(450)	(120)	(170)
Weighted average exercise price.....	\$ 7	\$ 7	\$ 6
Option shares canceled.....	(70)	(60)	(40)
Weighted average exercise price.....	\$ 5	\$ 5	\$ 5
Option shares outstanding, December 31.....	4,290	3,440	3,620
Weighted average exercise price.....	\$10	\$ 8	\$ 7
Weighted average remaining option term (in years).....	5.3	4.4	5.4
Option shares exercisable, December 31.....	1,710	1,640	1,080
Weighted average exercise price.....	\$ 9	\$ 9	\$ 9

At December 31, 1996, options have been granted and are outstanding with exercise prices ranging from \$4 1/2 to \$26 per share, the fair market value at the dates of grant.

At December 31, 1996 and 1995, a combined total of 4,656,000 and 5,646,000 shares, respectively, of Company Common Stock were available for the granting of options and incentive awards under the above plans.

The Company has elected to continue to apply the provisions of Accounting Principles Board Opinion No. 25 and, accordingly, no stock option compensation expense is included in the determination of net income in the statement of operations. The weighted average grant date fair value of options granted was \$6.20 in 1996. Had stock option compensation expense been determined pursuant to the methodology of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the pro forma effects on the Company's earnings and earnings per common share in 1996, 1995 and 1994 would not have been material.

EMPLOYEE BENEFIT PLANS:

Pension and Profit-Sharing Benefits. The Company sponsors defined-benefit pension plans for most of its employees. In addition, substantially all salaried employees participate in noncontributory profit-sharing plans, to which payments are approved annually by the Directors. Aggregate charges to income under these plans were \$11.0 million in 1996, \$13.0 million in 1995 and \$9.8 million in 1994.

Net periodic pension cost for the Company's defined-benefit pension plans includes the following components for the three years ended December 31, 1996:

	(IN THOUSANDS)		
	1996	1995	1994
Service cost -- benefits earned during the year....	\$ 5,230	\$ 4,680	\$ 4,800
Interest cost on projected benefit obligations.....	6,490	6,330	5,800
Actual (return) loss on assets.....	(3,970)	(6,540)	1,850
Net amortization and deferral..... (8,240)	(740)	1,600	
Net periodic pension cost.....	\$ 7,010	\$ 6,070	\$ 4,210

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Major assumptions used in accounting for the Company's defined-benefit pension plans are as follows:

	1996	1995	1994
-----	-----	-----	
Discount rate for obligations.....	7.50%	7.25%	
8.50%			
Rate of increase in compensation levels.....	5.00%	5.00%	
5.00%			
Expected long-term rate of return on plan assets....	11.00%	11.00%	
13.00%			

The funded status of the Company's defined-benefit pension plans at December 31, 1996 and 1995 is as follows:

	(IN THOUSANDS)	
	1996	1995
-----	-----	-----
ACCUMULATED	ACCUMULATED	
	BENEFITS EXCEED ASSETS	BENEFITS EXCEED ASSETS
RECONCILIATION OF FUNDED STATUS	-----	-----

Actuarial present value of benefit obligations:		
Vested benefit obligation.....	\$ 72,450	\$ 70,960
	=====	=====
Accumulated benefit obligation.....	\$ 77,380	\$ 76,370
	=====	=====
Projected benefit obligation.....	\$ 89,620	\$ 89,410
Assets at fair value.....	59,710	54,480
	-----	-----
Projected benefit obligation in excess of plan assets.....	(29,910)	(34,930)
Reconciling items:		
Unrecognized net loss.....	14,690	22,350
Unrecognized prior service cost.....	8,050	7,540
Unrecognized net asset at transition.....	(930)	(1,060)
Adjustment required to recognize minimum liability.....	(12,580)	(15,810)
	-----	-----
Accrued pension cost.....	\$(20,680)	\$(21,910)
	=====	=====

Postretirement Benefits. The Company provides postretirement medical and life insurance benefits for certain of its active and retired employees.

The Company records its postretirement benefit plans in accordance with Statement of Financial Accounting Standards No. 106 ("SFAS No. 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement requires the accrual method of accounting for postretirement health care and life insurance based on actuarially determined costs to be recognized over the period from the date of hire to the full eligibility date of employees who are expected to qualify for such benefits. In conjunction with SFAS No. 106, the Company recognizes the transition obligation on a prospective basis with the net transition obligation amortized over 20 years. Net periodic postretirement benefit cost

includes the following components for the years ended December 31, 1996, 1995 and 1994:

		(IN THOUSANDS)	
	1996	1995	1994
Service cost.....	\$ 400	\$ 300	\$ 400
Interest cost.....	1,600	1,900	1,800
Net amortization.....	800	1,100	1,300
Net periodic postretirement benefit cost.....	\$2,800	\$3,300	\$3,500
	=====	=====	=====

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MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Postretirement benefit obligations, none of which are funded, are summarized as follows at December 31, 1996 and 1995:

	(IN THOUSANDS)	
	1996	1995
	-----	-----
Accumulated postretirement benefit obligations:		
Retirees.....	\$13,900..	\$ 18,400
Fully eligible active plan participants.....	800.....	900
Other active participants.....	5,300...	5,600
	-----	-----
Total accumulated postretirement benefit obligation.....	20,000	24,900
Unrecognized prior service cost.....	(300)	--
Unrecognized net gain.....	700	400
Unamortized transition obligation.....	(11,000)	
(16,000)		
	-----	-----
Accrued postretirement benefits.....	\$ 9,400	\$ 9,300
	=====	=====

The discount rate used in determining the accumulated postretirement benefit obligation was 7.25 percent in both 1996 and 1995. The assumed health care cost trend rate in 1996 was 12 percent, decreasing to an ultimate rate in the year 2002 of seven percent. If the assumed medical cost trend rates were increased by one percent, the accumulated postretirement benefit obligation would increase by \$1.6 million and the aggregate of the service and interest cost components of net periodic postretirement benefit cost would increase by \$.2 million. Included in the Company's 1994 charge for the disposition of certain businesses are curtailment costs for postretirement benefit obligations relating to these businesses of approximately \$3.7 million.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SEGMENT INFORMATION:

The Company's business segments involve the sale of the following products and services:

Transportation-Related Products and Services:

Precision products, generally produced using advanced metalworking technologies with significant proprietary content, and aftermarket products for the transportation industry.

Engineering and technical business services.

Specialty Products:

Other Industrial -- Principally doors, windows, security grilles and office panels and partitions for commercial and residential markets.

The Company's export sales approximated \$75 million, \$85 million and \$102 million in 1996, 1995 and 1994, respectively.

Corporate assets consist primarily of cash and cash investments, marketable securities, equity and other investments in affiliates and notes receivable.

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MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	NET SALES			OPERATING PROFIT (LOSS) (B)		
	1996	1995	1994	1996	1995	1994
The Company's operations by industry segment are:						
Transportation-Related Products and Services (A).....	\$1,151,000	\$1,340,000	\$1,332,000	\$ 90,000	\$144,000	\$ (55,000)
Specialty Products:						
Other Industrial.....	130,000	338,000	370,000	1,000	(3,000)	(196,000)
Total.....	\$1,281,000	\$1,678,000	\$1,702,000	91,000	141,000	(251,000)
Other income (expense), net....				8,000	(9,000)	13,000
General corporate expense.....				(22,000)	(32,000)	(26,000)
Income (loss) from continuing operations before income taxes (credit), extraordinary item and cumulative effect of accounting change, net.....				\$ 77,000	\$100,000	\$(264,000)
Corporate assets.....						
Total assets.....						
Foreign Operations (F).....	\$ 170,000	\$ 166,000	\$ 116,000	\$ 17,000	\$ 22,000	\$ 16,000

(IN THOUSANDS)
ASSETS EMPLOYED AT
DECEMBER 31(C)

	1996	1995	1994
The Company's operations by industry segment are:			
Transportation-Related Products and Services (A).....	\$ 742,000	\$ 870,000	\$ 796,000
Specialty Products:			
Other Industrial.....	55,000	150,000	181,000
Total.....	797,000	1,020,000	977,000
Other income (expense), net....			
General corporate expense.....			
Income (loss) from continuing operations before income taxes (credit), extraordinary item and cumulative effect of accounting change, net.....			
Corporate assets.....	432,000	419,000	554,000
Total assets.....	\$1,229,000	\$1,439,000	\$1,531,000
Foreign Operations (F).....	\$ 155,000	\$ 140,000	\$ 93,000

	PROPERTY ADDITIONS (D)			DEPRECIATION AND AMORTIZATION (E)		
	1996	1995	1994	1996	1995	1994
The Company's operations by industry segment are:						
Transportation-Related Products and Services.....	\$41,000	\$ 96,000	\$101,000	\$44,000	\$45,000	\$48,000
Specialty Products:						
Other Industrial.....	3,000	14,000	14,000	2,000	7,000	19,000
Total.....	\$44,000	\$110,000	\$115,000	\$46,000	\$52,000	\$67,000

(A) Included within this segment are sales to one customer of \$232 million, \$397 million and \$361 million in 1996, 1995 and 1994, respectively; sales to another customer of \$146 million, \$182 million and \$225 million in 1996, 1995 and 1994, respectively; sales to a third customer of \$122 million, \$178 million and \$212 million in 1996, 1995 and 1994, respectively; and sales to a fourth customer of \$155 million, \$136 million and \$111 million in 1996, 1995 and 1994, respectively.

(B) Operating profit in 1996 includes a \$32 million pre-tax loss principally from the sale of MascoTech Stamping Technologies, Inc. This charge impacted the Company's Transportation-Related Products and Services industry segment. Operating profit in 1995 includes \$25 million in net gains resulting from sales of non-core businesses in the third quarter. These net gains were substantially offset by reductions in the estimated proceeds the Company expected to receive from businesses to be sold, aggregating \$12 million, and by certain exit costs incurred in 1995 aggregating approximately \$8 million. The net gains (charge) impact the Company's industry segments as follows: Transportation-Related Products and Services -- \$21 million and Specialty Products -- \$(2) million. The remaining \$(14) million of the net gains (charge) was allocated to General Corporate Expense. Operating loss in 1994 includes the impact of a pre-tax charge in the amount of \$400 million for the disposition of businesses. The charge impacts the Company's industry segments as follows: Transportation-Related Products and Services -- \$196 million and Specialty Products -- \$191 million. The remaining \$13 million of the charge was allocated to General Corporate Expense.

(C) Assets employed at December 31, 1996, 1995 and 1994 include net assets related to the disposition of certain operations (see "Dispositions of Operations" note).

(D) Property additions include approximately \$2 million and \$14 million in 1996 and 1995, respectively, of capital expenditures for those businesses held for disposition related to the plan adopted in late 1994.

(E) Depreciation and amortization expense include approximately \$5 million in 1995 of expense for those businesses held for disposition related to the plan adopted in late 1994.

(F) The Company's foreign operations are located principally in Western Europe.

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MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

OTHER INCOME (EXPENSE), NET:

	(IN THOUSANDS)		
	1996	1995	1994
	-----	-----	-----
Other, net:			
Net realized and unrealized gains (losses) from marketable securities.....	\$ (160)	\$ 730	\$ 4,360
Gains from sales of TriMas common stock.....	--	--	17,900
Interest income.....	1,160	2,390	5,490
Dividend income.....	420	950	2,880
Other, net.....	(4,020)	780	2,750
	-----	-----	-----
	\$ (2,600)	\$4,850	\$33,380
	=====	=====	=====

Gains and losses realized from sales of marketable securities and gains from sales of common stock of equity affiliates are determined on a specific identification basis at the time of sale.

INCOME TAXES:

	(IN THOUSANDS)		
	1996	1995	1994
	-----	-----	-----
Income (loss) from continuing operations before income taxes (credit), extraordinary item and cumulative effect of accounting change, net:			
Domestic.....	\$59,870	\$ 78,870	
\$(280,900)			
Foreign.....	17,350	21,410	16,410
	-----	-----	-----
	\$77,220	\$100,280	
\$(264,490)	=====	=====	=====
Provision for income taxes (credit):			
Federal, current.....	\$16,170	\$(24,210)	\$ 36,660
State and local.....	4,650	6,110	8,880
Foreign, current.....	7,840	7,860	
(7,850)			
Deferred, principally federal.....	8,640	51,330	
(67,760)	-----	-----	-----
Income taxes (credit) on income (loss) from continuing operations before extraordinary item and cumulative effect of accounting change, net.....	\$37,300	\$ 41,090	\$
(30,070)	=====	=====	=====

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The components of deferred taxes at December 31, 1996 and 1995 are as follows:

	(IN THOUSANDS)	
	1996	1995

Deferred tax assets:		
Inventories.....	\$ 2,860	\$
3,550		
Expected capital loss benefit related to net assets of businesses held for disposition.....	--	
15,600		
Accrued liabilities and other, principally expected ordinary loss benefit related to net assets of businesses held for disposition.....	35,170	
37,250		
Alternative minimum tax.....	6,750	--

	44,780	
56,400		

Deferred tax liabilities:		
Property and equipment.....	59,580	
71,610		
Other, principally equity investments in affiliates....	57,370	
45,280		

	116,950	
116,890		

Net deferred tax liability.....	\$ 72,170	\$
60,490		
	=====	
=====		

Net current and non-current assets of businesses held for disposition at December 31, 1995 include approximately \$41 million of the foregoing deferred tax assets.

The following is a reconciliation of tax computed at the U.S. federal statutory rate to the provision for income taxes (credit) allocated to income (loss) from continuing operations before income taxes (credit), extraordinary item and cumulative effect of accounting change, net:

	(IN THOUSANDS)		
	1996	1995	1994
U.S. federal statutory rate.....	35%	35%	35%
Tax (credit) at U.S. federal statutory rate.....	\$27,020	\$35,100	
\$(92,570)			
State and local taxes, net of federal tax benefit.....	3,020	3,970	5,770
Higher effective foreign tax rate.....	2,100	2,710	3,380
Tax benefit on distributed foreign earnings, net.....	--	--	
(4,200)			
Non-deductible portion of charge for disposition of businesses.....	5,780	--	54,600
Amortization in excess of tax, net.....	(140)	1,630	2,190
Other, net.....	(480)	(2,320)	760
	-----	-----	-----
Income taxes (credit) from continuing operations before extraordinary item and cumulative effect of accounting change, net.....	\$37,300	\$41,090	
\$(30,070)	=====	=====	=====

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS:

In accordance with Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," the following methods were used to estimate the fair value of each class of financial instruments:

MARKETABLE SECURITIES, NOTES RECEIVABLE AND OTHER ASSETS

Fair values of financial instruments included in marketable securities, notes receivable and other assets were estimated using various methods including quoted market prices and discounted future cash flows based on the incremental borrowing rates for similar types of investments. In addition, for variable-rate notes receivable that fluctuate with the prime rate, the carrying amounts approximate fair value.

LONG-TERM DEBT

The carrying amount of bank debt and certain other long-term debt instruments approximate fair value as the floating rates inherent in this debt reflect changes in overall market interest rates. The fair values of the Company's subordinated debt instruments are based on quoted market prices. The fair values of certain other debt instruments are estimated by discounting future cash flows based on the Company's incremental borrowing rate for similar types of debt instruments.

The carrying amounts and fair values of the Company's financial instruments at December 31, 1996 and 1995 are as follows:

	1996		(IN THOUSANDS) 1995	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and cash investments.....	\$ 19,400	\$ 19,400	\$ 16,380	\$ 16,380
Marketable securities, notes receivable and other assets.....	\$124,270	\$125,460	\$ 38,710	\$ 38,990
Long-term debt:				
Bank debt.....	\$265,000	\$265,000	\$375,000	\$375,000
4 1/2% Convertible Subordinated Debentures.....	\$310,000	\$252,650	\$310,000	\$244,900
6 5/8% Note due Masco Corporation.....	\$151,380	\$151,380	--	--
Other long-term debt.....	\$ 26,020	\$ 24,490	\$ 16,910	\$ 15,330

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INTERIM AND OTHER SUPPLEMENTAL FINANCIAL DATA (UNAUDITED):

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS) FOR THE QUARTERS ENDED			
	DECEMBER 31ST	SEPTEMBER 30TH	JUNE 30TH	MARCH 31ST
1996:				
Net sales.....	\$271,450	\$290,790	\$345,060	\$373,920
Gross profit.....	\$58,160	\$ 55,580	\$ 57,930	\$ 61,440
Income (loss) before accounting change item:				
Income (loss).....	\$16,450	\$ 19,390	\$ (6,660)	\$ 10,740
Per common and common equivalent share:				
Primary.....	\$.29	\$.28	\$ (.18)	\$.16
Assuming full dilution.....	\$.28	\$.28	\$ (.18)	\$.17
Net income (loss):				
Income (loss).....	\$16,450	\$ 19,390	\$ (6,660)	\$ 22,440
Income (loss) attributable to common stock.....	\$13,210	\$ 16,150	\$ (9,900)	\$ 19,200
Per common and common equivalent share:				
Primary.....	\$.29	\$.28	\$ (.18)	\$.33
Assuming full dilution.....	\$.28	\$.28	\$ (.18)	\$.32
Market price per common share:				
High.....	\$17	\$15 1/2	\$16 1/8	\$13 5/8
Low.....	\$13 1/2	\$13	\$12 1/2	\$10 3/8
1995:				
Net sales.....	\$389,010	\$404,900	\$439,290	\$445,010
Gross profit.....	\$67,570	\$ 67,050	\$ 69,250	\$ 76,460
Net income:				
Income.....	\$14,670	\$ 15,960	\$ 15,100	\$ 13,460
Income attributable to common stock.....	\$11,430	\$ 12,720	\$ 11,860	\$ 10,220
Per common share.....	\$.20	\$.22	\$.21	\$.18
Market price per common share:				
High.....	\$12 1/2	\$13 3/4	\$12 7/8	\$13 1/2
Low.....	\$10	\$11 1/4	\$10 1/2	\$11 3/8

Since dilution occurs in the first quarter 1996, earnings per common share is presented on a fully diluted basis. However, earnings per common share on income before accounting change item is anti-dilutive.

Results for the second quarter 1996 include an after-tax loss of approximately \$26 million related to the sale of MascoTech Stamping Technologies, Inc.

Net income for the first quarter of 1996 includes an after-tax gain of approximately \$12 million as a result of the adoption of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," effective January 1, 1996 which was recorded as a cumulative effect of an accounting change.

The 1996 income (loss) per common share amounts for the quarters do not total to the full year amounts due to the purchase and retirement of shares throughout the year.

MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONCLUDED)

Results for the third quarter of 1995 include net gains aggregating approximately \$25 million from the sale of certain businesses held for disposition. These net gains were offset by reductions in the estimated net proceeds the Company expected to receive from businesses to be sold, aggregating \$12 million and by certain exit costs incurred in 1995 aggregating approximately \$8 million.

Results for the second quarter of 1995 include pre-tax income of approximately \$5 million as a result of gains associated with the sale of common stock through a public offering by an equity affiliate.

The following supplemental unaudited financial data combine the Company with TriMas and have been presented for analytical purposes. The Company had a common equity ownership interest in TriMas of approximately 41 percent at December 31, 1996 and December 31, 1995. The interests of the other common shareholders are reflected below as "Equity of other shareholders of TriMas." All significant intercompany transactions have been eliminated.

	(IN THOUSANDS)	
	AT DECEMBER 31	
	-----	-----
	1996	1995
	-----	-----
Current assets.....	\$ 676,590	\$ 718,340
Current liabilities.....	(241,690)	
(241,390)		
	-----	-----
Working capital.....	434,900	476,950
Property and equipment, net.....	583,000	640,150
Excess of cost over net assets of acquired companies..	183,690	200,210
Other assets.....	320,330	355,880
Bank and other debt.....	(935,460)	
(889,110)		
Deferred income taxes and other long-term		
liabilities.....	(193,090)	
(170,780)		
Equity of other shareholders of TriMas.....	(228,410)	
(198,120)		
	-----	-----
Equity of shareholders of MascoTech.....	\$ 164,960	\$ 415,180
	=====	=====

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER 31		
	-----	-----	-----
	1996	1995	1994
	-----	-----	-----
Net sales.....	\$1,877,080	\$2,227,850	\$2,232,430
	=====	=====	=====
Operating profit (loss).....	\$ 173,620	\$ 207,490	\$
(186,450)			
	=====	=====	=====
Income (loss) from continuing operations			
before extraordinary item and cumulative			
effect of accounting change, net.....	\$ 39,920	\$ 59,190	\$
(234,420)			
	=====	=====	=====

MASCOTECH, INC.
FINANCIAL STATEMENT SCHEDULE
PURSUANT TO ITEM 14(A)(2) OF FORM 10-K
ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 1996

Schedule, as required for the years ended December 31, 1996, 1995 and 1994:

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II. Valuation and Qualifying Accounts.....
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MASCOTECH, INC.

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
-----	-----	-----		-----	-----
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED (CREDITED) TO OTHER ACCOUNTS		
-----	-----	-----	-----	-----	-----
			(A)	(B)	
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
1996.....	\$1,880,000	\$ 890,000	\$ 20,000	\$ 790,000	\$2,000,000
	=====	=====	=====	=====	=====
1995.....	\$1,590,000	\$ 400,000	\$ 410,000	\$ 520,000	\$1,880,000
	=====	=====	=====	=====	=====
1994.....	\$5,130,000	\$3,480,000	\$(4,310,000)	\$2,710,000	\$1,590,000
	=====	=====	=====	=====	=====

NOTES:

(A) Allowance of companies reclassified for businesses held for disposition, and other adjustments, net in 1996, 1995 and 1994. Allowance of companies acquired, and other adjustments, net in 1995.

(B) Deductions, representing uncollectible accounts written off, less recoveries of accounts written off in prior years.

EXHIBIT INDEX

- 3.i Restated Certificate of Incorporation of Masco Corporation and amendments thereto.
- 3.ii Bylaws of Masco Corporation, as amended.(5)
- 4.a.i Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, as Trustee and Directors' resolutions establishing Masco Corporation's: (i) 9% Notes Due October 1, 2001 (all filed herewith), (ii) 6 5/8% Notes Due September 15, 1999(7), (iii) 6 1/8% Notes Due September 15, 2003(8), and (iv) 7 1/8% Debentures Due August 15, 2013.(6)
- 4.a.ii Agreement of Appointment and Acceptance of Successor Trustee dated as of July 25, 1994 among Masco Corporation, Morgan Guaranty Trust Company of New York and The First National Bank of Chicago.(4)
- 4.a.iii Supplemental Indenture dated as of July 26, 1994 between Masco Corporation and The First National Bank of Chicago.(4)
- 4.b Indenture dated as of December 1, 1982 between Masco Corporation and Citibank, N.A., as Trustee, and Directors' resolutions establishing Masco Corporation's 5 1/4% Convertible Subordinated Debentures Due 2012, including form of Debenture.
- 4.c \$750,000,000 Amended and Restated Credit Agreement dated as of November 14, 1996 among Masco Corporation, the banks party thereto and Morgan Guaranty Trust Company of New York, as agent.
- 4.d Rights Agreement dated as of December 6, 1995 between Masco Corporation and The Bank of New York, as Rights Agent.(2)
- 4.e Indenture dated as of November 1, 1986 between Masco Industries, Inc. (now known as MascoTech, Inc.) and Morgan Guaranty Trust Company of New York, as Trustee, and Directors' resolutions establishing Masco Industries, Inc.'s 4 1/2% Convertible Subordinated Debentures Due 2003(5), Agreement of Appointment and Acceptance of Successor Trustee dated as of August 4, 1994 among MascoTech, Inc., Morgan Guaranty Trust Company of New York and The First National Bank of Chicago and Supplemental Indenture dated as of August 5, 1994 among MascoTech, Inc. and The First National Bank of Chicago.(3)
- 4.f Credit Agreement dated as of February 28, 1997, by and among MascoTech, Inc., the banks party thereto, NBD Bank, as agent for the banks, and Comerica Bank, The Bank of New York, NationsBank, N.A. and Bank of America Illinois, as co-agents.
- NOTE: Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of Masco Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of Masco Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by Masco Corporation to the Securities and Exchange Commission upon request.
- 10.a Assumption and Indemnification Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(2)
- 10.b Corporate Services Agreement dated as of January 1, 1987 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(7) and Amendment No. 1 dated as of October 31, 1996.(1)
- 10.c Corporate Opportunities Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(2) and Amendment No. 1 dated as of October 31, 1996.(1)

EXHIBIT
NUMBER

DESCRIPTION

PAGE
NO.

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
10.d	Stock Repurchase Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) and related letter dated September 20, 1985, Amendment to Stock Repurchase Agreement dated as of December 20, 1990 (all filed herewith), and amendment to Stock Repurchase Agreement included in Agreement dated as of November 23, 1993.(5)	
NOTE:	Exhibits 10.e through 10.p constitute the management contracts and executive compensatory plans or arrangements in which certain of the Directors and executive officers of the Company participate.	
10.e	Masco Corporation 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).(2)	
10.f	Masco Corporation 1988 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)	
10.g	Masco Corporation 1988 Stock Option Plan (Restated December 6, 1995).(2)	
10.h	Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated December 6, 1995).(2)	
10.i	Masco Corporation 1984 Stock Option Plan (Restated December 6, 1995).(2)	
10.j	Masco Corporation Restricted Stock Incentive Plan (Restated December 6, 1995).(2)	
10.k	MascoTech, Inc. 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).(2)	
10.l	MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated December 6, 1995).(2)	
10.m	MascoTech, Inc. 1984 Stock Option Plan (Restated December 6, 1995).(2)	
10.n	Masco Corporation Supplemental Executive Retirement and Disability Plan.(3)	
10.o	Masco Corporation Benefits Restoration Plan.(3)	
10.p.i	Form of Agreement dated June 29, 1989 between Masco Corporation and certain of its officers.(5)	
10.p.ii	Registration Agreement dated as of December 27, 1988 among Masco Industries, Inc. (now known as MascoTech, Inc.), Masco Corporation and TriMas Corporation, Amendment dated as of April 21, 1992, Amendment to Registration Agreement dated as of January 5, 1993, Amendment to Registration Agreement dated as of May 26, 1994, and Amendment to Registration Agreement dated as of May 15, 1996.	
10.q	Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 between Masco Corporation and MascoTech, Inc., including form of Note(5) and Amendment No. 1 thereto dated as of October 31, 1996.(1)	
10.r	Registration Agreement dated as of March 31, 1993 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(5)	
10.s	Stock Purchase Agreement between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.) dated as of December 23, 1991 (regarding Masco Capital Corporation).	
10.t	Stock Purchase Agreement dated as of October 15, 1996 between Masco Corporation and MascoTech, Inc.(1) and related promissory note.	
10.u	12% Senior Note Due 2008 by Furnishings International Inc. to Masco Corporation and Registration Rights Agreement dated as of August 5, 1996 between Furnishings International Inc. and Masco Corporation.	
11	Computation of Primary and Fully Diluted Per Share Earnings (Loss).	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
12	Computation of Ratio of Earnings to Fixed Charges.	
21	List of Subsidiaries.	
23.a	Consent of Coopers & Lybrand L.L.P. relating to Masco Corporation's Financial Statements and Financial Statement Schedule.	
23.b	Consent of Coopers & Lybrand L.L.P. relating to MascoTech, Inc.'s Financial Statements and Financial Statement Schedule.	
27	Financial Data Schedule.	

- (1) Incorporated by reference to the Exhibits filed with Masco Corporation's Current Report on Form 8-K dated November 13, 1996.
- (2) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1995.
- (3) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.
- (4) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.
- (5) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1993.
- (6) Incorporated by reference to the Exhibits filed with Masco Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.
- (7) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1992.

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EXHIBIT 3.i

RESTATED CERTIFICATE OF INCORPORATION
OF
MASCO CORPORATION

* * * * *

MASCO CORPORATION, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is MASCO CORPORATION. The date of filing its original Certificate of Incorporation with the Secretary of State was June 15, 1962.
2. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of this corporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.
3. The text of the Certificate of Incorporation as amended or supplemented heretofore is hereby restated without further amendments or changes to read as herein set forth in full:

FIRST: The name of the corporation is
MASCO CORPORATION.

SECOND: Its registered office in the State of Delaware is located at the Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on are: To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

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FOURTH: The total number of shares of stock the Corporation shall have authority to issue is four hundred one million (401,000,000) shares.

Four hundred million (400,000,000) of such shares shall consist of common shares, par value one dollar (\$1.00) per share, and one million (1,000,000) of such shares shall consist of preferred shares, par value one dollar (\$1.00) per share.

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof are as follows:

A. Each share of common stock shall be equal in all respects to all other shares of such stock, and each share of outstanding common stock is entitled to one vote.

B. Each share of preferred stock shall have or not have voting rights as determined by the Board of Directors prior to issuance.

Dividends on all outstanding shares of preferred stock must be declared and paid, or set aside for payment, before any dividends can be declared and paid, or set aside for payment, on the shares of common stock with respect to the same dividend period.

In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of the preferred stock shall be entitled, before any assets of the Corporation shall be distributed among or paid over to the holders of the common stock, to an amount per share to be determined before issuance by the Board of Directors, together with a sum of money equivalent to the amount of any dividends declared thereon and remaining unpaid at the date of such liquidation, dissolution or winding up of the Corporation. After the making of such payments to the holders of the preferred stock, the remaining assets of the Corporation shall be distributed among the holders of the common stock alone, according to the number of shares held by each. If, upon such liquidation, dissolution or winding up, the assets of the Corporation distributable as aforesaid among the holders of the preferred stock shall be insufficient to permit the payment to them of said amount, the entire assets shall be distributed ratably among the holders of the preferred stock.

The Board of Directors shall have authority to divide the shares of preferred stock into series and fix, from time to time, before issuance, the number of shares to be included in any series and the designation, relative rights, preferences

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and limitations of all shares of such series. The authority of the Board of Directors with respect to each series shall include the determination of any or all of the following, and the shares of each series may vary from the shares of any other in the following respects: (a) the number of shares constituting such series and the designation thereof to distinguish the shares of such series from the shares of all other series; (b) the rate of dividend, cumulative or noncumulative, and the extent of further participation in dividend distribution, if any; (c) the prices at which issued (at not less than par) and the terms and conditions upon which the shares may be redeemable by the Corporation; (d) sinking fund provisions for the redemption or purchase of shares; (e) the voting rights; and (f) the terms and conditions upon which the shares are convertible into other classes of stock of the Corporation, if such shares are to be convertible.

C. No holder of any class of stock issued by this Corporation shall be entitled to pre-emptive rights.

FIFTH: The Corporation is to have perpetual existence.

SIXTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

SEVENTH: (a) The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than five nor more than twelve directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At the 1988 Annual Meeting of stockholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term and Class III directors for a three-year term. At each succeeding Annual Meeting of stockholders beginning in 1989, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement or removal from office. Except as otherwise required by law, any vacancy on the Board of

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Directors that results from an increase in the number of directors shall be filled only by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring in the Board of Directors shall be filled only by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall serve for the remaining term of his predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock or any other class of stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Certificate of Designation with respect to such stock, such directors so elected shall not be divided into classes pursuant to this Article SEVENTH, and the number of such directors shall not be counted in determining the maximum number of directors permitted under the foregoing provisions of this Article SEVENTH, in each case unless expressly provided by such terms.

(b) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote in the election of directors. Any stockholder entitled to vote in the election of directors, however, may nominate one or more persons for election as director only if written notice of such stockholder's intent to make such nomination or nominations has been given either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an Annual Meeting of stockholders, 45 days in advance of the date on which the Corporation's proxy statement was released to stockholders in connection with the previous year's Annual Meeting of stockholders and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the seventh day following the day on which notice of such meeting is first given to stockholders. Each such notice shall include: (A) the name and address of the stockholder who intends to make the nomination or nominations and of the person or persons to be nominated; (B) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (C) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations is or are to be made by the stockholder; (D) such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange

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Commission if the nominee had been nominated by the Board of Directors; and (E) the written consent of each nominee to serve as a director of the Corporation if elected. The chairman of any meeting of stockholders may refuse to acknowledge the nomination of any person if not made in compliance with the foregoing procedure.

(c) Notwithstanding any other provision of this Certificate of Incorporation or the by-laws (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the by-laws), and in addition to any affirmative vote required by law, the affirmative vote of the holders of at least 80% of the voting power of the outstanding capital stock of the Corporation entitled to vote, voting together as a single class, shall be required to amend, adopt in this Certificate of Incorporation or in the by-laws any provision inconsistent with, or repeal this Article SEVENTH.

EIGHTH: Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by any such holders. Except as otherwise required by law, special meetings of stockholders of the Corporation may be called only by the Chairman of the Board, the President or a majority of the Board of Directors, subject to the rights of holders of any one or more classes or series of preferred stock or any other class of stock issued by the Corporation which shall have the right, voting separately by class or series, to elect directors. Notwithstanding any other provision of this Certificate of Incorporation or the by-laws (and notwithstanding that a lesser percentage may be specified by law, this Certificate of Incorporation or the by-laws), and in addition to any affirmative vote required by law, the affirmative vote of the holders of at least 80% of the voting power of the outstanding capital stock of the Corporation entitled to vote, voting together as a single class, shall be required to amend, adopt in this Certificate of Incorporation or in the by-laws any provision inconsistent with, or repeal this Article EIGHTH.

NINTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

To make, alter or repeal the by-laws of the Corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

To set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

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By resolution passed by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the Directors of the Corporation, which, to the extent provided in the resolution or in the by-laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the Corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, to sell, lease or exchange all of the property and assets of the Corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as its Board of Directors shall deem expedient and for the best interests of the Corporation.

TENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH: Meetings of stockholders may be held outside the State of Delaware, if the by-laws so provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in

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the by-laws of the Corporation. Elections of Directors need not be by ballot unless the by-laws of the Corporation shall so provide.

TWELFTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

THIRTEENTH: 1. The affirmative vote of the holders of 95% of all shares of stock of the Corporation entitled to vote in elections of directors, considered for the purposes of this Article THIRTEENTH as one class, shall be required for the adoption or authorization of a business combination (as hereinafter defined) with any other entity (as hereinafter defined) if, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon, such other entity is the beneficial owner, directly or indirectly, of 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article THIRTEENTH as one class; provided that such 95% voting requirement shall not be applicable if:

(a) The cash, or fair market value of other consideration, to be received per share by common stockholders of the Corporation in such business combination bears the same or a greater percentage relationship to the market price of the Corporation's common stock immediately prior to the announcement of such business combination as the highest per share price (including brokerage commissions and soliciting dealers' fees) which such other entity has theretofore paid for any of the shares of the Corporation's common stock already owned by it bears to the market price of the common stock of the Corporation immediately prior to the commencement of acquisition of the Corporation's common stock by such other entity;

(b) The cash, or fair market value of other consideration, to be received per share by common stockholders of the Corporation in such business combination (i) is not less than the highest per share price (including brokerage commissions and soliciting dealers' fees) paid by such other entity in acquiring any of its holdings of the Corporation's common stock, and (ii) is not less than the earnings per share of common stock of the Corporation for the four full consecutive fiscal quarters immediately preceding the record date for solicitation of votes on such business combination, multiplied by the then price/earnings multiple (if any) of such other entity as customarily computed and reported in the financial community;

(c) After such other entity has acquired a 30% interest and prior to the consummation of such business combination: (i) such other entity shall have taken steps to ensure that the Corporation's Board of Directors included at all times representation by

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continuing director(s) (as hereinafter defined) proportionate to the stockholdings of the Corporation's public common stockholders not affiliated with such other entity (with a continuing director to occupy any resulting fractional board position); (ii) there shall have been no reduction in the rate of dividends payable on the Corporation's common stock except as necessary to insure that a quarterly dividend payment does not exceed 5% of the net income of the Corporation for the four full consecutive fiscal quarters immediately preceding the declaration date of such dividend, or except as may have been approved by a unanimous vote of the directors; (iii) such other entity shall not have acquired any newly issued shares of stock, directly or indirectly, from the Corporation (except upon conversion of convertible securities acquired by it prior to obtaining a 30% interest or as a result of a pro rata stock dividend or stock split); and (iv) such other entity shall not have acquired any additional shares of the Corporation's outstanding common stock or securities convertible into common stock except as a part of the transaction which results in such other entity acquiring its 30% interest;

(d) Such other entity shall not have (i) received the benefit, directly or indirectly (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other financial assistance or tax credits of or provided by the Corporation, or (ii) made any major change in the Corporation's business or equity capital structure without the unanimous approval of the directors, in either case prior to the consummation of such business combination; and

(e) A proxy statement responsive to the requirements of the United States securities laws shall be mailed to all common stockholders of the Corporation for the purpose of soliciting stockholder approval of such business combination and shall contain on its first page thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the business combination which the continuing directors, or any of them, may choose to state and, if deemed advisable by a majority of the continuing directors, an opinion of a reputable investment banking firm as to the fairness (or not) of the terms of such business combination, from the point of view of the remaining public stockholders of the Corporation (such investment banking firm to be selected by a majority of the continuing directors and to be paid a reasonable fee for their services by the Corporation upon receipt of such opinion).

The provisions of this Article THIRTEENTH shall also apply to a business combination with any other entity which at any time has been the beneficial owner, directly or indirectly, of 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors considered for the purposes of this Article THIRTEENTH as one class, notwithstanding the fact that such other entity has reduced its shareholdings below 30% if, as of the

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record date for the determination of stockholders entitled to notice of and to vote on to the business combination, such other entity is an "affiliate" of the Corporation (as hereinafter defined).

2. As used in this Article THIRTEENTH, (a) the term "other entity" shall include any corporation, person or other entity and any other entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of stock of the Corporation, or which is its "affiliate" or "associate" as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on March 31, 1981, together with the successors and assigns of such persons in any transaction or series of transactions not involving a public offering of the Corporation's stock within the meaning of the Securities Act of 1933; (b) an other entity shall be deemed to be the beneficial owner of any shares of stock of the Corporation which the other entity (as defined above) has the right to acquire pursuant to any agreement, arrangement or understanding or upon exercise of conversion rights, warrants or options, or otherwise; (c) the outstanding shares of any class of stock of the Corporation shall include shares deemed owned through application of clause (b) above but shall not include any other shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise; (d) the term "business combination" shall include any merger or consolidation of the Corporation with or into any other entity, or the sale or lease of all or any substantial part of the assets of the Corporation to, or any sale or lease to the Corporation or any subsidiary thereof in exchange for securities of the Corporation of any assets (except assets having an aggregate fair market value of less than \$5,000,000) of any other entity; (e) the term "continuing director" shall mean a person who was a member of the Board of Directors of the Corporation elected by stockholders prior to the time that such other entity acquired in excess of 10% of the stock of the Corporation entitled to vote in the election of directors, or a person recommended to succeed a continuing director by a majority of continuing directors; and (f) for the purposes of subparagraphs 1(a) and (b) of this Article THIRTEENTH the term "other consideration to be received" shall mean, in addition to other consideration received, if any, capital stock of the Corporation retained by its existing public stockholders in the event of a business combination with such other entity in which the Corporation is the surviving corporation.

3. A majority of the continuing directors shall have the power and duty to determine for the purposes of this Article THIRTEENTH on the basis of information known to them whether (a) such other entity beneficially owns 30% or more of the outstanding shares of stock of the Corporation entitled to vote in elections of directors; (b) an other entity is an "affiliate" or "associate" (as

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defined above) of another; (c) an other entity has an agreement, arrangement or understanding with another; or (d) the assets being acquired by the Corporation, or any subsidiary thereof, have an aggregate fair market value of less than \$5,000,000.

4. No amendment to the Certificate of Incorporation of the Corporation shall amend or repeal any of the provisions of this Article THIRTEENTH, unless the amendment effecting such amendment or repeal shall receive the affirmative vote of the holders of 95% of all shares of stock of the corporation entitled to vote in elections of directors, considered for the purposes of this Article THIRTEENTH as one class; provided that this paragraph 4 shall not apply to, and such 95% vote shall not be required for, any amendment or repeal unanimously recommended to the stockholders by the Board of Directors of the Corporation if all of such directors are persons who would be eligible to serve as "continuing directors" within the meaning of paragraph 2 of this Article THIRTEENTH.

5. Nothing contained in this Article THIRTEENTH shall be construed to relieve any other entity from any fiduciary obligation imposed by law.

FOURTEENTH: A director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law hereafter is amended to authorize the further limitation or elimination of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on liability provided herein, shall be limited to the fullest extent permitted by the Delaware General Corporation Law, as amended. Any repeal or modification of this Article FOURTEENTH shall not increase the liability of any director of this Corporation for any act or occurrence taking place prior to such repeal or modification, or otherwise adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

FIFTEENTH: 1. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer or employee of the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer, or employee, shall be indemnified

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and held harmless by the Corporation to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of such person's heirs, executors and administrators. The Corporation shall indemnify a director, officer or employee in connection with an action, suit or proceeding (other than an action, suit or proceeding to enforce indemnification rights provided for herein or elsewhere) initiated by such director, officer or employee only if such action, suit or proceeding was authorized by the Board of Directors. The right to indemnification conferred in this Paragraph 1 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any action, suit or proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person) in advance of the final disposition of an action, suit or proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such director or officer is not entitled to be indemnified for such expenses under this Article FIFTEENTH or otherwise.

2. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide indemnification and the advancement of expenses, to any agent of the Corporation and to any person (other than directors, officers and employees of the Corporation, who shall be entitled to indemnification under Paragraph 1 above) who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, to such extent and to such effect as the Board of Directors shall determine to be appropriate and permitted by applicable law, as the same exists or may hereafter be amended.

3. The rights to indemnification and to the advancement of expenses conferred in this Article FIFTEENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation or

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by-laws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

4. This Restated Certificate of Incorporation was duly adopted by the Board of Directors in accordance with Section 245 of the General Corporation Law of Delaware.

IN WITNESS WHEREOF, said MASCO CORPORATION has caused its

corporate seal to be affixed and this Certificate to be signed by Richard A. Manoogian, its Chairman of the Board, and attested by Gerald Bright, its Secretary, this 25th day of May, 1988.

MASCO CORPORATION

*BY /s/ Richard A.
Manoogian*

*Richard A. Manoogian
Chairman of the Board*

ATTEST:

/s/ Gerald Bright

*Gerald Bright
Secretary*

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STATE OF MICHIGAN
)

)
COUNTY OF WAYNE
)

I, a notary public, do hereby certify that on this 25th day of May, 1988, personally appeared before me Richard A. Manoogian, who, being by me first duly sworn, declared that he is the Chairman of the Board of Masco Corporation, that he signed the foregoing document as the act and deed of said corporation, and that the statements therein contained are true.

*/s/ Terry Lynn
Przybylo*

*Notary Public
Wayne County, Michigan*

My commission expires:

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**CERTIFICATE OF MERGER
OF
WASTE KING, INC.
INTO
MASCO CORPORATION**

Masco Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "GCL"), certifies that:

FIRST: The name and state of incorporation of each of the constituent corporations is as follows:

Name Incorporation -----	State of
Masco Corporation ("Masco")	Delaware
Waste King, Inc. ("Waste King")	Delaware

SECOND: An Agreement of Merger between Masco and Waste King with respect to the merger of Waste King into Masco (the "Merger"), has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with Section 251 of the GCL.

THIRD: That the name of the surviving corporation of the Merger is Masco Corporation, a Delaware corporation.

FOURTH: That the Restated Certificate of Incorporation of Masco, which is the surviving corporation, shall continue in full force and effect as the Restated Certificate of Incorporation of the surviving corporation.

FIFTH: The executed Agreement is on file at the principal place of business of the surviving corporation, 21001 Van Born Road, Taylor, Michigan 48180.

SIXTH: A copy of the Agreement will be furnished by the surviving corporation, on request and without cost, to any stockholder of the constituent corporations.

SEVENTH: This Certificate of Merger shall be effective as of January 1, 1993.

MASCO CORPORATION

By /s/ Richard G. Mosteller

*Richard G. Mosteller
Senior Vice President -*

*Finance
ATTEST:*

By /s/ Gerald Bright

*Gerald Bright
Secretary*

**CERTIFICATE OF DESIGNATION
OF
SERIES A PARTICIPATING CUMULATIVE
PREFERRED STOCK**

OF

MASCO CORPORATION

Pursuant to Section 151 of the
General Corporation Law of the
State of Delaware

We, Richard G. Mosteller, Senior Vice President - Finance, and Eugene A. Gargaro, Jr., Vice President and Secretary, of Masco Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware ("Delaware Law"), in accordance with the provisions thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation, the Board of Directors on December 6, 1995, adopted the following resolution creating a series of Preferred Stock in the amount and having the designation, voting powers, preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof as follows:

Section 1. Designation and Number of Shares. The shares of such series shall be designated as "Series A Participating Cumulative Preferred Stock" (the "Series A Preferred Stock"), and the number of shares constituting such series shall be 175,106. Such number of shares of the Series A Preferred Stock may be increased or decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares issuable upon exercise or conversion of outstanding rights, options or other securities issued by the Corporation.

Section 2. Dividends and Distributions.

(A) The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable on February 15, May 15, August 15 and November 15 of each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of any share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 and (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends or other distributions and 1,000 times the aggregate per share amount of all non-cash dividends or other distributions (other than (i) a dividend payable in shares of Common Stock, par value \$1.00 per share, of the Corporation (the "Common Stock") or (ii) a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. If the Corporation shall at any time after December 6, 1995 (the "Rights Declaration Date") pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than as described in clauses (i) and (ii) of the first sentence of paragraph (A)); provided that if no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date (or, with respect to the first Quarterly Dividend Payment Date, the period between the first issuance of any share or fraction of a share of Series A Preferred Stock and such first Quarterly Dividend Payment Date), a dividend of \$1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is on or before the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue and be cumulative from the date of issue of such shares, or unless the date of issue is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and on or before such Quarterly Dividend Payment Date, in which case dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall not be more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. In addition to any other voting rights required by law, the holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of stockholders of the Corporation. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as a single class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency

shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock and any other series of Preferred Stock then entitled as a class to elect directors, voting together as a single class, irrespective of series, shall have the right to elect two Directors.

(ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of 10% in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of holders of Common Stock shall not affect the exercise by holders of Preferred Stock of such voting right. At any meeting at which holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two Directors or, if such right is exercised at an annual meeting, to elect two Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of special meeting of holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of

Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the certificate of incorporation or bylaws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the certificate of incorporation or bylaws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) The Certificate of Incorporation of the Corporation shall not be amended in any manner (whether by merger or otherwise) so as to adversely affect the powers, preferences or special rights of the Series A Preferred Stock without the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting separately as a class.

(E) Except as otherwise provided herein, holders of Series A Preferred Stock shall have no special voting rights, and their consent shall not be required for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on outstanding shares of Series A Preferred Stock shall have been paid in full, the Corporation shall not:

- (i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;
- (ii) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such other parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;
- (iii) redeem, purchase or otherwise acquire for value any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or
- (iv) redeem, purchase or otherwise acquire for value any shares of Series A Preferred Stock, or any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series A Preferred Stock and all such other parity stock upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for value any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock without designation as to series and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors as permitted by the Certificate of Incorporation or as otherwise permitted under Delaware Law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment; provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such other parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. If the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged for or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash or any other property, as the case may be, into which or for which each share of Common Stock is changed or exchanged. If the Corporation shall at any time after the Rights Declaration Date pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank junior (as to dividends and upon liquidation, dissolution and winding up) to all other series of the Corporation's preferred stock except any series that specifically provides that such series shall rank junior to the Series A Preferred Stock.

Section 10. Fractional Shares. Series A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate this 12th day of December, 1995.

/s/Richard G. Mosteller

Richard G. Mosteller
Senior Vice President -

Masco Corporation

Finance

Attest:

/s/Eugene A. Gargaro, Jr.

Eugene A. Gargaro, Jr.
Vice President and Secretary
Masco Corporation

**CERTIFICATE OF MERGER
OF
LA GARD, INC.
INTO
MASCO CORPORATION**

MASCO Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "GCL"), certifies that:

FIRST: The name and state of incorporation of each of the constituent corporations are as follows:

Name	State of Incorporation
----- -----	
La Gard, Inc. ("La Gard") California	
MASCO Corporation ("Masco")	Delaware

SECOND: An Agreement and Plan of Reorganization dated February 21, 1997 (the "Agreement"), among Masco, La Gard and the Shareholders of La Gard, with respect to, among other things, the merger of La Gard into Masco (the "Merger"), has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 252 of the GCL.

THIRD: That the name of the surviving corporation of the Merger is Masco Corporation, a Delaware corporation.

FOURTH: That the Restated Certificate of Incorporation of Masco Corporation, a Delaware corporation which is surviving the merger, shall be the Certificate of Incorporation of the surviving corporation.

FIFTH: The executed Agreement is on file at the principal place of business of the surviving corporation 21001 Van Born Road, Taylor, Michigan 48180.

SIXTH: A copy of the Agreement will be furnished by the surviving corporation, on request and without cost, to any stockholder of Masco and La Gard.

SEVENTH: The authorized capital stock of LaGard, Inc., the foreign corporation which is a party to the merger is 1,000,000 shares of Common Stock, no par value, of which 134,000 shares are issued, outstanding and owned by the Stockholders.

EIGHTH: The Merger has been approved by the Shareholders of LaGard, Inc.

This Certificate of Merger shall be effective as of filing with the Secretary of State of Delaware.

MASCO CORPORATION

*By /s/ Richard G.
Mosteller*

*Richard G. Mosteller
Vice President*

ATTEST:

By /s/ Eugene A. Gargaro, Jr.

Eugene A. Gargaro, Jr.

1
EXHIBIT 4a.i

[CONFORMED COPY]

MASCO CORPORATION

AND

**MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,
TRUSTEE**

**INDENTURE
DATED AS OF DECEMBER 1, 1982**

2

TIE-SHEET

of provisions of Trust Indenture Act of 1939 with Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, Trustee:

<u>SECTION OF ACT</u>	<u>SECTION OF INDENTURE</u>
310(a)(1) and (2)	6.09
310(a)(3) and (4)	Not applicable
310(b)	6.08 and
6.10(a)(b)	and (d)
310(c)	Not applicable
311(a) and (b)	6.13
311(c)	Not applicable
312(a)	4.01 and 4.02(a)
312(b) and (c)	4.02(b) and (c)
313(a)	4.04(a)
313(b)(1)	Not applicable
313(b)(2)	4.04(b)
313(c)	4.04(c)
313(d)	4.04(d)
314(a)	4.03
314(b)	Not applicable
314(c)(1) and (2)	13.05
314(c)(3)	Not applicable
314(d)	Not applicable
314(e)	13.05
314(f)	Not applicable
315(a)(c) and (d)	6.01
315(b)	5.08
315(e)	5.09
316(a)(1)	5.01 and 5.07
316(a)(2)	Omitted
316(a) last sentence	7.04
316(b)	5.04
317(a)	5.02
317(b)	3.04(a)
318(a)	13.07

- - - - -
This tie-sheet is not part of the Indenture as executed.

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THIS INDENTURE, dated as of December 1, 1982, between MASCO CORPORATION, a Delaware corporation (hereinafter sometimes called the "Company"), and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as trustee (hereinafter sometimes called the "Trustee").

WITNESSETH:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue from time to time of its unsecured debentures, notes or other evidence of indebtedness to be issued in one or more series (the "Securities") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture and, to provide the terms and conditions upon which the Securities are to be authenticated, issued and delivered, the Company has duly authorized the execution of this Indenture; and

WHEREAS, all acts and things necessary to make this Indenture a valid agreement according to its terms, have been done and performed;

Now, THEREFORE, THIS INDENTURE WITNESSETH:

In consideration of the premises, and the purchase of the Securities by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Securities or of a series thereof, as follows:

ARTICLE ONE.

DEFINITIONS.

SECTION 1.01. Definitions. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939, as amended, or which are by reference therein defined in the Securities Act of 1933, as amended, shall (except as herein otherwise expressly provided or unless the context otherwise requires) have the meanings assigned to such terms in said Trust Indenture Act and in said

Securities Act as in force at the date of this Indenture as originally executed. All accounting terms used herein and not expressly defined shall have the meanings assigned to such terms in accordance with generally accepted accounting principles and the term "generally accepted accounting principles" means such accounting principles as are generally accepted at the time of any computation. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Attributable Debt:

The term "Attributable Debt" in respect of a sale and leaseback arrangement, shall mean, at the time of determination, the lesser of (x) the fair value of the property subject to such arrangement (as determined by the Board of Directors of the Company) or (y) the present value (discounted at the rate per annum equal to the interest borne by fixed-rate Securities or the Yield to Maturity at the time of issuance of any Original Issue Discount Securities determined on a weighted average basis compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such arrangement (including any period for which such lease has been extended or may, at the option of the lessor, be extended) after excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water and utility rates and similar charges. In the case of any such lease which may be terminated by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

Notwithstanding the foregoing, there shall not be deemed to be any Attributable Debt in respect of a sale and leaseback arrangement if (i) such arrangement involves property of a type to which Section 3.05 does not apply, (ii) the Company or a Consolidated Subsidiary would be entitled pursuant to the provisions of Section 3.05(a) to issue, assume or guarantee Debt (as defined in said Section 3.05(a)) secured by a mortgage upon the property involved in such arrangement without equally and ratably securing the Securities, or (iii) the greater of the proceeds of such arrangement or the fair market value of the property so leased has been applied or credited in accordance with clause (b) of Section 3.06.

Authenticating Agent:

The term "Authenticating Agent" shall mean any agent or agents of the Trustee which at the time shall be appointed and acting pursuant to Section 6.14.

Board of Directors:

The term "Board of Directors" shall mean the Board of Directors of the Company or any committee of such Board duly authorized to act hereunder.

Company:

The term "Company" shall mean Masco Corporation, a Delaware corporation, and, subject to the provisions of Article Ten, shall include its successors and assigns.

Consolidated Net Tangible Assets:

The term "Consolidated Net Tangible Assets" shall mean the aggregate amount of assets (less applicable reserves) of the Company and its Consolidated Subsidiaries after deducting therefrom (a) all current liabilities (excluding any such liabilities deemed to be Funded Debt), (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, and (c) all investments in any Subsidiary other than a Consolidated Subsidiary, in all cases computed in accordance with generally accepted accounting principles and which under generally accepted accounting principles would appear on a consolidated balance sheet of the Company and its Consolidated Subsidiaries. For purposes of the foregoing, the term "investment in any Subsidiary other than a Consolidated Subsidiary" shall mean all evidences of indebtedness, capital stock, other securities, obligations or indebtedness of any Subsidiary other than a Consolidated Subsidiary owned or held by or owed to the Company or any Consolidated Subsidiary, except an evidence of indebtedness, an account receivable or an obligation or indebtedness on open account resulting directly from the sale of goods or merchandise or services for fair value in the ordinary course of business by the Company or the Consolidated Subsidiary to a Subsidiary other than a Consolidated Subsidiary.

Event of Default:

The term "Event of Default" shall mean any event specified in Section 5.01, continued for the period of time, if any, and after the giving of the notice, if any, therein designated.

Funded Debt:

The term "Funded Debt" shall mean all indebtedness having a maturity of more than twelve months from the date of the determination thereof or having a maturity of less than twelve months but by its terms being renewable or extendible at the option of the borrower beyond twelve months from the date of such determination (a) for money borrowed or (b) incurred in connection with the acquisition of any real or personal property, stock, debt or other assets (to the extent that any of the foregoing acquisition indebtedness is represented by any notes, bonds, debentures or similar evidences of indebtedness), and for the payment of which the Company or any Consolidated Subsidiary is directly or contingently liable, or which is secured by any property of the Company or any Consolidated Subsidiary.

Indenture:

The term "Indenture" shall mean this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented, or both, and shall include the form and terms of particular series of Securities established as contemplated hereunder; provided, however, that if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities for which such Person is Trustee established as contemplated by Section 2.03, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

Interest:

The term "Interest" shall mean, when used with respect to non-interest bearing Securities, interest payable after maturity.

Officers' Certificate:

The term "Officers' Certificate" shall mean a certificate signed by the Chairman of the Board, the President or any Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company and delivered to the Trustee. Each such certificate shall include the statements provided for in Section 13.05 if and to the extent required by the provisions of such Section.

Opinion of Counsel:

The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or may be other counsel acceptable to the Trustee. Each such opinion shall include the statements provided for in Section 13.05 if and to the extent required by the provisions of such Section.

Original Issue Date:

The term "Original Issue Date" or "original issue date" of any Security (or any portion thereof) shall mean the earlier of (a) the date of such Security or (b) the date of any Security (or portion thereof) for which such Security was issued (directly or indirectly) on registration of transfer, exchange or substitution.

Original Issue Discount Security:

The term "Original Issue Discount Security" shall mean any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 5.01.

Person:

The term "Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal Office of the Trustee:

The term "principal office of the Trustee", or other similar term, shall mean the office of the Trustee at which at any particular time its corporate trust business shall principally be administered.

Principal Property:

The term "Principal Property" shall mean any manufacturing plant, research or engineering facility owned or leased by the Company or any Consolidated Subsidiary which is located within the United States of America or Puerto Rico, except any such plant or facility which, in the opinion of the Board of Directors, is not of material importance to the total business conducted by the Company and its Consolidated Subsidiaries as an entirety.

Responsible Officer:

The term "Responsible Officer", when used with respect to the Trustee, shall mean the chairman or vice chairman of the board of directors, the president, the secretary, the treasurer or any vice president, trust officer or other officer or assistant officer of the Trustee performing its corporate trust functions.

Security or Securities; Outstanding:

The terms "Security" or "Securities" shall have the meaning stated in the first recital of this Indenture and more particularly means any security or securities, as the case may be, authenticated and delivered under this Indenture, provided, however, that if at any time there is more than one Person acting as Trustee under this instrument, "Security" or "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this instrument and shall more particularly mean any securities, as the case may be, authenticated and delivered under this instrument, exclusive, however, of securities of any series as to which such Person is not Trustee.

The term "outstanding" (except as otherwise provided in Section 6.08), when used with reference to Securities, shall, subject to the provisions of

Section 7.04, mean, as of any particular time, all Securities authenticated and delivered by the Trustee or the Authenticating Agent under this Indenture, except

- (a) Securities theretofore cancelled by the Trustee or the Authenticating Agent or delivered to the Trustee for cancellation;
- (b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); provided that, if such Securities, or portions thereof, are to be redeemed prior to maturity thereof, notice of such redemption shall have been given as in Article Fourteen provided or provisions satisfactory to the Trustee shall have been made for giving such notice; and
- (c) Securities paid or in lieu of or in substitution for which other Securities shall have been authenticated and delivered pursuant to the terms of Section 2.08, unless proof satisfactory to the Company and the Trustee is presented that any such Securities are held by bona fide holders in due course.

In determining whether the holders of the requisite principal amount of outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Security that shall be deemed to be outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 5.01.

Securityholder:

The terms "Securityholder", "holder of Securities", "Holder", or other similar terms, shall mean any person in whose name at the time a particular Security is registered on the register kept by the Company or the Trustee for that purpose in accordance with the terms hereof.

Subsidiary; Consolidated Subsidiary:

The term "Subsidiary" shall mean any corporation of which at least a majority of the outstanding stock having by the terms thereof ordinary

voting power to elect a majority of the board of directors of such corporation (excluding in the computation of such percentage stock of any class or classes of such corporation which has or might have voting power by reason of the happening of any contingency) is at the time owned by the Company, or by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

The term "Consolidated Subsidiary" shall mean each Subsidiary other than any Subsidiary the accounts of which (i) are not required by generally accepted accounting principles to be consolidated with those of the Company for financial reporting purposes, (ii) were not consolidated with those of the Company in the Company's then most recent annual report to stockholders and (iii) are not intended by the Company to be consolidated with those of the Company in its next annual report to stockholders; provided, however, that the term "Consolidated Subsidiary" shall not include (a) any Subsidiary which is principally engaged in (i) owning, leasing, dealing in or developing real property, or (ii) purchasing or financing accounts receivable, making loans, extending credit or other activities of a character conducted by a finance company or (b) any Subsidiary, substantially all of the business, properties or assets of which were acquired after December 1, 1982 (by way of merger, consolidation, purchase or otherwise), unless the Board of Directors thereafter designates such Subsidiary a Consolidated Subsidiary.

Trustee:

The term "Trustee" shall mean the Person identified as "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; provided, however, that if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

Trust Indenture Act of 1939:

The term "Trust Indenture Act of 1939" shall mean the Trust Indenture Act of 1939 as in force at the date of execution of this Indenture, except as provided in Sections 2.03 and 9.03.

Yield to Maturity:

The term "Yield to Maturity" shall mean the yield to maturity on a series of Securities, calculated at the time of issuance of such series of Securities, or if applicable, at the most recent redetermination of interest on such series and calculated in accordance with accepted financial practice.

ARTICLE TWO.**SECURITIES.**

SECTION 2.01. Forms Generally. The Securities of each series shall be in substantially the form as shall be established by or pursuant to a resolution of the Board of Directors or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any law or with any rules made pursuant thereto or with any rules of any securities exchange or all as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02 Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication on all Securities shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

**MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Trustee**

By
Authorized Officer

SECTION 2.03. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities shall rank equally and pari passu and may be issued in one or more series. There shall be established in or pursuant to a resolution of the Board of Directors or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

- (1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);
- (2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 2.07, 2.08, 2.09, 9.04 or 14.03);
- (3) the date or dates on which the principal of and premium, if any, on the Securities of the series is payable;
- (4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such interest may be determined, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record dates for the determination of holders to whom interest is payable;
- (5) the place or places where the principal of, and premium, if any, and any interest on Securities of the series shall be payable;
- (6) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, pursuant to any sinking fund or otherwise;
- (7) the obligation, if any, of the Company to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Securityholder thereof and the price or prices at which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;
- (8) the right, if any, of the Company to discharge the Indenture as to the Securities of the series pursuant to Section 11.01 (c) or to limit the

Indenture as to the Securities of the series pursuant to the last sentence of Section 11.01 (and if any sinking fund is applicable to such series, the obligations of such sinking fund shall survive and be provided for upon the discharge of the Indenture pursuant to Section 11.01 (c) or the limitation of the Indenture pursuant to the last sentence of Section 11.01);

(9) if other than denominations of \$1,000 and any multiple thereof, the denominations in which Securities of the series shall be issuable;

(10) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 5.01 or provable in bankruptcy pursuant to Section 5.02;

(11) any Events of Default with respect to the Securities of a particular series, in addition to or in lieu of those set forth herein;

(12) any trustees, authenticating or paying agents, warrant agents, transfer agents or registrars with respect to the Securities of such series; and

(13) any other terms of the series (which terms shall conform to the requirements of the Trust Indenture Act of 1939 as then in effect, shall not adversely affect the rights of the Securityholders of any other Securities then outstanding and shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such resolution of the Board of Directors or in any such indenture supplemental hereto.

SECTION 2.04. Authentication and Delivery. At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Securities to or upon the written order of the Company, signed by its Chairman of the Board of Directors, its President or any Vice President and by its Treasurer or Assistant Treasurer, its Secretary or an Assistant

Secretary without any further action by the Company hereunder. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 6.01) shall be fully protected in relying upon:

- (1) a copy of any resolution or resolutions of the Board of Directors relating thereto and, if applicable, an appropriate record of any action taken pursuant to such resolution, in each case certified by the Secretary or an Assistant Secretary of the Company;
- (2) an executed supplemental indenture, if any;
- (3) an Officers' Certificate prepared in accordance with Section 13.05 setting forth the form and terms of the Securities as required pursuant to Sections 2.01 and 2.03, respectively; and
- (4) an Opinion of Counsel prepared in accordance with Section 13.05 which shall also state
 - (a) that the form of such Securities has been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.01 in conformity with the provisions of this Indenture;
 - (b) that the terms of such Securities have been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.03 in conformity with the provisions of this Indenture;
 - (c) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company;
 - (d) that all laws and requirements in respect of the execution and delivery by the Company of the Securities have been complied with and that authentication and delivery of the Securities by the Trustee will not violate the terms of this Indenture; and
 - (e) such other matters as the Trustee may reasonably request.

The Trustee shall have the right to decline to authenticate and deliver any Securities under this Section if the Trustee, being advised by counsel,

determines that such action may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or vice presidents shall determine that such action would expose the Trustee to personal liability to existing holders.

SECTION 2.05. Date and Denomination of Securities. The Securities shall be issuable as registered Securities without coupons and in such denominations as shall be specified as contemplated by Section 2.03. In the absence of any such specification with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of \$1,000 and any multiple thereof. The Securities shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Company executing the same may determine with the approval of the Trustee as evidenced by the execution and authentication thereof.

Every Security shall be dated the date of its authentication, shall bear interest, if any, from such date and shall be payable on such dates, in each case, as contemplated by Section 2.03.

The person in whose name any Security of any series is registered at the close of business on any record date (as hereinafter defined) with respect to any interest payment date shall be entitled to receive the interest, if any, payable on such interest payment date notwithstanding the cancellation of such Security upon any transfer or exchange subsequent to the record date and prior to such interest payment date; provided, however, that if and to the extent the Company shall default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose names outstanding Securities are registered on a subsequent record date established by notice given by mail by or on behalf of the Company to the holders of Securities and the Trustee not less than 15 days preceding such subsequent record date, such subsequent record date to be not less than ten days preceding the date of payment of such defaulted interest. The term "record date" as used in this Section with respect to any interest payment date shall mean if such interest payment date is the first day of a calendar month, the fifteenth day of the next preceding calendar month and shall mean, if such interest payment date is the fifteenth day of a calendar month, the first day of such calendar month, whether or not such record date is a business day.

SECTION 2.06. Execution of Securities. The Securities shall be signed in the name and on behalf of the Company by the facsimile signature of its Chairman of the Board or its President and imprinted with a facsimile of its corporate seal and attested by the facsimile signature of its Secretary or an Assistant Secretary. Each such signature upon the Securities may be in the form of a facsimile signature of any such officer and may be imprinted or otherwise reproduced on the Securities and for that purpose the Company may adopt and use the facsimile signature of any person who has been or is such officer, and in case any such officer of the Company signing any of the Securities shall cease to be such officer before the Securities so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Securities nevertheless may be authenticated and delivered or disposed of as though such person had not ceased to be such officer of the Company. Only such Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee or the Authenticating Agent, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee or the Authenticating Agent upon any Security executed by the Company shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

SECTION 2.07. Exchange and Registration of Transfer of Securities. Securities of any series may be exchanged for a like aggregate principal amount of Securities of the same series of other authorized denominations. Securities to be exchanged may be surrendered at the principal office of the Trustee or at any office or agency to be maintained by the Company for such purpose as provided in Section 3.02, and the Company or the Trustee shall execute and register and the Trustee or the Authenticating Agent shall authenticate and deliver in exchange therefor the Security or Securities which the Securityholder making the exchange shall be entitled to receive. Upon due presentment for registration of transfer of any Security of any series at the principal office of the Trustee or at any office or agency of the Company maintained for such purpose as provided in Section 3.02, the Company or the Trustee shall execute and register and the Trustee or the Authenticating Agent shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of the same series for a like aggregate principal amount. Registration or registration of transfer of

any Security by the Trustee or by any agent of the Company appointed pursuant to Section 3.02, and delivery of such Security, shall be deemed to complete the registration or registration of transfer of such Security.

The Company or the Trustee shall keep, at the principal office of the Trustee, a register for each series of Securities issued hereunder in which, subject to such reasonable regulations as it may prescribe, the Company or the Trustee shall register all Securities and shall register the transfer of all Securities as in this Article Two provided. Such register shall be in written form or in any other form capable of being converted into written form within a reasonable time.

All Securities presented for registration of transfer or for exchange or payment shall (if so required by the Company or the Trustee or the Authenticating Agent) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee or the Authenticating Agent duly executed by, the holder or his attorney duly authorized in writing.

No service charge shall be made for any exchange or registration of transfer of Securities, but the Company or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Company or the Trustee shall not be required to exchange or register a transfer of (a) any Security of a series for a period of 15 days next preceding the date of selection of Securities of such series for redemption, or (b) any Securities of any series selected, called or being called for redemption in whole or in part, except, in the case of any Securities of any series to be redeemed in part, the portion thereof not so to be redeemed.

SECTION 2.08. Mutilated, Destroyed, Lost or Stolen Securities. In case any temporary or definitive Security shall become mutilated or be destroyed, lost or stolen, the Company in the case of a mutilated Security shall, and in the case of a lost, stolen or destroyed Security may in its discretion, execute, and upon its request the Trustee shall authenticate and deliver, a new Security of the same series bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated Security, or in lieu of and in substitution for the Security so destroyed, lost or stolen. In every case the applicant for a substituted Security shall furnish to the

Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and the Trustee evidence to their satisfaction of the destruction, loss or theft of such Security and of the ownership thereof.

The Trustee may authenticate any such substituted Security and deliver the same upon the written request or authorization of any officer of the Company. Upon the issuance of any substituted Security, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith and in addition a further sum not exceeding two dollars for each Security so issued in substitution. In case any Security which has matured or is about to mature or has been called for redemption in full shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Security) if the applicant for such payment shall furnish to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless and, in case of destruction, loss or theft, evidence satisfactory to the Company and to the Trustee of the destruction, loss or theft of such Security and of the ownership thereof.

Every substituted Security of any series issued pursuant to the provisions of this Section 2.08 by virtue of the fact that any such Security is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of the same series duly issued hereunder. All Securities shall be held and owned upon the express condition that, to the extent permitted by applicable law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.09. Temporary Securities. Pending the preparation of definitive Securities of any series the Company may execute and the Trustee shall authenticate and deliver temporary Securities (printed or lithographed). Temporary Securities shall be issuable in any authorized denomination, and substantially in the form of the definitive Securities but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Company. Every such temporary Security shall be executed by the Company and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the definitive Securities. Without unreasonable delay the Company will execute and deliver to the Trustee or the Authenticating Agent definitive Securities and thereupon any or all temporary Securities of such series may be surrendered in exchange therefor, at the principal office of the Trustee or at any office or agency maintained by the Company for such purpose as provided in Section 3.02, and the Trustee or the Authenticating Agent shall authenticate and deliver in exchange for such temporary Securities a like aggregate principal amount of such definitive Securities. Such exchange shall be made by the Company at its own expense and without any charge therefor except that in case of any such exchange involving a registration of transfer the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series authenticated and delivered hereunder.

SECTION 2.10. Cancellation of Securities Paid, etc. All Securities surrendered for the purpose of payment, redemption, exchange or registration of transfer or for credit in lieu of retiring Funded Debt pursuant to Section 3.06 shall, if surrendered to the Company or any paying agent, be surrendered to the Trustee and promptly cancelled by it, or, if surrendered to the Trustee or any Authenticating Agent, shall be promptly cancelled by it, and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. All Securities cancelled by any Authenticating Agent shall be delivered to the Trustee. The Trustee shall destroy cancelled Securities and shall deliver a certificate of such destruction to the Company. If the Company shall acquire any of the Securities, however, such acquisition shall not operate as a redemption or

satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation.

ARTICLE THREE.

PARTICULAR COVENANTS OF THE COMPANY.

SECTION 3.01. Payment of Principal, Premium and Interest. The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay or cause to be paid the principal of and premium, if any, and any interest on each of the Securities of that series at the place, at the respective times and in the manner provided in such Securities. Each installment of interest, if any, on the Securities of any series may be paid by mailing checks for such interest payable to the order of the holders of Securities entitled thereto as they appear on the registry books of the Company.

SECTION 3.02. Offices for Notices and Payments, etc. So long as any of the Securities remains outstanding, the Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where the Securities of each series may be presented for payment, an office or agency where the Securities of that series may be presented for registration of transfer and for exchange as in this Indenture provided and an office or agency where notices and demands to or upon the Company in respect of the Securities of that series or of this Indenture may be served. The Company will give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. Until otherwise designated from time to time by the Company in a notice to the Trustee, or specified as contemplated by Section 2.03, such office or agency for all of the above purposes shall be the principal office of the Trustee. In case the Company shall fail to maintain any such office or agency in the Borough of Manhattan, The City of New York, or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the principal office of the Trustee.

In addition to such office or agency, the Company may from time to time designate one or more offices or agencies outside the Borough of Manhattan, The City of New York, where the Securities may be presented

for registration of transfer and for exchange in the manner provided in this Indenture, and the Company may from time to time rescind such designation, as the Company may deem desirable or expedient; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain such office or agency in the Borough of Manhattan, The City of New York, for the purposes above mentioned. The Company will give to the Trustee prompt written notice of any such designation or rescission thereof.

SECTION 3.03. Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 6.10, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 3.04. Provision as to Paying Agent. (a) If the Company shall appoint a paying agent other than the Trustee with respect to the Securities of any series, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 3.04:

(1) that it will hold all sums held by it as such agent for the payment of the principal of and premium, if any, or interest, if any, on the Securities of such series (whether such sums have been paid to it by the Company or by any other obligor on the Securities of such series) in trust for the benefit of the holders of the Securities of such series; and

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Securities of such series) to make any payment of the principal of and premium, if any, or interest, if any, on the Securities of such series when the same shall be due and payable.

(b) If the Company shall act as its own paying agent, it will, on or before each due date of the principal of and premium, if any, or interest, if any, on the Securities of any series, set aside, segregate and hold in trust for the benefit of the holders of the Securities of such series a sum sufficient to pay such principal, premium or interest so becoming due and will notify the Trustee of any failure to take such action and of any failure by the Company (or by any other obligor under the Securities of such series) to make any payment of the principal of and premium, if any, or interest, if any, on the Securities of such series when the same shall become due and payable.

(c) Anything in this Section 3.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge with respect to one or more or all series of Securities hereunder, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust for any such series by the Trustee or any paying agent hereunder, as required by this Section 3.04, such sums to be held by the Trustee upon the trusts herein contained.

(d) Anything in this Section 3.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 3.04 is subject to Sections 11.03 and 11.04.

SECTION 3.05. Limitation on Liens. (a) The Company will not, nor will it permit any Consolidated Subsidiary to, issue, assume or guarantee any debt for money borrowed or any Funded Debt (hereinafter in this Article Three referred to as "Debt"), secured by a mortgage, security interest, pledge, lien or other encumbrance (mortgages, security interests, pledges, liens and other encumbrances being hereinafter called a "mortgage" or "mortgages") upon any Principal Property or upon any shares of stock or indebtedness of any Consolidated Subsidiary which owns or leases a Principal Property (whether such Principal Property, shares of stock or indebtedness are now owned or hereafter acquired) without in any such case effectively providing concurrently with the issuance, assumption or guaranty of any such Debt that the Securities (together with, if the Company shall so determine, any other indebtedness of or guaranteed by the Company or such Consolidated Subsidiary ranking equally with the Securities and then existing or thereafter created) shall be secured equally and ratably with such Debt; provided, however, that the foregoing restrictions shall not apply to Debt secured by

(i) mortgages on property, shares of stock or indebtedness of any corporation existing at the time such corporation becomes a Consolidated Subsidiary;

(ii) mortgages on property existing at the time of acquisition of such property by the Company or a Consolidated Subsidiary, or mortgages to secure the payment of all or any part of the purchase price of such property upon the acquisition of such property by the Company or a Consolidated Subsidiary or to secure any Debt incurred by the

Company or a Consolidated Subsidiary prior to, at the time of, or within 120 days after the later of the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operation of such property, which Debt is incurred for the purpose of financing all or any part of the purchase price thereof or construction or improvements thereon; provided, however, that in the case of any such acquisition, construction or improvement, the mortgage shall not apply to any property theretofore owned by the Company or a Consolidated Subsidiary, other than any property on which the property so constructed or the improvement is located or to which the property so constructed or the improvement is appurtenant;

(iii) mortgages securing Debt of a Consolidated Subsidiary owing to the Company or to another Consolidated Subsidiary;

(iv) mortgages on property of a corporation existing at the time such corporation is merged or consolidated with the Company or a Consolidated Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation or firm as an entirety or substantially as an entirety to the Company or a Consolidated Subsidiary; provided, however, that no such mortgage shall extend to any other Principal Property of the Company or any Consolidated Subsidiary or to any shares of capital stock or any indebtedness of any Consolidated Subsidiary which owns or leases a Principal Property;

(v) mortgages on property of the Company or a Consolidated Subsidiary in favor of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any State thereof, or in favor of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute (including Debt of the pollution control or industrial revenue bond type) or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such mortgages; or

(vi) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of mortgages existing at the date of this Indenture, or any mortgage referred to in

the

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foregoing clauses (i) through (v), inclusive, provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the mortgage so extended, renewed or replaced (plus improvements on such property).

(b) Notwithstanding the foregoing provisions of this Section

3.05, the Company may, and may permit any Consolidated Subsidiary to, issue, assume or guarantee Debt secured by a mortgage not excepted by clauses (i) through (vi) of paragraph (a) above without equally and ratably securing the Securities, provided, however, that the aggregate principal amount of all such Debt then outstanding, plus the aggregate principal amount of the Debt then being issued, assumed, or guaranteed, and the aggregate amount of the Attributable Debt in respect of sale and lease-back arrangements, shall not exceed 5% of Consolidated Net Tangible Assets, determined as of a date not more than 90 days prior thereto.

SECTION 3.06. Limitation on Sale and Leaseback. The Company will not, nor will it permit any Consolidated Subsidiary to, enter into any arrangement with any person providing for the leasing by the Company or any Consolidated Subsidiary of any Principal Property (whether such Principal Property is now owned or hereafter acquired) (except for leases for a term of not more than three years and except for leases between the Company and a Consolidated Subsidiary or between Consolidated Subsidiaries), which property has been or is to be sold or transferred by the Company or such Consolidated Subsidiary to such person, unless (a) the Company or such Subsidiary would be entitled, pursuant to the provisions of Section 3.05, to issue, assume or guarantee Debt secured by a mortgage upon such property at least equal in amount to the Attributable Debt in respect of such arrangement without equally and ratably securing the Securities or (b) the Company or a Consolidated Subsidiary, within 120 days of the effective date of any such arrangement, applies an amount equal to the greater of the net proceeds of the sale of the Principal Property leased pursuant to such arrangement or the fair market value of the Principal Property so leased at the time of entering into such arrangement (as determined by the Board of Directors of the Company) to the retirement (other than any mandatory retirement or by way of payment at maturity) of

Funded Debt of the Company or any Consolidated Subsidiary (other than Funded Debt owned by the Company or any Consolidated Subsidiary and other than Funded Debt subordinated in the payment of principal or interest to the Securities and except that no Security shall be retired if such retirement of Securities pursuant to this provision would be prohibited by the resolutions or supplemental indentures referred to in Section 2.03), provided, however, that in lieu of applying all or any part of such net proceeds or fair market value to such retirement, the Company may at its option (i) deliver to the Trustee Securities theretofore purchased or otherwise acquired by the Company, or (ii) receive credit for Securities theretofore redeemed pursuant to the resolutions or supplemental indentures referred to in Section 2.03 hereof, which Securities have not theretofore been made the basis for the reduction of a sinking fund payment pursuant to Section 14.04 or applied in lieu of retiring Funded Debt pursuant hereto. If the Company shall so deliver Securities to the Trustee (or receive credit for Securities so delivered), the amount of cash which the Company shall be required to apply to the retirement of Funded Debt pursuant to this Section 3.06 shall be reduced by an amount equal to the aggregate principal amount of such Securities.

SECTION 3.07. Certificate to Trustee. The Company will deliver to the Trustee on or before April 1 in each year (beginning with April 1, 1983), so long as Securities of any series are outstanding hereunder, an Officers' Certificate stating that in the course of the performance by the signers of their duties as officers of the Company they would normally have knowledge of any default by the Company in the performance of any covenants contained in Sections 3.05, 3.06 and 10.03, stating whether or not they have knowledge of any such default and, if so, specifying each such default of which the signers have knowledge and the nature thereof.

ARTICLE FOUR.

SECURITYHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE.

SECTION 4.01. Securityholders' Lists. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee:

(a) semi-annually, not more than 15 days after each record date for each series of Securities, a list, in such form as the Trustee may

reasonably require, of the names and addresses of the Securityholders of such series of Securities as of such record date (and on dates to be determined pursuant to Section 2.03 for non-interest bearing Securities in each year); and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished,

except that no such lists need be furnished so long as the Trustee is in possession thereof by reason of its acting as Securities registrar for such series.

SECTION 4.02. Preservation and Disclosure of Lists. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of each series of Securities (1) contained in the most recent list furnished to it as provided in Section 4.01 or

(2) received by it in the capacity of Securities registrar (if so acting) hereunder. The Trustee may destroy any list furnished to it as provided in Section 4.01 upon receipt of a new list so furnished.

(b) In case three or more holders of Securities of any series (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Securities of such series or with holders of all Securities with respect to their rights under this Indenture or under such Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall within five business days after the receipt of such application, at its election, either:

(1) afford such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 4.02, or

(2) inform such applicants as to the approximate number of holders of such series or all Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the

Trustee in accordance with the provisions of subsection (a) of this Section 4.02, and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Securityholder of such series or all Securities, as the case may be, whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section

4.02 a copy of the form of proxy or other communication which is specified in such request with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Securities and Exchange Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Securities of such series or all Securities, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Securityholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (b) of this Section 4.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (b).

SECTION 4.03. Reports by Company. (a) The Company covenants and agrees to file with the Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with said Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and said Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit by mail to all holders of Securities, as the names and addresses of such holders appear upon the Securities register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section 4.03 as may be required by rules and regulations prescribed from time to time by the Securities and Exchange Commission.

SECTION 4.04. Reports by the Trustee. (a) On or before June 15, 1983, and on or before June 15 in every year thereafter, so long as any Securities are outstanding hereunder, the Trustee shall transmit to the Securityholders of each series of Securities for which such Trustee is appointed, as hereinafter in this

Section 4.04 provided, a brief report dated as of a date convenient to the Trustee no more than 60 days prior thereto with respect to:

- (1) its eligibility under Section 6.09, and its qualification under Section 6.08, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such Sections, a written statement to such effect;
 - (2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to state such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Securities for any series outstanding on the date of such report;
 - (3) the amount, interest rate, and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except any indebtedness based upon a creditor relationship arising in any manner described in paragraph (2), (3), (4) or (6) of subsection (b) of Section 6.13;
 - (4) the property and funds, if any, physically in the possession of the Trustee, as such, on the date of such report;
 - (5) any additional issue of Securities which the Trustee has not previously reported; and
 - (6) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 5.08.
- (b) The Trustee shall transmit to the Securityholders for each series, as hereinafter provided, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such), since the date of the last report transmitted pursuant to the provisions of subsection

(a) of this Section 4.04 (or, if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the Securities of such series on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of Securities for such series outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section 4.04 shall be transmitted by mail to all holders of Securities as the names and addresses of such holders appear upon the Securities register.

(d) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with each stock exchange upon which the Securities of any applicable series are listed and also with the Securities and Exchange Commission. The Company will notify the Trustee when and as the Securities of any series become listed on or delisted by any stock exchange.

ARTICLE FIVE.

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT.

SECTION 5.01. Events of Default. "Event of Default", whenever used herein with respect to Securities of any series, means any one of the following events and such other events as may be established with respect to the Securities of that series as contemplated by Section 2.03 hereof.

(a) default in the payment of any interest upon any Securities of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of all or any part of the principal of (or premium, if any, on) any Securities of that series as and when the same shall become due and payable either at maturity, upon redemption (including redemption for the sinking fund), by declaration or otherwise; or

(c) default in the performance, or breach, of any covenant of the Company in this Indenture (other than a covenant a default in whose

performance or whose breach is elsewhere in this Section specifically dealt with and other than those set forth exclusively in terms of any particular series of Securities established as contemplated in this Indenture), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(d) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(e) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

If an Event of Default described in clause (a) or (b) or established pursuant to Section 2.03 occurs and is continuing, then, and in each and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Securities of such series then outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by Securityholders), may declare the entire principal (or, if the Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the

terms of that series) of all the Securities of such series and the interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in clause (c), (d) or (e) occurs and is continuing, then and in each and every such case, unless the principal of all the Securities shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of all the Securities then outstanding hereunder (treated as one class), by notice in writing to the Company (and to the Trustee if given by Securityholders), may declare the entire principal (or, if any Securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) of all the Securities then outstanding and interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

The foregoing provisions, however, are subject to the condition that if, at any time after the principal (or, if the Securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) of the Securities of any series (or of all the Securities, as the case may be) shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest, if any, upon all the Securities of any series (or of all the Securities, as the case may be) and the principal of and premium, if any, on any and all Securities of such series (or of all the Securities, as the case may be) which shall have become due otherwise than by acceleration (with interest upon such principal and premium, if any, and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest, at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the Securities of such series, or at the respective rates of interest or Yields to Maturity of all the Securities, as the case may be, to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and if any and all Events of Default under this

Indenture, other than the non-payment of the principal of or premium, if any, on Securities which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein--then and in every such case the holders of a majority in aggregate principal amount of the Securities of such series (or of all the Securities, as the case may be) then outstanding, by written notice to the Company and to the Trustee, may waive all defaults with respect to that series (or with respect to all Securities, as the case may be, in such case, treated as a single class) and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Trustee and the holders of the Securities shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Trustee and the holders of the Securities shall continue as though no such proceeding had been taken.

SECTION 5.02. Payment of Securities on Default; Suit Therefor. The Company covenants that (a) in case default shall be made in the payment of any installment of interest upon any of the Securities of any series as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (b) in case default shall be made in the payment of the principal of or premium, if any, on any of the Securities of any series as and when the same shall have become due and payable, whether at maturity of the Securities of that series or upon redemption or by declaration or otherwise--then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Securities of that series, the whole amount that then shall have become due and payable on all such Securities of that series for principal and premium, if any, or interest, or both, as the case may be, with interest upon the overdue principal and premium, if any, and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) borne by the Securities of that series, and, in addition thereto, such further amount as shall be sufficient to cover the costs

and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on such Securities and collect in the manner provided by law out of the property of the Company or any other obligor on such Securities wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Securities of any series under Title 11, United States Code, or any other applicable law, or in case a receiver or trustee (or similar official) shall have been appointed for the property of the Company or such other obligor, or in the case of any other similar judicial proceedings relative to the Company or other obligor upon the Securities of any series, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 5.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and interest (or, if the Securities of that series are Original Issue Discount Securities such portion of the principal amount as may be specified by the terms of that series) owing and unpaid in respect of the Securities of such series and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or bad faith) and of the Securityholders allowed in such judicial proceedings relative to the

Company or any other obligor on the Securities of any series or to the creditors or property of the Company or such other obligor, unless prohibited by applicable law and regulations, to vote on behalf of the holders of the Securities of any series in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Securityholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all amounts owing to the Trustee and each predecessor Trustee under Section 6.06.

Nothing herein contained shall be construed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any holder thereof or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of all the Securities in respect of which such action was taken.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Securities of the series affected thereby and it shall not be necessary to make any such holders of the Securities parties to any such proceedings.

SECTION 5.03. Application of Moneys Collected by Trustee. Any moneys collected by the Trustee shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, upon presentation of the several Securities of any series in respect of which moneys have been collected, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST. To the payment of costs and expenses of collection applicable to each such series and all other amounts owing to the Trustee or any predecessor Trustee under Section 6.06;

SECOND: In case the principal of the outstanding Securities in respect of which moneys have been collected shall not have become due and be unpaid, to the payment of interest on the Securities of each such series, in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue instalments of interest at the respective rates borne by the Securities of each such series, such payments to be made ratably to the persons entitled thereto;

THIRD: In case the principal of the outstanding Securities in respect of which moneys have been collected shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Securities of each such series, for principal and premium, if any, and interest, with interest on the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the respective rates or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the Securities of each such series, and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities of each such series, then to the payment of such principal and premium, if any, and interest without preference or priority of principal and premium, if any, over interest, or of interest over principal and premium, if any, or of any instalment of interest over any other instalment of interest, or of any Security of each such series over any other Security of each such series, ratably to the aggregate of such principal and premium, if any, and accrued and unpaid interest.

Any surplus then remaining shall be paid to the Company or to such other person as shall be entitled to receive it.

SECTION 5.04. Proceedings by Securityholders. No holder of any Security of any series shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as herein before provided, and unless also the holders of not less than 25% in aggregate principal amount of the Securities of that series then outstanding or, in the case of any Event of Default described in clause (c), (d) or (e) of Section 5.10, 25% in aggregate principal amount of all Securities then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action, suit or proceeding, it being understood and intended, and being expressly covenanted by the taker and holder of every Security with every other taker and holder and the Trustee, that no one or more holders of Securities of any series shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Securities, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities of the applicable series.

Notwithstanding any other provisions in this Indenture, however, the right of any holder of any Security to receive payment of the principal of, premium, if any, and interest, if any, on such Security, on or after the same shall have become due and payable, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder.

SECTION 5.05. Proceedings by Trustee. In case of an Event of Default hereunder the Trustee may in its discretion proceed to protect and enforce

the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 5.06. Remedies Cumulative and Continuing. All powers and remedies given by this Article Five to the Trustee or to the Securityholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Securities, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to the provisions of Section 5.04, every power and remedy given by this Article Five or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

SECTION 5.07. Direction of Proceedings and Waiver of Defaults by Majority of Securityholders. The holders of a majority in aggregate principal amount of the Securities of any or all series affected at the time outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that (subject to the provisions of Sections 6.01 and 6.02) the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the action so directed would be unjustly prejudicial to the holders not taking part in such direction or if the Trustee being advised by counsel determines that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or Responsible Officers shall determine that the action or proceedings so directed would involve the Trustee in personal liability. Subject to Section 5.01 the holders

of a majority in aggregate principal amount of the Securities of any such series at the time outstanding may on behalf of the holders of all of the Securities of such series waive any past default or Event of Default including any default or Event of Default established pursuant to Section 2.03 (or, in the case of an event specified in clause (c), (d) or (e) of Section 5.01, the holders of a majority in aggregate principal amount of all the Securities then outstanding (voting as one class)) may waive such default or Event of Default, and its consequences, except a default (a) in the payment of principal of, premium, if any, or interest on any of the Securities or (b) in respect of covenants or provisions hereof which cannot be modified or amended without the consent of the holder of each Security affected. Upon any such waiver the Company, the Trustee and the holders of the Securities of that series (or of all Securities, as the case may be) shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 5.07, said default or Event of Default shall for all purposes of the Securities of that series (or of all Securities, as the case may be) and this Indenture be deemed to have been cured and to be not continuing.

SECTION 5.08. Notice of Defaults. The Trustee shall, within 90 days after the occurrence of a default with respect to any of the Securities of any series, mail to all Securityholders of that series, as the names and addresses of such holders appear upon the Securities register, notice of all defaults with respect to that series known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purpose of this

Section 5.08 being hereby defined to be the events specified in clauses (a),

(b), (c), (d) and (e) of Section 5.01, not including periods of grace, if any, provided for therein, and irrespective of the giving of written notice specified in clause (c) of Section 5.01); and provided that, except in the case of default in the payment of the principal of, premium, if any, or interest on any of the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors or trustees, the executive committee, or a trust committee of directors or trustees and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Securityholders of such series, and provided further, that in the case of any default of the character

specified in Section 5.01 (c) no such notice to Securityholders shall be given until at least 90 days after the occurrence thereof but shall be given within 120 days after such occurrence.

SECTION 5.09. Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder, or group of Securityholders of any series holding in the aggregate more than 10% in principal amount of the Securities of that series (or, in the case of any suit relating to or arising under clause (c), (d) or (e) of Section 5.01, 10% in aggregate principal amount of all Securities) outstanding, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of or premium, if any, or interest on any Security against the Company on or after the same shall have become due and payable.

ARTICLE SIX.

CONCERNING THE TRUSTEE.

SECTION 6.01. Duties and Responsibilities of Trustee. With respect to any series of Securities issued hereunder, the Trustee, prior to the occurrence of an Event of Default with respect to Securities of that series and after the curing or waiving of all Events of Default which may have occurred with respect to Securities of that series, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to such series. In case an Event of Default with respect to the Securities of a series has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to such series, and use the same degree of care and skill in their

exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

- (a) prior to the occurrence of an Event of Default with respect to the Securities of a series and after the curing or waiving of all Events of Default with respect to that series which may have occurred
- (1) the duties and obligations of the Trustee with respect to the Securities of a series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations with respect to such series as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
- (2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;
- (b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and
- (c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith, in accordance with the direction of the Securityholders pursuant to Section 5.07, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

SECTION 6.02. Reliance on Documents, Opinions, etc. Except as otherwise provided in Section 6.01

- (a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- (b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;
- (c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;
- (d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;
- (e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;
- (f) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, coupon or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Securities of all

series affected then outstanding; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents (including any Authenticating Agent) or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed by it with due care; and

(h) the Trustee shall not be deemed to have knowledge or notice of any Event of Default or default with respect to any series of Securities unless a Responsible Officer of the Trustee has actual knowledge thereof or unless holders of not less than 25% in aggregate principal amount of the outstanding Securities of that series shall have notified the Trustee thereof.

SECTION 6.03. No Responsibility for Recitals, etc. The recitals contained herein and in the Securities (except in the certificate of authentication of the Trustee or the Authenticating Agent) shall be taken as the statements of the Company, and the Trustee and the Authenticating Agent assume no responsibility for the correctness of the same. The Trustee and the Authenticating Agent make no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee and the Authenticating Agent shall not be accountable for the use or application by the Company of any Securities or the proceeds of any Securities authenticated and delivered by the Trustee or the Authenticating Agent in conformity with the provisions of this Indenture.

SECTION 6.04. Trustee, Authenticating Agent, Paying Agents, Transfer Agents or Registrar May Own Securities. The Trustee or any Authenticating Agent or any paying agent or any transfer agent or any Securities registrar, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee, Authenticating Agent, paying agent, transfer agent or Securities registrar.

SECTION 6.05. Moneys to be Held in Trust. Subject to the provisions of Section 11.04, all moneys received by the Trustee or any paying agent shall, until used or applied as herein provided, be held in trust for the purpose for

which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee and any paying agent shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company. So long as no Event of Default shall have occurred and be continuing, all interest allowed on any such moneys shall be paid from time to time upon the written order of the Company, signed by the Chairman of the Board of Directors, the President, any Vice President, the Treasurer or any Assistant Treasurer of the Company.

SECTION 6.06. Compensation and Expenses of Trustee. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Company will pay or reimburse each of the Trustee and any predecessor Trustee upon its request for all its reasonable expenses, disbursements and advances incurred or made in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ and any amounts it paid to any Authenticating Agent pursuant to

Section 6.14) except any such expense, disbursement or advance as may arise from its own negligence or bad faith. If any property other than cash shall at any time be subject to the lien of this Indenture, the Trustee, if and to the extent authorized by a receivership or bankruptcy court of competent jurisdiction or by the supplemental instrument subjecting such property to such lien, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Company also covenants to indemnify each of the Trustee and any predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part and arising out of or in connection with the acceptance or administration of this trust and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Company under this

Section 6.06 to compensate the Trustee and to pay or reimburse each of the Trustee and any predecessor Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a claim prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities.

SECTION 6.07. Officers' Certificate as Evidence. Except as otherwise provided in Section 6.01 and 6.02, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 6.08. Conflicting Interest of Trustee. (a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section 6.08 with respect to the Securities of any series, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign with respect to the Securities of that series in the manner and with the effect specified in Section 6.10.

(b) In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section 6.08 with respect to the Securities of any series, the Trustee shall, within ten days after the expiration of such 90-day period, transmit notice of such failure to all holders of Securities of that series, as the names and addresses of such holders appear upon the Securities register.

(c) For the purposes of this Section 6.08 the Trustee shall be deemed to have a conflicting interest with respect to Securities of any series if

(1) the Trustee is trustee under this Indenture with respect to the Securities of any other series or under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company or other obligor on the Securities of such series (each of which is hereafter in this Section called a "Security party") are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture; provided that there shall be excluded from the operation of this paragraph (A) the Indenture between the Company and Morgan Guaranty Trust Company of New York, Trustee, dated as of June 1, 1976, pursuant to the provisions of which the Company's

8 7/8% Debentures Due 2001 are outstanding, (B) the Indenture between the Company and Morgan Guaranty Trust Company of New York, Trustee, dated as of May 1, 1980, pursuant to the provisions of which the Company's 12 1/4% Notes Due 1985 are outstanding, and (C) this Indenture with respect to the Securities of any other series and any other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of a Security party are outstanding if (i) this Indenture is and, if applicable, this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act of 1939, unless the Securities and Exchange Commission shall have found and declared by order pursuant to subsection (b) of Section 305 or subsection (c) of Section 307 of the Trust Indenture Act of 1939 that differences exist between the provisions of this Indenture with respect to Securities of such series and one or more other series or, if applicable, this Indenture and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture and such other indenture or indentures, or (ii) the Company shall have sustained the burden of proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to Securities of such series and one or more other series or, if applicable, this Indenture and such other Indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to Securities of such series and one or more other series or, if applicable, this Indenture and one of such indentures;

(2) the Trustee or any of its directors or executive officers if an obligor upon the Securities of any series issued under this Indenture or an underwriter for a Security party;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with a Security party;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of a Security party, or of an underwriter (other than the Trustee itself) for a Security party who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the Trustee and a director and/or an executive officer of a Security party, but may not be at the same time an executive officer of both the Trustee and a Security party; (B) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Trustee and a director of a Security party; and (C) the Trustee may be designated by a Security party or by an underwriter for a Security party to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent, or depository, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subsection (c), to act as trustee whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by a Security party or by any director, partner, or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for a Security party or by any director, partner, or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (A) 5% or more of the voting securities, or 10% or more of any other class of security, of a Security party, not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (B) 10% or more of any class of security of an underwriter for a Security party;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, a Security party;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of a Security party; or

(9) the Trustee owns on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7), or (8) of this subsection (c). As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15, in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of principal of or any interest on any of the Securities when and as the same become due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period and, after such date, notwithstanding the foregoing provisions of this paragraph (9), all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7), and (8) of this subsection (c).

The specifications of percentages in paragraphs (5) to (9), inclusive, of this subsection (c) shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection (c).

For the purposes of paragraphs (6), (7), (8), and (9) of this subsection

(c) only, (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (C) the Trustee shall not be deemed to be the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as defined in clause (B) above, or (ii) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (iii) any security which it holds as agent for collection, or as custodian, escrow agent, or depository, or in any similar representative capacity.

Except as provided in the next preceding paragraph hereof, the word security" or "securities" as used in this Indenture shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-Trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, or, in general, any interest or instrument commonly known as a "security" or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing.

(d) For the purposes of this Section 6.08:

(1) The term "underwriter" when used with reference to a Security party shall mean every person who, within three years prior to the time as of which the determination is made, has purchased from such Security party with a view to, or has offered or sold for such Security party in connection with, the distribution of any security of such Security party outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of

any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

(3) The term "person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "executive officer" shall mean the president, every vice president, every trust officer, the cashier, the secretary, and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

The percentages of voting securities and other securities specified in this Section 6.08 shall be calculated in accordance with the following provisions:

(A) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section 6.08 (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(B) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(C) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units if relating to any other kind of security.

(D) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise;

(iv) securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(E) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes, and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 6.09. Eligibility of Trustee. The Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States or any State or Territory thereof or of the District of Columbia authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$5,000,000, subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 6.09 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 6.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 6.10.

SECTION 6.10. Resignation or Removal of Trustee. (a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to one or more or all series of Securities by giving written notice of such resignation to the Company and by mailing notice thereof to the holders of the applicable series of Securities at their addresses as they shall appear on the Securities register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee or trustees with respect to the applicable series by written instrument, in duplicate, executed by order of its Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed with respect to any series of Securities and have accepted appointment within 60 days after the mailing of such notice of resignation to the affected Securityholders, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities of the applicable series for at least six months may, subject to the provisions of Section 5.09, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur--

(1) the Trustee shall fail to comply with the provisions of subsection (a) of Section 6.08 after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 6.09 and shall fail to resign after written request therefor by the Company or by any such Securityholder, or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 5.09, any Securityholder who has been a bona fide holder of a Security or Securities of the applicable series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities of one or more series (each series voting as a class) or all series (voting as one class) at the time outstanding may at any time remove the Trustee with respect to the applicable series of Securities or all series, as the case may be, and nominate a successor trustee with respect to the applicable series of Securities or all series, as the case may be, which shall be deemed appointed as successor trustee with respect to the applicable series unless within ten days after such nomination the Company objects thereto, in which case the Trustee so removed or any Securityholder of the applicable series, upon the terms and conditions and otherwise as in subdivision (a) of this Section 6.10 provided, may petition any court of competent jurisdiction for an appointment of a successor trustee with respect to such series.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 6.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 6.11.

SECTION 6.11. Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 6.10 shall execute, acknowledge and deliver to the Company and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee with respect to all or any applicable series shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations with respect to such series of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the Trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 6.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the Trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a claim upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to the provisions of Section 6.06.

If a successor trustee is appointed with respect to the Securities of one or more (but not all) series, the Company, the predecessor Trustee and each successor trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Securities of any series as to which the predecessor Trustee is not retiring shall continue to be vested in the predecessor Trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trust hereunder by more than one trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such trustees co-trustees of the same trust and that each such trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such trustee.

No successor trustee shall accept appointment as provided in this Section 6.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 6.08 and eligible under the provisions of Section 6.09.

Upon acceptance of appointment by a successor trustee as provided in this Section 6.11, the Company shall mail notice of the succession of such trustee hereunder to the holders of Securities of any applicable series at their addresses as they shall appear on the Securities register. If the Company fails to mail such notice within ten days after the acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

SECTION 6.12. Succession by Merger, etc. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities of any series shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities of any series shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities of such series or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Securities of any series in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 6.13. Limitation on Rights of Trustee as a Creditor. (a) Subject to the provisions of subsection (b) of this Section 6.13, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or

unsecured, of the Company or of any other obligor on the Securities (each of which is hereafter in this Section 6.13 called a "Security party") within four months prior to a default, as defined in paragraph (1) of subsection (c) of this Section 6.13, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of the Securities, and the holders of other indenture securities (as defined in paragraph (2) of subsection (c) of this Section 6.13),

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four-month period and valid as against such Security party and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy has been filed by or against such Security party upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four-month period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of such Security party and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than such Security party) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against such Security party in bankruptcy or receivership or in proceedings for reorganization pursuant to Title II, United States Code or applicable state law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four-month period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four-month period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in subsection (c) of this Section 6.13, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in such paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C), and (D), property substituted after the beginning of such four-month period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Securityholders and the holders of other indenture securities in such manner that the Trustee, the Securityholders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against such Security party in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11, United States Code, or applicable state law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from such Security party of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Securityholders, and the holders of other indenture securities dividends on claims filed against such Security party in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11, United States Code or applicable state law, but after crediting thereon receipts on account of the indebtedness represented

by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11, United States Code, or applicable state law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceeding for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Securityholders, and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the Securityholders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such four-month period shall be subject to the provisions of this subsection (a) as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four-month period, it shall be subject to the provisions of this subsection (a) if and only if the following conditions exist:

- (i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such four-month period; and
 - (ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.
- (b) There shall be excluded from the operation of subsection (a) of this Section 6.13 a creditor relationship arising from

- (1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;
 - (2) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances hereon, if notice of such advance and of the circumstances surrounding the making thereof is given to the Securityholders at the time and in the manner provided in Section 4.04 with respect to reports pursuant to subsections (a) and (b) thereof, respectively;
 - (3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depository, or other similar capacity;
 - (4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in subsection (c) of this Section 6.13;
 - (5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of a Security party; or
 - (6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in subsection (c) of this Section 6.13.
- (c) As used in this Section 6.13:
- (1) The term "default" shall mean any failure to make payment in full of the principal of or interest, if any, upon any of the Securities or upon the other indenture securities when and as such principal or interest becomes due and payable;
 - (2) The term "other indenture securities" shall mean securities upon which a Security party is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (A)

under which the Trustee is also trustee, (B) which contains provisions substantially similar to the provisions of subsection (a) of this Section 6.13, and (C) under which a default exists at the time of the apportionment of the funds and property held in said special account;

(3) The term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) The term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by a Security party for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security; provided that the security is received by the Trustee simultaneously with the creation of the creditor relationship with such Security party arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

SECTION 6.14. Authenticating Agents. There may be one or more Authenticating Agents appointed by the Trustee upon the request of the Company with power to act on the Trustee's behalf and subject to its direction in the authentication and delivery of Securities of any series issued upon exchange or transfer thereof as fully to all intents and purposes as though any such Authenticating Agent had been expressly authorized to authenticate and deliver Securities of such series; provided, that the Trustee shall have no liability to the Company for any acts or omissions of the Authenticating Agent with respect to the authentication and delivery of Securities of any series. Any such Authenticating Agent shall at all times be a corporation organized and doing business under the laws of the United States or of any State or Territory thereof or of the District of Columbia authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of at least \$5,000,000 and being subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at

least annually pursuant to law or the requirements of such authority, then for the purposes of this Section 6.14 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provision of this Section, it shall resign immediately in the manner and with the effect herein specified in this Section.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of such Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this

Section 6.14, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authenticating Agent.

Any Authenticating Agent may at any time resign with respect to one or more or all series of Securities by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any Authenticating Agent with respect to one or more or all series of Securities by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section 6.14, the Trustee may, and upon the request of the Company shall, promptly appoint a successor Authenticating Agent with respect to the applicable series eligible under this Section 6.14, shall give written notice of such appointment to the Company and shall mail notice of such appointment to all holders of the applicable series of Securities as the names and addresses of such holders appear on the Securities register. Any successor Authenticating Agent with respect to all or any series upon acceptance of its appointment hereunder shall become vested with all rights, powers, duties and responsibilities with respect to such series of its predecessor hereunder, with like effect as if originally named as Authenticating Agent herein.

The Trustee agrees to pay to any Authenticating Agent from time to time reasonable compensation for its services, and the Trustee shall be

entitled to be reimbursed for such payments. Any Authenticating Agent shall have no responsibility or liability for any action taken by it as such in accordance with the directions of the Trustee.

ARTICLE SEVEN.

CONCERNING THE SECURITYHOLDERS.

SECTION 7.01. Action by Securityholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Securities of any or all series may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by such Securityholders in person or by agent or proxy appointed in writing, or (b) by the record of such holders of Securities voting in favor thereof at any meeting of such Securityholders duly called and held in accordance with the provisions of Article Eight, or (c) by a combination of such instrument or instruments and any such record of such a meeting of such Securityholders.

SECTION 7.02. Proof of Execution by Securityholders. Subject to the provisions of Section 6.01, 6.02 and 8.05, proof of the execution of any instrument by a Securityholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The ownership of Securities shall be proved by the Securities register or by a certificate of the Securities registrar.

The record of any Securityholders' meeting shall be proved in the manner provided in Section 8.06.

SECTION 7.03. Who Are Deemed Absolute Owners. The Trustee, any Authenticating Agent, any paying agent, any transfer agent and any Securities registrar may deem the person in whose name such Security shall be registered upon the Securities register to be, and may treat him as, the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing

thereon) for the purpose of receiving payment of or on account of the principal of, premium, if any, and any interest on such Security and for all other purposes; and neither the Company nor the Trustee nor any Authenticating Agent nor any paying agent nor any transfer agent nor any Securities registrar shall be affected by any notice to the contrary. All such payments so made to any holder for the time being or upon his order shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

SECTION 7.04. Securities Owned by Company Deemed Not Outstanding. In determining whether the holders of the requisite aggregate principal amount of Securities have concurred in any direction, consent or waiver under this Indenture, Securities which are owned by the Company or any other obligor on the Securities or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Securities shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Securities which a Responsible Officer of the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section

7.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Securities and that the pledgee is not the Company or any such other obligor or person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Company to be owned or held by or for the account of any of the above-described persons; and, subject to the provisions of Section 6.01, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein are outstanding for the purpose of any such determination.

SECTION 7.05. Revocation of Consents; Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section

7.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in

connection with such action, any holder of a Security (or any Security issued in whole or in part in exchange or substitution therefor) who consented to such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 7.02, revoke such action so far as concerns such Security (or so far as concerns the principal amount represented by any exchanged or substituted Security). Except as aforesaid any such action taken by the holder of any Security shall be conclusive and binding upon such holder and upon all future holders and owners of such Security, and of any Security issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Security or any Security issued in exchange or substitution therefor. Any action taken by the holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action shall be conclusively binding upon the Company, the Trustee and the holders of all the Securities.

ARTICLE EIGHT.

SECURITYHOLDERS' MEETINGS.

SECTION 8.01. Purpose of Meetings. A meeting of Securityholders, of any or all series may be called at any time and from time to time pursuant to the provisions of this Article Eight for any of the following purposes:

- (a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Securityholders pursuant to any of the provisions of Article Five;
- (b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article Six;
- (c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 9.02; or
- (d) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of such Securities under any other provisions of this Indenture or under applicable law.

SECTION 8.02. Call of Meetings by Trustee. The Trustee may at any time call a meeting of Securityholders of any or all series to take any action specified in Section 8.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of the Securityholders of any or all series, setting forth the record date, time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed to holders of Securities of each series affected at their addresses as they shall appear on the Securities register of each series affected. Such notice shall be mailed not less than 20 nor more than 90 days prior to the date fixed for the meeting.

SECTION 8.03. Call of Meetings by Company or Securityholders. In case at any time the Company pursuant to a resolution of the Board of Directors, or the holders of at least 10% in aggregate principal amount of the Securities of any or all series, as the case may be, then outstanding, shall have requested the Trustee to call a meeting of Securityholders of any or all series, as the case may be, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Company or such Securityholders may determine the time and the place in said Borough of Manhattan for such meeting and may call such meeting to take any action authorized in Section 8.01, by mailing notice thereof as provided in Section 8.02.

SECTION 8.04. Qualifications for Voting. To be entitled to vote at any meeting of Securityholders a Person shall (a) be a holder of one or more Securities with respect to which the meeting is being held or (b) a Person appointed by an instrument in writing as proxy by such a holder of one or more such Securities. The only Persons who shall be entitled to be present or to speak at any meeting of Securityholders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 8.05. Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Securityholders, in regard to proof of the holding of Securities and of the appointments of proxies, and in regard to

the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Securityholders as provided in Section 8.03, in which case the Company or the Securityholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by majority vote of the meeting.

Subject to the provisions of Section 7.04, at any meeting each holder of Securities with respect to which such meeting is being held or proxy therefor shall be entitled to one vote for each \$1,000 principal amount (in the case of Original Issue Discount Securities, such principal amount to be determined as provided in the definition "outstanding") of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Securityholders. At any meeting of Securityholders, the presence of Persons holding or representing Securities in an aggregate principal amount sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum, but, if less than a quorum is present, the Persons holding or representing a majority in aggregate principal amount of the Securities represented at the meeting and entitled to vote may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present. Any meeting of Securityholders duly called pursuant to the provisions of Section 8.02 or 8.03 may be adjourned from time to time by a majority of those present, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

SECTION 8.06. Voting. The vote upon any resolution submitted to any meeting of holders of Securities with respect to which such meeting is being held shall be by written ballots on which shall be subscribed the signatures

of such holders or of their representatives by proxy and the serial number or numbers of the Securities held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Securityholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 8.02. The record shall show the serial numbers of the Securities voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE NINE.

SUPPLEMENTAL INDENTURES.

SECTION 9.01. Supplemental Indentures Without Consent of Securityholders. The Company, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

- (a) to evidence the succession of another corporation to the Company, or successive succession, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Ten hereof;
- (b) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the holders of

all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities stating that such covenants are expressly being included for the benefit of such series) as the Board of Directors and the Trustee shall consider to be for the protection of the holders of such Securities, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(c) to provide for the issuance under this Indenture of Securities in coupon form (including Securities registrable as to principal only) and to provide for exchangeability of such Securities with the Securities issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(d) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities any property or assets which the Company may desire or may be required to convey, transfer, assign, mortgage or pledge in accordance with the provisions of Section 3.05 or Section 10.03;

(e) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make other provisions in regard to matters or questions arising under this Indenture or to make any other changes hereto; provided that any such action shall not adversely affect the interests of the holders of the Securities;

(f) to establish the form or terms of Securities of any series as permitted by Sections 2.01 and 2.03; and

(g) to evidence and provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities of one or

more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Section 6.11.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any such supplemental indenture which affects the Trustee's own rights, duties, obligations or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 9.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 9.02.

SECTION 9.02. Supplemental Indentures with Consent of Securityholders. With the consent (evidenced as provided in Section 7.01) of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding of all series affected by such supplemental indenture (voting as a class), the Company, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Securities of each series so affected; provided, however, that no such supplemental indenture shall (i) extend the final maturity of any Security, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or any premium thereon, or reduce any amount payable on redemption thereof or make the principal thereof or any interest or premium thereon payable in any coin or currency other than that provided in the Securities, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.01 or the amount thereof provable in bankruptcy pursuant to Section 5.02, or impair or affect the right of any Securityholder to institute suit for payment thereof or the right of repay-

ment, if any, at the option of the holder, without the consent of the holder of each Security so affected, or (ii) reduce the aforesaid percentage of Securities the holders of which are required to act pursuant to Section 5.07 or to consent to any such supplemental indenture, without the consent of the holders of each Security affected.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of Securityholders of such series with respect to such covenant or provision, shall be deemed not to affect the rights under this Indenture of the Securityholders of any other series.

Upon the request of the Company accompanied by a copy of a resolution of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance hereof.

SECTION 9.03. Compliance with Trust Indenture Act; Effect of Supplemental Indentures. Any supplemental indenture executed pursuant to the provisions of this Article Nine shall comply with the Trust Indenture Act of 1939, as then in effect. Upon the execution of any supplemental indenture pursuant to the provisions of this Article Nine, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Securities of each series affected thereby shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.04. Notation on Securities. Securities of any series authenticated and delivered after the execution of any supplemental indenture affecting such series pursuant to the provisions of this Article Nine may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared and executed by the Company, authenticated by the Trustee or the Authenticating Agent and delivered in exchange for the Securities of any series then outstanding.

SECTION 9.05. Evidence of Compliance of Supplemental Indenture to be Furnished Trustee. The Trustee, subject to the provisions of Sections 6.01 and 6.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article Nine.

ARTICLE TEN.

CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE BY THE COMPANY.

SECTION 10.01. Consolidations and Mergers of Company and Conveyances Permitted Subject to Certain Conditions. Subject to the provisions of Section 10.03, nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of the Company with or into any other corporation or corporations, or successive consolidations or mergers in which the Company or its successor or successors shall be a party or parties or shall prevent any sale or conveyance of all or substantially all of the property of the Company to any other corporation authorized to acquire and operate the same; provided, that in any such case, (i) either the Company shall be the continuing corporation, or the successor corporation (if other than the Company) shall be a corporation organized and existing under the laws of the United States of America or a State thereof and such corporation shall expressly assume the due and punctual payment of the principal of, and premium, if any, and interest on all the Securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company by supplemental indenture satisfactory to the

Trustee, executed and delivered to the Trustee by such corporation, and (ii) the Company or such successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition and shall not immediately thereafter have outstanding any secured Debt (as defined in Section 3.05) not expressly permitted by the provisions of Section 3.05 unless the provisions of Section 10.03 shall previously have been complied with.

SECTION 10.02. Successor Corporation to be Substituted for Company. In case of any such consolidation, merger, sale or conveyance (other than a conveyance by way of lease) and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part, and the Company thereupon shall be relieved of any further liability or obligation hereunder or upon the Securities and may thereupon or at any time thereafter be dissolved, wound up or liquidated. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of Masco Corporation, any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee or the Authenticating Agent; and, upon the order of such successor corporation (instead of the Company) and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee or the Authenticating Agent shall authenticate and deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the Trustee or the Authenticating Agent for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee or the Authenticating Agent for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale or conveyance, such change in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

SECTION 10.03. Securities to be Secured in Certain Events. If, upon any such consolidation or merger of the Company with or into any other corporation, or upon any sale or conveyance of the property of the Company as an entirety or substantially as an entirety to any other corporation, any Principal Property or any shares of stock or indebtedness of any Consolidated Subsidiary owning any Principal Property owned immediately prior thereto would thereupon become subject to any mortgage (as defined in Section 3.05), unless the Company could create such mortgage pursuant to Section 3.05 without equally and ratably securing the Securities, the Company, prior to or simultaneously with such consolidation, merger, sale or conveyance, will secure the Securities outstanding hereunder, equally and ratably with any other obligation of the Company or any such Subsidiary then entitled thereto, prior to the Debt (as defined in Section 3.05) secured by such mortgage.

SECTION 10.04. Evidence to be Furnished Trustee. The Trustee, subject to the provisions of Sections 6.01 and 6.02, may receive and rely upon an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any consolidation, merger, sale or conveyance, and any such assumption complies with the provisions of this Article Ten.

ARTICLE ELEVEN.

SATISFACTION AND DISCHARGE OF INDENTURE.

SECTION 11.01. Discharge of Indenture. When (a) the Company shall have paid or caused to be paid the principal of and interest on all Securities of any series outstanding hereunder, as and when the same shall have become due and payable, (b) the Company shall deliver to the Trustee for cancellation all Securities of any series theretofore authenticated (other than any Securities of such series which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.08) and not theretofore cancelled, or (c) with respect to any series of Securities which, under the terms specified in the resolution or supplemental indenture or indentures referred to in Section 2.03, pursuant to which such series is created, can be discharged prior to maturity, the Company shall deposit with the Trustee, in trust, cash and/or a principal amount of obligations of or directly guaranteed by the United States of America maturing or redeem-

able at the option of the holder thereof not later than the date fixed for payment or redemption of all outstanding Securities of such series which, together with the income to be earned on such obligations prior to such date, equals the principal amount of (and any applicable premium on) all such Securities of such series not theretofore cancelled or delivered to the Trustee for cancellation, with interest to the date of their maturity or redemption, as the case may be, but excluding, however, the amount of any moneys for the payment of principal of, or premium, if any, or interest on the Securities of such series (1) theretofore repaid to the Company in accordance with the provisions of Section 11.04, or (2) paid to any State or to the District of Columbia pursuant to its unclaimed property or similar laws, and if in any such case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then (except in the case of (c) above as to (i) rights of registration of transfer and exchange and any right of the Company of optional redemption and to deliver Securities of such series to the Trustee for cancellation, (ii) substitution of mutilated, defaced, destroyed, lost or stolen Securities, (iii) the rights, obligations and immunities of the Trustee hereunder and (iv) the rights of the Securityholders as beneficiaries hereof with respect to the property so deposited with the Trustee, all of which shall continue in full force and effect) all of the Company's liability with respect to principal, premium, if any, and interest on the Securities of such series shall be discharged, this Indenture shall cease to be of further effect as to such series, and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture as to such series, the Company, however, hereby agreeing to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee in connection with this Indenture or the Securities; provided, however, that the rights of Securityholders to receive amounts in respect of principal of and interest on the Securities held by them shall not be delayed longer than required by then-applicable mandatory rules or policies of any securities exchange if the Securities of such series continue to be listed. Notwithstanding the foregoing, if the Company makes a deposit of cash and/or obligations described in clause

(c) above with respect to any series of Securities which, under the terms specified in the resolution or supplemental indenture or indentures referred to in Section 2.03, pursuant to which such series is created, is subject to the provisions of this sentence

(whether or not such resolution or supplemental indenture provides that such series can be discharged prior to maturity under clause (c) above), and, concurrently with such deposit, notifies the Trustee that such series shall no longer have the benefit of all or any portion of the provisions of Article Five,

Section 3.05 and Section 3.06 of this Indenture and such other provisions of this Indenture or the resolution or supplemental indenture, pursuant to which such series is created, as are specifically permitted in such resolution or supplemental indenture to be made inapplicable under this sentence with respect to such series, this Indenture and such supplemental indenture or resolution shall thereupon be deemed amended with respect to such series solely by the deletion in their entirety of such provisions and this Indenture and such supplemental indenture or resolution shall in all other respects be unaffected thereby.

SECTION 11.02. Deposited Moneys to be Held in Trust by Trustee. Subject to the provisions of Section 11.04, all moneys and obligations deposited with the Trustee pursuant to Section 11.01 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Securities for the payment of which such moneys and obligations have been deposited with the Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest, if any; provided, however, that the Company shall be entitled from time to time to withdraw cash and/or obligations deposited under clause (c) or the last sentence of Section 11.01 provided that the cash and obligations thereafter on deposit and after giving effect to such withdrawal would, if then deposited under such clause, satisfy in all respects the requirements of such clause or the last last sentence of Section 11.01. At the time of any such withdrawal, the Company shall deliver to the Trustee an Officers' Certificate demonstrating compliance with the provisions of such clause or sentence.

SECTION 11.03. Paying Agent to Repay Moneys Held. Upon the satisfaction and discharge-of this Indenture all moneys then held by any paying agent of the Securities (other than the Trustee) shall, upon demand of the Company, be repaid to it or paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 11.04. Return of Unclaimed Moneys. Except as may be required under applicable law, any moneys deposited with or paid to the Trustee or any paying agent for payment of the principal of, and premium, if any, or interest, if any, on Securities and not applied but remaining unclaimed by the holders of Securities for two years after the date upon which the principal of, and premium, if any, or interest, if any, on such Securities, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee or such paying agent; and the holder of any of the Securities shall thereafter look only to the Company for any payment which such holder may be entitled to collect and all liability of the Trustee or such paying agent with respect to such moneys shall thereupon cease.

ARTICLE TWELVE.

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS.

SECTION 12.01. Indenture and Securities Solely Corporate Obligations. No recourse for the payment of the principal of or premium, if any, or interest, if any, on any Security, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture, or in any Security, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation of the Company, either directly or through the Company or any successor corporation of the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Securities.

ARTICLE THIRTEEN.

MISCELLANEOUS PROVISIONS.

SECTION 13.01. Successors. All the covenants, stipulations, promises and agreements in this Indenture contained by the Company shall bind its successors and assigns whether so expressed or not.

SECTION 13.02. Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

SECTION 13.03. Addresses for Notices, etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities on the Company may be given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee for the purpose) to Masco Corporation, 21001 Van Born Road, Taylor, Michigan 48180, Attention: President. Any notice, direction, request or demand by any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the office of the Trustee, 30 West Broadway, New York, N. Y. 10015, addressed to the attention of the Corporate Trust Department.

SECTION 13.04. New York Contract. This Indenture and each Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance with the laws of said State.

SECTION 13.05. Evidence of Compliance with Conditions Precedent. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that in the opinion of the signers all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture (other than the Officers' Certificate called for by Section 3.07) shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation

upon which the statements or opinions contained in such certificate or opinions are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 13.06. Legal Holidays. In any case where the date of payment of interest on or principal of or premium, if any, on the Securities will be in The City of New York, New York a legal holiday or a day on which banking institutions are authorized by law to close, the payment of such interest on or principal of or premium, if any, on the Securities need not be made on such date but may be made on the next succeeding day not in such City a legal holiday or a day on which banking institutions are authorized by law to close, with the same force and effect as if made on the date of payment and no interest shall accrue for the period from and after such date.

SECTION 13.07. Trust Indenture Act to Control. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with another provision included in this Indenture which is required to be included in this Indenture by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 13.08. Table Of Contents, Headings, etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 13.09. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 13.10. No Security Interest Created. Nothing in this Indenture or in the Securities, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction where property of the Company or its Subsidiaries is located.

ARTICLE FOURTEEN.**REDEMPTION OF SECURITIES-MANDATORY AND
OPTIONAL SINKING FUND.**

SECTION 14.01. Applicability of Article. The provisions of this Article shall be applicable to the Securities of any series which are redeemable at the option of the Company before their maturity or to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 2.03 for Securities of such series.

SECTION 14.02. Notice of Redemption; Selection of Securities. In case the Company shall desire to exercise the right to redeem all, or, as the case may be, any part of the Securities of any series in accordance with their terms, it shall fix a date for redemption and shall mail a notice of such redemption at least 30 and not more than 60 days prior to the date fixed for redemption to the holders of Securities of such series so to be redeemed as a whole or in part at their last addresses as the same appear on the Securities register. Such mailing shall be by first class mail. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security of such series.

Each such notice of redemption shall specify the date fixed for redemption, the redemption price at which Securities of such series are to be redeemed, the place or places of payment, that payment will be made upon presentation and surrender of such Securities, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. If less than all the Securities of such series are to be redeemed the notice of redemption shall specify the numbers of the Securities of that series to be redeemed. In case any Security of a series is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities of that series in principal amount equal to the unredeemed portion thereof will be issued.

Prior to the redemption date specified in the notice of redemption given as provided in this Section, the Company will deposit with the Trustee or with one or more paying agents an amount of money sufficient to redeem on the redemption date all the Securities so called for redemption at the appropriate redemption price, together with accrued interest to the date fixed for redemption.

If less than all the Securities of a series are to be redeemed the Company will give the Trustee notice not less than 60 days prior to the redemption date as to the aggregate principal amount of Securities of that series to be redeemed and the Trustee shall select, in such manner as in its sole discretion it shall deem appropriate and fair, the Securities of that series or portions thereof (in integral multiples of \$1,000, except as otherwise set forth in the applicable form of Security) to be redeemed.

SECTION 14.03. Payment of Securities Called for Redemption. If notice of redemption has been given as provided in Section 14.02 or Section 14.04, the Securities or portions of Securities of the series with respect to which such notice has been given shall become due and payable on the date and at the place or places stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption (unless such date is an interest payment date, in which case such accrued interest shall be paid to the holders of record on the relevant record date, and no such accrued interest shall be paid with the redemption price), and on and after said date (unless the Company shall default in the payment of such Securities at the redemption price, together with interest accrued to said date) interest on the Securities or portions of Securities of any series so called for redemption shall cease to accrue. On presentation and surrender of such Securities at a place of payment specified in said notice, the said Securities or the specified portions thereof shall be paid and redeemed by the Company at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption (unless such date is an interest payment date, in which case such accrued interest shall be paid to the holders of record on the relevant record date, and no such accrued interest shall be paid with the redemption price).

Upon presentation of any Security of any series redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Company, a new Security or

Securities of such series of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

SECTION 14.04. Mandatory and Optional Sinking Fund. The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". The last date on which any such payment may be made is herein referred to as a "sinking fund payment date".

In lieu of making all or any part of any mandatory sinking fund payment with respect to any Securities of a series in cash, the Company may at its option (a) deliver to the Trustee Securities of that series (other than any previously called for redemption) theretofore purchased or otherwise acquired by the Company and (b) may apply as a credit Securities of that series which have been previously delivered to the Trustee by the Company or Securities of that series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of optional sinking fund payments pursuant to the next succeeding paragraph, in each case in satisfaction of all or any part of any mandatory sinking fund payment, provided that such Securities have not been previously so credited. Each such Security so delivered or applied as a credit shall be credited at the sinking fund redemption price for such Securities and the amount of any mandatory sinking fund shall be reduced accordingly. If the Company intends so to deliver or credit such Securities with respect to any mandatory sinking fund payment it shall deliver to the Trustee at least 60 days prior to the next succeeding sinking fund payment date for such series (a) a certificate signed by the Treasurer or an Assistant Treasurer of the Company specifying the portion of such sinking fund payment, if any, to be satisfied by payment of cash and the portion of such sinking fund payment, if any, which is to be satisfied by delivering and crediting such Securities and (b) any Securities to be so delivered if not previously delivered. All Securities so delivered to the Trustee shall be cancelled by the Trustee and no Securities shall be authenticated in lieu thereof. If the Company fails to deliver such certificate and Securities at or before the time provided above, the Company shall not be permitted to satisfy any portion of such mandatory sinking fund payment by delivery or credit of Securities.

At its option the Company may pay into the sinking fund for the retirement of Securities of any particular series, on or before each sinking fund payment date for such series, any additional sum in cash as specified by the terms of such series of Securities. If the Company intends to exercise its right to make any such optional sinking fund payment, it shall deliver to the Trustee at least 60 days prior to the next succeeding sinking fund payment date for such Series a certificate signed by the Treasurer or an Assistant Treasurer of the Company stating that the Company intends to exercise such optional right and specifying the amount which the Company intends to pay on such sinking fund payment date. If the Company fails to deliver such certificate at or before the time provided above, the Company shall not be permitted to make any optional sinking fund payment with respect to such sinking fund payment date. To the extent that such right is not exercised in any year it shall not be cumulative or carried forward to any subsequent year.

If the sinking fund payment or payments (mandatory or optional) made in cash plus any unused balance of any preceding sinking fund payments made in cash shall exceed \$50,000 (or a lesser sum if the Company shall so request) with respect to the Securities of any particular series, it shall be applied by the Trustee or one or more paying agents on the next succeeding sinking fund payment date to the redemption of Securities of such series at the sinking fund redemption price together with accrued interest to the date fixed for redemption. The Trustee shall select, in the manner provided in Section 14.02, for redemption on such sinking fund payment date a sufficient principal amount of Securities of such series to absorb said cash, as nearly as may be, and the Trustee shall, at the expense and in the name of the Company, thereupon cause notice of redemption of Securities of such series to be given in substantially the manner and with the effect provided in Sections 14.02 and 14.03 for the redemption of Securities of that series in part at the option of the Company, except that the notice of redemption shall also state that the Securities of such series are being redeemed for the sinking fund. Any sinking fund moneys not so applied or allocated by the Trustee or any paying agent to the redemption of Securities of that series shall be added to the next cash sinking fund payment received by the Trustee or such paying agent and, together with such payment, shall be applied in accordance with the provisions of this Section

14.04. Any and all sinking fund moneys held by the Trustee or any paying agent on the maturity date of the securities of any particular series, and not held for the payment or redemption of particular Securities of such series, shall be applied by the Trustee or such paying agent, together with other moneys, if

necessary, to be deposited sufficient for the purpose, to the payment of the principal of the Securities of that series at maturity.

On or before each sinking fund payment date, the Company shall pay to the Trustee or to one or more paying agents in cash a sum equal to all interest accrued to the date fixed for redemption on Securities to be redeemed on the next following sinking fund payment date pursuant to this Section.

Neither the Trustee nor any paying agent shall redeem any Securities of a series with sinking fund moneys, and the Trustee shall not mail any notice of redemption of Securities of such series by operation of the sinking fund, during the continuance of a default in payment of interest on such Securities or of any Event of Default (other than an Event of Default occurring as a consequence of this paragraph) with respect to such Securities, except that if the notice of redemption of any Securities shall theretofore have been mailed in accordance with the provisions hereof, the Trustee or any paying agent shall redeem such Securities if cash sufficient for that purpose shall be deposited with the Trustee or such paying agent for that purpose in accordance with the terms of this Article Fourteen. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such default or Event of Default shall occur and any moneys thereafter paid into the sinking fund shall, during the continuance of such default or Event of Default, be held as security for the payment of all Securities of such series; provided, however, that in case such Event of Default or default shall have been cured or waived as provided herein, such moneys shall thereafter be applied on the next succeeding sinking fund payment date on which such moneys may be applied pursuant to the provisions of this Section 14.04.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

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

MASCO CORPORATION
Company

By RICHARD G. MOSTELLER
Senior Vice President-Finance
[CORPORATE SEAL]

Attest:

JOHN R. LEEKLEY
Assistant Secretary

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
Trustee

By J. N. CREAN

Trust Officer J. N. Crean
[CORPORATE SEAL]

Attest:

G. J. CASTELLANO

Assistant Trust Officer
G. J. Castellano

STATE OF MICHIGAN) SS.:
COUNTY OF WAYNE)

On the 20th day of November, 1985, before me personally came Richard G. Mosteller, to me known, who, being by me duly sworn, did depose and say that he resides at 531 Brentwood Dr., Dearborn, Mi.; that he is Senior Vice President-Finance of MASCO CORPORATION, the corporation described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

DIANE G. SALESKI
Notary Public

DIANE G. SALESKI

Notary Public, Wayne County, Mi.
My Commission Expires May 18,

1986

[NOTARIAL SEAL]

STATE OF NEW YORK) SS. :
COUNTY OF NEW YORK)

On the 21st day of November, 1985, before me personally came J. N. Crean, to me known, who, being by me duly sworn, did depose and say that he resides at 837 Franklin Turnpike, Allendale, N.J. 07401; that he is a Trust Officer of MORGAN GUARANTY TRUST COMPANY OF NEW YORK, one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

KAM LAW
Notary Public

KAM LAW
Notary Public, State of New York
No. 4823386
Qualified in New York County
My Commission Expires March 30, 1987

[NOTARIAL SEAL]

**RESOLUTIONS
OF THE
PRICING COMMITTEE
OF THE
BOARD OF DIRECTORS
OF MASCO CORPORATION**
(September 24, 1991)

WHEREAS, the Company has filed Registration Statements (No. 33-19168 and No. 33-40067) on Form S-3 with the Securities and Exchange Commission, which are in effect;

WHEREAS, the Company desires to create an additional series of securities under the Indenture dated as of December 1, 1982 (the "Indenture"), with Morgan Guaranty Trust Company of New York, as trustee (the "Trustee"), providing for the issuance from time to time of unsecured debentures, notes or other evidences of indebtedness of this Company ("Securities") in one or more series under such Indenture; and

WHEREAS, capitalized terms used in these resolutions and not otherwise defined are used with the same meaning ascribed to such terms in the Indenture;

THEREFORE RESOLVED, that there is established a series of Securities under the Indenture, the terms of which shall be as follows:

1. The Securities of such series shall be designated as the "9% Notes Due October 1, 2001".
2. The aggregate principal amount of Securities of such series which may be authenticated and delivered under the Indenture is limited to One Hundred Seventy-Five Million Dollars (\$175,000,000), except for Securities of such series authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Sections 2.07, 2.08, 2.09, 9.04 or 14.03 of the Indenture.
3. The date on which the principal of the Securities of such series shall be payable is October 1, 2001.
4. The Securities of such series shall bear interest from October 1, 1991, at the rate of 9% per annum, payable semi-annually on April 1 and October 1 of each year commencing on April 1, 1992, until the principal thereof is paid or made available for payment. The March 15 or September 15 (whether or not a business day), as the case may be, next preceding each such interest payment date shall be the "record date" for the determination of holders to whom interest is payable.
5. The principal of and interest on the Securities of such series shall be payable at the office or agency of this Company maintained for such purpose under Section 3.02 of the Indenture in the Borough of Manhattan, The City of New York,

or at any other office or agency designated by the Company, for such purpose pursuant to the Indenture; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear on the Company's registry books.

6. The Securities of such series shall not be redeemable prior to maturity.

7. The Securities of such series shall be issuable in denominations of One Thousand Dollars (\$1,000) and any integral multiples thereof.

8. The Securities shall be issuable at a price such that this Company shall receive \$173,818,750 (plus accrued interest, if any, from October 1, 1991) after discount of \$1,181,250.

FURTHER RESOLVED, that the Securities of such series are declared to be issued under the Indenture and subject to the provisions hereof;

FURTHER RESOLVED, that the Chairman of the Board or the President and the Secretary or any Assistant Secretary of the Company is authorized, on the Company's behalf and in its name and under its seal (which may be in the form of a facsimile of the seal of the Company) to execute \$175,000,000 aggregate principal amount of the Securities of such series (and in addition Securities to replace lost, stolen, mutilated or destroyed Securities and Securities required for exchange, substitution or transfer, all as provided in the Indenture) in fully registered form in substantially the form of the note filed as an exhibit to the Company's Registration Statement on Form S-3 (No. 33-40067), but with such changes and insertions therein as are appropriate to conform the Notes to the terms set forth herein or otherwise as the respective officers executing the Securities shall approve and as are not inconsistent with these resolutions, such approval to be conclusively evidenced by such officer's execution and delivery of such Securities, and to deliver such Securities to the Trustee for authentication, and the Trustee is authorized and directed thereupon to authenticate and deliver the same to or upon the written order of this Company as provided in the Indenture;

FURTHER RESOLVED, that the signatures of the Company officers so authorized to execute the Securities of such series may be the manual or facsimile signatures of the present or any future authorized officers and may be imprinted or otherwise reproduced thereon, and the Company for such purpose adopts each facsimile signature as binding upon it notwithstanding the fact that at the time the respective Securities shall be authenticated and delivered or disposed of, the individual so signing shall have ceased to hold such office;

FURTHER RESOLVED, that Salomon Brothers Inc. and Smith Barney, Harris Upham & Co. Incorporated are appointed as the underwriters for the issuance and sale of the Securities of such series, and the Chairman of the Board, the President or any Vice President of the Company is authorized, in the Company's name and on its behalf, to execute and deliver an Underwriting Agreement, substantially in the form heretofore approved by the Company's Board of Directors, with such underwriters, with such changes and insertions therein as are appropriate to conform such Underwriting Agreement to the terms set forth herein or otherwise as the officer executing such

Underwriting Agreement shall approve and as are not inconsistent with these resolutions, such approval to be conclusively evidenced by such officer's execution and delivery of the Underwriting Agreement;

FURTHER RESOLVED, that Morgan Guaranty Trust Company of New York, the Trustee under the Indenture, is appointed trustee for Securities of such series, and as Agent of this Company for the purpose of effecting the registration, transfer and exchange of the Securities of such series as provided in the Indenture, and the corporate trust office of Morgan Guaranty Trust Company of New York in the Borough of Manhattan, The City of New York is designated pursuant to the Indenture as the office or agency of the Company where such Securities may be presented for registration, transfer and exchange and where notices and demands to or upon this Company in respect of the Securities and the Indenture may be served;

FURTHER RESOLVED, that Morgan Guaranty Trust Company of New York is appointed Paying Agent of this Company for the payment of interest on the principal of the Securities of such series, and the corporate trust office of Morgan Guaranty Trust Company of New York, is designated, pursuant to the Indenture, as the office or agency of the Company where Securities may be presented for payment; and

FURTHER RESOLVED, that each of the Company's officers is authorized and directed, on behalf of the Company and in its name, to do or cause to be done everything such officer deems advisable to effect the sale and delivery of the Securities of such series pursuant to the Underwriting Agreement and otherwise to carry out the Company's obligations under the Underwriting Agreement, and to do or cause to be done everything and to execute and deliver all documents as such officer deems advisable in connection with the execution and delivery of the Underwriting Agreement and the execution, authentication and delivery of such Securities (including, without limiting the generality of the foregoing, delivery to the Trustee of the Securities for authentication and of requests or orders for the authentication and delivery of Securities).

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REGISTERED
REGISTERED

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MASCO CORPORATION CUSIP 574599 AK 2

9% NOTE DUE OCTOBER 1, 2001

Masco Corporation, a corporation duly organized and existing under the laws of the State of Delaware (herein referred to as the "Company"), for value received, hereby promises to pay to SEE REVERSE FOR CERTAIN DEFINITIONS

9%	9%
DUE	DUE
2001	
2001	

or registered assigns, at the office or agency of the Company in the Borough of Manhattan, The City of New York, the principal sum of

DOLLARS

on October 1, 2001, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semi-annually on April 1 and October 1 of each year, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Note, from April 1 or October 1, as the case may be, next preceding the date of this Note to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Note, or unless no interest has been paid or duly provided for on the Notes since the original issue date (as defined in the Indenture referred to on the reverse hereof) of this Note, in which case from April 1 or October 1 next preceding such original issue date or if the original issue date is an April 1 or October 1 then from such original issue date, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, if the date hereof is after March 15 or September 15, as the case may be, and before the following April 1 or October 1, this Note shall bear interest from such April 1 or October 1; provided, however, that if the Company shall default in the payment of interest on such April 1 or October 1, then this Note shall bear interest from the next preceding April 1 or October 1 to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Notes since the original issue date (as defined in such Indenture) of this Note, from the April 1 or October 1 next preceding such original issue date unless the original issue date is an April 1 or October 1, in which case from the original issue date hereof. The interest so payable on any April 1 or October 1 will, subject to certain exceptions provided in such Indenture, be paid to the person in whose name this Note is registered at the close of business on the March 15 or September 15, as the case may be, next preceding such April 1 or October 1, whether or not such March 15 or September 15 is a business day, and may, at the option of the Company, be paid by check mailed to the registered address of such person.

Reference is made to the further provisions of this Note set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place. This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by or on behalf of the Trustee under such Indenture.

In Witness Whereof, Masco Corporation has caused this instrument to be executed in its corporate name by the facsimile signature of its Chairman of the Board or its President and imprinted with a facsimile of its corporate seal, attested by the facsimile signature of its Secretary or an Assistant Secretary.

CERTIFICATE OF AUTHENTICATION

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This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated

Masco Corporation
MORGAN GUARANTY TRUST COMPANY OF NEW YORK

ATTEST:

BY:

AS TRUSTEE

AUTHORIZED OFFICER

SECRETARY

CHAIRMAN OF THE BOARD

[Masco Corporation Corporate Seal Delaware]

**MASCO CORPORATION
9% NOTE DUE OCTOBER 1, 2001**

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This Note is one of a duly authorized issue of debentures, notes, bonds or other evidences of indebtedness of the Company (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of December 1, 1982 (herein called the "Indenture"), duly executed and delivered by the Company to Morgan Guaranty Trust Company of New York, Trustee (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and holders of the Securities. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), may be subject to different sinking, purchase or analogous funds (if any), may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided. This Note is one of a series designated as the 9% Notes Due October 1, 2001 of the Company, limited in aggregate principal amount to \$175,000,000.

In case an Event of Default with respect to the 9% Notes Due October 1, 2001 shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding of all series to be affected (voting as a class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or any supplemental indenture or modifying in any manner the rights of the holders of the Securities of each such series; provided, however, that no such supplemental indenture shall (i) extend the final maturity of any Security, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or any premium thereon, or reduce any amount payable on redemption thereof or make the principal thereof or any interest or premium thereon payable in any coin or currency other than that hereinbefore provided, or impair or affect the right of any holder to institute suit for payment thereof or the right repayment, if any, at the option of the holder, without the consent of the holder of each Security so affected, or (ii) reduce the aforesaid principal amount of the Securities of all series to be affected, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Securities so affected then outstanding. It is also provided in the Indenture that, with respect to certain defaults or Events of Default regarding the Securities of any series, prior to any declaration accelerating the maturity of such Securities, the holders of a majority in aggregate principal amount of the Securities of such series at the time outstanding (or, in the case of certain defaults or Events of Default, all the Securities) may on behalf of the holders of all of the Securities of such series (or all the Securities, as the case may be) waive any such past default or Event of Default under the Indenture and its consequences except a default in the payment of principal of, premium, if any, or interest, if any, on any of the Securities. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or transfer hereof or in substitution hereof, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

The Notes are issuable in registered form without coupons in denominations of \$1,000 and any multiple of \$1,000. Upon due presentment for registration of transfer of this Note at the office or agency of the Company for such registration in the Borough of Manhattan, The City of New York, or any other location or locations as may be provided for pursuant to the Indenture, a new Note or Notes of authorized denominations for any equal aggregate principal amount will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Notes may not be redeemed prior to maturity.

The Company, the Trustee and any agent of the Company or the Trustee may deem and treat the holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon), for the purpose of receiving payment of or on account of the principal hereof and, subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Company nor the Trustee nor any such agent shall be affected by any notice to the contrary. All payments made to or upon the order of such holder shall, to the extent of the sum or sums paid, effectually satisfy and discharge liability for moneys payable on this Note.

No recourse for the payment of the principal of, or premium, if any, or interest on this Note, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

All terms used in this Note which are defined in the Indenture shall have the respective meanings ascribed to them therein.

This Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of that State.

The following abbreviations, where such abbreviations appear on this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--as tenants in common	UNIF GIFT MIN
ACT- ...Custodian.....		
TEN ENT	--as tenants by the entireties	
(Cust)		
(Minor)	JT TEN	
	--as joint tenants with right of	
	under Uniform Gifts to Minors	

survivorship and not as tenants Act.....

in common

(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers
**unto PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE**

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

the within Note of MASCO CORPORATION and hereby does irrevocably constitute and appoint

Attorney

to transfer the said Note on the books of the within-named Company, with full power of substitution in the premises

Dated _____

**NOTICE: THE
SIGNATURE TO THIS
ASSIGNMENT MUST
CORRESPOND WITH THE
NAME AS WRITTEN UPON
THE FACE OF THE
CERTIFICATE IN EVERY
PARTICULAR WITHOUT
ALTERATION OR
ENLARGEMENT OR ANY
CHANGE WHATEVER**

1
EXHIBIT 4.b

[CONFORMED COPY]

MASCO CORPORATION

AND

**CITIBANK, N.A.,
Trustee**

**INDENTURE
Dated as of December 1, 1982**

2

TIE-SHEET*

of provisions of Trust Indenture Act of 1939 with Indenture dated as of December 1, 1982 between Masco Corporation and Citibank, N.A.,
Trustee:

Section of Act Indenture ----- -----	Section of
310(a)(1) and (2)	8.09
310(a)(3) and (4)	Not applicable
310(b)	8.08 and 8.10(a)(b) and (d)
310(c)	Not applicable
311(a) and (b)	8.13
311(c)	Not applicable
312(a)	6.01 and 6.02(a)
312(b) and (c)	6.02(b) and (c)
313(a)	6.04(a)
313(b)(1)	Not applicable
313(b)(2)	6.04(b)
313(c)	6.04(c)
313(d)	6.04(d)
314(a)	6.03
314(b)	Not applicable
314(c)(1) and (2)	15.05
314(c)(3)	Not applicable
314(d)	Not applicable
314(e)	15.05
314(f)	Not applicable
315(a)(c) and (d)	8.01
315(b)	7.08
315(e)	7.09
316(a)(1)	7.01 and 7.07
316(a)(2)	Omitted
316(a) last sentence	9.04
316(b)	7.04
317(a)	7.02
317(b)	5.04(a)
318(a)	15.07

*This tie-sheet is not part of the Indenture as executed.

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THIS INDENTURE, dated as of December 1, 1982, between MASCO CORPORATION, a Delaware corporation (hereinafter sometimes called the "Company"), and CITIBANK, N.A., trustee (hereinafter sometimes called the "Trustee").

WITNESSETH:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue from time to time of its convertible and non-convertible subordinated debentures, notes or other evidence of indebtedness to be issued in one or more series (the "Securities") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture and, to provide the terms and conditions upon which the Securities are to be authenticated, issued and delivered, the Company has duly authorized the execution of this Indenture; and

WHEREAS, all acts and things necessary to make this Indenture a valid agreement according to its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

In consideration of the premises, and the purchase of the Securities by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Securities or of a series thereof, as follows:

**ARTICLE ONE.
DEFINITIONS.**

SECTION 1.01. Definitions. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939, as amended, or which are by reference therein defined in the Securities Act of 1933, as amended, shall (except as herein otherwise expressly provided or unless the context otherwise requires) have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture as originally executed. All accounting terms used herein and not expressly defined shall have the

meanings assigned to such terms in accordance with generally accepted accounting principles and the term "generally accepted accounting principles" means such accounting principles as are generally accepted at the time of any computation. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Authenticating Agent:

The term "Authenticating Agent" shall mean any agent or agents of the Trustee which at the time shall be appointed and acting pursuant to Section 8.14.

Board of Directors:

The term "Board of Directors" shall mean the Board of Directors of the Company or any committee of such Board duly authorized to act for it hereunder.

Common Stock:

The term "Common Stock" shall mean the Common Stock of the Company, \$1 par value, at the date of this Indenture, as such Common Stock may be changed or reclassified from time to time.

Company:

The term "Company" shall mean Masco Corporation, a Delaware corporation, and, subject to the provisions of Article Twelve, shall include its successors and assigns.

Consolidated Net Earnings:

The term "Consolidated Net Earnings" shall mean the consolidated net earnings (or loss) of the Company and its consolidated Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles, after deduction of all charges, including, without limitation, operating expenses, interest amortization of deferred charges, depreciation and taxes (including income and other profits taxes).

Convertible Security or Convertible Securities:

The terms "Convertible Security" or "Convertible Securities" shall mean any series of Securities designated convertible by the resolutions or supplemental indentures referred to in Section 2.03.

Event of Default:

The term "Event of Default" shall mean any event specified in Section 7.01, continued for the period of time, if any, and after the giving of the notice, if any, therein designated.

Indenture:

The term "Indenture" shall mean this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented, or both, and shall include the form and terms of particular series of Securities established as contemplated hereunder; provided, however, that if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities for which such Person is Trustee established as contemplated by Section 2.03, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

Officers' Certificate:

The term "Officers' Certificate" shall mean a certificate signed by the Chairman of the Board, the President or any Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company and delivered to the Trustee. Each such certificate shall include the statements provided for in Section 15.05 if and to the extent required by the provisions of such Section.

Opinion of Counsel:

The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or may be other counsel acceptable to the Trustee. Each such opinion shall include the statements provided for in Section 15.05 if and to the extent required by the provisions of such Section.

Original Issue Date:

The term "Original Issue Date" or "original issue date" of any Security (or any portion thereof) shall mean the earlier of (a) the date of such Security or (b) the date of any Security (or portion thereof) for which such Security was issued (directly or indirectly) on registration of transfer, exchange or substitution.

Person:

The term "Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal Office of the Trustee:

The term "principal office of the Trustee", or other similar term, shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall principally be administered, which office may be in more than one location within the same city.

Responsible Officer:

The term "Responsible Officer", when used with respect to the Trustee, shall mean the chairman or any vice chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any senior trust officer, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other employee to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

Security or Securities; Outstanding:

The terms "Security" or "Securities" shall have the meaning stated in the first recital of this Indenture and more particularly means any security or securities, as the case may be, authenticated and delivered under this Indenture, whether convertible or non-convertible into shares of Common

Stock; provided, however, that if at any time there is more than one Person acting as Trustee under this instrument, "Security" or "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this instrument and shall more particularly mean any securities, as the case may be, authenticated and delivered under this instrument, whether convertible or non-convertible into shares of Common Stock, exclusive, however, of securities of any series as to which such Person is not Trustee.

The term "outstanding" (except as otherwise provided in Section 8.08), when used with reference to Securities, shall, subject to the provisions of Section 9.04, mean, as of any particular time, all Securities authenticated and delivered by the Trustee or the Authenticating Agent under this Indenture, except

- (a) Securities theretofore cancelled by the Trustee or the Authenticating Agent or delivered to the Trustee for cancellation;
- (b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); provided that, if such Securities, or portions thereof, are to be redeemed prior to maturity thereof, notice of such redemption shall have been given as in Article Sixteen provided or provisions satisfactory to the Trustee shall have been made for giving such notice; and
- (c) Securities paid or in lieu of or in substitution for which other Securities shall have been authenticated and delivered pursuant to the terms of Section 2.08 unless proof satisfactory to the Company and the Trustee is presented that any such Securities are held by bona fide holders in due course.

Securityholder:

The terms "Securityholder", "holder of Securities" or "Holder", or other similar terms, shall mean any person in whose name at the time a particular Security is registered on the register kept by the Company or the Trustee for that purpose in accordance with the terms hereof

Senior Indebtedness:

The term "Senior Indebtedness" shall mean (a) all indebtedness of the Company for money borrowed (including without limitation obligations of the Company in respect of overdrafts, foreign exchange contracts, letters of credit, bankers' acceptances, or any loan or advance from a bank whether or not evidenced by promissory notes or other instruments) or incurred in connection with the acquisition of property, whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, except such indebtedness as is by its terms expressly stated to be not superior in right of payment to the Securities or to rank pari passu with the Securities and (b) any deferrals, renewals or extensions of any such Senior Indebtedness, or debentures, notes or other evidences of indebtedness issued in exchange for such Senior Indebtedness. The term "indebtedness of the Company for money borrowed" as used in the foregoing sentence shall mean any obligation of the Company (and any guaranty, endorsement or other contingent obligation of the Company in respect of, or to purchase or otherwise acquire, any obligation of another) for borrowed money evidenced by notes or other written obligations, and any indebtedness of the Company evidenced by bonds, notes or debentures or other similar instruments. The term "indebtedness of the Company incurred in connection with the acquisition of property" as used in the first sentence of this definition shall mean any purchase money obligation (whether or not secured by any lien or other security interest) created or assumed as all or part of the consideration for the acquisition of property whether by purchase, merger, consolidation or otherwise (but not including any account payable or any other obligation created or assumed by the Company in the ordinary course of business in connection with the obtaining of materials or services).

Subsidiary:

The term "Subsidiary" shall mean any corporation of which at least a majority of the outstanding stock having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (excluding in the computation of such percentage stock of any class or classes of such corporation which has or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the Company, or by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

Trustee:

The term "Trustee" shall mean the Person identified as "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; provided, however, that if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

Trust Indenture Act of 1939:

The term "Trust Indenture Act of 1939" shall mean the Trust Indenture Act of 1939 as in force at the date of execution of this Indenture, except as provided in Sections 2.03 and 11.03.

ARTICLE TWO.**SECURITIES**

SECTION 2.01. Forms Generally. The Securities of each series shall be in substantially the form as shall be established by or pursuant to a resolution of the Board of Directors or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any law or with any rules made pursuant thereto or with any rules of any securities exchange or all as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02 Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication on all Securities shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

CITIBANK, N.A., as Trustee

By
Authorized Officer

SECTION 2.03. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities shall rank equally and pari passu and may be issued in one or more series. There shall be established in or pursuant to a resolution of the Board of Directors or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

- (1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);
- (2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 2.07, 2.08, 2.09, 11.04 or 16.03);
- (3) the date or dates on which the principal of and premium, if any, on the Securities of the series is payable;
- (4) the rate or rates at which the Securities of the series shall bear interest, or the method by which such interest may be determined, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record dates for the determination of holders to whom interest is payable;
- (5) the place or places where the principal of, and premium, if any, and interest on Securities of the series shall be payable;
- (6) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, pursuant to any Sinking Fund or otherwise;

- (7) the obligation, if any, of the Company to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Securityholder thereof and the price or prices at which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;
- (8) the right, if any, of the Company to discharge the Indenture as to the Securities of the series pursuant to Section 13.01 (c) or to limit the Indenture as to the Securities of the series pursuant to the last sentence of Section 13.01 (and if any sinking fund is applicable to such series, the obligations of such sinking fund shall survive and be provided for upon the discharge of the Indenture pursuant to Section 13.01 (c) or the limitation of the Indenture pursuant to the last sentence of Section 13.01).
- (9) if other than denominations of \$1,000 and any multiple thereof, the denominations in which Securities of the series shall be issuable;
- (10) any Events of Default with respect to the Securities of a particular series, in addition to or in lieu of those set forth herein;
- (11) any trustees, authenticating or paying agents, warrant agents, transfer agents, conversion agents (if such Securities are Convertible Securities) or registrars with respect to the Securities of such series;
- (12) the applicable initial conversion price if such Securities are Convertible Securities, the dates on or subsequent to which such Securities are convertible and the date such Securities cease to be convertible; and
- (13) any other terms of the series (which terms shall conform to the requirements of the Trust Indenture Act of 1939 as then in effect, shall not adversely affect the rights of the Securityholders of any other Securities then outstanding and shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such resolution of the Board of Directors or in any such indenture supplemental hereto.

SECTION 2.04. Authentication and Delivery. At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Securities to or upon the written order of the Company, signed by its Chairman of the Board of Directors, President, any Vice President, its Treasurer or Assistant Treasurer or its Secretary or an Assistant Secretary without any further action by the Company hereunder. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Sections 8.01 and 8.02) shall be fully protected in relying upon:

- (1) a copy of any resolution or resolutions of the Board of Directors relating thereto and, if applicable, an appropriate record of any action taken pursuant to such resolution, in each case certified by the Secretary or an Assistant Secretary of the Company;
- (2) an executed supplemental indenture, if any;
- (3) an Officers' Certificate prepared in accordance with Section 15.05 setting forth the form and terms of the Securities as required pursuant to Sections 2.01 and 2.03, respectively; and
- (4) an Opinion of Counsel prepared in accordance with Section 15.05 which shall also state
 - (a) that the form of such Securities has been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.01 in conformity with the provisions of this Indenture;
 - (b) that the terms of such Securities have been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.03 in conformity with the provisions of this Indenture;
 - (c) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company;
 - (d) that all laws and requirements in respect of the execution and delivery by the Company of the Securities have been complied

with and that authentication and delivery of the Securities by the Trustee will not violate the terms of this Indenture; and

(e) such other matters as the Trustee may reasonably request.

The Trustee shall have the right to decline to authenticate and deliver any Securities under this Section if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or vice presidents shall determine that such action would expose the Trustee to personal liability to existing holders.

SECTION 2.05. Date and Denomination of Securities. The Securities shall be issuable as registered Securities without coupons and in such denominations as shall be specified as contemplated by Section 2.03. In the absence of any such specification with respect to the Securities of any series, the Securities of such series shall be issuable in the denominations of \$1,000 and any multiple thereof. The Securities shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Company executing the same may determine with the approval of the Trustee as evidenced by the execution and authentication thereof.

Every Security shall be dated the date of its authentication, shall bear interest from such date and shall be payable on such dates, in each case, as contemplated by Section 2.03.

The person in whose name any Security of any series is registered at the close of business on any record date (as hereinafter defined) with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such Security upon any transfer, exchange or conversion subsequent to the record date and prior to such interest payment date; provided, however, that if and to the extent the Company shall default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose names outstanding Securities are registered on a subsequent record date established by notice given by mail by or on behalf of the Company to the holders of Securities and the Trustee not less than 15 days preceding such subsequent record date, such subsequent record date to be not less than ten days preceding the date of payment of such defaulted interest. The term

"record date" as used in this Section with respect to any interest payment date shall mean if such interest payment date is the first day of a calendar month, the fifteenth day of the next preceding calendar month and shall mean, if such interest payment date is the fifteenth day of a calendar month, the first day of such calendar month, whether or not such record date is a business day.

SECTION 2.06. Execution of Securities. The Securities shall be signed in the name and on behalf of the Company by the facsimile signature of its Chairman of the Board or its President and imprinted with a facsimile of its corporate seal, and attested by the facsimile signature of its Secretary or an Assistant Secretary. Each such signature upon the Securities may be in the form of a facsimile signature of any such officer and may be imprinted or otherwise reproduced on the Securities and for that purpose the Company may adopt and use the facsimile signature of any person who has been or is such officer, and in case any such officer of the Company signing any of the Securities shall cease to be such officer before the Securities so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Securities nevertheless may be authenticated and delivered or disposed of as though such person had not ceased to be such officer of the Company. Only such Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee or the Authenticating Agent, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee or the Authenticating Agent upon any Security executed by the Company shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

SECTION 2.07. Exchange and Registration of Transfer of Securities. Securities of any series may be exchanged for a like aggregate principal amount of Securities of the same series of other authorized denominations. Securities to be exchanged may be surrendered at the principal office of the Trustee or at any office or agency to be maintained by the Company for such purpose as provided in Section 5.02, and the Company or the Trustee shall execute and register and the Trustee or the Authenticating Agent shall authenticate and deliver in exchange therefor the Security or Securities which the Securityholder making the exchange shall be entitled to receive.

Upon due presentment for registration of transfer of any Security of any series at the principal office of the Trustee or at any office or agency of the Company maintained for such purpose as provided in Section 5.02, the Company or the Trustee shall execute and register and the Trustee or the Authenticating Agent shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of the same series for a like aggregate principal amount. Registration or registration of transfer of any Security by the Trustee or by any agent of the Company appointed pursuant to Section 5.02, and delivery of such Security, shall be deemed to complete the registration or registration of transfer of such Security.

The Company or the Trustee shall keep, at the principal office of the Trustee, a register for each series of Securities issued hereunder in which, subject to such reasonable regulations as it may prescribe, the Company or the Trustee shall register all Securities and shall register the transfer of all Securities as in this Article Two provided. Such register shall be in written form or in any other form capable of being converted into written form within a reasonable time.

All Securities presented for registration of transfer or for exchange or payment shall (if so required by the Company or the Trustee or the Authenticating Agent) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee or the Authenticating Agent duly executed by, the holder or his attorney duly authorized in writing.

No service charge shall be made for any exchange or registration of transfer of Securities, but the Company or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Company or the Trustee shall not be required to exchange or register a transfer of (a) any Security of a series for a period of 15 days next preceding the date of selection of Securities of such series for redemption, or (b) any Securities of any series selected, called or being called for redemption in whole or in part, except, in the case of any Securities of any series to be redeemed in part, the portion thereof not so to be redeemed.

SECTION 2.08. Mutilated, Destroyed, Lost or Stolen Securities. In case any temporary or definitive Security shall become mutilated or be destroyed, lost or stolen, the Company in the case of a mutilated Security shall,

and in the case of a lost, stolen or destroyed Security may in its discretion, execute, and upon its request the Trustee shall authenticate and deliver, a new Security of the same series bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated Security, or in lieu of and in substitution for the Security so destroyed, lost or stolen. In every case the applicant for a substituted Security shall furnish to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and the Trustee evidence to their satisfaction of the destruction, loss or theft of such Security and of the ownership thereof.

The Trustee may authenticate any such substituted Security and deliver the same upon the written request or authorization of any officer of the Company. Upon the issuance of any substituted Security, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith and in addition a further sum not exceeding two dollars for each Security so issued in substitution. In case any Security which has matured or is about to mature or has been called for redemption in full shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Security) if the applicant for such payment shall furnish to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless and, in case of destruction, loss or theft, evidence satisfactory to the Company and to the Trustee of the destruction, loss or theft of such Security and of the ownership thereof.

Every substituted Security of any series issued pursuant to the provisions of this Section 2.08 by virtue of the fact that any such Security is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of the same series duly issued hereunder. All Securities shall be held and owned upon the express condition that, to the extent permitted by applicable law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities and shall

preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.09. Temporary Securities. Pending the preparation of definitive Securities of any series the Company may execute and the Trustee shall authenticate and deliver temporary Securities (printed or lithographed). Temporary Securities shall be issuable in any authorized denomination, and substantially in the form of the definitive Securities but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Company. Every such temporary Security shall be executed by the Company and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the definitive Securities. Without unreasonable delay the Company will execute and deliver to the Trustee or the Authenticating Agent definitive Securities and thereupon any or all temporary Securities of such series may be surrendered in exchange therefor, at the principal office of the Trustee or at any office or agency maintained by the Company for such purpose as provided in Section 5.02, and the Trustee or the Authenticating Agent shall authenticate and deliver in exchange for such temporary Securities a like aggregate principal amount of such definitive Securities. Such exchange shall be made by the Company at its own expense and without any charge therefor except that in case of any such exchange involving a registration of transfer the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series authenticated and delivered hereunder.

SECTION 2.10. Cancellation of Securities Paid, etc. All Securities surrendered for the purpose of payment, redemption, exchange or registration of transfer shall, if surrendered to the Company or any paying agent, be surrendered to the Trustee and promptly cancelled by it, or, if surrendered to the Trustee or any Authenticating Agent, shall be promptly cancelled by it, and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. All Securities cancelled

by any Authenticating Agent shall be delivered to the Trustee. The Trustee shall destroy cancelled Securities and shall deliver a certificate of such destruction to the Company. If the Company shall acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation.

ARTICLE THREE.

CONVERSION OF SECURITIES.

SECTION 3.01. Conversion Privilege. Subject to and upon compliance with the provisions of this Article Three, the holder of any Convertible Security shall have the right, at his option, at any date on or subsequent to which such Convertible Security is convertible up to the date on which such Convertible Security ceases to be convertible (or if such Convertible Security is called for redemption prior to such date such Convertible Security ceases to be convertible then, in respect of such Convertible Security, to and including but not after the close of business on the date fixed for such redemption, unless the Company shall default in the payment due upon redemption thereof) as set forth in the resolutions or supplemental indenture relating to such series of Convertible Securities referred to in Section 2.03 to convert the principal amount of such Convertible Security into the whole number of fully paid and non-assessable shares of Common Stock obtained by dividing the principal amount of the Convertible Security to be converted by the Conversion Price for such series.

SECTION 3.02. Manner of Exercise of Conversion Privilege. In order to exercise the conversion privilege, the holder of any Convertible Security to be converted shall surrender such Convertible Security at the office or agency to be maintained by the Company pursuant to Section 5.02 for the conversion of Convertible Securities, and shall give written notice to the Company in the form provided on the Security at such office or agency that the holder elects to convert such Convertible Security and, if so required by the Company, accompanied by instruments of transfer, in form satisfactory to the Company and to the Trustee, duly executed by the Holder or his duly authorized attorney in writing. Convertible Securities, of any series, surrendered for conversion during the period from the close of business on any record date (as defined in Section 2.05) for the payment of interest on

such series of Convertible Securities to the opening of business on the interest payment date (as defined in Section 2.05) of such series for such interest shall (except in the case of Convertible Securities which have been called for redemption on a redemption date within such period) be accompanied by payment in New York Clearing House funds or other funds acceptable to the Company of an amount equal to the interest payable on such interest payment date on the principal amount of Convertible Securities being surrendered for conversion. Said notice shall state the name or names (with addresses) in which the certificate or certificates for shares of Common Stock which shall be issuable on such conversion shall be issued. As promptly as practicable after the surrender of such Convertible Security and the receipt of such notice, as aforesaid, the Company shall, subject to the provisions of Section 3.08, issue and deliver at such office or agency to such holder, or on his written order, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion of Convertible Securities in accordance with the provisions of this Article and cash, as provided in Section 3.03, in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date (herein called the "Date of Conversion") on which such notice shall have been received by the Company and such Convertible Security shall have been surrendered as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on the Date of Conversion the holder or holders of record of the shares represented thereby; provided, however, that any such surrender on any date when the stock transfer books of the Company shall be closed shall constitute the person or persons in whose name or names the certificate or certificates for such shares are to be issued as the record holder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open but such conversion shall nevertheless be at the conversion price in effect at the close of business on the date when such Convertible Security shall have been so surrendered with the conversion notice, and such Convertible Security shall cease to bear interest on such date. Subject to the foregoing and to the last paragraph of Section 2.05, no payment or adjustment shall be made upon conversion on account of any interest accrued on any Convertible Security converted or for dividends or distributions on any shares of Common Stock issued upon conversion of any Convertible Security.

SECTION 3.03. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversions of Convertible Securities. If more than one Convertible Security shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Convertible Securities so surrendered. Instead of any fractional interest in a share of Common Stock which would otherwise be issuable upon conversion of any Convertible Security or Convertible Securities, the Company shall pay a cash adjustment in respect of such fractional interest to the nearest one-hundredth of a share in an amount equal to the market value of such fractional interest on the Date of Conversion. In such event, the market value of a share of Common Stock shall be (i) if the Common Stock is listed or admitted to trading on a national securities exchange, the closing price on the NYSE-Consolidated Tape (or any successor composite tape reporting transactions on national securities exchanges) or, if such a composite tape shall not be in use or shall not report transactions in the Common Stock, the last reported sales price regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading (which shall be the national securities exchange on which the greatest number of shares of the Common Stock has been traded during the preceding 30 consecutive trading days), or, if there is no transaction on any such day in any such situation, the mean of the bid and asked prices on such day or (ii), if the Common Stock is not listed or admitted to trading on any such exchange, the last reported sale price, if reported, or, if no sale occurs on such date or the last reported sale price is not available, the average of the closing bid and asked prices as reported by the National Association of Securities Dealers Automated Quotation System (NASDAQ) or a similar source selected from time to time by the Company for the purpose.

SECTION 3.04. Conversion Price. The Conversion Price for each series of Convertible Securities shall be as specified in the resolution or supplemental indenture or indentures pursuant to which such series is created referred to in Section 2.03, subject to adjustment as provided in this Article Three.

SECTION 3.05. Adjustment of Conversion Price. The Conversion Price for each series shall be adjusted from time to time as follows:

(a) In case the Company shall, while any of the Convertible Securities are outstanding, (i) pay a dividend or make a distribution with respect to its Common Stock in shares of its capital stock (whether shares of Common Stock or of capital stock of any other class), (ii) subdivide its outstanding shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of its shares of Common Stock any shares of capital stock of the Company, the conversion privilege and the Conversion Price for each series of Convertible Securities in effect immediately prior to such action shall be adjusted so that the holder of any Convertible Security thereafter surrendered for conversion shall be entitled to receive the number of shares of capital stock of the Company which he would have owned immediately following such action had such Convertible Security been converted immediately prior thereto. An adjustment made pursuant to this subsection (a) shall become effective immediately after the record date in the case of a dividend and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification. If, as a result of an adjustment made pursuant to this subsection (a), the holder of any Convertible Security thereafter surrendered for conversion shall become entitled to receive shares of two or more classes of capital stock of the Company, the Board of Directors (whose determination shall be conclusive and shall be described in a resolution filed with the Trustee) shall determine the allocation of the adjusted Conversion Price for each series of Convertible Securities between or among shares of such classes of capital stock.

(b) In case the Company shall, while any of the Convertible Securities are outstanding, issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within forty-five days after the record date mentioned below) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share (as determined pursuant to subsection (d) below) on the record date mentioned below, the Conversion Price for each series of Convertible Securities of the Common Stock shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price for such series in effect immediately prior to the date of issuance of such rights or warrants by a fraction of

which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such current market price, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase. Such adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights or warrants.

(c) In case the Company shall, while any of the Convertible Securities are outstanding, distribute to all holders of its Common Stock evidences of its indebtedness or assets (excluding any cash dividends) or rights to subscribe or warrants (excluding those referred to in subsection (b) above), then in each such case the Conversion Price for each series of Convertible Securities of the Common Stock shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price for such series in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the current market price per share (determined as provided in subsection (d) below) of the Common Stock on the record date mentioned below less the then fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive, and described in a resolution filed with the Trustee) of the portion of the assets or evidences of indebtedness so distributed or of such subscription rights or warrants applicable to one share of Common Stock, and the denominator shall be such current market price per share of the Common Stock. Such adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such distribution.

(d) For the purpose of any computation under Subdivisions (b) and (c) above, the current market price per share of Common Stock at any date shall be deemed to be the average of the daily closing prices for the thirty consecutive trading days commencing forty-five trading days before the date in question. The closing price for each day shall be (i) if the Common Stock is listed or admitted to trading on a national securities exchange, the closing price on the NYSE-Consolidated Tape

(or any successor composite tape reporting transactions on national securities exchanges) or, if such a composite tape shall not be in use or shall not report transactions in the Common Stock, the last reported sales price regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading (which shall be the national securities exchange on which the greatest number of shares of the Common Stock has been traded during such 30 consecutive trading days), or, if there is no transaction on any such day in any such situation, the mean of the bid and asked prices on such day or (ii), if the Common Stock is not listed or admitted to trading on any such exchange, the last reported sale price, if reported, or, if no sale occurs on such date or the last reported sale price is not available, the average of the closing bid and asked prices as reported by the National Association of Securities Dealers Automated Quotation System (NASDAQ) or a similar source selected from time to time by the Company for the purpose.

(e) In any case in which this Section 3.05 shall require that an adjustment be made immediately following a record date, the Company may elect to defer (but only until five business days following the filing by the Company with the Trustee of the Officer's Certificate described in subsection (g) below) issuing to the holder of any Convertible Security converted after such record date the shares of Common Stock and other capital stock of the Company issuable upon such conversion over and above the shares of Common Stock and other capital stock of the Company issuable upon such conversion only on the basis of the Conversion Price for the series of Convertible Securities which such Convertible Security is a part prior to such adjustment; and, in lieu of the shares the issuance of which is so deferred, the Company shall issue or cause its transfer agents to issue due bills or other appropriate evidence of the right to receive such shares.

(f) No adjustment in the Conversion Price for any series of Convertible Securities shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this subsection (f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 3.05 shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(g) Whenever the Conversion Price for any series of Convertible Securities is adjusted as herein provided, the Company shall promptly file with the Trustee and each conversion agent an Officers' Certificate setting forth the Conversion Price for such series after such adjustment and setting forth a brief statement of the facts and calculation requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment and cause a notice stating that such adjustment has been effected and the adjusted Conversion Price to be mailed to the holders of Convertible Securities of such series at their last addresses as they shall appear on the Securities register.

(h) The Company may make such reductions in the Conversion Price, in addition to those required by this Section 3.05, as it considers to be advisable in order to avoid or diminish any income tax to any holder of its Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes or for any other reasons.

(i) In the event that at any time as a result of an adjustment made pursuant to subsection (a) above, the holder of any Convertible Security thereafter surrendered for conversion shall become entitled to receive any shares of capital stock of the Company other than shares of its Common Stock, thereafter the Conversion Price for such series of such other shares so receivable upon conversion of any Convertible Securities shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in subsections

(a) through (h) above, and the provisions of Sections 3.01 through

3.04 and of Sections 3.06 through 3.10 with respect to the Common Stock shall apply on like terms to any such other shares.

SECTION 3.06. Merger, Consolidation, etc. If either of the following shall occur, namely: (a) any consolidation or merger to which the Company is a party, other than a consolidation or a merger in which the Company is the continuing corporation and which does not result in any reclassification of, or change (other than a change in par value or from par value to no par value or from no par value to par value, or as a result of a subdivision or combination) in, outstanding shares of the Common Stock, or (b) any sale

or conveyance to another corporation of the assets of the Company as an entirety or substantially as an entirety, then the Company, or such successor or purchasing corporation, as the case may be, shall execute and deliver to the Trustee a supplemental indenture providing that the holder of each Convertible Security then outstanding shall have the right to convert such Convertible Security into the kind and amount of shares of stock and other securities and property (including cash) receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock issuable upon conversion of such Convertible Security immediately prior to such reclassification, change, consolidation, merger, sale or conveyance. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article. The provisions of this Section 3.06 shall similarly apply to successive consolidations, mergers, sales or conveyances.

SECTION 3.07. Notices. In case, at any time while any of the Convertible Securities are outstanding,

- (a) the Company shall declare a dividend (or any other distribution) on its Common Stock, excluding any cash dividends; or
- (b) the Company shall authorize the issuance to all holders of its Common Stock of rights or warrants to subscribe for or purchase shares of its Common Stock or of any other subscription rights or warrants; or
- (c) of any reclassification of Common Stock of the Company (other than a subdivision or combination thereof) or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required (except for a merger of the Company into one of its Subsidiaries solely for the purpose of changing the corporate domicile of the Company to another state of the United States and in connection with which there is no substantive change in the rights or privileges of any securities of the Company other than changes resulting from differences in the corporate statutes of the then existing and the new state of domicile), or of the sale or transfer of all or substantially all of the assets of the Company; or
- (d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of the Convertible Securities pursuant to Section 5.02, and shall cause to be mailed to the holders of Convertible Securities at their last addresses as they shall appear on the Securities register, at least 10 days before the date hereinafter specified (or the earlier of the dates hereinafter specified, in the event that more than one date is specified), a notice stating (i) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (ii) the date on which any such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property (including cash), if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. The failure to give or receive the notice required by this Section 3.07 or any defect therein shall not affect the legality or validity of any such dividend, distribution, right or warrant or other action.

SECTION 3.08. Taxes on Conversions. The Company will pay any and all documentary, stamp or similar taxes payable to the United States of America or any political subdivision or taxing authority thereof or therein in respect of the issue or delivery of shares of Common Stock on conversion of Convertible Securities pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the Convertible Securities to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

SECTION 3.09. Company to Provide Stock. The Company covenants that there shall be reserved, free from pre-emptive rights, out of authorized but unissued shares of Common Stock, sufficient shares to provide for the conversion of the Convertible Securities from time to time as such Convertible Securities are presented for conversion.

If any shares of Common Stock to be reserved for the purpose of conversion of Convertible Securities hereunder require registration with or approval of any governmental authority under any Federal or state law before such shares may be validly issued or delivered upon conversion, then the Company covenants that it will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be.

Before any action which would cause an adjustment reducing the Conversion Price for any series of Convertible Securities below the then par value, if any, of the Common Stock, the Company covenants that there will be taken all corporate action which may, in the opinion of its counsel, be necessary in order that there may be validly and legally issued fully paid and non-assessable shares of such Common Stock at such adjusted Conversion Price.

The Company covenants that all shares of Common Stock which may be issued upon conversion of Convertible Securities will upon issue be validly issued, fully paid and non-assessable and free from all liens and charges with respect to the issue or delivery thereof.

SECTION 3. 10. Disclaimer of Responsibility for Certain Matters. Neither the Trustee nor any conversion agent shall at any time be under any duty or responsibility to any holder of Convertible Securities to determine whether any facts exist which may require any adjustment of the Conversion Price for any series of Convertible Securities, or with respect to the Officer's Certificate referred to in Section 3.05(g), or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. Neither the Trustee nor any conversion agent shall be accountable with respect to the registration, validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Convertible Security; and neither the Trustee nor any conversion agent makes any representation with respect thereto. Neither the Trustee nor any conversion agent shall be responsible for any failure of the Company to issue or deliver any shares of Common Stock or stock certificates or other securities, cash or property upon the surrender of any Convertible Security for the purpose of conversion, or, subject to Section 8.01, to comply with any of the covenants of the Company contained in this Article Three.

SECTION 3.11. Return of Funds Deposited for Redemption of Converted Securities. Any funds which at any time shall have been deposited by the Company or on its behalf with the Trustee or any other paying agent for the purpose of paying the principal of, premium, if any, and interest on any of the Convertible Securities and which shall not be required for such purposes because of the conversion of such Convertible Securities, as provided in this Article Three, shall forthwith after such conversion be repaid to the Company by the Trustee or such other paying agent.

SECTION 3.12. Disposition of Converted Securities. All Convertible Securities delivered to the Company or any conversion agent upon conversion pursuant to this Article Three shall be delivered to the Trustee for cancellation.

ARTICLE FOUR.

SUBORDINATION OF SECURITIES.

SECTION 4.01. Agreement to Subordinate. The Company covenants and agrees, and each holder of Securities issued hereunder by his acceptance thereof likewise covenants and agrees, that all Securities issued hereunder shall be issued subject to the provisions of this Article; and each person holding any Security, whether upon original issue or upon transfer or assignment thereof, accepts and agrees to be bound by such provisions. The provisions of this Article are made for the benefit of the holders of Senior Indebtedness, and such holders shall, at any time, be entitled to enforce such provisions against the Company or any Securityholders.

All Securities issued hereunder shall, to the extent and in the manner hereinafter in this Article set forth, be subordinate and junior in right of payment to the prior payment in full of all Senior Indebtedness.

SECTION 4.02. No Payment on Securities if Senior Indebtedness in Default. No payment on account of principal, premium, if any, sinking funds or interest on the Securities shall be made unless full payment of amounts then due for principal, premium, if any, sinking funds and interest on all Senior Indebtedness has been made or duly provided for. No payment (including the making of any deposit in trust with the Trustee in accordance with Section 13.01) on account of principal, premium, if any, sinking funds or interest on the Securities shall be made if, at the time of

such payment or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest with respect to any Senior Indebtedness, or (ii) there shall have occurred an event of default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Senior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holders thereof to accelerate the maturity thereof, and such event of default shall not have been cured or waived or shall not have ceased to exist. The foregoing provision shall not prevent the Trustee from making payments on the Securities from monies or securities deposited with the Trustee pursuant to the terms of Section 13.01 if at the time such deposit was made or immediately after giving effect thereto the conditions in (i) or (ii) of this Section did not exist.

SECTION 4.03. Priority of Senior Indebtedness. In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization under the Federal Bankruptcy Code or any other similar applicable Federal or state law, or other similar proceedings in connection therewith, relative to the Company or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Company or assignment for the benefit of creditors or any other marshalling of assets of the Company, whether or not involving insolvency or bankruptcy, then the holders of Senior Indebtedness shall be entitled to receive payment in full of all principal of and premium, if any, and interest on all Senior Indebtedness including interest on such Senior Indebtedness after the date of filing of a petition or other action commencing such proceeding before the holders of the Securities are entitled to receive any payment on account of the principal of or premium, if any, or interest on the Securities (except that holders of Securities shall be entitled to receive such payments from monies or securities deposited with the Trustee pursuant to the terms of Section 13.01 if at the time such deposit was made or immediately after giving effect thereto the conditions in (i) or (ii) of Section 4.02 did not exist), and any payment or distribution of any kind or character which may be payable or deliverable in any such proceedings in respect of the Securities, except securities which are subordinate and junior in right of payment to the payment of all Senior Indebtedness then outstanding, shall be paid by the person making such payment or distribution directly to the holders of Senior Indebtedness to the

extent necessary to make payment in full of all Senior Indebtedness, after giving effect to any concurrent payment or distribution to the holders of Senior Indebtedness. In the event that any payment or distribution of cash, property or securities shall be received by the Trustee or the holders of the Securities in contravention of this Section before all Senior Indebtedness is paid in full, or provision made for the payment thereof, such payment or distribution shall be held in trust for the benefit of and shall be paid over to the holders of such Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture under which any instrument evidencing any of such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay in full all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

In the event that any Security is declared due and payable before its expressed maturity because of the occurrence of an Event of Default (under circumstances when the provisions of the first paragraph of this Section shall not be applicable), the holders of the Senior Indebtedness outstanding at the time the Securities of such series so become due and payable because of such occurrence of such an Event of Default shall be entitled to receive payment in full of all principal of and premium, if any, and interest on all Senior Indebtedness before the holders of the Securities of such series are entitled to receive any payment on account of the principal of or premium, if any, or interest on the Securities of such series except that holders of Securities of such series shall be entitled to receive payments from monies or securities deposited with the Trustee pursuant to the terms of Section 13.01, if at the time of such deposit no Security of such series had been declared due and payable before its expressed maturity because of the occurrence of an Event of Default.

Nothing in this Section shall apply to claims of, or payments to, the Trustee under or pursuant to Section 8.06.

SECTION 4.04. Company to Give Notice of Certain Events; Reliance by Trustee. The Company shall give prompt written notice to the Trustee of any insolvency or bankruptcy proceedings, any receivership, liquidation, reorganization under the Federal Bankruptcy Code or any other similar applicable Federal or state law, or similar proceedings and any proceedings

for voluntary liquidation, dissolution or winding up of the Company within the meaning of this Article. The Trustee shall be entitled to assume that no such event has occurred unless the Company or any one or more holders of Senior Indebtedness or any trustee therefor has given such notice together with proof satisfactory to the Trustee of such holding of Senior Indebtedness or the authority of such Trustee. Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee, in the absence of its negligence or bad faith and any holder of a Security shall be entitled to rely upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Trustee or to the holders of Securities, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article. In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, as to the extent to which such person is entitled to participate in such payment or distribution and as to other facts pertinent to the rights of such person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such covenants and obligations as are specifically set forth in this Indenture and no implied covenants or obligations with respect to holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee does not have any fiduciary duties to holders of Senior Indebtedness and shall not be liable to any such holders if it shall mistakenly pay over or distribute to holders of Securities or the Company or any other person, moneys or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article or otherwise.

Nothing in this Section shall apply to claims of, or payments to, the Trustee under or pursuant to Section 8.06.

SECTION 4.05. Subrogation of Securities. Subject to the payment in full of all Senior Indebtedness, the holders of the Securities shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Company made on the Senior Indebtedness until the principal of and premium, if any, and interest on the Securities shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the holders of the Securities or the Trustee would be entitled except for the provisions of this Article, and no payment over pursuant to the provisions of this Article to the holders of Senior Indebtedness by holders of the Securities or by the Trustee, shall, as between the Company, its creditors other than the holders of Senior Indebtedness, and the holders of Securities, be deemed to be a payment by the Company to or on account of Senior Indebtedness, and no payments or distributions to the Trustee or the holders of the Securities of cash, property or securities payable or distributable to the holders of the Senior Indebtedness to which the Trustee or the holders of the Securities shall become entitled pursuant to the provisions of this Section, shall, as between the Company, its creditors other than the holders of Senior Indebtedness, and the holders of the Securities, be deemed to be a payment by the Company to the holders of or on account of the Securities.

SECTION 4.06. Company Obligation to Pay Unconditional. The provisions of this Article are solely for the purpose of defining the relative rights of the holders of Senior Indebtedness on the one hand, and the holders of the Securities on the other hand, and nothing herein shall impair, as between the Company and the holders of the Securities, the obligation of the Company, which is unconditional and absolute, to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with the terms of the Securities and this Indenture nor shall anything herein prevent the holders of the Securities or the Trustee from exercising all remedies otherwise permitted by applicable law or under the Securities and this Indenture upon default under the Securities and this Indenture, subject to the rights of holders of Senior Indebtedness under the provisions of this Article to receive cash, property or securities otherwise payable or deliverable to the holders of the Securities.

SECTION 4.07. Authorization of Holders of Securities to Trustee to Effect Subordination. Each holder of Securities by his acceptance thereof authorizes the Trustee in his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 4.08. Notice to Trustee of Facts Prohibiting Payments. Notwithstanding any of the provisions of this Article or any other provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by the Trustee, unless and until the principal office of the Trustee shall have received written notice thereof from the Company or from one or more holders of Senior Indebtedness or from any trustee therefor, together with proof satisfactory to the Trustee of such holding of Senior Indebtedness or the authority of such Trustee, and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 8.01, shall be entitled in all respects to assume that no such facts exist; provided, that, if prior to the second business day preceding the date upon which by the terms hereof any such moneys may become payable for any purpose (including, without limitation, the payment of the principal of or premium, if any, or interest on any Security), the Trustee shall not have received with respect to such moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Trustee and any paying agent shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such day, and provided, further, that nothing contained herein shall prevent conversions of the Securities in accordance with the provisions of this Indenture.

SECTION 4.09. Trustee May Hold Senior Indebtedness. The Trustee shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

SECTION 4.10. All Indenture Provisions Subject to this Article. Notwithstanding anything herein contained to the contrary, all the provisions of this Indenture shall be subject to the provisions of this Article, so far as the same may be applicable thereto.

ARTICLE FIVE**PARTICULAR COVENANTS OF THE COMPANY**

SECTION 5.01. Payment of Principal, Premium and Interest. The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay or cause to be paid the principal of and premium, if any, and interest on each of the Securities of that series at the place, at the respective times and in the manner provided in such Securities. Each instalment of interest on the Securities of any series may be paid by mailing checks for such interest payable to the order of the holders of Securities entitled thereto as they appear on the registry books of the Company.

SECTION 5.02. Offices for Notices and Payments, etc. So long as any of the Securities remains outstanding, the Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where the Securities of each series may be presented for payment, an office or agency where the Securities of that series may be presented for registration of transfer and for exchange as in this Indenture provided, an office or agency where the Securities of that series, if convertible, may be presented for conversion and an office or agency where notices and demands to or upon the Company in respect of the Securities of that series or of this Indenture may be served. The Company will give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. The Company hereby initially appoints the corporate trust office of Citibank, N.A. in the Borough of Manhattan, The City of New York as the Company's conversion agent. Until otherwise designated from time to time by the Company in a notice to the Trustee, or specified as contemplated by Section 2.03, such office or agency for all of the above purposes shall be the principal office of the Trustee. In case the Company shall fail to maintain any such office or agency in the Borough of Manhattan, The City of New York, or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the principal office of the Trustee.

In addition to such office or agency, the Company may from time to time designate one or more offices or agencies outside the Borough of Manhattan, The City of New York, where the Securities may be presented for registration of transfer and for exchange in the manner provided in this

Indenture, and the Company may from time to time rescind such designation, as the Company may deem desirable or expedient; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain such office or agency in the Borough of Manhattan, The City of New York, for the purposes above mentioned. The Company will give to the Trustee prompt written notice of any such designation or rescission thereof.

SECTION 5.03. Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 8.10, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 5.04. Provision as to Paying Agent and Conversion Agent. (a) If the Company shall appoint a paying agent or conversion agent other than the Trustee with respect to the Securities of any series, it will cause such paying agent or conversion agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 5.04:

(1) that it will hold all sums held by it as such agent for the payment of the principal of and premium, if any, or interest on the Securities of such series (whether such sums have been paid to it by the Company or by any other obligor on the Securities of such series) in trust for the benefit of the holders of the Securities of such series;

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Securities of such series) to make any payment of the principal of and premium, if any, or interest on the Securities of such series when the same shall be due and payable; and

(3) that it will notify the Trustee promptly of such details as the Trustee may require with respect to any conversions of Convertible Securities at the office of such agent.

(b) If the Company shall act as its own paying agent, it will, on or before each due date of the principal of and premium, if any, or interest on the Securities of any series, set aside, segregate and hold in trust for the benefit of the holders of the Securities of such series a sum sufficient to pay such principal, premium or interest so becoming due and will notify the

Trustee of any failure to take such action and of any failure by the Company (or by any other obligor under the Securities of such series) to make any payment of the principal of and premium, if any, or interest on the Securities of such series when the same shall become due and payable.

(c) Anything in this Section 5.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge with respect to one or more or all series of Securities hereunder, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust for any such series by the Trustee or any paying agent hereunder, as required by this Section 5.04, such sums to be held by the Trustee upon the trusts herein contained.

(d) Anything in this Section 5.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 5.04 is subject to Sections 13.03 and 13.04.

SECTION 5.05. Certificate to Trustee. The Company will deliver to the Trustee on or before April 1 in each year (beginning with April 1, 1983), so long as Securities of any series are outstanding hereunder, an Officers' Certificate stating that in the course of the performance by the signers of their duties as officers of the Company they would normally have knowledge of any default by the Company in the performance of any covenants contained in Article Three and Section 12.01, stating whether or not they have knowledge of any such default and, if so, specifying each such default of which the signers have knowledge and the nature thereof.

ARTICLE SIX.

SECURITYHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE.

SECTION 6.01. Securityholders' Lists. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee:

(a) semi-annually, not more than 15 days after each record date for each series of Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Securityholders of such series of Securities as of such record date; and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company, of any such request,

a

list of similar form and content as of a date not more than 15 days prior to the time such list is furnished,

except that no such lists need be furnished so long as the Trustee is in possession thereof by reason of its acting as Securities registrar for such series.

SECTION 6.02. Preservation and Disclosure of Lists. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of each series of Securities (1) contained in the most recent list furnished to it as provided in Section 6.01 or (2) received by it in the capacity of Securities registrar (if so acting) hereunder. The Trustee may destroy any list furnished to it as provided in Section 6.01 upon receipt of a new list so furnished.

(b) In case three or more holders of Securities of any series (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Securities of such series or with holders of all Securities with respect to their rights under this Indenture or under such Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall within five business days after the receipt of such application, at its election, either:

(1) afford such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02, or

(2) inform such applicants as to the approximate number of holders of such series or all Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02, and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants,

mail to each Securityholder of such series or all Securities, as the case may be, whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02 a copy of the form of proxy or other communication which is specified in such request with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Securities and Exchange Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Securities of such series or all Securities, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Securityholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (b) of this Section 6.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (b).

SECTION 6.03. Reports by Company. (a) The Company covenants and agrees to file with the Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Company

may be required to file with said Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and said Commission, in accordance with rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit by mail to all holders of Securities, as the names and addresses of such holders appear upon the Securities register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section 6.03 as may be required by rules and regulations prescribed from time to time by the Securities and Exchange Commission.

SECTION 6.04. Reports by the Trustee. (a) On or before June 15, 1983, and on or before June 15 in every year thereafter, so long as any Securities are outstanding hereunder, the Trustee shall transmit to the Securityholders of each series of Securities for which such Trustee is appointed as hereinafter in this Section 6.04 provided, a brief report dated as of April 15 of the appropriate year with respect to:

- (1) its eligibility under Section 8.09, and its qualification under Section 8.08, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such Sections, a written statement to such effect;
- (2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof)

made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to state such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Securities for any series outstanding on the date of such report;

(3) the amount, interest rate, and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except any indebtedness based upon a creditor relationship arising in any manner described in paragraph (2), (3), (4) or

(6) of subsection (b) of Section 8.13;

(4) the property and funds, if any, physically in the possession of the Trustee, as such, on the date of such report;

(5) any additional issue of Securities which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 7.08.

(b) The Trustee shall transmit to the Securityholders for each series, as hereinafter provided, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such), since the date of the last report transmitted pursuant to the provisions of subsection (a) of this Section 6.04 (or, if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the Securities of such series on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this subsection, except that the Trustee shall not be required (but may elect) to report such advances if such

advances remaining unpaid at any time aggregate 10% or less of the principal amount of Securities for such series outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section 6.04 shall be transmitted by mail to all holders of Securities as the names and addresses of such holders appear upon the Securities register.

(d) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with each stock exchange upon which the Securities of any applicable series are listed and also with the Securities and Exchange Commission. The Company will notify the Trustee when and as the Securities of any series become listed on or delisted by any stock exchange.

ARTICLE SEVEN.

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS

ON EVENT OF DEFAULT.

SECTION 7.01. Events of Default. "Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events and such other events as may be established with respect to the Securities of that series as contemplated by Section 2.03 hereof:

(a) default in the payment of interest upon any Securities of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of all or any part of the principal of (or premium, if any, on) any Securities of that series as and when the same shall become due and payable either at maturity, upon redemption (including redemption for the sinking fund), by declaration or otherwise; or

(c) default in the performance, or breach, of any covenant of the Company in this Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in this Section specifically dealt with and other than those set forth exclusively in terms of any particular series of Securities established as contemplated in this Indenture), and continuance of such default or breach for a period of

90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in principal amount of the outstanding Securities such default or breach and requiring it to be remedied and a written notice specifying stating that such notice is a "Notice of Default" hereunder; or

(d) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(e) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

If an Event of Default described in clause (a) or (b) or established pursuant to Section 2.03 occurs and is continuing, then, and in each and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Securities of such series then outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by Securityholders), may declare the entire principal of all the Securities of such series and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in clause (c),

(d) or (e) occurs and is continuing, then and in each and every such case, unless the principal of all the Securities shall have already become due and payable, either the Trustee or the holders of not

less than 25% in aggregate principal amount of all the Securities then outstanding hereunder (treated as one class), by notice in writing to the Company (and to the Trustee if given by Securityholders), may declare the entire principal of all the Securities then outstanding and interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

The foregoing provisions, however, are subject to the condition that if, at any time after the principal of the Securities of any series (or of all the Securities, as the case may be) shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured instalments of interest upon all the Securities of any series (or all the Securities, as the case may be) and the principal of and premium, if any, on any and all Securities of such series (or of all the Securities, as the case may be) which shall have become due otherwise than by acceleration (with interest upon such principal and premium, if any, and, to the extent that payment of such interest is enforceable under applicable law, on overdue instalments of interest at the same rate as the rate of interest specified in the Securities of such series, or at the respective rates of interest of the Securities, as the case may be, to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, as provided in Section

8.06, and if any and all Events of Default under this Indenture, other than the non-payment of the principal of or premium, if any, on Securities which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein--then and in every such case the holders of a majority in aggregate principal amount of the Securities of such series (or of all the Securities, as the case may be) then outstanding, by written notice to the Company and to the Trustee, may waive all defaults with respect to that series (or with respect to all Securities, as the case may be, in such case, treated as a single class), and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Trustee and the holders of the Securities shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Trustee and the holders of the Securities shall continue as though no such proceeding had been taken.

SECTION 7.02. Payment of Securities on Default; Suit Therefor. The Company covenants that (a) in case default shall be made in the payment of any instalment of interest upon any of the Securities of any series as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (b) in case default shall be made in the payment of the principal of or premium, if any, on any of the Securities of any series as and when the same shall have become due and payable, whether at maturity of the Securities of that series or upon redemption or by declaration or otherwise--then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Securities of that series, the whole amount that then shall have become due and payable on all such Securities of that series for principal and premium, if any, or interest, or both, as the case may be, with interest upon the overdue principal and premium, if any, and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue instalments of interest at the rate of interest borne by the Securities of that series; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, as provided in Section 8.06.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on such Securities and collect in the manner provided by law out of the property of the Company or any other obligor on such Securities wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Securities of any series under Title 11, United States Code, or any other applicable law, or in case a receiver or trustee (or similar official) shall have been appointed for the property of the Company or such other obligor, or in the case of any other similar judicial proceedings relative to the Company or other obligor upon the Securities of any series, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 7.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Securities of such series and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, as provided in Section 8.06) and of the Securityholders allowed in such judicial proceedings relative to the Company or any other obligor on the Securities of any series, or to the creditors or property of the Company or such other obligor, unless prohibited by applicable law and regulations, to vote on behalf of the holders of the Securities of any series in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Securityholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, as provided in Section 8.06.

Nothing herein contained shall be construed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any holder thereof or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities, or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of all the Securities in respect of which such action was taken.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Securities of the series affected thereby and it shall not be necessary to make any such holders of the Securities parties to any such proceedings.

SECTION 7.03. Application of Moneys Collected by Trustee. Any moneys collected by the Trustee shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, upon presentation of the several Securities of any series in respect of which moneys have been collected, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses of collection applicable to each such series and reasonable compensation to the Trustee, its agents, attorneys and counsel, as provided in Section 8.06;

SECOND: In case the principal of the outstanding Securities in respect of which moneys have been collected shall not have become due and be unpaid, to the payment of interest on the Securities of each such series in the order of the maturity of the instalments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue instalments of interest at the respective rates borne by the Securities of each such series, such payments to be made ratably to the persons entitled thereto;

THIRD In case the principal of the outstanding Securities in respect of which moneys have been collected shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Securities of each such series for principal and premium, if any, and interest, with interest on the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue instalments of interest at the respective rates specified in the Securities of each such series; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities of each such series, then to the payment of such principal and premium, if any, and interest without preference or priority of principal and premium, if any, over interest, or of interest over principal and premium, if any, or of any instalment of interest over any other instalment of interest, or of any Security of each such series over any other Security of each such series, ratably to the aggregate of such principal and premium, if any, and accrued and unpaid interest.

Any surplus then remaining shall be paid to the Company or to such other person as shall be entitled to receive it.

SECTION 7.04. Proceedings by Securityholders. No holder of any Security of any series shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the holders of not less than 25% in aggregate principal amount of the Securities of that series then outstanding, or, in the case of any Event of Default described in clause (c), (d) or (e) of Section 7.01, 25% in aggregate principal amount of all Securities then outstanding, shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action, suit or proceeding, it being understood and intended, and being expressly covenanted by the taker and holder of every

Security with every other taker and holder and the Trustee, that no one or more holders of Securities of any series shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Securities, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities of the applicable series.

Notwithstanding any other provisions in this Indenture, however, the right of any holder of any Security to receive payment of the principal of, premium, if any, and interest on such Security, on or after the same shall have become due and payable, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder.

SECTION 7.05. Proceedings by Trustee. In case of an Event of Default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 7.06. Remedies Cumulative and Continuing. All powers and remedies given by this Article Seven to the Trustee or to the Securityholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Securities, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to the provisions of Section 7.04, every power and remedy given by this Article Seven or by law to the Trustee or to the Securityholders may be exercised from time to time,

and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

SECTION 7.07. Direction of Proceedings and Waiver of Defaults by Majority of Securityholders. The holders of a majority in aggregate principal amount of the Securities of any or all series at the time outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that (subject to the provisions of Section 8.01) the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the action so directed would be unjustly prejudicial to the holders not taking part in such direction or if the Trustee being advised by counsel determines that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or Responsible Officers shall determine that the action or proceedings so directed would involve the Trustee in personal liability. Subject to Sections 7.01 and 7.02, the holders of a majority in aggregate principal amount of the Securities of that series at the time outstanding may on behalf of the holders of all of the Securities of such series waive any past default or Event of Default including any default or Event of Default established pursuant to Section 2.03 (or, in the case of an event specified in clause (c), (d) or (e) of Section 7.01, the holders of a majority in aggregate principal amount of all the Securities then outstanding (voting as one class)) may waive such default or Event of Default, and its consequences except a default (a) in the payment of principal of, premium, if any, or interest on any of the Securities or (b) in respect of covenants or provisions hereof which cannot be modified or amended without the consent of the holder of each Security affected. Upon any such waiver the Company, the Trustee and the holders of the Securities of that series (or of all Securities, as the case may be) shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 7.07, said default or Event of Default shall for all purposes of the Securities of that series (or of all Securities, as the case may be) and this Indenture be deemed to have been cured and to be not continuing.

SECTION 7.08. Notice of Defaults. The Trustee shall, within 90 days after the occurrence of a default with respect to any of the Securities of any series mail to all Securityholders of that series, as the names and addresses of such holders appear upon the Securities register, notice of all defaults with respect to that series known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purpose of this

Section 7.08 being hereby defined to be the events specified in clauses (a),

(b), (c), (d) and (e) of Section 7.01, not including periods of grace, if any, provided for therein, and irrespective of the giving of written notice specified in clause (c) of Section 7.01); and provided that, except in the case of default in the payment of the principal of, premium, if any, or interest on any of the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Securityholders of such series; and provided further, that in the case of any default of the character specified in Section 7.01 (c) no such notice to Securityholders shall be given until at least 90 days after the occurrence thereof but shall be given within 120 days after such occurrence.

SECTION 7.09. Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 7.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder, or group of Securityholders of any series, holding in the aggregate more than 10% in principal amount of the Securities of that series (or in the case of any suit relating to or arising under clause (c), (d) or (e) of

Section 7.01, 10% in aggregate principal amount of all Securities) outstanding, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of or premium, if any, or interest on

any Security against the Company on or after the same shall have become due and payable.

ARTICLE EIGHT.

CONCERNING THE TRUSTEE.

SECTION 8.01. Duties and Responsibilities of Trustee. With respect to any series of Securities issued hereunder, the Trustee, prior to the occurrence of an Event of Default with respect to Securities of that series and after the curing or waiving of all Events of Default which may have occurred with respect to Securities of that series, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to such series. In case an Event of Default with respect to the Securities of a series has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to such series, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(a) prior to the occurrence of an Event of Default with respect to the Securities of a series and after the curing or waiving of all Events of Default with respect to that series which may have occurred

(1) the duties and obligations of the Trustee with respect to the Securities of a series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations with respect to such series as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provision hereof are specific-

ally required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith, in accordance with the direction of the Securityholders pursuant to Section 7.07, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

SECTION 8.02. Reliance on Documents, Opinions, etc. Except as otherwise provided in Section 8.01

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, coupon or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Securities of all series affected then outstanding; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents (including any Authenticating Agent) or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed by it with due care.

SECTION 8.03. No Responsibility for Recitals, etc. The recitals contained herein and in the Securities (except in the certificate of authentication of the Trustee or the Authenticating Agent) shall be taken as the statements of the Company, and the Trustee and the Authenticating Agent assume no responsibility for the correctness of the same. The Trustee and the Authenticating Agent make no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee and the

Authenticating Agent shall not be accountable for the use or application by the Company of any Securities or the proceeds of any Securities authenticated and delivered by the Trustee or the Authenticating Agent in conformity with the provisions of this Indenture.

SECTION 8.04. Trustee, Authenticating Agent, Paying Agents, Transfer Agents, Conversion Agents or Registrar May Own Securities. The Trustee or any Authenticating Agent or any paying agent or any transfer agent or any conversion agent or any Securities registrar, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee, Authenticating Agent, paying agent, transfer agent, conversion agent or Securities registrar.

SECTION 8.05. Moneys to Be Held in Trust. Subject to the provisions of Section 13.04, all moneys received by the Trustee or any paying agent shall, until used or applied as herein provided, be held in trust for the purpose for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee and any paying agent shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company. So long as no Event of Default shall have occurred and be continuing, all interest allowed, if any, on any such moneys shall be paid from time to time upon the written order of the Company, signed by the Chairman of the Board of Directors, the President, any Vice President, the Treasurer or any Assistant Treasurer of the Company.

SECTION 8.06. Compensation and Expenses of Trustee. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ and any amounts paid by the Trustee to any Authenticating Agent pursuant to Section 8.14) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property other than cash shall at any time be subject to the lien of this Indenture, the Trustee, if and to the

extent authorized by a receivership or bankruptcy court of competent jurisdiction or by the supplemental instrument subjecting such property to such lien, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Company also covenants to indemnify each of the Trustee and any predecessor Trustee for, and to hold each of them harmless against, any loss, liability or expense arising out of or in connection with the acceptance or administration of this trust and the performance of its duties hereunder including the costs and expenses of defending itself against any claim of liability in the premises, except to the extent such loss, liability or expense results from its own negligence or bad faith. The obligations of the Company under this Section 8.06 to compensate the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a claim prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities. The obligation of the Company under this

Section 8.06 shall survive the resignation of the Trustee hereunder and the satisfaction and discharge of this Indenture.

SECTION 8.07. Officers' Certificate as Evidence. Except as otherwise provided in Section 8.01 and 8.02, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 8.08. Conflicting Interest of Trustee. (a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section 8.08 with respect to the Securities of any series, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign with respect to the Securities of that series in the manner and with the effect specified in Section 8.10.

(b) In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section 8.08 with respect to the Securities of any series, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit notice of such failure to all holders of Securities of that series, as the names and addresses of such holders appear upon the Securities register.

(c) For the purposes of this Section 8.08 the Trustee shall be deemed to have a conflicting interest with respect to Securities of any series if

(1) the Trustee is trustee under this Indenture with respect to the Securities of any other series or under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company or other obligor on the Securities of such series (each of which is hereafter in this

Section called a "Security party") are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture; provided that there shall be excluded from the operation of this paragraph (A) the Indenture between the Company and Citibank, N.A., Trustee, dated as of February 1, 1973, pursuant to the provisions of which the Company's 4 1/2% Convertible Subordinated Debentures Due 1988 are outstanding, and (B) this Indenture with respect to the Securities of any other series and any other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of a Security party (as defined in

Section 8.13), are outstanding if (i) this Indenture is and, if applicable, this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act of 1939, unless the Securities and Exchange Commission shall have found and declared by order pursuant to subsection (b) of Section 305 or subsection (c) of Section 307 of the Trust Indenture Act of 1939 that differences exist between the provisions of this Indenture with respect to Securities of such series and one or more other series or, if applicable, this Indenture and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture and such other indenture or indentures, or (ii) the Company shall have sustained the burden of

proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to Securities of such series and one or more other series or, if applicable, this Indenture and such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to Securities of such series and one or more other series or, if applicable, this Indenture and one of such indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Securities of any series issued under this Indenture or an underwriter for a Security party;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with a Security party or an underwriter for a Security party;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of a Security party, or of an underwriter (other than the Trustee itself) for a Security party who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the Trustee and a director and/or an executive officer of a Security party, but may not be at the same time an executive officer of both the Trustee and a Security party; (B) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Trustee and a director of a Security party; and (C) the Trustee may be designated by a Security party or by an underwriter for a Security party to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent, or depository, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this subsection (c), to act as trustee whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by a Security party or by any director, partner, or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of
such

persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for a Security party or by any director, partner, or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (A) 5% or more of the voting securities, or 10% or more of any other class of security, of a Security party, not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (B) 10% or more of any class of security of an underwriter for a Security party;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, a Security party;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of a Security party; or

(9) the Trustee owns on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7), or (8) of this subsection (c). As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15, in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of

principal of or interest on any of the Securities when and as the same become due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period and, after such date, notwithstanding the foregoing provisions of this paragraph (9), all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7), and (8) of this subsection (c).

The specifications of percentages in paragraphs (5) to (9), inclusive, of this subsection (c) shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection (c).

For the purposes of paragraphs (6), (7), (8), and (9) of this subsection

(c) only, (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (C) the Trustee shall not be deemed to be the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as defined in clause (B) above, or (ii) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (iii) any security which it holds as agent for collection, or as custodian, escrow agent, or depositary, or in any similar representative capacity.

Except as provided in the next preceding paragraph hereof, the word "security" or "securities" as used in this Indenture shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share,

investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, or, in general, any interest or instrument commonly known as a "security" or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing.

(d) For the purposes of this Section 8.08:

(1) The term "underwriter" when used with reference to a Security party shall mean every person who, within three years prior to the time as of which the determination is made, has purchased from such Security party with a view to, or has offered or sold for such Security party in connection with, the distribution of any security of such Security party outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization whether incorporated or unincorporated.

(3) The term "person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "executive officer" shall mean the president, every vice president, every trust officer, the cashier, the secretary, and
the

treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

The percentages of voting securities and other securities specified in this Section 8.08 shall be calculated in accordance with the following provisions:

(A) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section 8.08 (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(B) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(C) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units if relating to any other kind of security.

(D) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise;

(iv) securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(E) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes, and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 8.09. Eligibility of Trustee. The Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States or any State or Territory thereof or of the District of Columbia authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$5,000,000, subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 8.09 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.10.

SECTION 8.10. Resignation or Removal of Trustee. (a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to one or more or all series of Securities by giving written notice of such resignation to the Company and by mailing notice thereof to the holders of the applicable series of Securities at their addresses as they shall appear on the Securities register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee or trustees with

respect to the applicable series by written instrument, in duplicate, executed by order of its Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed with respect to any series of Securities and have accepted appointment within 60 days after the mailing of such notice of resignation to the affected Securityholders, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities of the applicable series for at least six months may, subject to the provisions of Section 7.09, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur-

(1) the Trustee shall fail to comply with the provisions of subsection (a) of Section 8.08 after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.09 and shall fail to resign after written request therefor by the Company or by any such Securityholder, or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee with respect to all Securities and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 7.09, any Securityholder who has been a bona fide holder of a Security or Securities of the applicable series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of

a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities of one or more series (each series voting as a class) or all series (voting as one class) at the time outstanding may at any time remove the Trustee with respect to the applicable series of Securities or all series, as the case may be, and nominate a successor trustee with respect to the applicable series of Securities or all series, as the case may be, which shall be deemed appointed as successor trustee with respect to the applicable series unless within ten days after such nomination the Company objects thereto, in which case the Trustee so removed or any Securityholder of the applicable series, upon the terms and conditions and otherwise as in subdivision (a) of this Section 8. 10 provided, may petition any court of competent jurisdiction for an appointment of a successor trustee with respect to such series.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.11.

SECTION 8.11 Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 8.10 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee with respect to all or any applicable series shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations with respect to such series of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 8.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a claim upon all property or funds

held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 8.06.

If a successor trustee is appointed with respect to the Securities of one or more (but not all) series, the Company, the predecessor Trustee and each successor trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Securities of any series as to which the predecessor Trustee is not retiring shall continue to be vested in the predecessor Trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trust hereunder by more provided than one trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such trustees co-trustees of the same trust and that each such trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such trustee.

No successor trustee shall accept appointment as provided in this Section 8.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 8.08 and eligible under the provisions of Section 8.09.

Upon acceptance of appointment by a successor trustee as provided in this Section 8.11, the Company shall mail notice of the succession of such trustee hereunder to the holders of Securities of any applicable series at their addresses as they shall appear on the Securities register. If the Company fails to mail such notice within ten days after the acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

SECTION 8.12. Succession by Merger, etc. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities of any series shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities of any series shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities of such series or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Securities of any series in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 8.13. Limitation on Rights of Trustee as a Creditor. (a) Subject to the provisions of subsection (b) of this Section 8.13, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company or of any other obligor on the Securities (each of which is hereafter in this Section 8.13 called a "Security party") within four months prior to a default, as defined in paragraph (1) of subsection (c) of this Section 8.13, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of the Securities, and the holders of other indenture securities (as defined in paragraph (2) of subsection (c) of this Section 8.13):

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four-month period and valid as against such Security party and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against such Security party upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or com-

position thereof, or otherwise, after the beginning of such four-month period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of such Security party and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than such Security party) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against such Security party in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11, United States Code or applicable state law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four-month period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four-month period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in subsection (c) of this Section 8.13, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in such paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C), and (D), property substituted after the beginning of such four-month period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Securityholders and the holders of other indenture securities in such manner that the Trustee, the Securityholders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against such Security party in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11, United States Code, or applicable state law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from such Security party of the funds and property in such special account and before crediting to the respective claims of the Trustee, the Securityholders, and the holders of other indenture securities dividends on claims filed against such Security party in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11, United States Code or applicable state law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11, United States Code, or applicable state law, whether such distribution is made in cash, securities, or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceeding for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Securityholders, and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the Securityholders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such four-month period shall be subject to the provisions of this subsection (a) as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four-month period, it shall be subject to the provisions of this subsection (a) if and only if the following conditions exist:

- (i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such four-month period; and
 - (ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.
- (b) There shall be excluded from the operation of subsection (a) of this Section 8.13 a creditor relationship arising from
- (1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;
 - (2) advances authorized by a receivership or bankruptcy court of competent jurisdiction, or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advance and of the circumstances surrounding the making thereof is given to the Securityholders at the time and in the manner provided in Section 6.04 with respect to reports pursuant to subsections (a) and (b) thereof, respectively;
 - (3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depository, or other similar capacity;
 - (4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in subsection (c) of this Section 8.13;
 - (5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of a Security party;

or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in subsection (c) of this Section 8.13.

(c) As used in this Section 8.13:

(1) The term "default" shall mean any failure to make payment in full of the principal of or interest upon any of the Securities or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) The term "other indenture securities" shall mean securities upon which a Security party is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (A) under which the Trustee is also trustee, (B) which contains provisions substantially similar to the provisions of subsection (a) of this Section 8.13, and (C) under which a default exists at the time of the apportionment of the funds and property held in said special account;

(3) The term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) The term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by a Security party for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security; provided that the security is received by the Trustee simultaneously with the creation of the creditor relationship with such Security party arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

SECTION 8.14. Authenticating Agents. There may be one or more Authenticating Agents appointed by the Trustee upon the request of the

Company with power to act on the Trustee's behalf and subject to its direction in the authentication and delivery of Securities of any series issued upon exchange or transfer thereof as fully to all intents and purposes as though any such Authenticating Agent had been expressly authorized to authenticate and deliver Securities of such series; provided, that the Trustee shall have no liability to the Company for any acts or omissions of the Authenticating Agent with respect to the authentication and delivery of Securities of any series. Any such Authenticating Agent shall at all times be a corporation organized and doing business under the laws of the United States or of any State or Territory thereof or of the District of Columbia authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of at least \$5,000,000 and being subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section 8.14 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect herein specified in this Section.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of such Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this

Section 8.14, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authenticating Agent.

Any Authenticating Agent may at any time resign with respect to one or more or all series of Securities by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any Authenticating Agent with respect to one or more or all series of Securities by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or

upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section 8.14, the Trustee may, and upon the request of the Company shall, promptly appoint a successor Authenticating Agent with respect to the applicable series eligible under this Section 8.14, shall give written notice of such appointment to the Company and shall mail notice of such appointment to all holders of the applicable series of Securities as the names and addresses of such holders appear on the Securities register. Any successor Authenticating Agent with respect to all or any series upon acceptance of its appointment hereunder shall become vested with all rights, powers, duties and responsibilities with respect to such series of its predecessor hereunder, with like effect as if originally named as Authenticating Agent herein.

The Trustee agrees to pay to any Authenticating Agent from time to time reasonable compensation for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 8.06. Any Authenticating Agent shall have no responsibility or liability for any action taken by it as such in accordance with the directions of the Trustee.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form.

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

**CITIBANK, N.A.,
as Trustee**

By
as Authenticating Agent
for the Trustee

By
Authorized Officer
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ARTICLE NINE.**CONCERNING THE SECURITYHOLDERS.**

SECTION 9.01. Action by Securityholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Securities of any or all series may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by such Securityholders in person or by agent or proxy appointed in writing, or (b) by the record of such holders of Securities voting in favor thereof at any meeting of such Securityholders duly called and held in accordance with the provisions of Article Ten, or (c) by a combination of such instrument or instruments and any such record of such a meeting of such Securityholders.

SECTION 9.02. Proof of Execution by Securityholders. Subject to the provisions of Sections 8.01, 8.02 and 10.05, proof of the execution of any instrument by a Securityholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The ownership of Securities shall be proved by the Securities register or by a certificate of the Securities registrar.

The record of any Securityholders' meeting shall be proved in the manner provided in Section 10.06.

SECTION 9.03. Who Are Deemed Absolute Owners. The Company, the Trustee, any Authenticating Agent, any paying agent, any transfer agent, any conversion agent and any Securities registrar may deem the person in whose name such Security shall be registered upon the Securities register to be, and may treat him as, the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purposes of conversion and of receiving payment of or on account of the principal of, premium, if any, and interest on such Security and for all other purposes; and neither the Company nor the Trustee nor any Authenticating Agent nor any paying agent nor any transfer agent nor any conversion agent nor any Securities

registrar shall be affected by any notice to the contrary. All such payments so made to any holder for the time being or upon his order shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

SECTION 9.04. Securities Owned by Company Deemed Not Outstanding. In determining whether the holders of the requisite aggregate principal amount of Securities have concurred in any direction, consent or waiver under this Indenture, Securities which are owned by the Company or any other obligor on the Securities or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Securities shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Securities which the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 9.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Securities and that the pledgee is not the Company or any such other obligor or person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Company to be owned or held by or for the account of any of the above-described persons; and, subject to the provisions of Section 8.01, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities listed therein are outstanding for the purpose of any such determination.

SECTION 9.05. Revocation of Consents, Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section

9.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action, any holder of a Security (or any Security issued in whole or in part in exchange or substitution therefor) who consented to such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 9.02, revoke such action so far as concerns such Security (or so far as concerns the principal

amount represented by any exchanged or substituted Security). Except as aforesaid any such action taken by the holder of any Security shall be conclusive and binding upon such holder and upon all future holders and owners of such Security, and of any Security issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Security or any Security issued in exchange or substitution therefor. Any action taken by the holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action shall be conclusively binding upon the Company, the Trustee and the holders of such Securities.

**ARTICLE TEN.
SECURITYHOLDERS' MEETINGS.**

SECTION 10.01. Purposes of Meetings. A meeting of Securityholders of any or all series may be called at any time and from time to time pursuant to the provisions of this Article Ten for any of the following purposes:

(a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Securityholders pursuant to any of the provisions of Article Seven;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article Eight;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 11.02; or

(d) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of such Securities under any other provisions of this Indenture or under applicable law.

SECTION 10.02. Call of Meetings by Trustee. The Trustee may at any time call a meeting of Securityholders of any or all series to take any action specified in Section 10.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall

determine. Notice of every meeting of the Securityholders of any or all series, setting forth the record date, time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed to holders of Securities of each series affected at their addresses as they shall appear on the Securities register of each series affected. Such notice shall be mailed not less than 20 nor more than 90 days prior to the date fixed for the meeting.

SECTION 10.03. Call of Meetings by Company or Securityholders. In case at any time the Company pursuant to a resolution of the Board of Directors, or the holders of at least 10% in aggregate principal amount of the Securities of any or all series, as the case may be, then outstanding, shall have requested the Trustee to call a meeting of Securityholders of any or all series, as the case may be, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Company or such Securityholders may determine the time and the place in said Borough of Manhattan for such meeting and may call such meeting to take any action authorized in Section 10.01, by mailing notice thereof as provided in Section 10.02.

SECTION 10.04. Qualifications for Voting. To be entitled to vote at any meeting of Securityholders a person shall (a) be a holder of one or more Securities with respect to which the meeting is being held or (b) a person appointed by an instrument in writing as proxy by such a holder of one or more such Securities. The only persons who shall be entitled to be present or to speak at any meeting of Securityholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 10.05. Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Securityholders, in regard to proof of the holding of Securities and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Securityholders as provided in Section 10.03, in which case the Company or the Securityholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by majority vote of the meeting.

Subject to the provisions of Section 9.04, at any meeting each holder of Securities with respect to which such meeting is being held or proxy therefor shall be entitled to one vote for each \$1,000 principal amount of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Securityholders. At any meeting of Securityholders, the presence of persons holding or representing Securities in an aggregate principal amount sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum, but, if less than a quorum is present, the persons holding or representing a majority in aggregate principal amount of the Securities represented at the meeting and entitled to vote may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present. Any meeting of Securityholders duly called pursuant to the provisions of Section 10.02 or 10.03 may be adjourned from time to time by a majority of those present, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

SECTION 10.06. Voting. The vote upon any resolution submitted to any meeting of holders of Securities with respect to which such meeting is being held shall be by written ballots on which shall be subscribed the signatures of such holders or of their representatives by proxy and the serial number or numbers of the Securities held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record in duplicate of

the proceedings of each meeting of Securityholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 10.02. The record shall show the serial numbers of the Securities voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE ELEVEN

SUPPLEMENTAL INDENTURES.

SECTION 11.01. Supplemental Indentures without Consent of Security- holders. The Company, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

- (a) to evidence the succession of another corporation to the Company, or successive succession, and the assumption by the successor corporation of the covenants, agreements and obligations of the Com- pany pursuant to Article Twelve hereof;
- (b) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities stating that such covenants are expressly being included for the benefit of such series) as the Board of Directors and the Trustee shall consider to be for the protection of the holders of such Securities, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or an Event of Default permitting the

enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(c) to provide for the issuance under this Indenture of Securities in coupon form (including Securities registrable as to principal only) and to provide for exchangeability of such Securities with the Securities issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(d) to establish the form or terms of Securities of any series as permitted by Sections 2.01 and 2.03;

(e) to evidence and provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Section 8.11;

(f) to make provision with respect to the conversion rights of holders of Convertible Securities pursuant to the requirements of Section 3.06; and

(g) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture; provided that any such action shall not materially adversely affect the interests of the holders of the Securities.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder,

but the Trustee shall not be obligated to, but may in its discretion, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this

Section 11.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 11.02.

SECTION 11.02. Supplemental Indentures with Consent of Securityholders. With the consent (evidenced as provided in Section 9.01) of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding of all series affected by such supplemental indenture (voting as a class), the Company, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Securities of each series so affected; provided, however, that no such supplemental indenture shall (i) extend the final maturity of any Security, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or any premium thereon, or reduce any amount payable on redemption thereof or make the principal thereof or any interest or premium thereon payable in any coin or currency other than that provided in the Securities, or impair the right to convert Convertible Securities into Common Stock on the terms set forth herein, or impair or affect the right of any Securityholder to institute suit for payment thereof or the right of repayment, if any, at the option of the holder, or modify any of the provisions of this Indenture relating to the subordination of the Securities in a manner adverse to the holders thereof without the consent of the holder of each Security so affected, or (ii) reduce the aforesaid percentage of Securities the holders of which are required to act pursuant to Section 7.07 or to consent to any such supplemental indenture, without the consent of the holders of each Security then affected.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which

modifies the rights of Securityholders of such series with respect to such covenant or provision, shall be deemed not to affect the rights under this Indenture of the Securityholders of any other series.

Upon the request of the Company accompanied by a copy of a resolution of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section 11.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 11.03. Compliance with Trust Indenture Act; Effect of Supplemental Indentures. Any supplemental indenture executed pursuant to the provisions of this Article Eleven shall comply with the Trust Indenture Act of 1939, as then in effect. Upon the execution of any supplemental indenture pursuant to the provisions of this Article Eleven, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Securities of each series affected thereby shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 11.04. Notation on Securities. Securities of any series authenticated and delivered after the execution of any supplemental indenture affecting such series pursuant to the provisions of this Article Eleven may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of

this Indenture contained in any such supplemental indenture may be prepared and executed by the Company, authenticated by the Trustee or the Authenticating Agent and delivered in exchange for the Securities of any series then outstanding.

SECTION 11.05. Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee. The Trustee, subject to the provisions of Sections 8.01 and 8.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article Eleven.

SECTION 11.06. Effect on Senior Indebtedness. No supplemental indenture shall adversely affect the rights of any holder of Senior Indebtedness under Article Four without the consent of such holder.

ARTICLE TWELVE.

CONSOLIDATION, MERGER AND SALE BY THE COMPANY.

SECTION 12.01. Consolidation, Merger or Sale of Assets Permitted. The Company covenants and agrees that it will not consolidate with, merge into, or sell or otherwise dispose of all or substantially all its property as an entirety to, any person other than a corporation organized under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, lawfully entitled to acquire the same. The Company will not so consolidate or merge, or make any such sale or other disposition, unless, and the Company covenants and agrees that any such consolidation, merger, sale or other disposition shall be on the condition that, (1) the provisions of Section 3.06 are complied with and (2) such corporation shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest on all the Securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company, by supplemental indenture satisfactory to the Trustee, executed and delivered to the Trustee by such corporation. The Company covenants and agrees that it will not so consolidate or merge, or make any such sale or other disposition, or permit any corporation to merge into the Company, if immediately thereafter the Company or such successor corporation, as the case may be, shall be in default in the performance or observance of any of the covenants or conditions of this Indenture.

SECTION 12.02. Successor Corporation to Be Substituted for Company. In case of any such merger, consolidation, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part, and, in case of such a sale or conveyance other than a lease, the Company thereupon shall be relieved of any further obligation or liability hereunder or upon the Securities, and may thereupon or at any time thereafter be dissolved, wound up or liquidated. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of Masco Corporation any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee or the Authenticating Agent; and, upon the order of such successor corporation (instead of the Company) and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee or the Authenticating Agent shall authenticate and deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the Trustee or the Authenticating Agent for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee or the Authenticating Agent for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

SECTION 12.03. Evidence to Be Furnished Trustee. The Trustee, subject to the provisions of Sections 8.01 and 8.02, may receive and rely upon an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any consolidation, merger, sale or conveyance, and any such assumption complies with the provisions of this Article Twelve.

ARTICLE THIRTEEN**SATISFACTION AND DISCHARGE OF INDENTURE.**

SECTION 13.01. Discharge of Indenture. When (a) the Company shall have paid or caused to be paid the principal of and interest on all Securities of any series outstanding hereunder, as and when the same shall have become due and payable, (b) the Company shall deliver to the Trustee for cancellation all Securities of any series theretofore authenticated (other than any Securities of such series which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.08 or converted) and not theretofore cancelled, or (c) with respect to any series of Securities which, under the terms specified in the resolution or supplemental indenture or indentures referred to in Section 2.03, pursuant to which such series is created, can be discharged prior to maturity, the Company shall deposit with the Trustee, in trust, cash and/or a principal amount of obligations of or directly guaranteed by the United States of America maturing or redeemable at the option of the holder thereof not later than the date fixed for payment or redemption of all outstanding Securities of such series which, together with the income to be earned on such obligations prior to such date, equals the principal amount of (and any applicable premium on), all such Securities of such series not theretofore cancelled or delivered to the Trustee for cancellation, with interest to the date of their maturity or redemption, as the case may be, but excluding, however, the amount of any moneys for the payment of principal of, or premium, if any, or interest on the Securities of such series (1) theretofore repaid to the Company in accordance with the provisions of Section 13.04, or (2) paid to any State or to the District of Columbia pursuant to its unclaimed property or similar laws, and if in any such case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then (except in the case of (c) above as to (i) rights of registration of transfer and exchange and any right of the Company of optional redemption and to deliver Securities of such series to the Trustee for cancellation, (ii) substitution of mutilated, defaced, destroyed, lost or stolen Securities, (iii) any remaining rights of conversion of Convertible Securities, (iv) the rights, obligations and immunities of the Trustee hereunder and (v) the rights of the Securityholders as beneficiaries hereof with respect to the property so deposited with the Trustee, all of which shall continue in full force and effect) all of the Company's liability with respect to principal, premium, if any, and interest

on the Securities of such series shall be discharged, this Indenture shall cease to be of further effect as to such series, and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture as to such series, the Company, however, hereby agreeing to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee in connection with this Indenture or the Securities; provided, however, that the rights of Securityholders to receive amounts in respect of principal of and interest on the Securities held by them shall not be delayed longer than required by then-applicable mandatory rules or policies of any securities exchange if the Securities of such series continue to be listed. Notwithstanding the foregoing, if the Company makes a deposit of cash and/or obligations described in clause (c) above with respect to any series of Securities which, under the terms specified in the resolution or supplemental indenture or indentures referred to in Section 2.03, pursuant to which such series is created, is subject to the provisions of this sentence (whether or not such resolution or supplemental indenture provides that such series can be discharged prior to maturity under clause (c) above), and, concurrently with such deposit, notifies the Trustee that such series shall no longer have the benefit of all or any portion of the provisions of Article Seven of this Indenture and such other provisions of this Indenture or the resolution or supplemental indenture, pursuant to which such series is created, as are specifically permitted in such resolution or supplemental indenture to be made inapplicable under this sentence with respect to such series, this Indenture and such supplemental indenture or resolution shall thereupon be deemed amended with respect to such series solely by the deletion in their entirety of such provisions and this Indenture and such supplemental indenture or resolution shall in all other respects be unaffected thereby.

SECTION 13.02. Deposited Moneys to Be Held in Trust by Trustee. Subject to the provisions of Section 13.04, all moneys and obligations deposited with the Trustee pursuant to Section 13.01 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Securities for the payment of which such moneys and obligations have been deposited with the Trustee, of all sums due and

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become due thereon for principal, premium, if any, and interest; provided, however, that the Company shall be entitled from time to time to withdraw cash and/or obligations deposited under clause (c) or the last sentence of Section 13.01 provided that the cash and obligations thereafter on deposit and after giving effect to such withdrawal would, if then deposited under such clause, satisfy in all respects the requirements of such clause or the last sentence of Section 13.01. At the time of any such withdrawal, the Company shall deliver to the Trustee an Officers' Certificate demonstrating compliance with the provisions of such clause or sentence.

SECTION 13.03. Paying Agent to Repay Moneys Held. Upon the satisfaction and discharge of this Indenture all moneys then held by any paying agent of the Securities (other than the Trustee) shall, upon demand of the Company, be repaid to it or paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 13.04. Return of Unclaimed Moneys. Except as may be required under applicable law, any moneys deposited with or paid to the Trustee or any paying agent for payment of the principal of, and premium, if any, or interest on Securities and not applied but remaining unclaimed by the holders of Securities for three years after the date upon which the principal of, and premium, if any, or interest on such Securities, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee or such paying agent on written demand; and the holder of any of the Securities shall thereafter look only to the Company for any payment which such holder may be entitled to collect and all liability of the Trustee or such paying agent with respect to such moneys shall thereupon cease.

ARTICLE FOURTEEN

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS.

SECTION 14.01. Indenture and Securities Solely Corporate Obligations. No recourse for the payment of the principal of or premium, if any, or interest on any Security, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or

agreement of the Company in this Indenture or in any supplemental indenture, or in any Security, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation of the Company, either directly or through the Company or any successor corporation of the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and consideration for, the execution of this Indenture and the issue of the Securities.

ARTICLE FIFTEEN

MISCELLANEOUS PROVISIONS.

SECTION 15.01. Successors. All the covenants, stipulations, promises and agreements in this Indenture contained by the Company shall bind its successors and assigns whether so expressed or not.

SECTION 15.02. Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

SECTION 15.03. Addresses for Notices, etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities on the Company may be given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee for the purpose) to Masco Corporation, 21001 Van Born Road, Taylor, Michigan 48180, Attention: President. Any notice, direction, request or demand by any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the office of the Trustee, 5 Hanover Square, New York, New York 10043, Attention: Corporate Trust Administration.

SECTION 15.04. New York Contract. This Indenture and each Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance with the laws of said State.

SECTION 15.05. Evidence of Compliance with Conditions Precedent. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that in the opinion of the signers all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture (other than the Officers' Certificate called for by Section 5.05) shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 15.06. Legal Holidays. In any case where the date of payment of interest on or principal of or premium, if any, on the Securities will be in The City of New York, New York a legal holiday or a day on which banking institutions are authorized by law to close, the payment of such interest on or principal of or premium, if any, on the Securities need not be made on such date but may be made on the next succeeding day not in such City a legal holiday or a day on which banking institutions are authorized by law to close, with the same force and effect as if made on the date of payment and no interest shall accrue for the period from and after such date.

SECTION 15.07. Trust Indenture Act to Control. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with another provision included in this Indenture which is required to be included in this

Indenture by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 15.08. Table of Contents, Headings, etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 15.09. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 15.10. No Security Interest Created. Nothing in this Indenture or in the Securities, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction where property of the Company or its Subsidiaries is located.

ARTICLE SIXTEEN

REDEMPTION OF SECURITIES--MANDATORY AND OPTIONAL SINKING FUND.

SECTION 16.01. Applicability of Article. The provisions of this Article shall be applicable to the Securities of any series which are redeemable at the option of the Company before their maturity or to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 2.03 for Securities of such series.

SECTION 16.02. Notice of Redemption; Selection of Securities. In case the Company shall desire to exercise the right to redeem all, or, as the case may be, any part of the Securities of any series in accordance with their terms, it shall fix a date for redemption and shall mail a notice of such redemption at least 30 and not more than 60 days prior to the date fixed for redemption to the holders of Securities of such series so to be redeemed as a whole or in part at their last addresses as the same appear on the Securities register. Such mailing shall be by first class mail. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to

give such notice by mail or any defect in the notice to the holder of any Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security of such series.

Each such notice of redemption shall specify the date fixed for redemption, the redemption price at which Securities of such series are to be redeemed, the place or places of payment, that payment will be made upon presentation and surrender of such Securities, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. If less than all the Securities of such series are to be redeemed the notice of redemption shall specify the numbers of the Securities of that series to be redeemed. In case any Security of a series is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities of that series in principal amount equal to the unredeemed portion thereof will be issued.

Prior to the redemption date specified in the notice of redemption given as provided in this Section, the Company will deposit with the Trustee or with one or more paying agents an amount of money sufficient to redeem on the redemption date all the Securities so called for redemption at the appropriate redemption price, together with accrued interest to the date fixed for redemption.

If less than all the Securities of a series are to be redeemed the Company will give the Trustee notice not less than 60 days prior to the redemption date as to the aggregate principal amount of Securities of that series to be redeemed and the Trustee shall select, in such manner as in its sole discretion it shall deem appropriate and fair, the Securities of that series or portions thereof (in integral multiples of \$1,000, except as otherwise set forth in the applicable form of Security) to be redeemed.

SECTION 16.03. Payment of Securities Called for Redemption. If notice of redemption has been given as provided in Section 16.02 or Section 16.04, the Securities or portions of Securities of the series with respect to which such notice has been given shall become due and payable on the date and at the place or places stated in such notice at the applicable redemption price,

together with interest accrued to the date fixed for redemption, and on and after said date (unless the Company shall default in the payment of such Securities at the redemption price, together with interest accrued to said date) interest on the Securities or portions of Securities of any series so called for redemption shall cease to accrue. On presentation and surrender of such Securities at a place of payment specified in said notice, the said Securities or the specified portions thereof shall be paid and redeemed by the Company at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption.

Upon presentation of any Security of any series redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Company, a new Security or Securities of such series of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

SECTION 16.04. Mandatory and Optional Sinking Fund. The minimum amount of any sinking fund payment provided for by the terms of Securities of any series determined pursuant to Section 2.03 is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". The last date on which any such payment may be made is herein referred to as a "sinking fund payment date".

In lieu of making all or any part of any mandatory sinking fund payment with respect to any Securities of a series in cash, the Company may at its option (a) deliver to the Trustee Securities of that series (other than any previously called for redemption) theretofore purchased or otherwise acquired by the Company and (b) may apply as a credit Securities of that series which have been previously delivered to the Trustee by the Company or Securities of that series which have been converted or redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of optional sinking fund payments pursuant to the next succeeding paragraph, in each case in satisfaction of all or any part of any mandatory sinking fund payment, provided that such Securities have not been previously so credited. Each such Security so delivered or applied as a credit shall be credited at the sinking fund redemption price for such Securities and the amount of any mandatory sinking fund shall be reduced

accordingly. If the Company intends so to deliver or credit such Securities with respect to any mandatory sinking fund payment it shall deliver to the Trustee at least 60 days prior to the next succeeding sinking fund payment date for such series (a) a certificate signed by the Treasurer or an Assistant Treasurer of the Company specifying the portion of such sinking fund payment, if any, to be satisfied by payment of cash and the portion of such sinking fund payment, if any, which is to be satisfied by delivering and crediting such Securities and (b) any Securities to be so delivered, if not previously delivered. All Securities so delivered to the Trustee shall be cancelled by the Trustee and no Securities shall be authenticated in lieu thereof. If the Company fails to deliver such certificate and Securities at or before the time provided above, the Company shall not be permitted to satisfy any portion of such mandatory sinking fund payment by delivery or credit of Securities.

At its option the Company may pay into the sinking fund for the retirement of Securities of any particular series, on or before each sinking fund payment date for such series, any additional sum in cash as specified by the terms of such series of Securities. If the Company intends to exercise its right to make any such optional sinking fund payment, it shall deliver to the Trustee at least 60 days prior to the next succeeding sinking fund payment date for such Series a certificate signed by the Treasurer or an Assistant Treasurer of the Company stating that the Company intends to exercise such optional right and specifying the amount which the Company intends to pay on such sinking fund payment date. If the Company fails to deliver such certificate at or before the time provided above, the Company shall not be permitted to make any optional sinking fund payment with respect to such sinking fund payment date. To the extent that such right is not exercised in any year it shall not be cumulative or carried forward to any subsequent year.

If the sinking fund payment or payments (mandatory or optional) made in cash plus any unused balance of any preceding sinking fund payments made in cash shall exceed \$50,000 (or a lesser sum if the Company shall so request) with respect to the Securities of any particular series, it shall be applied by the Trustee or one or more paying agents on the next succeeding sinking fund payment date to the redemption of Securities of such series at the sinking fund redemption price together with accrued interest to the date fixed for redemption. The Trustee shall select, in the

manner provided in Section 16.02, for redemption on such sinking fund payment date a sufficient principal amount of Securities of such series to absorb said cash, as nearly as may be, and the Trustee shall, at the expense and in the name of the Company, thereupon cause notice of redemption of Securities of such series to be given in substantially the manner and with the effect provided in Sections 16.02 and 16.03 for the redemption of Securities of that series in part at the option of the Company, except that the notice of redemption shall also state that the Securities of such series are being redeemed for the sinking fund. Any sinking fund moneys not so applied or allocated by the Trustee or any paying agent to the redemption of Securities of that series shall be added to the next cash sinking fund payment received by the Trustee or such paying agent and, together with such payment, shall be applied in accordance with the provisions of this Section 16.04. Any and all sinking fund moneys held by the Trustee or any paying agent on the maturity date of the securities of any particular series, and not held for the payment or redemption of particular Securities of such series, shall be applied by the Trustee or such paying agent, together with other moneys, if necessary, to be deposited sufficient for the purpose, to the payment of the principal of Securities at maturity.

On or before each sinking fund payment date, the Company shall pay to the Trustee or to one or more paying agents in cash a sum equal to all interest accrued to the date fixed for redemption on Securities to be redeemed on the next following sinking fund payment date pursuant to this Section.

Neither the Trustee nor any paying agent shall redeem any Securities of a series with sinking fund moneys, and the Trustee shall not mail any notice of redemption of Securities of such series by operation of the sinking fund, during the continuance of a default in payment of interest on such Securities or of any Event of Default (other than an Event of Default occurring as a consequence of this paragraph) with respect to such Securities, except that if the notice of redemption of any Securities shall theretofore have been mailed in accordance with the provisions hereof, the Trustee or any paying agent shall redeem such Securities if cash sufficient for that purpose shall be deposited with the Trustee or such paying agent for that purpose in accordance with the terms of this Article Sixteen. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such default or Event of Default shall occur and any moneys thereafter paid into the

sinking fund shall, during the continuance of such default or Event of Default, be held as security for the payment of all Securities of such series; provided, however, that in case such Event of Default or default shall have been cured or waived as provided herein, such moneys shall thereafter be applied on the next succeeding sinking fund payment date on which such moneys may be applied pursuant to the provisions of this Section 16.04.

CITIBANK, N.A. hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

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

MASCO CORPORATION
Company

By **RICHARD G. MOSTELLER**
Vice President
[CORPORATE SEAL]

Attest:

JOHN R. LEEKLEY
Assistant Secretary

CITIBANK, N.A.
Trustee

By **ROBERT C. SPIERS III**
Senior Trust Officer
[CORPORATE SEAL]

Attest:

LAWRENCE OLSEN
Trust Officer

101

**STATE OF MICHIGAN }
COUNTY OF WAYNE } SS.:**

On the 19th day of February, 1987, before me personally came RICHARD G. MOSTELLER, to me known, who, being by me duly sworn, did depose and say that he resides at Dearborn, Michigan; that he is Vice President of MASCO CORPORATION, the corporation described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

**LISE M. MARTIN
Notary Public
LISE M. MARTIN**

Notary Public, Wayne County, MI
My Commission Expires August 21,

1988

[NOTARIAL SEAL]

STATE OF NEW YORK }

COUNTY OF NEW YORK } SS.:

On the 20th day of February, 1987, before me personally came ROBERT C. SPIERS III, to me known, who, being by me duly sworn, did depose and say that he resides at Staten Island, New York; that he is Senior Trust Officer of CITIBANK, N.A., one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

**ENZO L. CARBOCCI
Notary Public
ENZO L. CARBOCCI**
Notary Public, State of New York
No. 43-5605595
Qualified in Richmond County
Certificate Filed in New York County
Term Expires March 30, 1988
[NOTARIAL SEAL]

102

**RESOLUTIONS OF THE
PRICING COMMITTEE
OF THE
BOARD OF DIRECTORS OF
MASCO CORPORATION**

WHEREAS, this Company has filed Registration Statements (Nos. 2-95488, 33-2374 and 33-7387) on Form S-3 with the Securities and Exchange Commission, each of which currently remains in effect;

WHEREAS, this Company desires to create and make provision for a series of securities under the Indenture dated as of December 1, 1982 (the "Indenture"), with Citibank, N.A., as trustee (the "Trustee"), providing for the issuance from time to time of convertible or non-convertible unsecured subordinated debentures, notes or other evidences of indebtedness of this Corporation ("Securities") in one or more series under such Indenture; and

WHEREAS, capitalized terms used in these resolutions and not otherwise defined are used with the same meaning ascribed to such terms in the Indenture;

NOW, THEREFORE, BE IT RESOLVED, that there hereby is approved and established a series of Securities under the Indenture whose terms shall be as follows:

1. The Securities of such series shall be known and designated as the "5-1/4% Convertible Subordinated Debentures Due 2012" of this Company.
2. The aggregate principal amount of Securities of such series which may be authenticated and delivered under the Indenture is limited to Two Hundred Fifty Million Dollars (\$250,000,000), except for Securities of such series authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Sections 2.07, 2.08, 2.09, 11.04 or 16.03 of the Indenture.
3. The date on which the principal of the Securities of such series shall be payable is February 15, 2012.
4. The Securities of such series shall bear interest from February 23, 1987, at the annual rate of 5-1/4%, payable semi-annually on February 15 and August 15 of each year commencing on August 15, 1987, (calculated on a standard 360 day year of 12 thirty day months) until the principal thereof is paid or made available for payment. The February 1 or August 1 (whether or not a business day), as the case may be, next preceding each such interest payment date shall be the "record date" for the determination of holders to whom interest is payable.

5. The principal of, and premium, if any, and interest on the Securities of such series shall be payable at the office or agency of this Company maintained for such purpose under Section 5.02 of the Indenture in the Borough of Manhattan, The city of New York, or at any other office or agency designated by this Company for such purpose pursuant to the Indenture; provided, however, that, at the option of this Company, payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear on the registry books of the Company.

6. The Securities of such series shall be subject to redemption through the operation of a mandatory sinking fund on each February 15, commencing on February 15, 1998 and continuing to and including February 15, 2011, at 100 percent of their principal amount together with accrued interest to the date fixed for redemption (subject to the right of the registered holder on the record date for an interest payment to receive such interest). The sinking fund shall provide for the redemption on each such date of five percent of the aggregate principal amount of the Securities issued. The Company may, at its option, receive credit against sinking fund payments for Securities acquired through purchase (including under the procedures provided in paragraph 8 below), called for redemption otherwise than through the mandatory sinking fund or which have not been called for redemption through operation of the mandatory sinking fund and have been surrendered for conversion. If the amount of any sinking fund payment required to be satisfied in cash, plus any balance of any preceding sinking fund payment, is \$50,000 or less, the Company shall have the right to carry over such payment to the next sinking fund payment date.

7. The Securities of such series shall be subject to redemption otherwise than through the operation of the sinking fund described in paragraph 6 above, in whole or in part, at the option of the Company, at any time at a redemption price equal to the percentage of the principal amount set forth below if redeemed during the twelve-month period beginning February 15 in each of the following years:

YEAR	PERCENTAGE	YEAR	PERCENTAGE
-----	-----	-----	-----
1987	105.250%	1993	102.100%
1988	104.725	1994	101.575
1989	104.200	1995	101.050
1990	103.675	1996	100.525
1991	103.150	1997 and	
1992	102.625	thereafter	100.000

together in each case with interest accrued to the date fixed for redemption (subject to the right of the registered holder on the record date for an interest payment to receive such interest), except that such Securities may not be redeemed prior to February 15, 1989 unless the closing price (as referred to in Section 3.05(d) of the Indenture) per share of the Common Stock has equaled or exceeded 150 percent of the then effective conversion price for at least twenty trading days within thirty consecutive trading days ending not more than five trading days prior to the date the notice of redemption is mailed.

8. (a) The holder of any Security of such series shall have the right, at his option, upon the giving of notice of the occurrence of any event described in clause (b) below, and subject to the terms and provisions hereof, to tender any Security of such series, in whole or in part, without regard to whether the Securities of such series are then otherwise redeemable, for cash in an amount equal to the principal amount of such Security plus accrued interest to the date fixed for redemption. Such redemption shall occur on the sixty-fifth day after the date of the notice provided pursuant to clause (c) below (the "Mandatory Redemption Date"). The holder's right to tender shall continue up to the sixtieth day after the date of such notice and shall be exercised by any surrender of such Security to the office or agency to be maintained by the Company pursuant to Section 5.02 of the Indenture, accompanied by written notice that the holder elects to tender such Security and (if so required by the Company or the Trustee) by a written instrument or instruments of transfer in form satisfactory to the Company and the Trustee duly executed by the holder or his duly authorized legal representative and transfer tax stamps or funds therefor, if required. All Securities of such series surrendered for redemption shall, if surrendered to the Company or any redemption agent, be delivered to the Trustee for cancellation and, if surrendered to the Trustee, shall be canceled by it.

(b) The holder's right to tender under clause (a) above shall be triggered upon the occurrence of either of the following events:

(i) Any person or group (an "other entity"), within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, shall attain beneficial ownership, within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, of at least 50% of the voting power for election of the Directors of the Company, unless approved in advance by a majority of the Company's Continuing Directors (as hereinafter defined), or

(ii) The Company, directly or indirectly, consolidates or merges with any other entity or sells or leases its properties and assets substantially as an entirety to any other entity, unless approved in advance by a majority of the Company's Continuing Directors.

A "Continuing Director" is a Director who is a member of the Board of Directors of the Company elected by stockholders prior to the time the other entity hereafter acquires in excess of 10% of the voting power for the election of Directors of the Company or Masco Corporation, as the case may be, or a person recommended to succeed a Continuing Director by a majority of the Continuing Directors.

(c) The Company shall file with the Trustee and shall mail, or cause the Trustee to mail, to each holder of Securities of such series at his last address appearing on the registry books of the Company, as promptly as possible but in any event not more than ten days after learning of an occurrence specified in clause (i) above or not more than ten days after an occurrence specified in clause (ii) above, a notice stating that the event

specified in the notice has occurred and that each holder has the right to tender his Securities of such series for cash pursuant to the terms hereof. Upon demand to the Company at any time by the Trustee or any holder of Securities of such series, such notice shall be filed with the Trustee and mailed to each holder of Securities of such series, unless the Company can demonstrate to the Trustee's satisfaction that no event described in clause (b) has occurred. The Trustee shall not be deemed to have any knowledge of such event or any corresponding obligation with respect thereto until so notified in writing by the Company.

(d) On or before the sixty-second day after the date of the notice provided pursuant to clause (c) above, the Company shall deposit with the Trustee or with a paying agent an amount of money sufficient to pay the principal of, and (except if the Mandatory Redemption Date shall be an interest payment date) accrued interest on, all the Securities of such series to be redeemed on the Mandatory Redemption Date.

(e) After giving the notice of redemption as provided above, the Securities of such series to be redeemed shall, on the Mandatory Redemption Date, become due and payable at a price equal to the principal amount thereof plus accrued interest and from and after such date (unless the Company shall default in the payment of principal and accrued interest thereon) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance herewith, such Security shall be paid on the Mandatory Redemption Date by the Trustee or paying agent at a price equal to the principal amount thereof, together with accrued interest to the Mandatory Redemption Date; provided, however, that if the Mandatory Redemption Date is an interest payment date, the interest accrued to such Mandatory Redemption Date shall be payable to the holders of record of such Securities at the close of business on the relevant record date according to the provisions of the Indenture.

If any Security to be redeemed shall not be so paid on the Mandatory Redemption Date, the principal shall, until paid, bear interest from the Mandatory Redemption Date at the rate borne by the Security.

(f) Securities of such series may be redeemed in whole or in any integral multiple of \$1,000. Any Security which is to be redeemed only in part shall be surrendered at an office or agency of the Company designated for that purpose (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument to transfer inform satisfactory to the Company and the Trustee duly executed by, the holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the holder of such Security without service charge, a new Security or Securities of such series, of any authorized denomination in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal amount.

Unless the context otherwise requires, all provisions relating to the mandatory redemption of the Securities hereunder shall relate, in the case of Securities redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

9. The Securities of such series shall be issuable in denominations of One Thousand Dollars (\$1,000) and any integral multiple thereof.

10. The Company shall receive 99% of the price of such Securities sold to the public after discount of 1%.

11. The Securities of such series shall be convertible at any time prior to maturity, unless previously redeemed, into an aggregate maximum amount of 5,841,121 fully paid and non-assessable shares of Common Stock, par value \$1 per share of the Company, at a conversion price of \$42.80 per share, such number of shares of Common Stock and conversion price being subject to adjustment as provided in the Indenture.

12. The Securities of such series shall be subordinated in right of payment to the prior payment in full of Senior Indebtedness (as defined in the Indenture).

FURTHER RESOLVED, that the Securities of such series are declared to be issued under the Indenture and subject to the provisions thereof;

FURTHER RESOLVED, that the Chairman of the Board or the President and the Secretary or any Assistant Secretary of this Company are authorized, on behalf of the Company and in its name and under its corporate seal (which may be in the form of a facsimile of the seal of the Company) to execute \$250,000,000 aggregate principal amount of the Securities of such series (and in addition Securities to replace lost, stolen, mutilated or destroyed Securities and Securities required for exchange, substitution or transfer, all as provided in the Indenture) in fully registered form, substantially in the form of the subordinated debenture filed as exhibits to the Company's Registration Statements (Nos. 33-2374 and 33-7387) on Form S-3 filed with the Securities and Exchange Commission, with such changes and insertions therein as are appropriate to conform such debentures to the terms set forth herein, or otherwise as the respective officers executing such Securities shall approve and as are not inconsistent with these resolutions, such approval to be conclusively evidence by such officer's execution and delivery of such Securities, and to deliver such Securities to the trustee for authentication and delivery in accordance with the terms of the Indenture, and the Trustee is authorized and directed thereupon to authenticate and deliver the same to or upon the written order of this Company as provided in the Indenture;

FURTHER RESOLVED, that the signatures of the officers of this Company so authorized to execute the Securities of such series may be the manual or facsimile signatures of the present or any future such authorized officers and may be imprinted or otherwise reproduced thereon, the Company for such purpose hereby adopting each such facsimile signature as binding upon it notwithstanding the fact that at the time the respective Securities shall be authenticated and delivered or disposed of, the officer so signing shall have ceased to be such officer;

FURTHER RESOLVED, that Smith Barney, Harris Upham & Co. Incorporated and Salomon Brothers Inc. are appointed as managing underwriters for the issuance and sale of the Securities of such series, and the Chairman of the Board, the President or any Vice President of this Company is authorized, in the name and on behalf of this Company, to execute and deliver an

Underwriting Agreement, substantially in the form heretofore approved by the Board of Directors of this Company, with such managing underwriters, as representatives of such underwriters as may be selected by such managing underwriters and listed in Schedule II to such Underwriting Agreement, with such changes and insertions therein as are appropriate to conform such Underwriting Agreement to the terms set forth herein or otherwise as the respective officers executing such Underwriting Agreement shall approve and as are not inconsistent with these resolutions, such approval to be conclusively evidenced by such officer's execution and delivery of such Underwriting Agreement;

FURTHER RESOLVED, that Citibank, N.A., the Trustee under the Indenture, is appointed trustee for Securities of such series, and as Agent of this Company for the purpose of effecting the registration, transfer, exchange and conversion of the Securities of such series as provided in the Indenture, and the corporate trust office of Citibank, N.A., in the Borough of Manhattan, City of New York is designated pursuant to the Indenture as the office or agency of this Company where such Securities may be presented for registration, transfer, exchange and conversion and where notices and demands to or upon this Company in respect of the Securities of such series and of the Indenture may be served;

FURTHER RESOLVED, that Citibank, N.A., is appointed Paying Agent of this Company for the payment of principal of and premium, if any, and interest on the Securities of such series, and the corporate trust office of Citibank, N.A., is designated, pursuant to the Indenture, as the office or agency of this Company where such Securities may be presented for payment; and

FURTHER RESOLVED, that each of the officers of this Company is authorized and directed, on behalf of this Company and in its name, to do or cause to be done all such acts and things as they or he may deem necessary or advisable, to effect the sale and delivery of the Securities of such series pursuant to the Underwriting Agreement and otherwise to carry out the obligations of this Company under the Underwriting Agreement, and to do or cause to be done all such acts and things and to execute and deliver all such documents as they or he deem necessary or advisable in connection with the execution and delivery of the Underwriting Agreement and the execution, authentication and delivery of such Securities (including, without limiting the generality of the foregoing, delivery to the Trustee of such Securities for authentication and of requests or orders for the authentication and delivery of Securities).

REGISTERED

REGISTERED

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**MASCO CORPORATION CUSIP 574599 AG 1
5 1/4% CONVERTIBLE SUBORDINATED DEBENTURE DUE 2012**

Masco Corporation, a corporation duly organized and existing under the laws of the State of Delaware (herein referred to as the "Company"), for value received, hereby promises to pay to SEE REVERSE FOR CERTAIN DEFINITIONS

5 1/4 % 1/4%	5
DUE	DUE
2012	2012

or registered assigns, at the office or agency of the Company in the Borough of Manhattan, The City of New York, the principal sum of

DOLLARS

on February 15, 2012, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semi-annually on February 15 and August 15 of each year, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Debenture, from February 15 or August 15, as the case may be, next preceding the date of this Debenture to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Debenture, or unless no interest has been paid or duly provided for on the Debentures since the original issue date (as defined in the Indenture referred to on the reverse hereof) of this Debenture, in which case from February 23, 1987, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, if the date hereof is after February 1 or August 1, as the case may be, and before the following February 15 or August 15, this Debenture shall bear interest from such February 15 or August 15; provided, however, that if the Company shall default in the payment of interest on such February 15 or August 15, then this Debenture shall bear interest from the next preceding February 15 or August 15 to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for the Debentures since the original issue date (as defined in such Indenture) of the Debenture, from February 23, 1987. The interest so payable on any February 15 or August 15 will, subject to certain exceptions provided in such Indenture, be paid to the person in whose name this Debenture is registered at the close of business on the February 1 or August 1, as the case may be, next preceding such February 15 or August 15, whether or not such February 1 or August 1 is a business day, and may, at the option of the Company, be paid by check mailed to the registered address of such person.

Reference is made to the further provisions of this Debenture set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth

at this place. This Debenture shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by or on behalf of the Trustee under such Indenture.

In Witness Whereof, Masco Corporation, has caused this instrument to be executed in its corporate name by the facsimile signature of its Chairman of the Board or its President and imprinted with a facsimile of its corporate seal, attested by the facsimile signature of its Secretary or an Assistant Secretary.

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.
Masco Corporation

Dated

CITIBANK, N.A.
By:

Attest:

By _____ as Trustee

Authorized Officer
Chairman of the Board

Secretary

[Masco Corporation Corporate Seal Delaware]

MASCO CORPORATION
5 1/4% CONVERTIBLE SUBORDINATED DEBENTURE DUE 2012

This Debenture is one of a duly authorized issue of debentures, notes, bonds or other evidences of indebtedness of the Company (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of December 1, 1982 (herein called the "Indenture"), duly executed and delivered by the Company to Citibank, N.A., Trustee (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and holders of the Securities. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), may be subject to different sinking, purchase or analogous funds (if any), may be subject to different covenants and Events of Default and may otherwise vary as in the Indenture provided. This Debenture is one of a series designated as the 5 1/4% Convertible Subordinated Debentures Due 2012 of the Company, limited in aggregate principal amount to \$250,000,000.

Subject to the provisions of the Indenture, the Holder of this Debenture is entitled, at his option, at any time on or before February 15, 2012

(except that, in case this Debenture or any portion hereof shall be called for redemption, such right shall terminate with respect to this Debenture or portion hereof, as the case may be, so called for redemption at the close of business on the date fixed for redemption as provided in the Indenture, unless the Company shall default in the payment due upon redemption thereof), to convert the principal amount of this Debenture (or any portion hereof which is \$1,000 or an integral multiple thereof), into shares of the Common Stock of the Company (calculated to the nearest 1/100th of a share), as said shares shall be constituted at the Date of Conversion, at the Conversion Price of \$42.80 principal amount of Debentures for each share of Common Stock, or at the adjusted Conversion Price in effect at the Date of Conversion determined as provided in the Indenture, upon surrender of this Debenture, together with the conversion notice hereon duly executed, to the Company at the designated office or agency of the Company in the Borough of Manhattan, The City of New York, accompanied (if so required by the Company) by instruments of transfer, in form satisfactory to the Company and to the Trustee, duly executed by the Holder or by his duly authorized attorney in writing. Such surrender shall, if made during any period beginning at the close of business on a record date and ending at the opening of business on the interest payment date next following such record date (unless this Debenture or the portion being converted shall have been called for redemption on a redemption date during such period) also be accompanied by payment in New York Clearing House funds or other funds acceptable to the Company of an amount equal to the interest payable on such interest payment date on the principal amount of this Debenture then being surrendered for conversion. Except as aforesaid no adjustment is to be made on conversion for interest accrued hereon or for dividends on shares of Common Stock issued on conversion. The Company is not required to issue fractional shares upon any such conversion, but shall make adjustment therefor in cash on the basis of the market value of such fractional interest as provided in the Indenture.

The indebtedness evidenced by the Debentures is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of the principal of (and premium, if any) and interest on all Senior Indebtedness as defined in the Indenture, and this Debenture is issued subject to such provisions and each Holder of this Debenture, by accepting the same, agrees to and shall be bound by such provisions, and authorizes the Trustee in his behalf to take such action as may be necessary or appropriate to effectuate as between the Holders of the Debentures and the holders of Senior Indebtedness the subordination as provided in the Indenture and appoints the Trustee his attorney-in-fact for such purpose.

In case an Event of Default with respect to the 5 1/4% Convertible Subordinated Debentures Due 2012 shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding of all series to be affected (voting as a class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holder of the Securities of each such series; provided, however, that no such supplemental indenture shall (i) extend the final maturity of any Security, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or any premium thereon, or reduce any amount payable on redemption thereof, or make the principal thereof or any interest or premium thereon payable in any coin or currency other than that hereinbefore provided, or impair the right to convert the 5 1/4% Convertible Subordinated Debentures Due 2012 into Common Stock on the terms defined in the Indenture, or impair or affect the right of any Holder to institute suit for payment thereof or the right of repayment, if any, at the option of the Holder, or modify any of the provisions of the Indenture relating to the subordination of the Securities in a manner adverse to the Holders thereof, without the consent of the holder of each Security so affected, or (ii) reduce the aforesaid principal amount of Securities of all series to be affected, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Securities so affected then outstanding.

The Debentures are issuable in registered form without coupons in denominations of \$1,000 and any multiple of \$1,000. In the manner and subject to the limitations provided in the Indenture, but without the payment of any charge (except for any tax or other governmental charge imposed in connection therewith), Debentures may be exchanged for an equal aggregate principal amount of Debentures of other authorized denominations at the office or agency of the Company for such exchange in the Borough of Manhattan, The City of New York or at such other location or locations as may be provided for pursuant to the Indenture.

The Debentures may be redeemed at the option of the Company as a whole, or from time to time in part, on any date prior to maturity, upon mailing a notice of such redemption not less than thirty nor more than sixty days prior to the date fixed for redemption to the Holders of Debentures at their last registered addresses, all as provided in the Indenture, at the following optional redemption prices (expressed in percentages of the principal amount to be redeemed) together in each case with accrued interest to the date fixed for redemption; provided, however, that if the date fixed for redemption of any Debenture is an interest payment date, then the regular semi-annual payment of interest becoming due on such date shall be payable to the registered Holder of such Debenture at the close of business on the applicable record date. If redeemed during the twelve-month period beginning February 15,

Year Percentage	Percentage	Year	
1987.....	105.250%	1993.....	
102.100%			
1988.....	104.725	1994.....	101.575
1989.....	104.200	1995.....	101.050
1990.....	103.675	1996.....	100.525

1991..... 103.150 1997 and thereafter 100.000 1992..... 102.625

except that the Debentures may not be so redeemed prior to February 15, 1989, unless for a period of twenty trading days within thirty consecutive trading days ending not more than five trading days prior to the date the notice of redemption is mailed, the closing price per share (as referred to in the Indenture) of Common Stock of the Company shall have been at least 150% of the Conversion Price in effect on each such day.

The Debentures are also subject to redemption in part, through the operation of the sinking fund provided for in the Indenture, on each February 15, commencing on February 15, 1998 and continuing to and including February 15, 2011, on notice as set forth above and at 100% of the principal amount thereof (the sinking fund redemption price), together with accrued interest to the date fixed for redemption.

The Holder of this Debenture will have the option, upon the occurrence of either of the events specified in clauses (i) or (ii) below, for a specified period of sixty days, to require the Company to redeem the principal amount of this Debenture (or any portion thereof which is \$1,000 or an integral multiple thereof), at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date of redemption: (i) any person or group (an "other entity"), within

the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, attains beneficial ownership, within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, of at least 50% of the voting power for election of the Directors of the Company unless approved in advance by a majority of the Company's Continuing Directors (as hereinafter defined), or (ii) the Company consolidates or merges with or sells or leases its properties and assets substantially as an entirety to any other entity unless approved in advance by a majority of the Company's Continuing Directors. A "Continuing Director" is a Director who is a member of the Board of Directors of the Company elected by stockholders prior to the time the other entity hereafter acquires in excess of 10% of the voting power for the election of Directors of the Company, or a person recommended to succeed a Continuing Director by a majority purpose. In case an Event of Default with respect to the 5 1/4% Convertible Subordinated Debentures Due 2012 shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture. The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding of all series to be affected (voting as a class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Securities of each such series; provided, however, that no such supplemental indenture shall (I) extend the final maturity of any Security, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or any premium thereon, or reduce any amount payable on redemption thereof, or make the principal thereof or any interest or premium thereon payable in any coin or currency other than that hereinbefore provided, or impair the right to convert the 5 1/4% Convertible Subordinated Debentures Due 2012 into Common Stock on the terms defined in the Indenture, or impair or affect the right of any Holder to institute suit for payment thereof or the right of repayment, if any, at the option of the Holder, or modify any provisions of the Indenture relating to the subordination of the Securities in a manner adverse to the Holders thereof, without the consent of the holder of each Security so affected, or (ii) reduce the aforesaid principal amount of Securities of all series to be affected, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Securities so affected then outstanding. It is also provided in the Indenture that, with respect to certain defaults of Events of Default regarding the Securities of any series, prior to any declaration accelerating the maturity of such Securities, the holders of a majority in aggregate principal amount of the Securities of such series at the time outstanding (or, in the case of certain defaults or Events of Default, all the Securities) may on behalf of the holders of all of the Securities of such series (or all the Securities, as the case may be) waive any such past default or Event of Default under the Indenture and its consequences except a default in the payment of principal of, premium, if any, or interest, if any, on any of the Securities. Any such consent or waiver by the Holder of this Debenture (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Debenture and any Debentures which may be issued in exchange or transfer hereof or in substitution hereof, irrespective of whether or not any notation thereof is made upon this Debenture or such other Debentures. No reference herein to the Indenture and no provision of this Debenture or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Debenture at the place, at the respective times, at the rate and in the coin or currency herein prescribed. Continuing Director by a majority of the Continuing Directors.

Upon due presentment for registration of transfer of this Debenture at the office or agency of the Company for such registration in the Borough of Manhattan, The City of New York, or any other location or locations as may be provided for pursuant to the Indenture, a new Debenture or Debentures of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company, the Trustee and any agent of the Company or the Trustee may deem and treat the Holder hereof as the absolute owner of this Debenture (whether or not this Debenture shall be overdue and notwithstanding any notation of ownership or other writing hereon), for the purpose of receiving payment of or on account of the principal hereof and, subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Company nor the Trustee nor any such agent shall be affected by any notice to the contrary. All payments made to or upon the order of such Holder shall, to the extent of the sum or sums paid, effectually satisfy and discharge liability for moneys payable on this Debenture.

No recourse for the payment of the principal of, or premium, if any, or interest on this Debenture, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Debenture, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

All terms used in this Debenture which are defined in the Indenture shall have the respective meanings ascribed to them herein.

This Debenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of that State.

TO MASCO CORPORATION:

The undersigned owner of this Debenture hereby irrevocably exercises the option to convert this Debenture into shares of Common Stock of the

Company in accordance with the terms of the Indenture referred to in this Debenture, and directs that the shares issuable and deliverable upon the conversion, together with any check in payment for fractional shares and any Debentures representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect hereto. Any amount required to be paid by the undersigned on account of interest accompanies this Debenture.

Dated _____

Signature

Fill in for registration of shares of Common Stock and Debentures if to be issued otherwise than to the registered holder.

(Name) Social Security or other

Taxpayer Identifying Number

(Address)

Please print name and address (including zip code number)

The following abbreviations, where such abbreviations appear on this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--as tenants in common	UNIF GIFT MIN
ACT--		
.....Custodian.....		
TEN ENT	--as tenants by the entireties	
(Cust)	(Minor)	
JT TEN	--as joint tenants with right of	
under Uniform Gifts to Minors	survivorship and not as tenants	
Act.....	in common	
(State)		

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

the within Debenture of MASCO CORPORATION and hereby does irrevocably constitute and appoint

Attorney

to transfer the said Debenture on the books of the within-named Company, with full power of substitution in the premises.

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSESSMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

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EXHIBIT 4.c

CONFORMED COPY

\$750,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

November 14, 1996

among

Masco Corporation

The Banks Party Hereto

and

Morgan Guaranty Trust Company of New York, as Agent

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- Exhibit G - Assignment and Assumption Agreement

AMENDED AND RESTATED CREDIT AGREEMENT

AMENDED AND RESTATED CREDIT AGREEMENT dated as of November 14, 1996 among MASCO CORPORATION, the BANKS party hereto and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent.

WHEREAS, Masco Corporation, certain banks and Morgan Guaranty Trust Company of New York, as agent, are parties to a credit agreement dated as of May 18, 1994, as heretofore amended (the "Existing Credit Agreement") providing commitments in the aggregate amount of \$750,000,000;

WHEREAS, the parties hereto desire to amend the Existing Credit Agreement (i) to extend the Termination Date from May 15, 2000 to November 14, 2001, (ii) to reduce the rates of interest and fees payable thereunder, (iii) to delete or modify certain covenants and (iv) to make certain other changes; and

WHEREAS, the parties hereto desire to restate the Existing Credit Agreement as so amended to read in full as set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

SECTION 1.01. Definitions. The following terms, as used herein, have the following meanings:

"Absolute Rate Auction" means a solicitation of Money Market Quotes setting forth Money Market Absolute Rates pursuant to Section 2.03.

"Acquired Debt" means, with respect to any Person which becomes a Subsidiary after the date of this Agreement, Debt of such Person which was outstanding before such Person became a Subsidiary and which was not created in contemplation of such Person becoming a Subsidiary; provided that such Debt shall no longer constitute

"Acquired Debt" at any time that is more than six months after such Person becomes a Subsidiary.

"Adjusted CD Rate" has the meaning set forth in Section 2.07(b).

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Agent and submitted to the Agent (with a copy to the Borrower) duly completed by such Bank.

"Affiliate" means at any date a Person (other than a Consolidated Subsidiary) whose earnings or losses (or the appropriate proportionate share thereof) would be included in determining the Consolidated Net Income of the Borrower and its Consolidated Subsidiaries for a period ending on such date under the equity method of accounting for investments in common stock (and certain other investments).

"Agent" means Morgan Guaranty Trust Company of New York in its capacity as agent for the Banks hereunder, and its successors in such capacity.

"Agreement," when used with reference to this Agreement, means this Amended and Restated Credit Agreement dated as of November 14, 1996 as amended from time to time after the date hereof.

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Domestic Loans, its Domestic Lending Office, (ii) in the case of its Euro-Dollar Loans, its Euro-Dollar Lending Office and (iii) in the case of its Money Market Loans, its Money Market Lending Office.

"Assessment Rate" has the meaning set forth in Section 2.07(b).

"Assignee" has the meaning set forth in Section 9.06(c).

"Bank" means each bank listed on the signature pages hereof, each Assignee which becomes a Bank pursuant to Section 9.06(c), and their respective successors.

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

"Base Rate Loan" means a Committed Loan to be made by a Bank as a Base Rate Loan in accordance with the applicable Notice of Committed Borrowing or pursuant to Article 8.

"Benefit Arrangement" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer

Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

"Borrower" means Masco Corporation, a Delaware corporation, and its successors.

"Borrower's 1995 Form 10-K" means the Borrower's annual report on Form 10-K for the year ended December 31, 1995, as filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Borrower's Equity Securities" means shares of any class of the Borrower's capital stock or options, warrants or other rights to acquire such shares.

"Borrowing" has the meaning set forth in Section 1.03.

"CD Base Rate" has the meaning set forth in Section 2.07(b).

"CD Loan" means a Committed Loan to be made by a Bank as a CD Loan in accordance with the applicable Notice of Committed Borrowing.

"CD Margin" means, subject to Section 2.17, a rate per annum determined in accordance with the Pricing Schedule.

"CD Reference Banks" means NBD Bank, Royal Bank of Canada and Morgan Guaranty Trust Company of New York and each other bank, if any, which is appointed as a CD Reference Bank pursuant to Section 8.01(b) or 9.06(f).

"Commitment" means (i) with respect to any Bank listed on the Commitment Schedule, the amount set forth opposite the name of such Bank on the Commitment Schedule, or (ii) with respect to any Assignee, the amount of the transferor Bank's Commitment assigned to such Assignee pursuant to Section 9.06(c), in each case as such amount may be reduced from time to time pursuant to Section 2.09 or 2.10 or changed as a result of an assignment pursuant to Section 9.06(c).

"Commitment Schedule" means the Commitment Schedule attached hereto.

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"Committed Loan" means a loan made by a Bank pursuant to Section 2.01.

"Consolidated Adjusted Net Worth" means at any date (i) Shareholders' Equity at such date less (ii) the amount (if any) by which the aggregate amount of all equity and other investments in Affiliates of the Borrower reflected in such Shareholders' Equity exceeds \$250,000,000.

"Consolidated Current Assets" means at any date the consolidated current assets of the Borrower and its Consolidated Subsidiaries determined as of such date.

"Consolidated Debt" means at any date the Debt of the Borrower and its Consolidated Subsidiaries, determined on a consolidated basis as of such date.

"Consolidated Net Income" means, for any period, the consolidated net income of the Borrower and its Consolidated Subsidiaries for such period (considered as a single accounting period), but excluding the net income or deficit of any Person (other than the equity in earnings or losses of an Affiliate previously included in such consolidated net income determined under the equity method of accounting for investments) prior to the effective date on which it becomes a Consolidated Subsidiary or is merged into or consolidated with the Borrower or a Consolidated Subsidiary.

"Consolidated Subsidiary" means at any date any Subsidiary the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements as of such date.

"Consolidated Tangible Net Worth" means at any date the aggregate of all assets (excluding treasury stock) which would be shown on a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of such date; provided that there shall be deducted from the amount of such assets, to the extent otherwise included therein, (i) any reserves on assets of the Borrower and its Consolidated Subsidiaries where a reserve is proper in accordance with generally accepted accounting principles, including, without limitation, reserves for depreciation, amortization or obsolescence, loss on receivables or inventory valuations, (ii) any unamortized goodwill, patents, trademarks, trade names or other like intangible assets of the Borrower and its Consolidated Subsidiaries, (iii) unamortized debt discount or expense of the Borrower and its Consolidated Subsidiaries and (iv) any deferred charges or prepaid expenses of the Borrower and its Consolidated Subsidiaries which are not Consolidated Current Assets; and

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provided further that there shall also be deducted from such amount (v) Consolidated Total Liabilities at such date.

"Consolidated Total Liabilities" means at any date the aggregate of all liabilities or other items which would appear on the liability side of a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of such date, except the amount so appearing which constitutes Shareholders' Equity.

"Continuing Director" means any member of the Borrower's board of directors who either (i) is a member of such board as of November 14, 1996 or (ii) is thereafter elected to such board, or nominated for election by stockholders, by a vote of at least two-thirds of the directors who are Continuing Directors at the time of such vote; provided that an individual who is so elected or nominated in connection with a merger, consolidation, acquisition or similar transaction shall not be a Continuing Director unless such individual was a Continuing Director prior thereto.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property, except trade accounts payable, (iv) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (vi) all Debt of others for which such Person is contingently liable. In calculating the amount of any Debt at any date for purposes of this Agreement, accrued interest shall be excluded to the extent that it would be properly classified as a current liability for interest under the heading "Accrued liabilities" (and not under the heading "Notes payable") in a balance sheet prepared as of such date in accordance with the accounting principles and practices used in preparing the balance sheet referred to in Section 4.04(a) and the related footnotes thereto.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Borrower and the Agent; provided that any Bank may so designate separate Domestic Lending Offices for its Base Rate Loans, on the one hand, and its CD Loans, on the other hand, in which case all references herein to the Domestic Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Domestic Loans" means CD Loans or Base Rate Loans or both.

"Domestic Reserve Percentage" has the meaning set forth in Section 2.07(b).

"Domestic Subsidiary" means a Subsidiary which is incorporated under the laws of the United States of America or any state thereof.

"Effective Date" has the meaning set forth in Section 3.01.

"Environmental Laws" means any and all federal, state and local statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the environment, the effect of the environment on human health or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

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

"ERISA Group" means the Borrower, any Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary, are treated as a single employer under Section 414 of the Internal Revenue Code.

"Euro-Dollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Euro-Dollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrower and the Agent.

"Euro-Dollar Loan" means a Committed Loan to be made by a Bank as a Euro-Dollar Loan in accordance with the applicable Notice of Committed Borrowing.

"Euro-Dollar Margin" means, subject to Section 2.17, a rate per annum determined in accordance with the Pricing Schedule.

"Euro-Dollar Reference Banks" means the principal London offices of The First National Bank of Chicago, Royal Bank of Canada and Morgan Guaranty Trust Company of New York and each other bank, if any, which is appointed as a Euro-Dollar Reference Bank pursuant to Section 8.01(b) or 9.06(f).

"Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of

"Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents).

"Event of Default" has the meaning set forth in Section 6.01.

"Existing Credit Agreement" has the meaning set forth in the first Whereas Clause.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal

Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Morgan Guaranty Trust Company of New York on such day on such transactions as determined by the Agent.

"Fiscal Quarter" means a fiscal quarter of the Borrower.

"Fiscal Year" means a fiscal year of the Borrower.

"Fixed Rate Loans" means CD Loans or Euro-Dollar Loans or Money Market Loans (excluding Money Market LIBOR Loans bearing interest at the Base Rate pursuant to Section 8.01(a)) or any combination of the foregoing.

"High Quality Investment" means any investment in (i) direct obligations of the United States of America or any agency thereof, or obligations guaranteed by the United States of America or any agency thereof, (ii) commercial paper rated at least A-1 by S&P and at least P-1 by Moody's or (iii) time deposits with, including certificates of deposit issued by, any Bank which was a party to this Agreement on the Effective Date or any office located in the United States of America of any bank or trust company which is organized under the laws of the United States of America or any State thereof and has capital, surplus and undivided profits aggregating at least \$500,000,000; provided in each case that such investment matures within six months from the date of acquisition thereof by the Borrower or a Subsidiary.

"Interest Period" means: (1) with respect to each Euro-Dollar Borrowing, the period commencing on the date of such Borrowing and ending one, two, three or six months thereafter (or, subject to Section 2.07(d), nine or twelve months thereafter), as the Borrower may elect in the applicable Notice of Borrowing; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

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(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(2) with respect to each CD Borrowing, the period commencing on the date of such Borrowing and ending 30, 60, 90 or 180 days thereafter, as the Borrower may elect in the applicable Notice of Borrowing; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day; and

(b) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(3) with respect to each Base Rate Borrowing, the period commencing on the date of such Borrowing and ending 90 days thereafter; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day; and

(b) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(4) with respect to each Money Market LIBOR Borrowing, the period commencing on the date of such Borrowing and ending such whole number of months thereafter as the Borrower may elect in accordance with Section 2.03; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(5) with respect to each Money Market Absolute Rate Borrowing, the period commencing on the date of such Borrowing and ending such number of days thereafter (but not less than 30 days) as the Borrower may elect in accordance with Section 2.03; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day; and

(b) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"LIBOR Auction" means a solicitation of Money Market Quotes setting forth Money Market Margins based on the London Interbank Offered Rate pursuant to Section 2.03.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset; provided that a subordination agreement shall not be deemed to create a Lien. For the purposes of this Agreement, the Borrower or any Consolidated Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other similar title retention agreement relating to such asset.

"Loan" means a Domestic Loan or a Euro-Dollar Loan or a Money Market Loan and "Loans" means Domestic Loans or Euro-Dollar Loans or Money Market Loans or any combination of the foregoing.

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"London Interbank Offered Rate" has the meaning set forth in Section 2.07(c).

"Material Debt" means Debt (other than the Notes) of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate outstanding principal amount exceeding \$25,000,000.

"Material Plan" has the meaning set forth in Section 6.01(i).

"Money Market Absolute Rate" has the meaning set forth in Section 2.03(d).

"Money Market Absolute Rate Loan" means a loan to be made by a Bank pursuant to an Absolute Rate Auction.

"Money Market Lending Office" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Money Market Lending Office by notice to the Borrower and the Agent; provided that any Bank may from time to time by notice to the Borrower and the Agent designate separate Money Market Lending Offices for its Money Market LIBOR Loans, on the one hand, and its Money Market Absolute Rate Loans, on the other hand, in which case all references herein to the Money Market Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Money Market LIBOR Loan" means a loan to be made by a Bank pursuant to a LIBOR Auction (including such a loan bearing interest at the Base Rate pursuant to Section 8.01(a)).

"Money Market Loan" means a Money Market LIBOR Loan or a Money Market Absolute Rate Loan.

"Money Market Margin" has the meaning set forth in Section 2.03(d).

"Money Market Quote" means an offer by a Bank to make a Money Market Loan in accordance with Section 2.03.

"Moody's" has the meaning set forth in the Pricing Schedule.

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"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or, pursuant to an applicable collective bargaining agreement, accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

"Notes" means promissory notes of the Borrower, substantially in the form of Exhibit A hereto, evidencing the obligation of the Borrower to repay the Loans, and "Note" means any one of such promissory notes issued hereunder.

"Notice of Borrowing" means a Notice of Committed Borrowing (as defined in Section 2.02) or a Notice of Money Market Borrowing (as defined in Section 2.03(f)).

"Parent" means, with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning set forth in Section 9.06(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

"Pricing Schedule" means the Pricing Schedule attached hereto.

"Prior Plan" means at any time (i) any Plan which at such time is no longer maintained or contributed to by any member of the ERISA Group or (ii)

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any Multiemployer Plan to which no member of the ERISA Group is at such time any longer making contributions or, pursuant to an applicable collective bargaining agreement, accruing an obligation to make contributions.

"Prime Rate" means the rate of interest publicly announced by Morgan Guaranty Trust Company of New York in New York City from time to time as its Prime Rate.

"Reference Banks" means the CD Reference Banks or the Euro-Dollar Reference Banks, as the context may require, and "Reference Bank" means any one of such Reference Banks.

"Refunding Borrowing" means a Committed Borrowing which, after application of the proceeds thereof, results in no net increase in the aggregate outstanding principal amount of the Committed Loans made by any Bank.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Banks" means at any time Banks having more than 50% of the aggregate amount of the Commitments or, if the Commitments shall have terminated, holding Notes evidencing more than 50% of the aggregate unpaid principal amount of the Loans.

"S&P" has the meaning set forth in the Pricing Schedule.

"Shareholders' Equity" means at any date the shareholders' equity of the Borrower.

"Significant Subsidiaries" means any one or more Subsidiaries which, if considered in the aggregate as a single Subsidiary, would be a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the Securities Exchange Act of 1934. For purposes of this Agreement, a type of event shall not be deemed to have occurred with respect to Significant Subsidiaries unless such type of event has occurred with respect to each of the Subsidiaries required to be included to constitute "Significant Subsidiaries" as defined in the preceding sentence.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time

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owned by the Borrower or by the Borrower and one or more Subsidiaries or by one or more Subsidiaries.

"Termination Date" means November 14, 2001, or, if such day is not a Euro-Dollar Business Day, the next preceding Euro-Dollar Business Day.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

SECTION 1.02 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Banks; provided that, if the Borrower notifies the Agent that the Borrower wishes to amend any covenant in Article 5 to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant (or if the Agent notifies the Borrower that the Required Banks wish to amend Article 5 for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Banks.

SECTION 1.03 Types of Borrowings. The term "Borrowing" denotes the aggregation of Loans of one or more Banks to be made to the Borrower pursuant to Article 2 on a single date and for a single Interest Period. Borrowings are classified for purposes of this Agreement either by reference to the pricing of the Loans comprising such Borrowing (e.g., a "Euro-Dollar Borrowing" is a Borrowing comprised of Euro-Dollar Loans) or by reference to the provisions of Article 2 under which participation therein is determined (i.e., a "Committed

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Borrowing" is a Borrowing under Section 2.01 in which all Banks participate in proportion to their Commitments, while a "Money Market Borrowing" is a Borrowing under Section 2.03 in which the Bank participants are determined on the basis of their bids in accordance therewith).

ARTICLE 1 THE CREDITS

SECTION 2.01 Committed Borrowings. Each Bank severally agrees, on the terms and conditions set forth in this Agreement, to make loans to the Borrower pursuant to this Section from time to time on and after the Effective Date; provided that the aggregate principal amount of the Committed Loans made by such Bank at any one time outstanding shall not exceed the amount of its Commitment at that time. Each Borrowing under this Section shall be in an aggregate principal amount of \$25,000,000 or any larger multiple of \$1,000,000 (except that any such Borrowing may be in the aggregate amount available in accordance with Section 3.02(b)) and shall be made from the several Banks ratably in proportion to their respective Commitments. Within the foregoing limits, the Borrower may borrow under this Section, repay, or to the extent permitted by

Section 2.11, prepay Loans and reborrow at any time under this Section. Amounts repaid pursuant to Section 8.02 shall not be reborrowed except as provided therein.

SECTION 1.2. Notice of Committed Borrowings. The Borrower shall give the Agent notice (a "Notice of Committed Borrowing") not later than 10:00 A.M. (New York City time) on (x) the date of each Base Rate Borrowing, (y) the second Domestic Business Day before each CD Borrowing and (z) the third Euro-Dollar Business Day before each Euro-Dollar Borrowing, specifying:

- (a) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Domestic Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing,
- (b) the aggregate amount of such Borrowing,
- (c) whether the Loans comprising such Borrowing are to be CD Loans, Base Rate Loans or Euro-Dollar Loans, and

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(d) in the case of a Fixed Rate Borrowing, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

SECTION 2.03. Money Market Borrowings.

(a) The Money Market Option. In addition to Committed Borrowings pursuant to Section 2.01, the Borrower may, as set forth in this Section, request the Banks on and after the Effective Date to make offers to make Money Market Loans to the Borrower. The Banks may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section.

(b) Money Market Quote Request. When the Borrower wishes to request offers to make Money Market Loans under this Section, it shall transmit to the Agent by telex or facsimile transmission a Money Market Quote Request substantially in the form of Exhibit B hereto so as to be received no later than 10:00 A.M. (New York City time) on (x) the fifth Euro-Dollar Business Day prior to the date of Borrowing proposed therein, in the case of a LIBOR Auction or (y) the Domestic Business Day next preceding the date of Borrowing proposed therein, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective) specifying:

(i) the proposed date of Borrowing, which shall be a Euro-Dollar Business Day in the case of a LIBOR Auction or a Domestic Business Day in the case of an Absolute Rate Auction,

(ii) the aggregate amount of such Borrowing, which shall be \$25,000,000 or a larger multiple of \$1,000,000, 0.1.2.3 the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period, and

(iii) whether the Money Market Quotes requested are to set forth a Money Market Margin or a Money Market Absolute Rate.

The Borrower may request offers to make Money Market Loans for more than one Interest Period in a single Money Market Quote Request. No Money Market

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Quote Request shall be given within five Euro-Dollar Business Days (or such other number of days as the Borrower and the Agent may agree) of any other Money Market Quote Request.

(c) Invitation for Money Market Quotes. Promptly upon receipt of a Money Market Quote Request, the Agent shall send to the Banks by telex or facsimile transmission (or by telephone promptly confirmed by telex or facsimile transmission) an Invitation for Money Market Quotes substantially in the form of Exhibit C hereto, which shall constitute an invitation by the Borrower to each Bank to submit Money Market Quotes offering to make the Money Market Loans to which such Money Market Quote Request relates in accordance with this Section.

(d) Submission and Contents of Money Market Quotes. Each Bank may submit a Money Market Quote containing an offer or offers to make Money Market Loans in response to any Invitation for Money Market Quotes. Each Money Market Quote must comply with the requirements of this subsection (d) and must be submitted to the Agent by telex or facsimile transmission (or by telephone promptly confirmed by telex or facsimile transmission) at its offices specified in or pursuant to Section 9.01 not later than (x) 2:00 P.M. (New York City time) on the fourth Euro-Dollar Business Day prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (y) 9:00 A.M. (New York City time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective); provided that Money Market Quotes submitted by the Agent (or any affiliate of the Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Agent or such affiliate notifies the Borrower of the terms of the offer or offers contained therein not later than (x) one hour prior to the deadline for the other Banks, in the case of a LIBOR Auction or (y) 15 minutes prior to the deadline for the other Banks, in the case of an Absolute Rate Auction. Subject to Articles 3 and 6, any Money Market Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Borrower.

(ii) Each Money Market Quote shall be in substantially the form of Exhibit D hereto and shall in any case specify:

(A) the proposed date of Borrowing (as specified in the relevant Money Market Quote Request),

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(B) the principal amount of the Money Market Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be \$1,000,000 or a larger multiple thereof, (y) may not exceed the principal amount of Money Market Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Money Market Loans for which offers being made by such quoting Bank may be accepted,

(C) in the case of a LIBOR Auction, the margin above or below the applicable London Interbank Offered Rate (the "Money Market Margin") offered for each such Money Market Loan, expressed as a percentage (specified to the nearest 1/10,000th of 1%) to be added to or subtracted from such applicable London Interbank Offered Rate,

(D) in the case of an Absolute Rate Auction, the rate of interest per annum (specified to the nearest 1/10,000th of 1%) (the "Money Market Absolute Rate") offered for each such Money Market Loan, and

(E) the identity of the quoting Bank.

A Money Market Quote may set forth up to five separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Money Market Quotes.

(iii) Any Money Market Quote shall be disregarded if it:

(A) is not substantially in conformity with Exhibit D hereto or does not specify all of the information required by subsection (d)(ii);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Money Market Quotes; or

(D) arrives after the time set forth in subsection (d)(i).

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(e) Notice to Borrower. The Agent shall promptly notify the Borrower of the terms (x) of any Money Market Quote submitted by a Bank that is in accordance with subsection (d) and (y) of any Money Market Quote that amends, modifies or is otherwise inconsistent with a previous Money Market Quote submitted by such Bank with respect to the same Money Market Quote Request. Any such subsequent Money Market Quote shall be disregarded by the Agent unless such subsequent Money Market Quote is submitted solely to correct a manifest error in such former Money Market Quote. The Agent's notice to the Borrower shall specify (A) the aggregate principal amount of Money Market Loans for which offers have been received for each Interest Period specified in the related Money Market Quote Request, (B) the respective principal amounts and Money Market Margins or Money Market Absolute Rates, as the case may be, so offered and (C) if applicable, limitations on the aggregate principal amount of Money Market Loans for which offers in any single Money Market Quote may be accepted.

(f) Acceptance and Notice by Borrower. Not later than 10:00 A.M. (New York City time) on (x) the third Euro-Dollar Business Day prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (y) the proposed date of Borrowing, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective), the Borrower shall notify the Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e). In the case of acceptance, such notice (a "Notice of Money Market Borrowing") shall specify the aggregate principal amount of offers for each Interest Period that are accepted. The Borrower may accept any Money Market Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Money Market Borrowing may not exceed the applicable amount set forth in the related Money Market Quote Request,

(ii) the principal amount of each Money Market Borrowing must be \$25,000,000 or a larger multiple of \$1,000,000,

(iii) acceptance of offers may only be made on the basis of ascending Money Market Margins or Money Market Absolute Rates, as the case may be, and

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(iv) the Borrower may not accept any offer that is described in subsection (d)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) Allocation by Agent. If offers are made by two or more Banks with the same Money Market Margins or Money Market Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Money Market Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks as nearly as possible (in multiples of \$1,000,000, as the Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determinations by the Agent of the amounts of Money Market Loans shall be conclusive in the absence of manifest error.

SECTION 2.04. Notice to Banks; Funding of Loans.

(a) Upon receipt of a Notice of Borrowing, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's share (if any) of such Borrowing and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Not later than 12:00 Noon (New York City time) on the date of each Borrowing, each Bank participating therein shall (except as provided in subsection (c) of this Section) make available its share of such Borrowing, in Federal or other funds immediately available in New York City, to the Agent at its address referred to in Section 9.01. Unless the Agent determines that any applicable condition specified in Article 3 has not been satisfied, the Agent will make the funds so received from the Banks available to the Borrower at the Agent's aforesaid address.

(c) If any Bank makes a new Loan hereunder on a day on which the Borrower is to repay all or any part of an outstanding Loan from such Bank, such Bank shall apply the proceeds of its new Loan to make such repayment and only an amount equal to the difference (if any) between the amount being borrowed and the amount being repaid shall be made available by such Bank to the Agent as provided in subsection (b) of this Section, or remitted by the Borrower to the Agent as provided in Section 2.12, as the case may be.

(d) Unless the Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Agent such Bank's share of such Borrowing, the Agent may assume that such Bank has made

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such share available to the Agent on the date of such Borrowing in accordance with subsections (b) and (c) of this Section and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Agent, such Bank and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.07 and (ii) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan included in such Borrowing for purposes of this Agreement.

SECTION 2.05. Notes. (a) The Loans of each Bank shall be evidenced by a single Note payable to the order of such Bank for the account of its Applicable Lending Office in an amount equal to the aggregate unpaid principal amount of such Bank's Loans.

(b) Each Bank may, by notice to the Borrower and the Agent, request that its Loans of a particular type be evidenced by a separate Note in an amount equal to the aggregate unpaid principal amount of such Loans. Each such Note shall be in substantially the form of Exhibit A hereto with appropriate modifications to reflect the fact that it evidences solely Loans of the relevant type. Each reference in this Agreement to the "Note" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt of each Bank's Note pursuant to Section 3.01(b), the Agent shall mail such Note to such Bank. Each Bank shall record the date, amount, type and maturity of each Loan made by it and the date and amount of each payment of principal made by the Borrower with respect thereto, and prior to any transfer of its Note shall endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; provided that the failure of any Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Notes. Each Bank is hereby irrevocably authorized by the Borrower so to endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required.

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SECTION 2.06. Maturity of Loans. Each Loan included in any Borrowing shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable to such Borrowing.

SECTION 2.07. Interest Rates. (a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the Base Rate for such day. Such interest shall be payable for each Interest Period on the last day thereof. Any overdue principal of or overdue interest on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 1% plus the Base Rate for such day.

(b) Each CD Loan shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the CD Margin for such day plus the Adjusted CD Rate applicable to such Interest Period; provided that, if any CD Loan or any portion thereof shall, as a result of clause (2)(b) of the definition of Interest Period, have an Interest Period of less than 30 days, such CD Loan or portion thereof shall bear interest for each day during such Interest Period at the Base Rate for such day. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than 90 days, 90 days after the first day thereof. Any overdue principal of or overdue interest on any CD Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 1% plus the higher of (i) the sum of the CD Margin for such day plus the Adjusted CD Rate applicable to the Interest Period for such Loan and (ii) the Base Rate for such day.

The "Adjusted CD Rate" applicable to any Interest Period means a rate per annum determined pursuant to the following formula:

$$\frac{\text{ACDR}}{\text{AR}} = \frac{[\text{CDBR}]}{[1.00 - \text{DRP}]} +$$

ACDR = Adjusted CD Rate
 CDBR = CD Base Rate

DRP = Domestic Reserve Percentage AR = Assessment Rate

* The amount in brackets being rounded upwards, if necessary, to the next higher 1/100 of 1%

The "CD Base Rate" applicable to any Interest Period is the rate of interest determined by the Agent to be the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the prevailing rates per annum bid at 10:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period by two or more New York certificate of deposit dealers of recognized standing for the purchase at face value from each CD Reference Bank of its certificates of deposit in an amount comparable to the principal amount of the CD Loan of such CD Reference Bank to which such Interest Period applies and having a maturity comparable to such Interest Period.

"Domestic Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of new non-personal time deposits in dollars in New York City having a maturity comparable to the related Interest Period and in an amount of \$100,000 or more. The Adjusted CD Rate shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage.

"Assessment Rate" means for any day the annual assessment rate in effect on such day which is payable by a member of the Bank Insurance Fund classified as adequately capitalized and within supervisory subgroup "A" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R.

Section 327.4(a) (or any successor provision) to the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring time deposits at offices of such institution in the United States. The Adjusted CD Rate shall be adjusted automatically on and as of the effective date of any change in the Assessment Rate.

(c) Subject to Section 2.16, each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Euro-Dollar Margin for such day plus the London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof.

The "London Interbank Offered Rate" applicable to any Interest Period means the average (rounded upward, if necessary, to the next higher 1/16 of 1%)

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of the respective rates per annum at which deposits in dollars are offered to each of the Euro-Dollar Reference Banks in the London interbank market at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Euro-Dollar Loan of such Euro-Dollar Reference Bank to which such Interest Period is to apply and for a period of time comparable to such Interest Period; provided that, if such Interest Period has a duration of nine or twelve months, the London Interbank Offered Rate applicable thereto shall be determined as provided in subsection (d) of this Section.

(d) If requested to do so by the Borrower at least four Euro-Dollar Business Days before the beginning of any Interest Period applicable to a Euro-Dollar Borrowing, each Bank will advise the Borrower before 12:00 noon on the third Euro-Dollar Business Day before the beginning of such Interest Period as to (i) whether, if the Borrower selects a duration of nine or twelve months for such Interest Period, such Bank expects that deposits in dollars with a term corresponding to such Interest Period will be available to it in the London interbank market two Euro-Dollar Business Days before the beginning of such Interest Period in the amount required to fund its Euro-Dollar Loan to which such Interest Period would apply and, if so, (ii) the interest rate which such Bank would have been required to pay as of 10:00 A.M. (New York City time) on such third Euro-Dollar Business Day before the beginning of such Interest Period to obtain such deposits. If, but only if, all of the Banks confirm that they expect such deposits to be available to them, the Borrower shall be entitled to select a duration of nine or twelve months (as the case may be) for such Interest Period pursuant to Section 2.02, in which event (i) each Bank shall advise the Agent as to the interest rate per annum at which such deposits were offered to it in the London interbank market at approximately 10:00 A.M. (New York City time) two Euro-Dollar Business Days before the beginning of such Interest Period and (ii) the London Interbank Offered Rate applicable to such Interest Period shall be the highest of the rates so quoted; provided that, as an alternative to the foregoing procedure, the London Interbank Offered Rate applicable to any nine-month or twelve-month Interest Period may be established by agreement among the Borrower and all the Banks.

(e) Any overdue principal of or interest on any Euro-Dollar Loan shall bear interest, payable on demand, for each day from and including the date payment thereof was due to but excluding the date of actual payment, at a rate per annum equal to the sum of 1% plus the higher of (i) the sum of the Euro-Dollar Margin for such day plus any additional interest rate applicable pursuant to Section 2.16 plus the London Interbank Offered Rate applicable to the Interest

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Period for such Loan and (ii) the sum of the Euro-Dollar Margin for such day plus any additional interest rate applicable pursuant to Section 2.16 plus the average (rounded upwards, if necessary, to the next higher 1/16 of 1%) of the respective rates per annum at which one day (or, if such amount due remains unpaid more than three Euro-Dollar Business Days, then for such other period of time not longer than six months as the Agent may elect) deposits in dollars in an amount approximately equal to such overdue payment due to each of the Euro-Dollar Reference Banks are offered to such Euro-Dollar Reference Bank in the London interbank market for the applicable period determined as provided above (or, if the circumstances described in clause (a) or (b) of Section 8.01 shall exist, at a rate per annum equal to the sum of 1% plus the Base Rate for such day).

(f) Subject to Section 8.01(a), each Money Market LIBOR Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the London Interbank Offered Rate for such Interest Period (determined in accordance with Section

2.07(c) as if the related Money Market LIBOR Borrowing were a Committed Euro-Dollar Borrowing) plus (or minus) the Money Market Margin quoted by the Bank making such Loan in accordance with Section 2.03. Each Money Market Absolute Rate Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the Money Market Absolute Rate quoted by the Bank making such Loan in accordance with Section 2.03. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof. Any overdue principal of or overdue interest on any Money Market Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 1% plus the Base Rate for such day.

(g) The Agent shall determine each interest rate applicable to the Loans hereunder. The Agent shall give prompt notice to the Borrower and the participating Banks by telex or cable of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(h) Each Reference Bank agrees to use its best efforts to furnish quotations to the Agent as contemplated by this Section. If any Reference Bank does not furnish a timely quotation, the Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the remaining Reference Bank or Banks or, if none of such quotations is available on a timely basis, the provisions of Section 8.01 shall apply.

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SECTION 2.08. Facility Fees. The Borrower shall pay to the Agent, for the account of the Banks ratably in proportion to their Commitments, a facility fee calculated, subject to Section 2.17, for each day at the Facility Fee Rate for such day determined in accordance with the Pricing Schedule. Such facility fee shall accrue for each day (i) from and including the Effective Date to but excluding the Termination Date (or earlier date of termination of the Commitments in their entirety), on the aggregate amount of the Commitments (whether used or unused) in effect on such day and (ii) from and including such date of termination of the Commitments to but excluding the date the Loans shall be repaid in their entirety, on the aggregate principal amount of the Loans outstanding on such day. Fees accrued under this Section shall be payable quarterly on the last Domestic Business Day of each March, June, September and December and upon the termination of the Commitments in their entirety (and, if later, the date the Loans shall be repaid in their entirety).

SECTION 2.09. Optional Termination or Reduction of Commitments. (a) The Borrower may, upon at least three Domestic Business Days' notice to the Agent,

(i) terminate the Commitments at any time, if no Loans are outstanding at such time, or (ii) ratably reduce from time to time by an aggregate amount of \$25,000,000 or any larger multiple of \$1,000,000, the aggregate amount of the Commitments in excess of the aggregate outstanding principal amount of the Loans.

(b) Upon receipt of a notice of termination or reduction pursuant to this Section, the Agent shall promptly notify each Bank of the contents thereof and of the new amount (if any) of such Bank's Commitment and such notice shall not thereafter be revocable by the Borrower.

SECTION 2.10. Mandatory Termination of Commitments. The Commitments shall terminate on the Termination Date, and any Loans then outstanding (together with accrued interest thereon) shall be due and payable on such date.

SECTION 2.11. Optional Prepayments. (a) The Borrower may (i) upon at least one Domestic Business Day's notice to the Agent, prepay any Base Rate Borrowing (or any Money Market Borrowing bearing interest at the Base Rate pursuant to Section 8.01(a)), (ii) upon at least two Domestic Business Days' notice to the Agent, subject to Section 2.13, prepay any CD Borrowing or (iii) upon at least three Euro-Dollar Business Days' notice to the Agent, subject to Section 2.13, prepay any Euro-Dollar Borrowing, in whole at any time, or from time to time in part in amounts aggregating \$25,000,000 or any larger multiple of

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\$1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Banks included in such Borrowing.

(b) Except as provided in clause (i) of Section 2.11(a), the Borrower may not prepay all or any portion of the principal amount of any Money Market Loan prior to the maturity thereof.

(c) Upon receipt of a notice of prepayment pursuant to this Section, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share (if any) of such prepayment and such notice shall not thereafter be revocable by the Borrower.

SECTION 2.12. General Provisions as to Payments. (a) The Borrower shall make each payment of principal of, and interest on, the Loans and of fees hereunder, not later than 12:00 Noon (New York City time) on the date when due, in Federal or other funds immediately available in New York City, to the Agent at its address referred to in Section 9.01. The Agent will promptly distribute to each Bank its ratable share of each such payment received by the Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Domestic Loans or of fees shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Euro-Dollar Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day. Whenever any payment of principal of, or interest on, the Money Market Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that

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the Borrower shall not have so made such payment, each Bank shall repay to the Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.13. Funding Losses. If the Borrower makes any payment of principal with respect to any Fixed Rate Loan (pursuant to Section 2.11, Article 6, Article 8 or otherwise) on any day other than the last day of the Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.07(e), or if the Borrower fails to borrow any Fixed Rate Loan after notice has been given to any Bank in accordance with Section 2.04(a) or if the Borrower fails to prepay any Fixed Rate Loan after notice has been given to any Bank in accordance with Section 2.11(c), the Borrower shall reimburse each Bank within 15 days after demand for any resulting loss or expense incurred by it (or by an existing or prospective Participant in the related Loan), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow, provided that such Bank shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

SECTION 2.14. Computation of Interest and Fees. Interest based on the Prime Rate hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.15. Withholding Tax Exemption. At least five Domestic Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Bank, each Bank that is not incorporated under the laws of the United States of America or a state thereof agrees that it will deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Bank is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Bank which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Borrower and the Agent two additional copies of such form (or a successor form) on or before the date that such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent

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form so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower or the Agent, in each case certifying that such Bank is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such form with respect to it and such Bank advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

SECTION 2.16. Regulation D Compensation. For so long as any Bank maintains reserves against "Eurocurrency liabilities" (or any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of such Bank to United States residents), and as a result the cost to such Bank (or its Applicable Lending Office) of making or maintaining its Euro-Dollar Loans is increased, then such Bank may require the Borrower to pay, contemporaneously with each payment of interest on the Euro-Dollar Loans, additional interest on the related Euro-Dollar Loan of such Bank at a rate per annum determined by such Bank up to but not exceeding the excess of (i)(A) the applicable London Interbank Offered Rate divided by (B) one minus the Euro-Dollar Reserve Percentage over (ii) the applicable London Interbank Offered Rate. Any Bank wishing to require payment of such additional interest (x) shall so notify the Borrower and the Agent, in which case such additional interest on the Euro-Dollar Loans of such Bank shall be payable to such Bank at the place indicated in such notice with respect to each Interest Period commencing at least five Business Days after the giving of such notice and (y) shall furnish to the Borrower at least five Euro-Dollar Business Days prior to each date on which interest is payable on the Euro-Dollar Loans an officer's certificate setting forth the amount to which such Bank is then entitled under this Section (which shall be consistent with such Bank's good faith estimate of the level at which the related reserves are maintained by it).

SECTION 2.17. Application of Interest Rates and Fees. Interest and fees shall accrue on and after the Effective Date at the rates described in Sections

2.07 and 2.08. Interest and fees (including commitment fees) for all periods prior to the Effective Date shall be calculated and paid in accordance with the Existing Credit Agreement.

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ARTICLE 3
CONDITIONS

SECTION 3.01. Effectiveness. This Agreement shall become effective on the date (the "Effective Date") that each of the following conditions shall have been satisfied (or waived in accordance with Section 9.05):

- (a) receipt by the Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Agent in form satisfactory to it of facsimile or other written confirmation from such party that it has executed a counterpart hereof);
- (b) receipt by the Agent for the account of each Bank of a duly executed Note, dated on or before the Effective Date, complying with the provisions of Section 2.05;
- (c) receipt by the Agent of an opinion of John R. Leekley, Senior Vice President-General Counsel of the Borrower, substantially in the form of Exhibit E hereto and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;
- (d) receipt by the Agent of an opinion of Davis Polk & Wardwell, special counsel for the Agent, substantially in the form of Exhibit F hereto and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;
- (e) receipt by the Agent of a certificate of a duly authorized officer of the Borrower, dated the Effective Date, certifying that (i) as of such date no Default shall have occurred and be continuing and (ii) as of such date the representations and warranties of the Borrower contained in this Agreement are true in all material respects; and
- (f) receipt by the Agent of all documents it may reasonably request relating to the existence of the Borrower, the corporate authority for and the validity of this Agreement and the Notes, and any other matters relevant hereto, all in form and substance satisfactory to the Agent;

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provided that this Agreement shall not become effective or be binding on any party hereto unless all of the foregoing conditions are satisfied not later than December 14, 1996. The Agent shall promptly notify the Borrower and the Banks of the Effective Date, and such notice shall be conclusive and binding on all parties hereto.

SECTION 3.02. All Borrowings. The obligation of any Bank to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) receipt by the Agent of a Notice of Borrowing as required by Section 2.02 or 2.03, as the case may be;

(b) the fact that, immediately after such Borrowing, the aggregate outstanding principal amount of the Loans will not exceed the aggregate amount of the Commitments;

(c) the fact that, immediately before and after such Borrowing,

(i) in the case of a Refunding Borrowing, no Event of Default shall have occurred and be continuing and (ii) in the case of any other Borrowing, no Default shall have occurred and be continuing; and

(d) the fact that the representations and warranties of the Borrower contained in this Agreement (except, in the case of a Refunding Borrowing, the representations and warranties set forth in Sections 4.04(b), 4.05, 4.06 (other than clause (i) thereof), 4.07 and 4.10) shall be true in all material respects on and as of the date of such Borrowing.

Each Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing as to the facts specified in clauses

(b), (c) and (d) of this Section.

SECTION 3.03. Consequences of Effectiveness. On the Effective Date the Existing Credit Agreement will be amended and restated to read in full as set forth herein and the promissory notes of the Borrower delivered pursuant thereto will become void, all without further action by any of the parties thereto. Notwithstanding such amendment and restatement of the Existing Credit Agreement, the rights and obligations of the parties thereto with respect to the

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period prior to the Effective Date will continue to be governed by the provisions thereof.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

SECTION 4.01. Corporate Existence and Power. The Borrower and its Domestic Subsidiaries are corporations duly incorporated, validly existing and in good standing under the laws of their respective states of incorporation, and have all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on their businesses, considered as a whole, substantially as now conducted.

SECTION 4.02. Corporate and Governmental Authorization; No Contravention. The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official (except filings under the Securities Exchange Act of 1934) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 4.03. Binding Effect. This Agreement constitutes a valid and binding agreement of the Borrower and the Notes, when executed and delivered in accordance with this Agreement, will constitute valid and binding obligations of the Borrower.

SECTION 4.04. Financial Information.

(a) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of December 31, 1995 and the related consolidated statements of income and cash flows for the Fiscal Year then ended, reported on by Coopers & Lybrand L.L.P. and set forth in the Borrower's 1995 Form 10-K, a copy of which has been delivered to each of the Banks, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of

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the Borrower and its Consolidated Subsidiaries as of such date and the consolidated results of their operations and their cash flows for such Fiscal Year.

(b) The unaudited condensed consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of June 30, 1996 and the related unaudited condensed statements of consolidated income and consolidated cash flows for the six months then ended, set forth in the Borrower's quarterly report for the fiscal quarter ended June 30, 1996 as filed with the Securities and Exchange Commission on Form 10-Q, a copy of which has been delivered to each of the Banks, fairly present, on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such six-month period (subject to normal year-end adjustments).

(c) There has been no material adverse change since June 30, 1996 in the business or financial position of the Borrower and its Consolidated Subsidiaries, considered as a whole, as reflected in the financial statements referred to in subsection (b) of this Section.

SECTION 4.05. Litigation. There is no action, suit or proceeding pending against, or to the knowledge of the Borrower threatened against or affecting, the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official which, in the reasonable opinion of the Borrower, is likely to have a material adverse effect on the business or financial position of the Borrower and its Consolidated Subsidiaries, considered as a whole, or which in any manner draws into question the validity of this Agreement or the Notes.

SECTION 4.06. Compliance with ERISA. Each member of the ERISA Group (i) has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and (ii) is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (x) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (y) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code, in each case securing an amount greater than \$10,000,000 or (z)

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incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA which could materially adversely affect the business, consolidated financial position or consolidated results of operations of the Borrower and its Consolidated Subsidiaries.

SECTION 4.07. Environmental Matters. In the ordinary course of its business, the Borrower conducts appropriate reviews of the effect of Environmental Laws on the business, operations and properties of the Borrower and its Subsidiaries, in the course of which it identifies and evaluates pertinent liabilities and costs (including, without limitation, capital or operating expenditures required for clean-up or closure of properties presently or previously owned or for the lawful operation of its current facilities, required constraints or changes in operating activities, and evaluation of liabilities to third parties, including employees, together with pertinent costs and expenses). On the basis of this review, the Borrower has reasonably concluded that Environmental Laws are not likely to have a material adverse effect on the business, financial position or results of operations of the Borrower and its Consolidated Subsidiaries, considered as a whole.

SECTION 4.08. Taxes. United States Federal income tax returns of the Borrower and its Subsidiaries have been examined and closed through the Fiscal Year ended December 31, 1993. The Borrower and its Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes shown as due pursuant to such returns or pursuant to any assessment received by the Borrower or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which, in the opinion of the Borrower, adequate reserves have been provided. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Borrower, adequate.

SECTION 4.09. Not an Investment Company. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 4.10. Compliance with Laws. The Borrower complies, and has caused each Subsidiary to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where (i) the necessity of compliance therewith is contested in good faith by appropriate proceedings, (ii) no officer of the Borrower

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is aware that the Borrower or the relevant Subsidiary has failed to comply therewith or (iii) the Borrower has reasonably concluded that failure to comply is not likely to have a material adverse effect on the business, financial position or results of operations of the Borrower and its Consolidated Subsidiaries, taken as a whole.

ARTICLE 5

COVENANTS

The Borrower agrees that, so long as any Bank has any Commitment hereunder or any amount payable under any Note remains unpaid:

SECTION 3.1. Information. The Borrower will deliver to each of the Banks:

(a) as soon as available and in any event within 90 days after the end of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income and cash flows for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year, all reported on by Coopers & Lybrand L.L.P. or other independent public accountants of nationally recognized standing, whose report shall be without material qualification;

(b) as soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year, a condensed consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter, the related condensed consolidated statement of income for such quarter and the related condensed consolidated statements of income and cash flows for the portion of such Fiscal Year ended at the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year, all in reasonable detail and certified, to the best of his knowledge (subject to normal year-end adjustments), as to fairness of presentation, and consistency with generally accepted accounting principles (except for changes concurred in by the Borrower's independent public accountants) by the chief financial officer or the chief accounting officer of the Borrower;

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(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer or the chief accounting officer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 5.02 to 5.04, inclusive, on the date of such financial statements, (ii) stating, to the best of his knowledge, whether any Default exists on the date of such certificate and (iii) if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(d) within 15 days after any officer of the Borrower becomes aware of the existence of any Default, unless such Default shall have been cured before the end of such 15 day period, a certificate of the chief financial officer or the chief accounting officer of the Borrower setting forth the details of such Default and the action which the Borrower is taking or proposes to take with respect thereto;

(e) promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed;

(f) promptly upon the filing thereof, copies of all reports on Forms 10-K, 10-Q and 8-K and similar regular and periodic reports which the Borrower shall have filed with the Securities and Exchange Commission;

(g) if and when any member of the ERISA Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the

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Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC;

(vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer or the chief accounting officer of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take; provided that no such certificate shall be required unless the aggregate unpaid actual or potential liability of members of the ERISA Group involved in all events referred to in (i) through (vii) above of which officers of the Borrower have obtained knowledge and have not previously reported under this clause (g) exceeds \$25,000,000;

(h) immediately after any officer of the Borrower obtains knowledge of a change or a proposed change in the rating of the Borrower's outstanding senior unsecured long-term debt securities by Moody's or S&P, a certificate of the chief financial officer or chief accounting officer of the Borrower setting forth the details thereof; and

(i) from time to time such additional information regarding the financial position or business of the Borrower as the Agent, at the request of any Bank, may reasonably request.

SECTION 5.02. Minimum Consolidated Tangible Net Worth. At no time will Consolidated Tangible Net Worth be less than Minimum Consolidated Tangible Net Worth. "Minimum Consolidated Tangible Net Worth" means \$800,000,000; provided that such amount shall be adjusted at the end of each Fiscal Quarter ending after June 30, 1996, as follows:

(i) increased by 50% of Consolidated Net Income for such Fiscal Quarter; provided that, if Consolidated Net Income for such Fiscal Quarter is a negative number (a "Consolidated Net Loss"), an amount up to 50% of such Consolidated Net Loss shall be applied first to reduce Minimum Consolidated Tangible Net Worth to the extent of offsetting prior increases (if any) in Minimum Consolidated Tangible Net Worth made pursuant to this clause (i) during the same Fiscal Year and second to

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reduce (but not below zero) any future increase in Minimum Consolidated Tangible Net Worth that would otherwise be made pursuant to this clause (i) during the same Fiscal Year; and

(ii) increased by an amount equal to 50% of all increases in Consolidated Tangible Net Worth during such Fiscal Quarter attributable to sales or issuances of the Borrower's Equity Securities; provided that an amount up to 50% of all decreases in Consolidated Tangible Net Worth during such Fiscal Quarter attributable to purchases or other retirements of the Borrower's Equity Securities shall be applied first to offset any increase in Minimum Consolidated Tangible Net Worth that would otherwise be made pursuant to this clause (ii) at the end of such Fiscal Quarter, second to reduce Minimum Consolidated Tangible Net Worth to the extent of offsetting prior increases (if any) in Minimum Consolidated Tangible Net Worth made pursuant to this clause

(ii) and third to reduce (but not below zero) any future increase in Minimum Consolidated Tangible Net Worth that would otherwise be made pursuant to this clause (ii).

SECTION 5.03. Limitations on Debt. (a) The Borrower will not at any time, and will not suffer or permit any Consolidated Subsidiary at any time to, create, incur, issue, guarantee or assume any Debt if, immediately after giving effect thereto, the ratio of (i) Consolidated Debt to (ii) the sum of Consolidated Debt and Consolidated Adjusted Net Worth would exceed 57%.

(b) The Borrower will not at any time suffer or permit any Consolidated Subsidiary to create, incur, issue, guarantee or assume any Debt if, immediately after giving effect thereto, the aggregate outstanding amount (determined at that time) of Debt of all Consolidated Subsidiaries (other than Debt owed to the Borrower or one or more other Consolidated Subsidiaries) would exceed 30% of Shareholders' Equity.

(c) Subsections (a) and (b) above shall not prevent (i) the Borrower from creating, incurring, issuing, guaranteeing or assuming Debt for the purpose of extending, renewing or Refunding (as such term is defined in this subsection) an equal or greater principal amount of Debt then outstanding of the Borrower or of Debt then outstanding of a Consolidated Subsidiary or (ii) a Consolidated Subsidiary from creating, incurring, issuing, guaranteeing or assuming Debt for the purpose of extending, renewing or Refunding an equal or greater principal amount of Debt then outstanding of such Consolidated Subsidiary, or (iii) the creation, incurrence, issuance, guarantee or assumption of Debt owed to or owned

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by the Borrower or a Consolidated Subsidiary. For purposes of this subsection

(c), Debt is deemed to be for the purpose of "Refunding" other Debt if and to the extent that (i) no later than 5 Domestic Business Days after the refunding Debt is incurred, the Borrower delivers to the Agent written notice stating that the purpose of such Debt is to refund outstanding Debt and specifying the Debt to be refunded, (ii) the proceeds of such refunding Debt are held in the form of cash or High Quality Investments (free of any Lien except a Lien securing the specified Debt to be refunded) until such specified Debt is repaid and (iii) such specified Debt to be refunded is repaid within 45 days after the refunding Debt is incurred.

(d) For purposes of the limitations provided in, and computations under, this Section, (i) when a corporation becomes a Consolidated Subsidiary it shall be deemed to create at such time all the Debt it has outstanding immediately after such time (provided that, if after giving effect to this clause (i), the aggregate outstanding amount of Debt of all Consolidated Subsidiaries (other than Debt owed to the Borrower or one or more other Consolidated Subsidiaries) would be greater than 30% but less than 60% of Shareholders' Equity, this clause (i) shall not apply at the time such corporation becomes a Consolidated Subsidiary, but such corporation shall be deemed to create on the 15th day after it becomes a Consolidated Subsidiary all the Debt it has outstanding on such 15th day), (ii) the disposition (other than to a Consolidated Subsidiary or the Borrower) by the Borrower or a Subsidiary of capital stock of any Consolidated Subsidiary which holds Debt of the Borrower or any other Consolidated Subsidiary so that the Consolidated Subsidiary ceases to be a Consolidated Subsidiary after such disposition shall be deemed the creation of such Debt, and (iii) the disposition (other than to a Consolidated Subsidiary or the Borrower) of Debt of the Borrower or any Consolidated Subsidiary by any Consolidated Subsidiary or the Borrower shall be deemed the creation of such Debt.

SECTION 5.04. Negative Pledge. Neither the Borrower nor any Consolidated Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

- (a) Liens existing on June 30, 1996 securing Debt outstanding on June 30, 1996 in an aggregate principal amount not exceeding \$30,000,000;
- (b) any Lien existing on any asset of any corporation at the time such corporation becomes a Consolidated Subsidiary and not created in contemplation of such event;

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- (c) any Lien on any asset securing Debt incurred or assumed solely for the purpose of financing all or any part of the cost of acquiring such asset (or acquiring a corporation or other entity which owned such asset); provided that such Lien attaches to such asset concurrently with or within 90 days after such acquisition;
- (d) any Lien on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Borrower or a Consolidated Subsidiary and not created in contemplation of such event;
- (e) any Lien existing on any asset prior to the acquisition thereof by the Borrower or a Consolidated Subsidiary and not created in contemplation of such acquisition;
- (f) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section; provided that such Debt is not increased and is not secured by any additional assets;
- (g) any Lien in favor of the holder of Debt (or any Person or entity acting for or on behalf of such holder) arising pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;
- (h) Liens incidental to the normal conduct of its business or the ownership of its assets which (i) do not secure Debt, (ii) do not secure any obligation in an amount exceeding \$100,000,000 and (iii) do not in the aggregate materially detract from the value of the assets of the Borrower and its Consolidated Subsidiaries taken as a whole or in the aggregate materially impair the use thereof in the operation of the business of the Borrower and its Consolidated Subsidiaries taken as a whole; and
- (i) Liens securing Debt which are not otherwise permitted by the foregoing clauses of this Section; provided that (i) the aggregate outstanding principal amount of Debt secured by all such Liens on current assets shall not at any time exceed 20% of Consolidated Current Assets and (ii) the aggregate outstanding principal amount of Debt secured by all such Liens (including Liens referred to in clause (i) of this proviso) shall

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not at any time exceed the sum of (A) 20% of Consolidated Current Assets plus (B) 5% of Consolidated Tangible Net Worth.

SECTION 5.05 Consolidations, Mergers and Sale of Assets. (a) The Borrower will not directly or indirectly sell, lease, transfer or otherwise dispose of all or substantially all of its assets, or merge or consolidate with any other Person, or acquire any other Person through purchase of assets or capital stock, unless either (i) the Borrower shall be the continuing or surviving corporation or (ii) the successor or acquiring corporation (if other than the Borrower) shall be a corporation organized under the laws of one of the States of the United States of America and shall assume, by a writing satisfactory in form and substance to the Required Banks, all of the obligations of the Borrower under this Agreement and the Notes, including all covenants herein and therein contained, in which case such successor or acquiring corporation shall succeed to and be substituted for the Borrower with the same effect as if it had been named herein as a party hereto.

(b) No disposition of assets, merger, consolidation or acquisition referred to in subsection (a) of this Section shall be permitted if, immediately after giving effect thereto, the Borrower would be in default under any of the terms or provisions of this Agreement.

SECTION 5.06. Compliance with Laws. The Borrower will comply, and cause each Subsidiary to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder) except where (i) the necessity of compliance therewith is contested in good faith by appropriate proceedings, (ii) no officer of the Borrower is aware that the Borrower or the relevant Subsidiary has failed to comply therewith or (iii) the Borrower has reasonably concluded that failure to comply is not likely to have a material adverse effect on the business, financial position or results of operations the Borrower and its Consolidated Subsidiaries, taken as a whole.

SECTION 5.07. Use of Proceeds. None of the proceeds of the Loans made under this Agreement will be used in violation of any applicable law or regulation.

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ARTICLE 6

DEFAULTS

SECTION 6.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

- (a) the Borrower shall fail to pay when due any principal of any Loan, or shall fail to pay within five days of the due date thereof any interest or fees payable under this Agreement;
- (b) the Borrower shall fail to observe or perform any covenant contained in Sections 5.02 to 5.05, inclusive;
- (c) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clause (a) or (b) above) for 30 days after written notice thereof has been given to the Borrower by the Agent at the request of any Bank;
- (d) any representation, warranty, certification or statement made by the Borrower in this Agreement or any amendment hereof or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made or deemed to have been made; provided that, if any representation and warranty deemed to have been made by the Borrower pursuant to the last sentence of Section 3.02 as to the satisfaction of the condition of borrowing set forth in clause (c)(i) of Section 3.02 shall have been incorrect solely by reason of the existence of an Event of Default of which the Borrower was not aware when such representation and warranty was deemed to have been made and which was cured before or promptly after the Borrower became aware thereof, then such representation and warranty shall be deemed not to have been incorrect in any material respect;
- (e) the Borrower and its Consolidated Subsidiaries shall fail to make one or more payments in respect of Material Debt (other than Acquired Debt in an aggregate outstanding principal amount not exceeding \$50,000,000) when due or within any applicable grace period, and such failure has not been waived;

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(f) the Borrower or any Consolidated Subsidiary shall fail to observe or perform any term, covenant or agreement contained in any instrument or agreement (other than this Agreement) by which it is bound relating to Debt (other than Acquired Debt in an aggregate outstanding principal amount not exceeding \$50,000,000), or any other event or condition referred to therein shall occur, and the effect of all such failures, events and conditions (each a "default") is to cause the maturity of Material Debt to be accelerated or to permit (any applicable period of grace having expired) the holder or holders of Material Debt (or any Person acting on their behalf) to accelerate the maturity thereof;

(g) the Borrower or Significant Subsidiaries shall, in each case, commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property under any such law, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it under any such law, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or a resolution shall be adopted by either the shareholders or the board of directors of such corporation to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against the Borrower or Significant Subsidiaries in any United States Federal court or other court of competent jurisdiction seeking in each case liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property under any such law, and in each case such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower or Significant Subsidiaries as debtors under the federal bankruptcy laws as now or hereafter in effect;

(i) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of \$1,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of

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ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Liabilities in excess of \$50,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause one or more members of the ERISA Group to incur a current payment obligation in excess of \$50,000,000; provided that no Event of Default shall exist under this clause (i) with respect to any Prior Plan unless it is reasonably likely that one or more members of the ERISA Group is liable with respect to the relevant Unfunded Liabilities or current payment obligation, as the case may be;

(j) a judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against the Borrower or any Subsidiary and such judgment or order shall continue unsatisfied and unstayed for a period of 45 days; or

(k) any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 30% or more of the outstanding shares of common stock of the Borrower; or Continuing Directors shall cease to constitute a majority of the board of directors of the Borrower;

then, and in every such event, the Agent shall (i) if requested by Banks having more than 50% in aggregate amount of the Commitments, by notice to the Borrower terminate the Commitments and they shall thereupon terminate, and (ii) if requested by Banks holding Notes evidencing more than 50% in aggregate outstanding principal amount of the Loans, by notice to the Borrower declare the Notes (together with accrued interest thereon) to be, and the Notes shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; provided that in the case of any of the Events of Default specified in clause (g) or

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(h) above with respect to the Borrower, without any notice to the Borrower or any other act by the Agent or the Banks, the Commitments shall thereupon terminate and the Notes (together with accrued interest thereon) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 6.02. Notice of Default. The Agent shall give notice to the Borrower under Section 6.01(c) promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

ARTICLE 7 THE AGENT

SECTION 7.01. Appointment and Authorization. Each Bank irrevocably appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to the Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto.

SECTION 7.02. Agent and Affiliates. Morgan Guaranty Trust Company of New York shall have the same rights and powers under this Agreement as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent, and Morgan Guaranty Trust Company of New York and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or affiliate of the Borrower as if it were not the Agent hereunder.

SECTION 7.03. Action by Agent. The obligations of the Agent hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article 6.

SECTION 7.04. Consultation with Experts. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 7.05. Liability of Agent. Neither the Agent nor any of its directors, officers, agents or employees shall be liable (i) to the Banks for any

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action taken or not taken by such Person in connection herewith with the consent or at the request of the Required Banks or (ii) to the Banks or the Borrower for any action taken or not taken by such Person in the absence of such Person's own gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Borrower; (iii) the satisfaction of any condition specified in Article 3, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement or other writing (which may be a bank wire, telex or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

SECTION 7.06. Indemnification. Each Bank shall, ratably in accordance with its Commitment, indemnify the Agent (to the extent not reimbursed by the Borrower) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from the Agent's gross negligence or willful misconduct) that the Agent may suffer or incur in connection with this Agreement or any action taken or omitted by the Agent hereunder.

SECTION 7.07. Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

SECTION 7.08. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Banks and the Borrower. Upon any such resignation, the Required Banks shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within 30 days after the retiring Agent gives notice of resignation, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof

and having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of its appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

SECTION 7.09. Agent's Fees. The Borrower shall pay to the Agent for its own account fees in the amounts and at the times previously agreed upon between the Borrower and the Agent.

ARTICLE 8 CHANGE IN CIRCUMSTANCES

SECTION 8.01. Basis for Determining Interest Rate Inadequate or Unfair.

(a) If on or prior to the first day of any Interest Period for any Fixed Rate Borrowing (other than a Money Market Absolute Rate Borrowing):

(i) the Agent is advised by each of the Reference Banks that deposits in dollars (in the applicable amounts) are not being offered to such Reference Bank in the relevant market for such Interest Period, or

(ii) in the case of a Committed Borrowing, Banks having 50% or more of the aggregate amount of the Commitments advise the Agent that the Adjusted CD Rate or the London Interbank Offered Rate, as the case may be, as determined by the Agent will not adequately and fairly reflect the cost to such Banks of funding their CD Loans or Euro-Dollar Loans, as the case may be, for such Interest Period,

the Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks to make CD Loans or Euro-Dollar Loans, as the case may be, shall be suspended. Unless the Borrower notifies the Agent at least two Domestic Business Days before the date of any such Fixed Rate Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, (A) if such Fixed Rate Borrowing is a Committed Borrowing, such Borrowing shall instead be made as a Base Rate Borrowing and (B) if such Fixed Rate Borrowing is a Money Market LIBOR Borrowing, the Money Market LIBOR Loans comprising

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such Borrowing shall bear interest for each day from and including the first day to but excluding the last day of the Interest Period applicable thereto at the Base Rate for such day.

(b) If deposits in dollars (in the applicable amounts) are not being offered to any of the Reference Banks in the relevant market for any Interest Period, by reason of circumstances affecting such Reference Bank, and not affecting the London interbank market or the United States market for certificates of deposit generally (as the case may be), the Agent shall, in consultation with the Borrower and with the consent of the Required Banks, appoint another bank to act as a Reference Bank hereunder.

SECTION 8.02. Illegality. If, after November 14, 1996, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for any Bank (or its Euro-Dollar Lending Office) to honor its binding legal obligation hereunder to make, maintain or fund its Euro-Dollar Loans and such Bank shall so notify the Agent, the Agent shall forthwith give notice thereof to the other Banks and the Borrower, whereupon until such Bank notifies the Borrower and the Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to make Euro-Dollar Loans shall be suspended. Before giving any notice to the Agent pursuant to this Section, such Bank shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such Bank shall determine that it may not lawfully continue to maintain and fund any of its outstanding Euro-Dollar Loans to maturity and shall so specify in such notice, the Borrower shall immediately prepay in full the then outstanding principal amount of each such Euro-Dollar Loan, together with accrued interest thereon. Concurrently with prepaying each such Euro-Dollar Loan, the Borrower shall borrow a Base Rate Loan (or, if the Borrower so elects by at least one Domestic Business Day's notice to the Agent and such Bank, a CD Loan) in an equal principal amount from such Bank (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks), and such Bank shall make such a Base Rate Loan or CD Loan, as the case may be.

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SECTION 8.03. Increased Cost and Reduced Return. (a) If on or after

(x) November 14, 1996, in the case of any Committed Loan or any obligation to make Committed Loans or (y) the date of the related Money Market Quote, in the case of any Money Market Loan, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject any Bank (or its Applicable Lending Office) to any tax, duty or other charge with respect to its Fixed Rate Loans, its Note or its obligation to make Fixed Rate Loans, or shall change the basis of taxation of payments to any Bank (or its Applicable Lending Office) of the principal of or interest on its Fixed Rate Loans or any other amounts due under this Agreement in respect of its Fixed Rate Loans or its obligation to make Fixed Rate Loans (except for changes in the rate of tax on the overall net income of such Bank or its Applicable Lending Office imposed by the United States of America or any State or political subdivision thereof or imposed by the jurisdiction in which such Bank's principal executive office or Applicable Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding (A) with respect to any CD Loan any such requirement included in an applicable Domestic Reserve Percentage and (B) with respect to any Euro-Dollar Loan any such requirement included in an applicable Euro-Dollar Reserve Percentage), special deposit, insurance assessment (excluding, with respect to any CD Loan, any such requirement reflected in an applicable Assessment Rate) or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Applicable Lending Office) or shall impose on any Bank (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting its Fixed Rate Loans, its Note or its obligation to make Fixed Rate Loans;

and the result of any of the foregoing is to increase the cost to such Bank (or its Applicable Lending Office) of making or maintaining any Fixed Rate Loan, or to reduce the amount of any sum received or receivable by such Bank (or its

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Applicable Lending Office) under this Agreement or under its Note with respect thereto, by an amount deemed by such Bank to be material, then, within 15 days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; provided that, if such Bank fails to demand such compensation (or notify the Borrower that it will demand such compensation) promptly upon becoming aware of the facts entitling it to do so, such Bank shall not be entitled to such compensation for the period before the date on which it actually demands (or notifies the Borrower that it will demand) such compensation. If any Bank demands compensation under this subsection (a), the Borrower may at any time, upon at least five Euro-Dollar Business Days' prior notice to such Bank through the Agent, prepay in full each then outstanding affected Fixed Rate Loan of such Bank, together with accrued interest thereon to the date of prepayment. Concurrently with prepaying each such Fixed Rate Loan of such Bank, the Borrower shall borrow a Base Rate Loan (or, if the Borrower shall so elect in its notice of prepayment, a Fixed Rate Committed Loan of another type) in an equal principal amount from such Bank for an Interest Period coinciding with the remaining term of the Interest Period applicable to such Fixed Rate Loan, and such Bank shall make such a Loan notwithstanding any provision herein to the contrary.

(b) If any Bank shall have determined that, after November 14, 1996 the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within 15 days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for such reduction; provided that, if such Bank fails to demand such compensation (or notify the Borrower that it will demand such compensation) promptly upon becoming aware of the facts entitling it to do so, such Bank shall not be entitled to such compensation for the period before the date on which it actually demands (or notifies the Borrower that it will demand) such compensation.

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(c) Each Bank will promptly notify the Borrower and the Agent of any event of which it has knowledge, occurring after November 14, 1996, which will entitle such Bank to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

SECTION 8.04. Substitute Loans. If (i) the obligation of any Bank to make Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Bank has demanded compensation under Section 8.03(a) and the Borrower shall, by at least five Euro-Dollar Business Days' prior notice to such Bank through the Agent, have elected that the provisions of this Section 8.04 shall apply to such Bank, then, unless and until such Bank notifies the Borrower and the Agent that the circumstances giving rise to such suspension or demand for compensation no longer apply, all Loans which would otherwise be made by such Bank as CD Loans or Euro-Dollar Loans, as the case may be, shall be made instead as Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Fixed Rate Loans of the other Banks) or, if the Borrower shall so elect in the Notice of Borrowing, CD Loans or Euro-Dollar Loans (whichever type is not affected by such circumstances) for an Interest Period coincident with the related Fixed Rate Borrowing.

SECTION 8.05. Substitution of Bank. If (i) the obligation of any Bank to make Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Bank has demanded compensation under Section 8.03, the Borrower shall have the right, with the assistance of the Agent, to seek a mutually satisfactory substitute bank or banks (which may be one or more of the Banks) to purchase the Note and assume the Commitment of such Bank.

ARTICLE 9 MISCELLANEOUS

SECTION 9.01. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile or similar writing) and shall be given to such party: (x) in the case of the Borrower

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or the Agent, at its address or its facsimile or telex number set forth on the signature pages hereof, (y) in the case of any Bank, at its address or its facsimile or telex number set forth in its Administrative Questionnaire or (z) in the case of any party, such other address or facsimile or telex number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower. Each such notice, request or other communication shall be effective

(i) if given by telex, when such telex is transmitted to the telex number specified in this Section 9.01 and the appropriate answerback is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified in this Section 9.01; provided that notices to the Agent under Article 2 or Article 8 shall not be effective until received.

SECTION 9.02. No Waivers. No failure or delay by the Agent or any Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 9.03. Expenses; Documentary Taxes; Indemnification. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses of the Agent, including reasonable fees and disbursements of special counsel for the Agent, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default hereunder and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agent and each Bank, including reasonable fees and disbursements of counsel, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom. The Borrower shall indemnify each Bank against any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or the Notes.

(b) The Borrower agrees to indemnify and defend each Bank and their respective directors, officers, agents, employees and affiliates from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses substantially relating to or arising out of (i) the Borrower's actual or proposed use of proceeds of Loans for the purpose of acquiring equity securities of any other Person, or (ii) a change of ownership or control of the Borrower, including but not limited to reasonable attorney's fees and settlement costs; provided that (x) the foregoing indemnity shall not apply to any losses, liabilities,

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claims, damages or expenses that do not relate to or arise out of this Agreement or the activities of the parties hereto in connection herewith and (y) no Bank shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

SECTION 9.04. Sharing of Set-Offs. Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest due with respect to any Note held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest due with respect to any Note held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Notes held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Notes held by the Banks shall be shared by the Banks pro rata; provided that nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness under the Notes. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Note, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

SECTION 9.05. Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Banks (and, if the rights or duties of the Agent are affected thereby, by the Agent); provided that no such amendment or waiver shall, unless signed by all the Banks, (i) increase or decrease the Commitment of any Bank (except for a ratable decrease in the Commitments of all the Banks) or subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or any fees hereunder or for the termination of the Commitments, or (iv) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Section or any other provision of this Agreement.

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SECTION 9.06. Successors and Assigns. 7.6.1 The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of all Banks, except as provided in Section 5.05.

(b) Any Bank may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Commitment or any or all of its Loans. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not upon notice to the Borrower and the Agent, such Bank shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii) or (iii) of Section 9.05 without the consent of the Participant. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article 8 with respect to its participating interest. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c) Any Bank may at any time assign to one or more banks or other institutions (each an "Assignee") all, or a proportionate part of all (but not less than \$10,000,000), of its rights and obligations under this Agreement and the Notes, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit G hereto executed by such Assignee and such transferor Bank, with (and subject to) the subscribed consent of the Borrower and the Agent (which consent will not unreasonably be withheld); provided that if an Assignee is a Bank or an affiliate of such transferor Bank, no such consent shall be required; and provided further that such assignment may, but need not, include rights of the transferor Bank in respect of outstanding Money Market Loans. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, such Assignee shall be a Bank party to this Agreement and shall have

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all the rights and obligations of a Bank with a Commitment as set forth in such instrument of assumption, and the transferor Bank shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Bank, the Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment, the transferor Bank shall pay to the Agent an administrative fee for processing such assignment in the amount of \$2,500. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to the Borrower and the Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 2.15.

(d) Any Bank may at any time assign all or any portion of its rights under this Agreement and its Note to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

(e) No Assignee, Participant or other transferee of any Bank's rights shall be entitled to receive any greater payment under Section 8.03 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 8.02 or 8.03 requiring such Bank to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(f) If any Reference Bank assigns or otherwise transfers its Note to an unaffiliated institution, the Agent shall, in consultation with the Borrower and with the consent of the Required Banks, appoint another bank to act as a Reference Bank hereunder.

SECTION 9.07. Collateral. Each of the Banks represents to the Agent and each of the other Banks that it in good faith is not relying upon any "margin stock" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 9.08. Confidentiality. Each Bank agrees that all documentation and other information made available by the Borrower to such Bank, whether under the terms of this Agreement or any other loan agreement, shall (except to the extent required by legal or governmental process or otherwise by law, or if such documentation and other information is publicly available or hereafter

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becomes publicly available other than by action of any Bank, or was theretofore known to such Bank independent of any disclosure thereto by the Borrower) be held in the strictest confidence by such Bank and used solely in connection with administration of loans from time to time outstanding from such Bank to the Borrower; provided that (i) such Bank may disclose such documentation and other information to any other bank to which such Bank sells or proposes to sell a participation in its Loans hereunder, if such other bank, prior to such disclosure, agrees for the benefit of the Borrower to comply with the provisions of this Section, (ii) such Bank may disclose the provisions of this Agreement and the Notes and the amounts, maturities and interest rates of its Loans to any purchaser or potential purchaser of such Bank's interest in any Loan and (iii) such Bank may disclose such documentation and other information to the extent required, in such Bank's good faith judgment, to enforce its rights under this Agreement and the Notes.

SECTION 9.09. Severalty of Obligations. The obligations of the Banks hereunder are several. No failure by any Bank to perform its obligations hereunder shall relieve any other Bank of its obligations hereunder, and no Bank shall be responsible for the performance of any other Bank's obligations hereunder or for any action taken or omitted by any other Bank hereunder.

SECTION 9.10. New York Law; Submission to Jurisdiction. This Agreement and each Note shall be construed in accordance with and governed by the laws of the State of New York. The Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 9.11. Counterparts; Integration. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof, except that the Existing Credit Agreement shall continue to govern the rights and obligations of the parties thereto with respect to the period prior to the Effective Date.

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SECTION 9.12. WAIVER OF JURY TRIAL. EACH OF THE BORROWER, THE AGENT AND THE BANKS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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

MASCO CORPORATION

By /s/ Robert B. Rosowski

Title: Vice President - Controller
and Treasurer

21001 Van Born Road
Taylor, Michigan 48180
Attention: President and Vice
President-General
Counsel

Telecopy Number: (313) 374-6135

**MORGAN GUARANTY TRUST
COMPANY OF NEW YORK**

By /s/ Douglas A.
Cruikshank

Title: Vice President

NBD BANK

By /s/ Richard H.
Huttenlocher

Title: First Vice President

BANK OF AMERICA ILLINOIS

By /s/ Steven K.
Ahrenholz

Title: Vice President

COMERICA BANK

By /s/ James R. Grossett

Title: Vice President

NATIONSBANK, N.A.

By /s/ Wallace Harris, Jr.

Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By /s/ Peter F. Stack Title:

Assistant Vice President

THE BANK OF NEW YORK

By /s/ Douglas Ober

Title: Vice President

THE CHASE MANHATTAN BANK

By /s/ Andris G. Kalnins

Title: Vice President

**COMMERZBANK AKTIENGESELLSCHAFT
CHICAGO BRANCH**

By /s/ William J. Binder

Title: Assistant Vice President

By /s/ J. Timothy Shortly

Title: Senior Vice President

ROYAL BANK OF CANADA

By /s/ Patrick K. Shields

Title: Manager, Corporate Banking

WACHOVIA BANK OF GEORGIA, N.A.

By /s/ John A. Whitner

Title: Vice President

THE BANK OF NOVA SCOTIA

By /s/ A. S. Norsworthy

Title: Senior Team Leader-Loan
Operations

**THE BANK OF TOKYO-MITSUBISHI LTD.,
CHICAGO BRANCH**

By /s/ Tokutaro Sekine

Title: General Manager
THE DAI-ICHI KANGYO BANK, LTD.,
CHICAGO BRANCH

By /s/ Seiichiro Ino

Title: Vice President

**DRESDNER BANK AG NEW YORK AND
GRAND CAYMAN BRANCHES**

By /s/ Andrew K. Mittag

Title: Vice President

By /s/ Anthony Berti

Title: Assistant Treasurer

KEYBANK NATIONAL ASSOCIATION

By /s/ Thomas A. Crandell

Title: Assistant Vice President

**ISTITUTO BANCARIO SAN PAOLO
DI TORINO SPA**

By /s/ William J. De Angelo

Title: First Vice President

By /s/ Robert S. Wurster

Title: First Vice President

**THE SANWA BANK LTD.
CHICAGO BRANCH**

By: /s/ Richard H. Ault

Title: Vice President

THE SUMITOMO BANK, LTD.

By: /s/ Hiroyuki Iwami

Title: Joint General Manager

**MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent**

By /s/ Douglas A. Cruikshank

Title: Vice President

Attention: Douglas A.

Cruikshank

60 Wall Street

New York, New York 10260-0060

Telex Number: 177615 MGT UT

Telecopy Number: (212)

648-5336

COMMITMENT SCHEDULE

Name of Bank Commitment ----- -----	
Morgan Guaranty Trust Company of New York 78,000,000	\$
NBD Bank 70,000,000	\$
Bank of America Illinois 60,000,000	\$
Comerica Bank 60,000,000	\$
NationsBank, N.A. 60,000,000	\$
PNC Bank, National Association 60,000,000	\$
The Bank of New York 34,000,000	\$
The Chase Manhattan Bank 34,000,000	\$
Commerzbank Aktiengesellschaft Chicago Branch 34,000,000	\$
Royal Bank of Canada 34,000,000	\$
Wachovia Bank of Georgia, N.A. 34,000,000	\$
The Bank of Nova Scotia 24,000,000	\$
The Bank of Tokyo-Mitsubishi, Ltd., Chicago Branch 24,000,000	\$
The Dai-Ichi Kangyo Bank, Ltd., Chicago Branch 24,000,000	\$
Dresdner Bank AG New York and Grand Cayman Branches 24,000,000	\$
Istituto Bancario San Paolo Di Torino, S.p.A 24,000,000	\$
KeyBank National Association 24,000,000	\$
The Sanwa Bank Ltd. Chicago Branch 24,000,000	\$
The Sumitomo Bank, Ltd. 24,000,000	\$

	Total
	Commitments
\$750,000,000	

PRICING SCHEDULE

Each of "Facility Fee Rate", "Euro-Dollar Margin" and "CD Margin" means for any day the rate per annum set forth below in the applicable row under the column corresponding to the Pricing Level that applies on such day:

Pricing Level	Level I -----	Level II -----	Level III -----	Level IV -----	Level V -----	Level VI -----
Facility Fee Rate	.075%	.085%	.1%	.125%	.15%	.2%
Euro-Dollar Margin	.125%	.165%	.20%	.275%	.325%	.55%
CD Margin	.25%	.29%	.325%	.4%	.45%	.675%

For purposes of this Schedule, the following terms have the following meanings:

"Level I Pricing" applies for any day if on such day any of the Borrower's outstanding senior unsecured long-term debt is rated A or higher by S&P and A2 or higher by Moody's.

"Level II Pricing" applies for any day if on such day (i) any of the Borrower's outstanding senior unsecured long-term debt is rated A- or higher by S&P or A3 or higher by Moody's, and (ii) Level I Pricing does not apply.

"Level III Pricing" applies for any day if on such day (i) any of the Borrower's outstanding senior unsecured long-term debt is rated BBB+ or higher by S&P or Baa1 or higher by Moody's, and (ii) neither Level I Pricing nor Level II Pricing applies.

"Level IV Pricing" applies for any day if on such day (i) any of the Borrower's outstanding senior unsecured long-term debt is rated BBB or higher by S&P and Baa2 or higher by Moody's, and (ii) none of Level I Pricing, Level II Pricing, or Level III Pricing applies.

"Level V Pricing" applies for any day if on such day (i) any of the Borrower's outstanding senior unsecured long-term debt is rated BBB- or higher by S&P and Baa3 or higher by Moody's, and (ii) none of Level I Pricing, Level II Pricing, Level III Pricing or Level IV Pricing applies.

"Level VI Pricing" applies for any day if on such day no other Pricing Level applies.

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

"Pricing Level" refers to the determination of which of Level I, Level II, Level III, Level IV, Level V or Level VI Pricing applies on any day.

"S&P" means Standard & Poor's Ratings Services.

The credit ratings to be utilized for purposes of this Schedule are the ratings assigned to outstanding senior unsecured long-term debt securities of the Borrower without third party credit support. Ratings assigned to any obligation of the Borrower which is secured or which has the benefit of third party credit support shall be disregarded. For purposes of this Pricing Schedule, the credit ratings in effect on any day are those in effect at the close of business on such day.

EXHIBIT A

NOTE

New York, New York

For value received, MASCO CORPORATION, a Delaware corporation (the "Borrower"), promises to pay to the order of

(the "Bank"), for the account of its Applicable Lending Office, the unpaid principal amount of each Loan made by the Bank to the Borrower pursuant to the Credit Agreement referred to below on the last day of the Interest Period relating to such Loan. The Borrower promises to pay interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York.

All Loans made by the Bank, the respective types and maturities thereof and all repayments of the principal thereof shall be recorded by the Bank and, prior to any transfer hereof, appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding shall be endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is one of the Notes referred to in the Amended and Restated Credit Agreement dated as of November 14, 1996 among the Borrower, the banks party thereto and Morgan Guaranty Trust Company of New York, as Agent (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment hereof and the acceleration of the maturity hereof.

MASCO CORPORATION

By

Title:

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Note (cont'd)

LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Type of Loan	Amount of Principal Repaid	Maturity Date	Notation Made By
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EXHIBIT B

Form of Money Market Quote Request

[Date]

To: Morgan Guaranty Trust Company of New York (the "Agent")
From: Masco Corporation (the "Borrower")
Re: Amended and Restated Credit Agreement (the "Credit Agreement")
dated as of November 14, 1996 among the Borrower, the Banks party thereto and the Agent

We hereby give notice pursuant to Section 2.03 of the Credit Agreement

that we request Money Market Quotes for the following proposed Money Market Borrowing(s):

Date of Borrowing: _____

Principal Amount Interest Period*****

\$

Such Money Market Quotes should offer a Money Market [Margin] [Absolute Rate]. [The applicable base rate is the London Interbank Offered Rate.]

Terms used herein have the meanings assigned to them in the Credit Agreement.

MASCO CORPORATION

By: _____
Title:

* Amount must be \$25,000,000 or a larger multiple of \$1,000,000.

** Not less than one month (LIBOR Auction) or not less than 30 days (Absolute Rate Auction), subject to the provisions of the definition of Interest Period.

EXHIBIT C

Form of Invitation for Money Market Quotes

To: [Name of Bank]

Re: Invitation for Money Market Quotes to Masco Corporation (the "Borrower")

Pursuant to Section 2.03 of the Amended and Restated Credit Agreement dated as of November 14, 1996 among the Borrower, the Banks party thereto and the undersigned, as Agent, we are pleased on behalf of the Borrower to invite you to submit Money Market Quotes to the Borrower for the following proposed Money Market Borrowing(s):

Date of Borrowing: _____

Principal Amount Interest Period

\$

Such Money Market Quotes should offer a Money Market [Margin] [Absolute Rate]. [The applicable base rate is the London Interbank Offered Rate.]

Please respond to this invitation by no later than [2:00 P.M.] [9:00 A.M.] (New York City time) on [date].

**MORGAN GUARANTY TRUST COMPANY
OF NEW YORK**

By: _____
Authorized Officer

EXHIBIT D

Form of Money Market Quote

To: Morgan Guaranty Trust Company
of New York, as Agent

Re: Money Market Quote to
Masco Corporation (the "Borrower")

In response to your invitation on behalf of the Borrower dated _____, 19__, we hereby make the following Money Market Quote on the following terms:

1. Quoting Bank: _____

2. Person to contact at Quoting Bank: _____

3. Date of Borrowing: _____ *

4. We hereby offer to make Money Market Loan(s) in the following principal amounts, for the following Interest Periods and at the following rates:

Principal Amount **	Interest Period ***	Money Market [Margin****]	[Absolute Rate *****]
-----	-----	-----	
-----	-----	-----	
\$			

\$

[Provided, that the aggregate principal amount of Money Market Loans for which the above offers may be accepted shall not exceed \$_____.] **

* As specified in the related Invitation.

** Principal amount bid for each Interest Period may not exceed principal amount requested. Specify aggregate limitation if the sum of the individual offers exceeds the amount the Bank is willing to lend. Bids must be made for \$1,000,000 or a larger multiple thereof.

*** Not less than one month or not less than 30 days, as specified in the related Invitation. No more than five bids are permitted for each Interest Period.

**** Margin over or under the London Interbank Offered Rate determined for the applicable Interest Period. Specify percentage (to the nearest 1/10,000 of 1%) and specify whether "PLUS" or "MINUS".

***** Specify rate of interest per annum (to the nearest 1/10,000th of 1%).

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Amended and Restated Credit Agreement dated as of November 14, 1996 among the Borrower, the Banks party thereto and yourselves, as Agent, irrevocably obligates us to make the Money Market Loan(s) for which any offer(s) are accepted, in whole or in part.

Very truly yours,

[NAME OF BANK]

Dated: _____

By:

Authorized Officer

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EXHIBIT E

**OPINION OF
COUNSEL FOR THE BORROWER**

[Effective Date]

To the Banks and the Agent
Referred to Below
c/o Morgan Guaranty Trust Company
of New York, as Agent
60 Wall Street
New York, New York 10260

Dear Sirs:

I am Senior Vice President-General Counsel of Masco Corporation (the "Borrower") and am familiar with the Amended and Restated Credit Agreement dated as of November 14, 1996 (the "Credit Agreement") among the Borrower, the Banks party thereto and Morgan Guaranty Trust Company of New York, as Agent. Terms defined in the Credit Agreement are used herein as therein defined. This opinion is being rendered to you pursuant to Section 3.01(c) of the Credit Agreement.

I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as I have deemed necessary or advisable for purposes of this opinion.

Upon the basis of the foregoing, I am of the opinion that:

1. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its businesses substantially as now conducted.
2. The execution, delivery and performance by the Borrower of the Credit Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action of the Borrower, require no action in respect of the Borrower by, or filing in respect of the Borrower with, any governmental body, agency or official (except filings under the Securities Exchange Act of 1934) and do not contravene,

or constitute a default under any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument known to me to be binding upon the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries under any such agreement or instrument.

3. The Credit Agreement constitutes a valid and binding agreement of the Borrower and the Notes constitute valid and binding obligations of the Borrower, in each case enforceable in accordance with its terms except as the same may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general principles of equity.

4. There is no action, suit or proceeding pending against, or to the best of my knowledge threatened against or affecting, the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official which, in my opinion, is likely to have a material adverse effect on the business or financial position of the Borrower and its Consolidated Subsidiaries, considered as a whole, or which in any manner draws into question the validity of the Credit Agreement or the Notes.

Very truly yours,

John R. Leekley Senior Vice President-General Counsel

EXHIBIT F

**OPINION OF
DAVIS POLK & WARDWELL, SPECIAL COUNSEL
FOR THE AGENT**

[Effective Date]

To the Banks and the Agent
Referred to Below
c/o Morgan Guaranty Trust Company
of New York, as Agent
60 Wall Street
New York, New York 10260

Dear Sirs:

We have participated in the preparation of the Amended and Restated Credit Agreement dated as of November 14, 1996 (the "Credit Agreement") among Masco Corporation, a Delaware corporation (the "Borrower"), the banks party thereto (the "Banks") and Morgan Guaranty Trust Company of New York, as Agent (the "Agent"), and have acted as special counsel for the Agent for the purpose of rendering this opinion pursuant to Section 3.01(d) of the Credit Agreement. Terms defined in the Credit Agreement are used herein as therein defined.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion.

Upon the basis of the foregoing, we are of the opinion that:

1. The execution, delivery and performance by the Borrower of the Credit Agreement and the Notes are within the Borrower's corporate powers and have been duly authorized by all necessary corporate action.
2. The Credit Agreement constitutes a valid and binding agreement of the Borrower and the Notes constitute valid and binding obligations of the Borrower.

In giving the foregoing opinion, we express no opinion as to the effect (if any) of any law of any jurisdiction (except the State of New York) in which any Bank is located which limits the rate of interest that such Bank may charge or collect.

Very truly yours,

EXHIBIT G

ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT dated as of _____, 19__ among [ASSIGNOR] (the "Assignor"), [ASSIGNEE] (the "Assignee"), MASCO CORPORATION (the "Borrower") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent (the "Agent").

WITNESSETH

WHEREAS, this Assignment and Assumption Agreement (the "Agreement") relates to the Amended and Restated Credit Agreement dated as of November 14, 1996 among the Borrower, the Assignor and the other Banks party thereto, as Banks, and the Agent (the "Credit Agreement");

WHEREAS, as provided under the Credit Agreement, the Assignor has a Commitment to make Loans to the Borrower in an aggregate principal amount at any time outstanding not to exceed \$_____;

WHEREAS, Committed Loans made to the Borrower by the Assignor under the Credit Agreement in the aggregate principal amount of \$_____ are outstanding at the date hereof; and

WHEREAS, the Assignor proposes to assign to the Assignee all of the rights of the Assignor under the Credit Agreement in respect of a portion of its Commitment thereunder in an amount equal to \$_____ (the "Assigned Amount"), together with a corresponding portion of its outstanding Committed Loans, and the Assignee proposes to accept assignment of such rights and assume the corresponding obligations from the Assignor on such terms;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not otherwise defined herein have the respective meanings set forth in the Credit Agreement.

SECTION 2. Assignment. The Assignor hereby assigns and sells to the Assignee all of the rights of the Assignor under the Credit Agreement to the extent of the Assigned Amount, and the Assignee hereby accepts such assignment from the Assignor and assumes all of the obligations of the Assignor under the Credit Agreement to the extent of the Assigned Amount, including the purchase from the Assignor of the corresponding portion

of the principal amount of the Committed Loans made by the Assignor outstanding at the date hereof. Upon the execution and delivery hereof by the Assignor, the Assignee, the Borrower and the Agent and the payment of the amounts specified in Section 3 required to be paid on the date hereof (i) the Assignee shall, as of the date hereof, succeed to the rights and be obligated to perform the obligations of a Bank under the Credit Agreement with a Commitment in an amount equal to the Assigned Amount, and (ii) the Commitment of the Assignor shall, as of the date hereof, be reduced by a like amount and the Assignor released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee. The assignment provided for herein shall be without recourse to the Assignor.

SECTION 3. Payments. As consideration for the assignment and sale contemplated in Section 2 hereof, the Assignee shall pay to the Assignor on the date hereof in Federal funds an amount equal to \$_____*. It is understood that facility fees accrued to the date hereof are for the account of the Assignor and such fees accruing from and including the date hereof [in respect of the Assigned Amount] are for the account of the Assignee. Each of the Assignor and the Assignee hereby agrees that if it receives any amount under the Credit Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

[SECTION 4. Consent of the Borrower and the Agent. This Agreement is conditioned upon the consent of the Borrower and the Agent pursuant to Section 9.06(c) of the Credit Agreement. The execution of this Agreement by the Borrower and the Agent is evidence of this consent. Pursuant to Section 9.06(c) the Borrower agrees to execute and deliver a Note payable to the order of the Assignee to evidence the assignment and assumption provided for herein.]

SECTION 5. Non-Reliance on Assignor. The Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition, or statements of the Borrower, or the validity and enforceability of the obligations of the Borrower in respect of the Credit Agreement or any Note. The Assignee acknowledges that it has, independently and without reliance on the Assignor, the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to

* Amount should combine principal together with accrued interest and breakage compensation, if any, to be paid by the Assignee. It may be preferable in an appropriate case to specify these amounts generically or by formula rather than as a fixed sum.

be responsible for making its own independent appraisal of the business, affairs and financial condition of the Borrower.

SECTION 6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 7. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By
Title:

[ASSIGNEE]

By
Title:

[MASCO CORPORATION]

By
Title:

**[MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent]**

By
Title:]

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EXHIBIT 4.f

Execution Copy

MASCOTECH, INC.

\$575,000,000

CREDIT AGREEMENT

DATED AS OF FEBRUARY 28, 1997

NBD BANK, AS AGENT

AND

COMERICA BANK,

**THE BANK OF NEW YORK,
NATIONSBANK, N.A., AND
BANK OF AMERICA ILLINOIS,
AS CO-AGENTS**

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of February 28, 1997 (as amended, supplemented or otherwise modified from time to time, this "Agreement"), is by and among MASCOTECH, INC., a Delaware corporation formerly named Masco Industries, Inc. (the "Company"), the lenders party hereto from time to time (collectively, the "Banks" and individually, a "Bank"), NBD BANK, a Michigan banking corporation formerly named NBD Bank, N.A., as agent (in such capacity, the "Agent") for the Banks, and COMERICA BANK, a Michigan banking corporation, THE BANK OF NEW YORK, a New York banking corporation, NATIONSBANK, N.A., a national banking association, and BANK OF AMERICA ILLINOIS, an Illinois banking corporation, as co-agents (in such capacity, the "Co-Agents").

RECITALS:

A. The Company, the Existing Banks (as hereinafter defined) and the Existing Agent (as hereinafter defined) have entered into the Existing Credit Agreement (as hereinafter defined), pursuant to which the Existing Banks provided to the Company a revolving credit facility in the maximum aggregate principal amount of \$675,000,000.

B. The Company now desires to replace the existing revolving credit facility under the Existing Credit Agreement with a new revolving credit facility in an aggregate principal amount the Dollar Equivalent (as hereinafter defined) of which does not exceed \$575,000,000, including standby letters of credit in an aggregate amount not exceeding \$20,000,000, in order to provide funds for its general corporate purposes.

C. The Banks are willing to provide such a replacement revolving credit facility on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual promises contained herein, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, and in any certificate, report, other agreement or other document made or delivered pursuant to this Agreement, the following terms shall have the following respective meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined unless the context otherwise requires):

"Absolute Rate Dollar Bid-Option Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the Bid-Option Absolute Rate.

"Acquired Debt" means, with respect to any Person who becomes a Subsidiary after the Closing Date, Debt of such Person which was outstanding before such Person became a Subsidiary and which was not created in contemplation of such Person becoming a Subsidiary.

"Additional Bank" shall have the meaning ascribed thereto in Section 11.13(b).

MASCOTECH, INC. CREDIT AGREEMENT

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"Adjusted Net Worth" means, as of any date, the sum of (a) Net Worth, plus (b) the Deferred Trimas Gain, plus (or, if the amount determined pursuant to the following clause (c) is negative, minus the absolute amount thereof, provided that such amount, if subtracted, shall not exceed the amount determined pursuant to clause (b) of this definition) (c) the amount equal to 33-1/3% of the difference of (i) the aggregate Market Value of all shares of common stock of Trimas owned by the Company on such date, minus (ii) the aggregate value at which such common stock is carried on the Company's books on such date, plus (d) an amount equal to the lesser of (i) the Deferred MSX Gain or (ii) \$35,000,000.

"Affiliate", when used with respect to any Person, means any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Applicable Lending Office" means, as to any Bank, its Domestic Lending Office, Eurodollar Lending Office or any other office of such Bank or of any Affiliate of such Bank selected and notified to the Company and the Agent as the applicable lending office for a particular Loan or type of Loan by such Bank; provided that the Company shall not be responsible for the increase, if any, in costs hereunder that (a) are due to any Bank changing its Applicable Lending Office with respect to a particular Loan or type of Loan and (b) arise because of circumstances existing at the time of such change.

"Applicable Margin" means, with respect to any Application Period for Eurodollar Rate Syndicated Loans, CD Rate Loans, Facility Fees and Letters of Credit, the percentage found in the applicable chart set forth on Schedule 1 attached hereto by reading down the column of Senior Leverage Ratio ranges to the row for the range into which the Senior Leverage Ratio as of the relevant Determination Date falls, and then reading across that row to the Interest Coverage Ratio column for the range into which the Interest Coverage Ratio for the relevant Determination Period falls. By way of example, if the Senior Leverage Ratio as of the relevant Determination Date is 0.53:1.00 and the Interest Coverage Ratio for the relevant Determination Period is 2.75:1.00, the Applicable Margin for Eurodollar Rate Syndicated Loans during the Application Period shall be 0.40%. For purposes of this definition of the term "Applicable Margin", (a) the term "Application Period" means a period commencing with and including the 60th day after the end of the most recently completed fiscal quarter of the Company to and including the 59th day after the end of the next following fiscal quarter of the Company, (b) the term "Determination Date" means, with respect to any Application Period, the last day of the Determination Period for such Application Period, (c) the term "Determination Period" means, with respect to any Application Period, the period of four consecutive fiscal quarters of the Company ending with the fiscal quarter ending immediately preceding such Application Period, and (d) any change in the Applicable Margin during any Interest Period for any Syndicated Loan shall be effective as to such Syndicated Loan upon such change in the Applicable Margin taking effect pursuant to this definition, but any change in the Applicable Margin while any Letter of Credit is outstanding shall not be effective with respect to such Letter of Credit for any quarterly period for which the fee for such Letter of Credit has already been paid under Section 3.3(c). For purposes of determining the Applicable Margin,

(i) if the proceeds resulting from all Stock Issuances, net of the cost of all Stock Redemptions (other than any issuance or redemption, purchase, retirement or other acquisition in connection with the Company's employee stock award programs), or if the payments resulting from all Stock Redemptions, net of the proceeds resulting from all Stock Issuances, within 45 days after a Determination Date, exceed \$10,000,000, the Senior Leverage Ratio shall be calculated on a pro forma basis to reflect the effect of all Stock Issuances and Stock Redemptions (other than any issuance or redemption, purchase retirement or other acquisition in

MASCOTECH, INC. CREDIT AGREEMENT

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connection with the Company's employee stock award programs) and the related application of proceeds or funding or payment thereof within such 45-day period; and

(ii) if the proceeds resulting from all Stock Issuances, net of the cost of Stock Redemptions (other than any issuance or redemption, purchase, retirement or other acquisition in connection with the Company's employee stock awards programs), or if the payments resulting from all Stock Redemptions, net of the proceeds resulting from all Stock Issuances, from the beginning of a Determination Period through and including the 45th day after the end of such Determination Period exceeds \$10,000,000, the Interest Coverage Ratio for such Determination Period shall be calculated on a pro forma basis as if each such Stock Issuance and each such Stock Redemption (other than any issuance or redemption, purchase, retirement or other acquisition in connection with the Company's employee stock award programs) and the related application of proceeds or funding or payment thereof had occurred on the first day of such Determination Period.

Notwithstanding anything in this definition of "Applicable Margin" to the contrary, if the Company has a Senior Debt Rating at any time, including at any time prior to the end of an Application Period, the Applicable Margin shall change on the date such Senior Debt Rating is effective such that the Applicable Margin is (x) 0.25% for Eurodollar Rate Syndicated Loans and, subject to clause (d) above, Letters of Credit, (y) 0.375% for CD Rate Loans and (z) 0.10% for Facility Fees.

"Application Period" shall have the meaning ascribed thereto in the definition of the term "Applicable Margin".

"Assignment and Acceptance" is defined in Section 11.6(d).

"Available Masco Corporation Funding Commitment" means, as of any date, any unused and available amount of the "Commitment" of Masco Corporation under, and as defined in, the Securities Purchase Agreement, provided that such amount for purposes of this definition shall not exceed \$100,000,000, provided that such "Commitment" relates only to the purchase by Masco Corporation of equity securities of the Company or of Subordinated Debt of the Company.

"Benefit Arrangement" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA that is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by the Company or any ERISA Affiliate of the Company.

"Bid-Option Absolute Rate" means, with respect to any Absolute Rate Dollar Bid-Option Loan or Foreign Currency Bid-Option Loan, the Bid-Option Absolute Rate, as defined in Section 3.4(d)(ii)(D), that is offered for such Loan.

"Bid-Option Auction" means a solicitation of Bid-Option Quotes setting forth Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, pursuant to Section 3.4(b).

"Bid-Option Eurodollar Rate" means the sum of (a) the Bid-Option Eurodollar Rate Margin plus (b) the Eurodollar Base Rate.

"Bid-Option Eurodollar Rate Margin" means, with respect to any Eurodollar Rate Bid-Option Loan, the Bid-Option Eurodollar Rate Margin, as defined in Section 3.4(d)(ii)(E), that is offered for such Loan.

"Bid-Option Interest Period" means (a) with respect to each Eurodollar Rate Dollar Bid-Option Borrowing, the Eurodollar Rate Interest Period applicable thereto, and (b) with respect to each Absolute Rate Dollar Bid-Option Borrowing and Foreign Currency Bid-Option Borrowing, the period commencing on the

MASCOTECH, INC. CREDIT AGREEMENT

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date of such Borrowing and ending on the date elected by the Company in the applicable Notice of Borrowing, which date shall be not less than 15 and not more than 360 days after the date of such Borrowing; provided that:

(i) any such Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day; and

(ii) no such Interest Period that would end after the Scheduled Expiration Date shall be permitted.

"Bid-Option Loan" means a Loan which is made by a Bank pursuant to a Bid-Option Auction.

"Bid-Option Note" means a promissory note of the Company in substantially the form of Exhibit B hereto evidencing the obligation of the Company to repay Bid-Option Loans, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Bid-Option Percentage" means, with respect to any Bank, the percentage of the Dollar Equivalent of the aggregate outstanding principal amount of the Bid-Option Loans of all the Banks represented by the Dollar Equivalent of the outstanding principal amount of the Bid-Option Loans of such Bank.

"Bid-Option Quote" means an offer by a Bank to make a Bid-Option Loan in accordance with Section 3.4(d).

"Bid-Option Quote Request" shall have the meaning ascribed thereto in Section 3.4(b).

"Borrowing" means a borrowing hereunder consisting of Loans made to the Company on a single date, at a single rate and for a single Interest Period. A Borrowing may be referred to as a "Floating Rate Borrowing" if such Loans are Floating Rate Loans, a "CD Rate Borrowing" if such Loans are CD Rate Loans, a "Eurodollar Rate Syndicated Borrowing" if such Loans are Eurodollar Rate Syndicated Loans, a "Dollar Bid-Option Borrowing" if such Loans are Dollar Bid-Option Loans, a "Foreign Currency Bid-Option Borrowing" if such Loans are Foreign Currency Bid-Option Loans, an "Absolute Rate Dollar Bid-Option Borrowing" if such Loans are Absolute Rate Dollar Bid-Option Loans, a "Eurodollar Rate Dollar Bid-Option Borrowing" if such Loans are Eurodollar Rate Dollar Bid-Option Loans, or a "Eurodollar Rate Borrowing" if such Loans are Eurodollar Rate Loans. CD Rate Borrowings and Eurodollar Rate Syndicated Borrowings are sometimes collectively referred to as "Fixed Base Rate Syndicated Borrowings"; Floating Rate Borrowings and Fixed Base Rate Syndicated Borrowings are sometimes collectively referred to as "Syndicated Borrowings"; Absolute Rate Dollar Bid-Option Borrowings and Eurodollar Rate Dollar Bid-Option Borrowings are sometimes collectively referred to as "Dollar Bid-Option Borrowings"; Dollar Bid-Option Borrowings and Foreign Currency Bid-Option Borrowings are sometimes collectively referred to herein as "Bid-Option Borrowings"; and Fixed Base Rate Syndicated Borrowings and Bid-Option Borrowings are sometimes collectively referred to as "Fixed Rate Borrowings".

"Business Day" means any day on which commercial banks are open for domestic and international business (including dealings in Dollar deposits) in New York City and Detroit and, with respect to Eurodollar Rate Loans and the related Interest Periods, in London, and with respect only to Foreign Currency Bid-Option Loans and the related Interest Periods, on which dealings in deposits in the relevant Foreign Currency are carried out in the relevant interbank market and in the principal financial center of the country issuing the relevant Foreign Currency.

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"Capital Expenditures" means, for any period, the aggregate amount of capital expenditures of the Company and its Consolidated Subsidiaries during such period, determined on a consolidated basis in accordance with generally accepted accounting principles.

"Capital Lease" of any Person means any lease which, in accordance with generally accepted accounting principles, is required to be capitalized on the books of such Person.

"Cash and Cash Equivalents" means (a) all cash of the Company and its Consolidated Subsidiaries on hand or on deposit, plus (b) cash equivalents as determined in accordance with generally accepted accounting principles, plus (c) all investments of the Company and its Consolidated Subsidiaries of the following types, whether or not such investments are cash equivalents in accordance with generally accepted accounting principles: (i) commercial paper of any United States issuer having the highest rating then given by Moody's Investors Service, Inc. or Standard & Poor's Corporation, (ii) direct obligations of, and obligations fully guaranteed by, the United States of America, and (iii) certificates of deposit of (A) any commercial bank which is a member of the Federal Reserve System and which has capital, surplus and undivided profits (as shown on its most recently published statement of condition) aggregating not less than \$100,000,000 or (B) any Bank, provided that each of the foregoing investments has a maturity date not later than 180 days after the date of acquisition thereof by the Company or any of its Consolidated Subsidiaries.

"CD Base Rate" applicable to any CD Rate Interest Period means the per annum rate that is equal to the sum of:

(a) the rate per annum obtained by dividing (i) the arithmetic mean of secondary market bid rates per annum (expressed as a percentage) quoted at approximately 10:00 a.m. New York time (or as soon thereafter as practicable) on the first day of such Interest Period by two or more New York certificate of deposit dealers of recognized standing selected by the Agent for the purchase from the CD Reference Banks at face value of negotiable certificates of deposit of the CD Reference Banks with a term comparable to such Interest Period in an aggregate amount comparable to the related CD Rate Loans to be made by such CD Reference Banks in their capacity as Banks hereunder, by (ii) an amount equal to one minus the stated maximum rate (expressed as a decimal) of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) under any regulations of the Board of Governors of the Federal Reserve System (or any successor agency thereto), applicable on the first day of the related Interest Period to a negotiable certificate of deposit of the bank that is the Agent with a term comparable to such Interest Period in an aggregate amount comparable to the related CD Rate Loan to be made by such bank in its capacity as a Bank hereunder, plus

(b) the annual assessment rate (expressed as a percentage) estimated by the Agent on the first day of the related Interest Period to be payable by the bank that is the Agent to the Federal Deposit Insurance Corporation (or any successor agency thereto) for such Corporation's (or such successor's) insuring Dollar deposits of such bank in the United States during the related Interest Period;

all as conclusively determined, absent manifest error, by the Agent, such sum to be rounded up, if necessary, to the nearest whole multiple of one one-hundredth of one percent (1/100 of 1%).

"CD Rate" means, with respect to any CD Rate Loan for any CD Rate Interest Period or portion thereof, the per annum rate that is equal to the sum of (a) the Applicable Margin, plus (b) the CD Base Rate; which CD Rate shall change simultaneously with any change in such Applicable Margin.

"CD Rate Interest Period" means, with respect to each CD Rate Borrowing, the period commencing on the date of such CD Rate Borrowing and ending 30, 60, 90 or 180 days thereafter, as the Company may elect in the applicable Notice of Borrowing, provided that:

MASCOTECH, INC. CREDIT AGREEMENT

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(a) any such Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day; and

(b) no such Interest Period that would end after the Scheduled Expiration Date shall be permitted.

"CD Rate Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the CD Rate.

"CD Reference Bank" means each of The First National Bank of Chicago and Morgan Guaranty Trust Company of New York, or such other CD Reference Banks as may be appointed pursuant to Section 11.6.

"Closing Date" means the first day on which all the following shall have occurred: (a) the Company has executed this Agreement and furnished all documents required under Section 8.3, and all matters required under such Section have been completed, (b) the Agent has received telexes or telecopies affirming execution of this Agreement in counterparts by all the Banks, and (c) the Agent has executed this Agreement. Subject to the second sentence of Section 10.6, the Agent shall notify each party hereto of the occurrence of the Closing Date on the date thereof.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations thereunder.

"Commitment" means, with respect to each Bank whose commitment has not been terminated pursuant to Section 11.13, the commitment of such Bank to make Syndicated Loans pursuant to Section 3.1 and to participate in the risk of Letters of Credit pursuant to Section 3.3, in an aggregate principal amount the Dollar Equivalent of which does not exceed (a) in the case of each Bank originally a party hereto, the amount set forth opposite the name of such Bank on the signature pages hereof, and (b) in the case of each Bank becoming a party hereto in accordance with Section 11.6(d) or 11.13, the aggregate amount assigned to it, in each case (i) less the aggregate amount, if any, subsequently assigned by it in accordance with Section 11.6(d), (ii) plus the aggregate amount, if any, subsequently assigned to it under Section 11.6(d) or 11.13 and (iii) subject to activation pursuant to Section E3.1, and as such amount may be reduced from time to time pursuant to Section 3.8.

"Commitment Percentage" means, with respect to any Bank, the percent of the aggregate amount of all the Commitments represented by the amount of such Bank's Commitment.

"Consolidated" or "consolidated" refers to the consolidation of the accounts of a Person and its Subsidiaries in accordance with generally accepted accounting principles.

"Consolidated Subsidiary" of any corporation means any Subsidiary which would be consolidated on the consolidated balance sheet of such corporation in accordance with generally accepted accounting principles.

"Current Assets" means, at any time, the current assets of the Company and its Consolidated Subsidiaries, determined as to amount and classification on a consolidated basis in accordance with generally accepted accounting principles.

"Current Market Price" with respect to any shares of stock, means, as of any day, the last reported sales price or, in the event that no sale takes place on such day, the average of the reported closing bid and

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asked prices, in either case as reported on the New York Stock Exchange, on the principal national securities exchange on which such stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, by NASDAQ National Market System or, if such stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such stock on such day shall not have been reported through NASDAQ, the average of the closing bid and asked prices on such day as furnished by any New York Stock Exchange member firm regularly making a market in such security selected by the Agent.

"Debt" means: (a) indebtedness for money borrowed; (b) the capitalized portion of lease rentals under Capital Leases; (c) other indebtedness incurred in connection with the acquisition of any real or personal property, stock, debt or other assets (to the extent that any of the foregoing acquisition indebtedness is represented by any notes, bonds, debentures or similar evidences of indebtedness); and (d) obligations in respect of obligations or indebtedness of others of the types referred to in each of the foregoing clauses (a)-(c), for the payment of which the Company or any Consolidated Subsidiary is directly or contingently liable, or which is secured by any property of the Company or any Consolidated Subsidiary (whether or not the Company or such Consolidated Subsidiary is liable therefor).

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Deferred MSX Gain" means, as of any date, the remaining amount of the liability or contra asset of the Company booked in connection with the transfer of assets by the Company to MSX International on January 3, 1997, which amount was approximately \$40,000,000 as of January 3, 1997 and has not been recognized as income to the Company.

"Deferred Trimas Gain" means, as of any date, the remaining amount of the liability or contra asset of the Company booked in connection with the transfer of assets by the Company to Trimas prior to the Closing Date, which amount was approximately \$63,520,000 as of December 31, 1996 and has not been recognized as income to the Company.

"Determination Date" shall have the meaning ascribed thereto in the definition of the term "Applicable Margin".

"Determination Period" shall have the meaning ascribed thereto in the definition of the term "Applicable Margin".

"Dollar Bid-Option Loan" means a Bid-Option Loan made in Dollars.

"Dollar Bid-Option Percentage" means, with respect to any Bank and any Dollar Bid-Option Borrowing, the percentage of the aggregate outstanding principal amount of all the Dollar Bid-Option Loans comprising such Borrowing represented by the outstanding principal amount of the Dollar Bid-Option Loan made by such Bank as part of such Borrowing.

"Dollar Equivalent" means, as of any date, (a) with respect to any amount of Dollars, the amount thereof, and (b) with respect to any amount of any Foreign Currency, the amount of Dollars that could be purchased with such amount of such Foreign Currency at the spot rate of exchange (except as provided in

Section 3.7(a)) quoted by the Agent at approximately 10:00 a.m. (Detroit time) on such date or such number of Business Days before such date as may reasonably be deemed necessary by the Agent for purposes of this Agreement.

"Dollars" and "\$" shall mean the lawful money of the United States.

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"Domestic Lending Office" means, as to any Bank, its office identified on the signature pages hereof as its Domestic Lending Office or such other office as such Bank may hereafter designate as its Domestic Lending Office.

"Domestic Subsidiary" means a Subsidiary that is incorporated under the laws of the United States of America or any State thereof.

"EBIT" means, for any period, Net Income, exclusive of any Non-Cash Special Items, for such period plus, to the extent deducted in determining such Net Income: (a) Interest Charges for such period, and (b) income and other taxes.

"EBITDA Minus Capital Expenditures" means, as of the end of any fiscal quarter, the amount determined by subtracting (a) Capital Expenditures calculated as follows: (i) for the fiscal quarter ended December 31, 1996, Capital Expenditures for such fiscal quarter then ending and the three immediately preceding fiscal quarters, (ii) for the fiscal quarter ending March 31, 1997, Capital Expenditures for such fiscal quarter then ending and the four immediately preceding fiscal quarters times four-fifths, (iii) for the fiscal quarter ending June 30, 1997, Capital Expenditures for such fiscal quarter then ending and the five immediately preceding fiscal quarters times two-thirds, (iv) for the fiscal quarter ending September 30, 1997, Capital Expenditures for such fiscal quarter then ending and the six immediately preceding fiscal quarters times four-sevenths and (v) for the fiscal quarter ending December 31, 1997 and any fiscal quarter thereafter, Capital Expenditures for such fiscal quarter then ending and the seven immediately preceding fiscal quarters times one-half, from (b) the sum of EBIT for such fiscal quarter plus the three immediately preceding fiscal quarters plus, to the extent deducted in determining such EBIT, depreciation and amortization expense of the Company and its Consolidated Subsidiaries; provided that when determining the Senior Debt Coverage Ratio for purposes of Section 7.8, in the event the Company or any of its Consolidated Subsidiaries acquires any corporation or business, EBITDA Minus Capital Expenditures shall be calculated on a pro forma basis (which, to the extent deemed reasonable to the Agent, may include as pro forma adjustments reasonable eliminations of excess compensation (including salaries) and other adjustments that are attributable to the change in ownership or management of the corporation or business) as if the Company or such Consolidated Subsidiary had owned the acquired corporation or business for the eight fiscal quarters preceding its acquisition.

"Environmental Laws" means any and all applicable United States federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

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

"ERISA Affiliate" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company, are treated as a single employer under Section 414(b), (c) or (m), or the regulations prescribed under Section 414(o), of the Code.

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"Eurodollar Base Rate" applicable to any Eurodollar Rate Interest Period means the per annum rate obtained by dividing (a) the per annum rate of interest at which deposits in Dollars for such Interest Period and in an aggregate amount comparable to (i) in the case of Eurodollar Rate Syndicated Loans, the amount of the related Eurodollar Rate Syndicated Loans to be made by the Eurodollar Reference Banks in their capacity as Banks hereunder, and (ii) in the case of Eurodollar Rate Dollar Bid-Option Loans, the aggregate amount of the Eurodollar Rate Dollar Bid-Option Borrowing set forth in the related Bid-Option Quote Request, are offered to the Eurodollar Reference Banks by other prime banks in the London or Nassau interbank market, selected in the Eurodollar Reference Banks' discretion, at approximately 11:00 a.m. London or Nassau time, as the case may be, on the second Business Day prior to the first day of such Eurodollar Rate Interest Period, by (b) an amount equal to one minus the stated maximum rate (expressed as a decimal) of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) that is specified on the first day of such Eurodollar Rate Interest Period by the Board of Governors of the Federal Reserve System (or any successor agency thereto) for determining the maximum reserve requirement with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of such Board) maintained by a member bank of such System; all as conclusively determined, absent manifest error, by the Agent, such sum to be rounded up, if necessary, to the nearest whole multiple of one-hundredth of one percent (1/100 of 1%).

"Eurodollar Lending Office" means, as to any Bank, its office identified on the signature pages hereof as its Eurodollar Lending Office or such other branch (or Affiliate) of such Bank as such Bank may hereafter designate as its Eurodollar Lending Office.

"Eurodollar Rate Dollar Bid-Option Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the Bid-Option Eurodollar Rate.

"Eurodollar Rate Interest Period" means, with respect to each Eurodollar Rate Syndicated Loan, the period commencing on the date of such Eurodollar Rate Syndicated Loan and ending one month, two months, three months, four months, five months or six months thereafter, or twelve months if such proposed twelve-month Eurodollar Rate Interest Period is specifically agreed to by all Banks, and with respect to each Eurodollar Rate Dollar Bid-Option Loan, the period commencing on the date of such Eurodollar Rate Dollar Bid-Option Loan and ending on a date between fifteen days and twelve months thereafter, as the Company may request in the applicable Notice of Borrowing; provided that:

(a) any such Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month in which case such Interest Period shall end on the next preceding Business Day;

(b) any such Interest Period that begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month during which such Eurodollar Interest Period is to end shall end on the last Business Day of such calendar month; and

(c) no such Interest Period that would end after the Scheduled Expiration Date shall be permitted.

"Eurodollar Rate Loan" means any Eurodollar Rate Dollar Bid-Option Loan or Eurodollar Rate Syndicated Loan.

"Eurodollar Rate Syndicated Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the Syndicated Eurodollar Rate.

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"Eurodollar Reference Bank" means the principal London office of each of The First National Bank of Chicago and Morgan Guaranty Trust Company of New York, or such other Eurodollar Reference Banks as may be appointed pursuant to Section 11.6.

"Events of Default" has the meaning ascribed thereto in Section 9.1.

"Existing Agent" means NBD Bank, a Michigan banking corporation, formerly known as NBD Bank, N.A., in its capacity as agent for the Existing Banks.

"Existing Banks" means the banks that are parties to the Existing Credit Agreement.

"Existing Bid-Option Loans" means the "Bid-Option Loans" (as defined in the Existing Credit Agreement) outstanding on the Closing Date.

"Existing Commitment" means, with respect to each Bank, the amount, if any, of such Bank's "Commitment" (as defined in the Existing Credit Agreement) immediately prior to the Closing Date.

"Existing Credit Agreement" means the Credit Agreement dated as of September 2, 1993, among the Company, the Existing Banks and the Existing Agent, as amended, supplemented or otherwise modified, and as in force immediately prior to the Closing Date.

"Existing Debt" shall have the meaning ascribed thereto in the definition of the term "Senior Debt".

"Existing Loans" means the "Loans" (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement on the Closing Date.

"Facility Fees" means the facility fees payable pursuant to Section 3.7(b).

"Federal Funds Rate" means, as of any day, the per annum rate that is equal to the average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published by the Federal Reserve Bank of New York for such day (or, in the case of any day on which the federal funds market is not open, for the immediately preceding day on which it was open), or, if such rate is not so published for any day (or, in the case of any day on which the federal funds market is not open, for the immediately preceding day on which it was open), the average of the quotations for such rates received by the Agent from three federal funds brokers of recognized standing selected by the Agent in its discretion; all as conclusively determined, absent manifest error, by the Agent, such average to be rounded up, if necessary, to the nearest whole multiple of one-hundredth of one percent (1/100 of 1%); which Federal Funds Rate shall change simultaneously with any change in such published or quoted rates.

"Fixed Base Rate Syndicated Loan" means any CD Rate Loan or Eurodollar Rate Syndicated Loan.

"Fixed Rate Loan" means any Fixed Base Rate Syndicated Loan or Bid-Option Loan.

"Floating Rate" means, with respect to any Floating Rate Loan, the greater of (a) the Prime Rate and (b) the per annum rate equal to the sum of (i) one-half percent (1/2%) plus (ii) the Federal Funds Rate; which Floating Rate shall change simultaneously with any change in such Prime Rate or Federal Funds Rate, as the case may be.

"Floating Rate Interest Period" means, with respect to each Floating Rate Borrowing, the period commencing on the date of such Floating Rate Borrowing and ending 30 days thereafter; provided that:

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(a) any such Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day; and

(b) no Interest Period that would end after the Scheduled Expiration Date shall be permitted.

"Floating Rate Loan" means a Loan which pursuant to the applicable Notice of Borrowing is made at the Floating Rate.

"Foreign Currency" means any currency (other than Dollars) freely convertible into Dollars and freely transferable, which the Company designates in any Bid-Option Quote Request with respect to any Foreign Currency Bid-Option Borrowing as the currency in which the related Loans are to be made.

"Foreign Currency Bid-Option Loan" means a Bid-Option Loan made in a Foreign Currency.

"Foreign Currency Bid-Option Percentage" means, with respect to any Bank and any Foreign Currency Bid-Option Borrowing, the percentage of the aggregate outstanding principal amount of all the Foreign Currency Bid-Option Loans comprising such Borrowing represented by the outstanding principal amount of the Foreign Currency Bid-Option Loan made by such Bank as part of such Borrowing.

"Funded Debt" means all Debt of the Company and its Consolidated Subsidiaries which by its terms matures more than twelve months from the date such Debt was incurred or assumed by the Company or any such Consolidated Subsidiary, as the case may be, or which by its terms matures less than twelve months from such date but by its terms is renewable or extendable at the option of the Company or any such Consolidated Subsidiary beyond twelve months from such date, including, without limitation, all Loans under this Agreement (including those made within twelve months of the Scheduled Expiration Date).

"Interest Charges" means, for any period, the sum of interest that is expensed (or, under generally accepted accounting principles, would be expensed) during such period by the Company and its Consolidated Subsidiaries on Debt of the Company and its Consolidated Subsidiaries.

"Interest Coverage Ratio" means, for any Determination Period, the ratio of
(a) EBIT to (b) Interest Charges.

"Interest Payment Date" means, with respect to each Loan, the last day of each Interest Period with respect to such Loan and, in the case of any Interest Period exceeding (a) with respect to Eurodollar Rate Loans, three months or (b) with respect to CD Rate Loans and Absolute Rate Dollar Bid-Option Loans, ninety days, those days that occur during such Interest Period at intervals of three months and ninety days, respectively, after the first day of such Interest Period.

"Interest Period" means any Floating Rate Interest Period, CD Rate Interest Period, Eurodollar Rate Interest Period or Bid-Option Interest Period.

"Investment" by any Person means the purchase or other acquisition of any capital stock of or other ownership interest in, or debt securities of or other evidences of indebtedness of, any other Person, or the making of a loan or advancing of any funds or property or making of any other extension of credit to, or the making of any investment or acquiring any interest whatsoever in, any other Person, or the satisfaction of any contingent liability, as obligor, guarantor, surety or in any other capacity, for obligations of any other Person; provided, however, that the term Investment shall not include any evidence of indebtedness, any account

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receivable or any obligation or indebtedness on open account which, in all of the foregoing cases, arises directly from the sale of goods or merchandise or services for fair value in the ordinary course of business.

"Invitation for Bid-Option Quotes" means an Invitation for Bid-Option Quotes in the form referred to in Section 3.4(c).

"Letter of Credit" shall mean a standby letter of credit issued for the account of the Company or any of its Consolidated Subsidiaries pursuant to this Agreement.

"Letter of Credit Documents" shall have the meaning ascribed thereto in Section 3.3(f).

"Letter of Credit Issuance" shall mean any issuance by the Agent of a Letter of Credit pursuant to Section 3.3.

"Letter of Credit Obligations Amount" means, as of any date, the amount equal to the sum of (a) the maximum aggregate amount available to be drawn under all outstanding Letters of Credit at any time on or before the stated expiry date thereof, plus (b) the amount of any draws under all Letters of Credit that have not been reimbursed as provided in Section 3.3(e).

"Lien" means, with respect to any asset, any mortgage, lien, pledge, security interest or similar encumbrance in respect of such asset; provided that a subordination agreement shall not be deemed to create a Lien. For the purposes of this Agreement, the Company or any Consolidated Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other similar title retention agreement relating to such asset.

"Loan" means any Syndicated Loan or Bid-Option Loan.

"Market Value" with respect to any shares of stock, means, as of any date, the average of the Current Market Prices of such shares for the thirty consecutive trading days ending with such date.

"Masco Corporation" means Masco Corporation, a Delaware corporation.

"Masco Group" means Masco Corporation or any Person who, on the date hereof, is an Affiliate of Masco Corporation or who hereafter becomes an Affiliate controlled by Masco Corporation.

"Maximum Allowed Senior Debt Coverage Ratio" has the meaning ascribed thereto in Section 7.8.

"Minority Interest Cash Investments" means, as of any date, the greater of (a) \$0 or (b) the Dollar Equivalent (such Dollar Equivalent to be determined with respect to any Investment as of the time such Investment is made) of the aggregate amount of Cash and Cash Equivalents used by the Company after January 1, 1997 for Investments (other than the Investment in MSX International on January 3, 1997 (in the approximate amount of \$70,000,000)) with respect to Persons in which the Company owns less than 50% of the capital stock or other ownership interests of such Persons, provided that such capital stock or other ownership interests are accounted for by the Company on the equity method as of such date, and provided, further, that such aggregate amount shall be adjusted as follows: (i) the Dollar Equivalent of Cash and Cash Equivalents received by the Company from the disposition of any such Investments (whether or not accounted for on the equity method at the time of disposition) made since January 1, 1997 shall be subtracted from such aggregate amount, and (ii) the Dollar Equivalent of the aggregate amount of Cash and Cash Equivalents received by the Company from the disposition of any such Investments (whether or not accounted for on the equity method at the time of disposition) made on or prior to January 1, 1997 (other than

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any Investments in or relating to Trimas) in excess of the book value of such Investments shall be subtracted from such aggregate amount. For purposes of clauses (i) and (ii) above, the Dollar Equivalent of any Cash and Cash Equivalent shall be determined as of the time such Cash and Cash Equivalent is received by the Company. Notwithstanding anything herein to the contrary, the Company may exclude any Investment which would otherwise be included in this definition of Minority Interest Cash Investments provided that the difference of the Dollar Equivalent of the Cash and Cash Equivalents of all such excluded Investments minus the Dollar Equivalent of the Cash and Cash Equivalents received by the Company from the disposition of all such excluded Investments in the aggregate is less than \$5,000,000.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto. Any rating or change in rating given by Moody's shall be deemed effective, and in effect, when publicly announced by Moody's.

"MSX International" shall mean MSX International, Inc., a Delaware corporation.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate is then making, or, pursuant to an applicable collective bargaining agreement, accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be an ERISA Affiliate during such five-year period.

"Net Income" means, for any period, the greater of (a) \$0, and (b) the consolidated net income of the Company and its Consolidated Subsidiaries (after deduction for income and other taxes of the Company and its Consolidated Subsidiaries determined by reference to income or profits of the Company and its Consolidated Subsidiaries) for such period, all as determined in accordance with generally accepted accounting principles.

"Net Income Minus Preferred Dividends" means, for any period, the greater of (a) \$0, and (b) the excess of (i) Net Income for such period over (ii) the aggregate amount of all dividends in respect of any preferred stock of the Company accrued by the Company during such period.

"Net Worth" means, as of any date, (a) the amount of total shareholders' equity of the Company and its Consolidated Subsidiaries on such date, determined on a consolidated basis in accordance with generally accepted accounting principles, minus (or, if the amount determined pursuant to the following clause (b) is negative, plus the absolute amount thereof) (b) to the extent included in total shareholders' equity the amount of the foreign currency translation adjustment account, plus (c) the amount of the foreign currency translation adjustment account shown on the consolidated balance sheet of the Company and its Consolidated Subsidiaries dated December 31, 1992, which amount is \$6,050,000.

"New Debt" shall have the meaning ascribed thereto in the definition of the term "Senior Debt".

"Non-Cash Special Items" means non-recurring or extraordinary, non-cash gains or losses or other items affecting income, including, but without limitation, the cumulative effect of any accounting changes.

"Note" means any Syndicated Note or Bid-Option Note.

"Notice of Bid-Option Borrowing" shall have the meaning ascribed thereto in Section 3.4(f).

"Notice of Borrowing" means any Notice of Syndicated Borrowing or Notice of Bid-Option Borrowing.

"Notice of Syndicated Borrowing" shall have the meaning ascribed thereto in Section 3.2.

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"Overdue Rate" means (a) in respect of the principal of any Loan, the rate per annum that is equal to the sum of one percent (1%) per annum plus the per annum rate otherwise applicable to such Loan until the end of the then current Interest Period for such Loan and, thereafter, a rate per annum that is equal to the sum of one percent (1%) per annum plus the Floating Rate; and (b) in respect of other amounts payable by the Company hereunder (other than interest), a per annum rate that is equal to the sum of one percent (1%) per annum plus the Floating Rate.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, corporation, partnership, joint venture, trust, association, limited liability company or unincorporated organization, or a government or any agency or political subdivision thereof.

"Plan" means at any time any employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (a) is maintained, or contributed to, by the Company or any ERISA Affiliate for employees of the Company or any ERISA Affiliate, or (b) has at any time within the preceding five years been maintained, or contributed to, by the Company or any Person which was at such time an ERISA Affiliate for employees of the Company or any Person which was at such time an ERISA Affiliate.

"Prime Rate" means the per annum rate of interest publicly announced by NBD Bank at its main office in Detroit from time to time as its "prime rate", it being understood that such announced rate may not be the lowest rate of interest charged by NBD Bank to any of its customers; which Prime Rate shall change simultaneously with any change in such announced rate.

"Reference Bank" means any CD Reference Bank or Eurodollar Reference Bank.

"Refunded" shall have the meaning ascribed thereto in the definition of the term "Senior Debt".

"Refunding Borrowing" means a Borrowing which, after application of the proceeds of such Borrowing, results in no net increase in the Dollar Equivalent of the aggregate outstanding principal amount of the Loans made by any Bank.

"Reimbursement Amount" shall have the meaning ascribed thereto in Section 3.3(e).

"Relevant Day" shall have the meaning ascribed thereto in the definition of the term "Senior Debt Coverage Ratio".

"Request for Letter of Credit Issuance" shall have the meaning ascribed thereto in Section 3.3(b).

"Required Banks" means Banks having not less than 51% of the aggregate amount of the Commitments or, if the Commitments have terminated, Banks holding Notes evidencing not less than 51% of the aggregate unpaid principal amount of the Loans.

"Restricted Transfer" has the meaning ascribed thereto in Section 7.11(b).

"S&P" means Standard & Poor's Ratings Group or any successor thereto. Any rating or change in rating given by S&P shall be deemed effective, and in effect, when publicly announced by S&P.

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"Scheduled Expiration Date" means February 28, 2002; provided that, if and only if the requirements of Section 3.10 are satisfied, the "Scheduled Expiration Date" shall be extended to February 28, 2003.

"Securities Purchase Agreement" means the Amended and Restated Securities Purchase Agreement dated as of November 23, 1993, as amended by that certain Amendment No. 1 to Amended and Restated Securities Purchase Agreement made as of October 31, 1996, between the Company and Masco Corporation, as in effect on the Closing Date in the form attached hereto as Exhibit J, and as heretofore or hereafter amended, supplemented or otherwise modified from time to time. Nothing in this Agreement shall prohibit the Company and Masco Corporation from amending or terminating such Securities Purchase Agreement, provided that at the time of such amendment or termination, and immediately after giving effect thereto, no Default exists or would exist.

"Senior Debt" means all Debt of the Company and its Consolidated Subsidiaries, determined on a consolidated basis, except Subordinated Debt, provided that, for purposes of this definition, if any Debt ("Existing Debt") is to be Refunded (as hereinafter defined) with the proceeds of other money borrowed ("New Debt"), the Existing Debt to be so Refunded shall be excluded from Senior Debt when the New Debt is incurred. For purposes of this definition, Existing Debt is to be "Refunded" by New Debt if, and to the extent that, (i) no later than five (5) Business Days after the New Debt is incurred, the Company delivers to the Agent written notice stating that the purpose of such New Debt is to refund Existing Debt and specifying the Existing Debt to be refunded, (ii) the proceeds of such New Debt are held in the form of Cash and Cash Equivalents (free of any Lien except a Lien securing the specified Existing Debt to be refunded and no other indebtedness or obligations) until such specified Existing Debt is repaid and (iii) such specified Existing Debt is repaid within 45 (forty-five) days after the New Debt is incurred.

"Senior Debt Coverage Ratio" means, at any time from and including the 31st day (the "Relevant Day") after the last day of any fiscal quarter of the Company to but excluding the 31st day of the following fiscal quarter of the Company, the ratio of (a) Senior Debt as of the end of such fiscal quarter to (b) EBITDA Minus Capital Expenditures as of the end of such fiscal quarter.

"Senior Debt Rating" means, at any date, that the senior unsecured unenhanced long term debt of the Company is rated BBB or better by S&P or Baa2 or better by Moody's, regardless of whether the Company has any such debt outstanding.

"Senior Leverage Ratio" means, as of any Determination Date, the ratio of (a) the difference of (i) Senior Debt minus (ii) Cash and Cash Equivalents in excess of \$50,000,000 (exclusive of any Cash and Cash Equivalents constituting or acquired with the proceeds of New Debt to the extent the specified Existing Debt to be Refunded with such New Debt remains outstanding), to (b) Tangible Capital Funds.

"Significant Subsidiary" means any Subsidiary which is a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the Securities Exchange Act of 1934.

"Stock Issuance" means any issuance by the Company of, or any conversion of Subordinated Debt or any other Debt or liability of the Company or any of its Consolidated Subsidiaries to, common or other capital stock or other equity securities of the Company.

"Stock Redemptions" means any redemption, purchase, retirement or other acquisition by the Company of any common or other capital stock or other equity securities of the Company.

"Subordinated Debt" means, without duplication, (a) all Debt now outstanding or hereafter created, issued, guaranteed, incurred or assumed by the Company which is subordinated to payment of principal, premium, if any, and interest on the Notes by provisions not less favorable in any material respect to the

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holders of the Notes than the provisions set forth on Exhibit O; (b) Debt evidenced by the Company's 4-1/2% Convertible Subordinated Debentures due 2003, in the original principal amount of \$345,000,000 and (c) Debt hereafter issued pursuant to the Securities Purchase Agreement; provided, however, that any of such Debt shall cease to be "Subordinated Debt" upon and to the extent of the Company's repurchase or redemption of such Debt as permitted hereunder or the Company's transfer, conveyance, assignment or delivery to any trustee, paying agent or other fiduciary for the benefit of the holder(s) of such Debt of any cash, securities or other assets of the Company in payment or on account of, or as provision for, the principal of such Debt; provided further, however, that any of such Debt referred to in clauses (b) and (c) of this definition shall cease to be "Subordinated Debt" upon any amendment or other modification to the Debentures referred to in such clause (b) evidencing such Debt, relating to the subordination thereof, unless, in any such case, the provisions of such Debentures after giving effect to such amendment or modification are not less favorable in any material respect to the holders of the Notes than the provisions set forth on Exhibit O.

"Subsidiary" of any Person means (a) any limited partnership (whether now existing or hereafter organized) of which such Person or another Subsidiary of such Person is the general partner, (b) any general partnership or limited liability company (whether now existing or hereafter organized) of which such Person or one or more of the other Subsidiaries of such Person own at least a majority of the ownership or membership interests and (c) any corporation (whether now existing or hereafter organized or acquired) in which (other than directors' qualifying shares required by law) at least a majority of the securities having ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency), at the time as of which any determination is being made, is owned, beneficially and of record, by such Person or by one or more of the other Subsidiaries of such Person or by any combination thereof. Unless the context otherwise requires, references to "Subsidiary" or "Subsidiaries" herein refer to the Company's Subsidiaries.

"Substantially-Owned Consolidated Subsidiary" of any corporation means any Consolidated Subsidiary of such corporation 90% or more of the shares of capital stock (or other ownership interests) of which having ordinary power to vote in elections for the board of directors (or other persons performing similar functions at the time) are directly or indirectly owned by such corporation.

"Substitute Loan" means any Loan made by a Bank pursuant to Section 5.4.

"Syndicated Eurodollar Rate" means, with respect to any Eurodollar Rate Syndicated Loan for any Eurodollar Rate Interest Period or portion thereof, the per annum rate that is equal to the sum of (a) the Applicable Margin, plus (b) the Eurodollar Base Rate; which Syndicated Eurodollar Rate shall change simultaneously with any change in such Applicable Margin.

"Syndicated Loan" means any Floating Rate Loan or Fixed Base Rate Syndicated Loan.

"Syndicated Note" means a promissory note of the Company substantially in the form of Exhibit A hereto evidencing the obligation of the Company to repay Syndicated Loans, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Tangible Capital Funds" means, as of any date, the sum of (a) Adjusted Net Worth, minus (b) the net book value of goodwill (the excess of cost over net assets of acquired companies) included in the assets of the Company and its Consolidated Subsidiaries on a consolidated basis, plus (c) the amount of all Subordinated Debt which by its terms matures at least thirty days after the then existing Scheduled Expiration Date, plus (d) the Available Masco Corporation Funding Commitment minus (e) Minority Interest Cash Investments; provided, however, that for purposes of this definition, no Debt of the type described in clause (d) of the definition of the term "Debt" shall be included in Subordinated Debt.

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"Termination Date" means the earlier to occur of (a) the Scheduled Expiration Date and (b) the date on which the Commitments shall be terminated pursuant to Section 3.8 or 9.1.

"Total Borrowed Funds" means, as of any date, all indebtedness of the Company and its Consolidated Subsidiaries for money borrowed, determined on a consolidated basis in accordance with generally accepted accounting principles, provided that, for purposes of this definition, if any money borrowed ("Existing Borrowed Funds") is to be Refunded (as hereinafter defined) with the proceeds of other money borrowed ("New Borrowed Funds"), the Existing Borrowed Funds to be so Refunded shall be excluded from Total Borrowed Funds when the New Borrowed Funds are incurred. For purposes of this definition, Existing Borrowed Funds are to be "Refunded" by New Borrowed Funds if, and to the extent that, (i) no later than 5 Business Days after the New Borrowed Funds are incurred, the Company delivers to the Agent written notice stating that the purpose of such New Borrowed Funds is to refund Existing Borrowed Funds and specifying the Existing Borrowed Funds to be refunded, (ii) the proceeds of such New Borrowed Funds are held in the form of Cash and Cash Equivalents (free of any Lien except a Lien securing the specified Existing Borrowed Funds to be refunded and no other indebtedness or obligations) until such specified Existing Borrowed Funds are repaid and (iii) such specified Existing Borrowed Funds are repaid within 45 days after the New Borrowed Funds are incurred.

"Total Leverage Ratio" means the ratio of (a) Total Borrowed Funds to (b) Adjusted Net Worth.

"Trimas" means TriMas Corporation, a Delaware corporation.

"Unfunded Benefit Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (a) the present value of all vested nonforfeitable benefits under such Plan exceeds (b) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of the Company or any ERISA Affiliate to the PBGC or any other Person under Title IV of ERISA.

1.2 Accounting Terms. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time, on a basis consistent, to the extent required by such principles, with the most recent audited consolidated financial statements of the Company and its Consolidated Subsidiaries filed with the Securities and Exchange Commission on Form 10-K and delivered to the Banks prior to the Closing Date; provided that, if the Company notifies the Agent that the Company wishes to amend any covenant in Article VII to eliminate the effect of any change in generally accepted accounting principles in the operation of such covenant (or if the Agent notifies the Company that the Required Banks wish to amend Article VII for such purpose), then the Company's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Banks. Without limiting the foregoing, all transfers of receivables shall be recognized as sales, and not as Debts or Liens, if they would be recognized as sales in accordance with generally accepted accounting principles, provided that all probable adjustments in connection with the recourse provisions are accrued, all as more specifically described in Statement of Financial Accounting Standards No. 125.

1.3 Other Definitions; Rules of Construction. As used herein, the terms "Agent", "Bank", "Banks", "Co-Agent", "Company" and "this Agreement" shall have the respective meanings ascribed thereto in the introductory paragraph of this Agreement. Use of the terms "herein", "hereof" and "hereunder" shall be

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deemed references to this Agreement in its entirety and not solely to the Section or clause in which such term appears. Unless otherwise specified herein, references to "Sections" and "subsections" shall be to Sections and subsections, respectively, of this Agreement.

Except as provided in the definition of Eurodollar Rate Interest Period, if any payment, report, financial statement, notice or other obligation is due hereunder on a day which is not a Business Day, then the due date thereof shall be extended to the next Business Day.

ARTICLE II.

TERMINATION OF EXISTING CREDIT AGREEMENT

2.1 Termination. The Company and the Banks acknowledge and agree that the Existing Commitment of each Existing Bank is hereby terminated. Each Existing Bank that is a party hereto shall cancel all Existing Notes held by it and return them to the Company promptly after all amounts payable thereunder have been paid in full. Notwithstanding the foregoing, the Company and each of the Banks acknowledge and agree that each Existing Bid-Option Loan shall continue with its existing principal amount, interest rate and Interest Period, except that each Existing Bid-Option Loan shall be deemed a Bid-Option Loan under this Agreement and shall be governed by the provisions of this Agreement.

ARTICLE III.

THE LOANS AND LETTER OF CREDIT ISSUANCES

3.1 Syndicated Borrowings. Each Bank agrees, for itself only, subject to the terms and conditions set forth in this Agreement, to make Syndicated Loans to the Company from time to time from the Closing Date to but excluding the Termination Date; provided that the aggregate outstanding principal amount of such Bank's Syndicated Loans shall not at any time exceed the excess of (a) the amount of its Commitment, over (b) the sum of (i) its Commitment Percentage of the Letter of Credit Obligations Amount plus (ii) its Commitment Percentage of the Dollar Equivalent of the aggregate outstanding principal amount of all Bid-Option Loans made by the Banks. Each Fixed Base Rate Syndicated Borrowing shall be in an aggregate principal amount of \$10,000,000 or any larger multiple of \$5,000,000 and each Floating Rate Borrowing shall be in an aggregate principal amount of \$5,000,000 or any larger multiple of \$5,000,000; provided that any such Borrowing may be in the aggregate amount of the unused Commitments. Each Syndicated Borrowing shall be made by the several Banks ratably in accordance with their respective Commitment Percentages. Within the foregoing limits, the Company may borrow Loans from each Bank under this Section 3.1, repay such Loans, prepay such Loans to the extent permitted or required by this Agreement and reborrow under this Section 3.1. Default by any Bank with respect to its obligations hereunder shall not excuse any non-performance by any other Bank, provided that no Bank shall be liable for the non-performance by any other Bank of its obligations hereunder.

3.2 Notice of Syndicated Borrowings. The Company shall give the Agent written notice in substantially the form attached hereto as Exhibit C (a "Notice of Syndicated Borrowing") (a) not later than 12:00 p.m. (Detroit time) on the Business Day of each Floating Rate Borrowing, and (b) not later than 11:00 a.m. (Detroit time) on (i) the second Business Day before each CD Rate Borrowing, and (ii) the third Business Day before each Eurodollar Rate Syndicated Borrowing, specifying:

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(A) the date of such Borrowing, which shall be a Business Day,

(B) the aggregate amount of such Borrowing,

(C) whether the Loans comprising such Borrowing are to be Floating Rate Loans, CD Rate Loans or Eurodollar Rate Syndicated Loans, and

(D) in the case of each Fixed Base Rate Syndicated Borrowing, the duration of the Interest Period applicable thereto, which shall comply with the provisions of the definition of the applicable Interest Period.

3.3 Letters of Credit.

(a) Subject to the terms and conditions set forth in this Agreement, the Agent agrees to issue, and each Bank further agrees for itself only to participate in the risk of, Letters of Credit from time to time from the Closing Date to but excluding the Termination Date; provided that the Letter of Credit Obligations Amount shall not at any time exceed the lesser of (i) \$20,000,000 and (ii) the excess of (A) the aggregate amount of the Commitments over (B) the aggregate outstanding principal amount of all Loans. No Letter of Credit shall have a stated expiry date earlier than 30 days after the date of its issuance, and no Letter of Credit shall have a stated expiry date or, if by its terms it is periodically renewable, be subject to being terminated by the Agent (unless renewal is permitted by the Agent in its sole discretion, in which case the Agent will not permit renewal to a date beyond that determined in accordance with the following portion of this sentence), later than the earlier of (i) the one year anniversary of its issuance (or, if renewable and renewal has been permitted, the one year anniversary of its last renewal) and (ii) the fifth Business Day before the Scheduled Expiration Date. Each Letter of Credit shall be in a minimum amount of \$1,000,000. Subject to the terms and conditions set forth in this Agreement, the Agent shall, on the date any Letter of Credit is requested to be issued, issue the related Letter of Credit for the pro rata risk of the Banks. Notwithstanding anything herein to the contrary, the Agent may decline to issue any Letter of Credit if the beneficiary or the conditions of drawing are reasonably unacceptable to the Agent, or if the purpose of issuance is illegal or is in contravention of any law, rule, regulation or public policy or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority.

(b) The Company shall give the Agent written notice in substantially the form attached hereto as Exhibit D (a "Request for Letter of Credit Issuance") not later than 10:00 a.m. (Detroit time) on the fifth Business Day before each requested Letter of Credit Issuance or such later time as is acceptable to the Agent.

(c) The Company agrees (i) to pay to the Agent for the account of the Banks a fee computed at the per annum rate equal to the Applicable Margin of the maximum amount available to be drawn from time to time under the related Letter of Credit for the period from and including the date of such Letter of Credit Issuance to but excluding the stated expiry date of such Letter of Credit, and (ii) to pay an additional fee to the Agent for its own account computed at the rate of one-eighth of one percent (1/8 of 1%) per annum of such maximum amount for such period, such fees with respect to any Letter of Credit to be paid quarterly in advance commencing with the date of its issuance, based upon the Applicable Margin in effect at the beginning of each such quarter. Such fees are nonrefundable and the Company shall not be entitled to any rebate of any portion thereof if such Letter of Credit does not remain outstanding through such quarter or for any other reason. The Company further agrees to pay to the Agent, on demand, such other customary administrative fees, charges and expenses of the Agent in respect of the issuance, negotiation,

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acceptance, amendment, transfer and payment of such Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is issued.

(d) Nothing in this Agreement shall be construed to require or authorize any Bank to issue any Letter of Credit, it being recognized that the Agent has the sole obligation under this Agreement to issue Letters of Credit for the risk of the Banks. Upon each Letter of Credit Issuance, each Bank shall automatically acquire a pro rata risk participation interest in the related Letter of Credit based on its respective Commitment Percentage. If the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, the Agent shall provide notice thereof to each Bank on the date such draft or demand is honored unless the Company shall have satisfied its reimbursement obligation under subsection (e) of this Section 3.3 by payment to the Agent on such date. Each Bank, on such date, shall make an amount equal to its Commitment Percentage of the amount paid by the Agent available in immediately available funds at the principal office of the Agent for the account of the Agent. If and to the extent such Bank shall not have made such amount available to the Agent, such Bank and the Company severally agree to pay to the Agent forthwith on demand such amount, together with interest thereon for each day from the date such amount was paid by the Agent until such amount is so made available to the Agent at (i) in the case of such Bank, the Federal Funds Rate and (ii) in the case of the Company, the per annum rate equal to the interest rate applicable during such period to the related Borrowing deemed (or that could have been deemed) disbursed under subsection (e) of this Section 3.3 in respect of the reimbursement obligation of the Company. If such Bank shall pay such amount to the Agent together with such interest, if any, accrued, such amount so paid shall constitute a Syndicated Loan by such Bank as part of the Borrowing disbursed in respect of the reimbursement obligation of the Company under subsection (e) of this Section 3.3 for purposes of this Agreement. The failure of any Bank to make an amount equal to its Commitment Percentage of any such amount paid by the Agent available to the Agent shall not relieve any other Bank of its obligation to make available an amount equal to such other Bank's Commitment Percentage of such amount, but no Bank shall be responsible for failure of any other Bank to make its share available to the Agent.

(e)(i) Whether a Letter of Credit was issued for the account of the Company or any Consolidated Subsidiary of the Company, and without limiting the reimbursement obligation of such Consolidated Subsidiary, the Company agrees to pay to the Agent, not later than 3:00 p.m. (Detroit time) on the date on which the Agent shall honor a draft or other demand for payment presented or made under such Letter of Credit, an amount equal to the amount paid by the Agent in respect of such draft or other demand under such Letter of Credit and all expenses paid or incurred by the Agent relative thereto (the "Reimbursement Amount"). The Agent shall, on the date of each demand for payment under any Letter of Credit, give the Company notice thereof and of the amount of the Company's reimbursement obligation and liability for expenses relative thereto; provided that the failure of the Agent to give such notice shall not affect the reimbursement and other obligations of the Company under this Section 3.3. Unless the Company shall have made such payment to the Agent on such day, upon each such payment by the Agent, the Company shall be deemed to have elected to satisfy its reimbursement obligation by a Floating Rate Borrowing in an amount equal to the amount so paid by the Agent in respect of such draft or other demand under such Letter of Credit, and the Agent shall be deemed to have disbursed to the Company, for the account of the Banks, the Floating Rate Loans comprising such Floating Rate Borrowing, and each Bank shall make its share of each such Floating Rate Borrowing available to the Agent in accordance with Section 3.5(b). Such Floating Rate Loans shall be deemed disbursed notwithstanding any failure to satisfy any conditions for disbursement of any Loan set forth in Article VIII and, to the extent of the Floating Rate Loans so disbursed, the reimbursement obligation of the Company under this subsection (e)(i) shall be deemed satisfied.

(ii) If, for any reason (including without limitation as a result of the occurrence of an Event of Default with respect to the Company pursuant to Section 9.1(f) or (g)), Floating Rate Loans may not be made by the Banks as described in Section 3.3(e)(i), then (A) the Company agrees that each

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Reimbursement Amount not paid pursuant to the first sentence of Section

3.3(e)(i) shall bear interest, payable on demand by the Agent, at the interest rate then applicable to Floating Rate Loans, and (B) effective on the date each such Floating Rate Loan would otherwise have been made, each Bank severally agrees that it shall unconditionally and irrevocably, without regard to the occurrence of any Default, to the extent of such Bank's Commitment Percentage, purchase a participating interest in each Reimbursement Amount. Each Bank will immediately transfer to the Agent, in same day funds, the amount of its participation. Each Bank shall share on a pro rata basis (calculated by reference to its Commitment Percentage) in any interest which accrues thereon and in all repayments thereof. If and to the extent that any Bank shall not have so made the amount of such participating interest available to the Agent, such Bank agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Agent until the date such amount is paid to the Agent, at the Federal Funds Rate.

(f) The reimbursement obligation of the Company under this

Section 3.3 with respect to each Letter of Credit shall be absolute, unconditional and irrevocable and shall remain in full force and effect until all such obligations of the Company to the Banks and the Agent with respect to such Letter of Credit shall have been satisfied, and such obligations of the Company shall not be affected, modified or impaired upon the happening of any event, including without limitation, any of the following, whether or not with notice to, or the consent of, the Company:

(i) Any lack of validity or enforceability of any Letter of Credit or any documentation relating to any Letter of Credit or to any transaction related in any way to such Letter of Credit (the "Letter of Credit Documents");

(ii) Any amendment, modification, waiver, consent, or any substitution, exchange or release of or failure to perfect any interest in collateral or security, with respect to any of the Letter of Credit Documents;

(iii) The existence of any claim, setoff, defense or other right which the Company may have at any time against any beneficiary or any transferee of any Letter of Credit (or any persons or entities for whom any such beneficiary or any such transferee may be acting), the Agent or any Bank or any other Person, whether in connection with any of the Letter of Credit Documents, the transactions contemplated herein or therein or any unrelated transactions;

(iv) Any draft or other statement or document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) Payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit;

(vi) Any failure, omission, delay or lack on the part of the Agent or any Bank or any party to any of the Letter of Credit Documents to enforce, assert or exercise any right, power or remedy conferred upon the Agent, any Bank or any such party; or

(vii) Any other event or circumstance that would, in the absence of this clause, result in the release or discharge by operation of law or otherwise of the Company from the performance or observance of any obligation, covenant or agreement contained in this Section 3.3.

No setoff, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature which the Company has or may have against the beneficiary of any Letter of Credit shall be available hereunder to

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the Company against the Agent or any Bank. Nothing in this Section 3.3 shall limit the liability, if any, of the Agent to the Company pursuant to Section 11.5(c).

3.4 Bid-Option Borrowings.

(a) **The Bid-Option.** In addition to Syndicated Borrowings that are made pursuant to Section 3.1, the Company may, as set forth in this Section, from time to time after the Closing Date to but excluding the Termination Date request the Banks to offer to make Bid-Option Loans to the Company. Each Bank may, but shall have no obligation to, make such offers; furthermore, each Bank may limit the aggregate amount of Bid-Option Loans when quoting rates for more than one Bid-Option Interest Period in any Bid-Option Quote, provided that such limitation shall not be less than the minimum amounts required hereunder for Bid-Option Loans and the Company may choose among the Bid-Option Loans if such limitation is imposed. The Company may, but shall have no obligation to, accept any such offers, in the manner set forth in this Section; provided that the Dollar Equivalent of the aggregate outstanding principal amount of Bid-Option Loans shall not at any time exceed the lesser of (i) the excess of (A) the aggregate amount of the Commitments over (B) the sum of (x) the aggregate outstanding principal amount of Syndicated Loans plus (y) the Letter of Credit Obligations Amount, or (ii) fifty percent (50%) of the aggregate amount of the Commitments (as the same may be reduced in accordance with the terms of this Agreement during any applicable Bid-Option Interest Period); and provided, further, that the Dollar Equivalent of the aggregate outstanding principal amount of Foreign Currency Bid-Option Loans shall not exceed \$50,000,000.

(b) **Bid-Option Quote Requests.** When the Company wishes to request offers to make Bid-Option Loans under this Section, it shall transmit to the Agent by telex or telecopy a request substantially in the form attached hereto as Exhibit E (a "Bid-Option Quote Request") so as to be received no later than 10:00 a.m. (Detroit time) on (i) the Business Day next preceding the date of the Borrowing proposed therein, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (ii) the fifth Business Day next preceding the date of the Borrowing in the case of a Bid-Option Auction for Eurodollar Rate Dollar Bid-Option Loans, or (iii) the fourth Business Day prior to the date of Borrowing proposed therein, in the case of a Bid-Option Auction for Foreign Currency Bid-Option Loans, specifying:

(A) the proposed date of the Borrowing, which shall be a Business Day;

(B) whether the Borrowing is to be an Absolute Rate Dollar Bid-Option Borrowing, a Eurodollar Rate Dollar Bid-Option Borrowing or a Foreign Currency Bid-Option Borrowing and, if a Foreign Currency Bid-Option, the desired Foreign Currency;

(C) the aggregate amount of such Borrowing, which shall be (A) \$25,000,000 or a larger multiple of \$5,000,000, in the case of a Dollar Bid-Option Borrowing, or (B) not less than the Dollar Equivalent of \$5,000,000, in the case of a Foreign Currency Bid-Option Borrowing; and

(D) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of the applicable Interest Period.

The Company may request offers to make Bid-Option Loans for more than one Interest Period in a single Bid-Option Quote Request. The Company may not request offers to make Bid-Option Loans in more than

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one currency in any Bid-Option Quote Request and may not make more than five Bid-Option Borrowings during any month.

(c) Invitation for Bid-Option Quotes. Promptly upon receipt of a Bid-Option Quote Request, the Agent shall send to the Banks by telex or telecopy (or telephone promptly confirmed by telex or telecopy) an Invitation for Bid-Option Quotes substantially in the form attached hereto as Exhibit F, which shall constitute an invitation by the Company to each Bank to submit Bid-Option Quotes offering to make the Bid-Option Loans to which such Bid-Option Quote Request relates in accordance with this Section.

(d) Submission and Contents of Bid-Option Quotes. (i) Each Bank may submit a Bid-Option Quote containing an offer or offers to make Bid-Option Loans in response to any Invitation for Bid-Option Quotes. Each Bid-Option Quote must comply with the requirements of this subsection (d) and must be submitted to the Agent by telex or telecopy (or by telephone promptly confirmed by telex or telecopy) not later than (A) 9:00 a.m. (Detroit time) on the proposed date of the Borrowing, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (B) 10:00 a.m. (Detroit time) on the fourth Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Dollar Bid-Option Loans, or (C) 2:00 p.m. (Detroit time) on the third Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Foreign Currency Bid-Option Loans; provided that Bid-Option Quotes submitted by the Agent (or any Affiliate of the Agent) in its capacity as a Bank may be submitted, and may only be submitted, if the Agent or such Affiliate notifies the Company of the terms of the offer or offers contained therein not later than (A) 8:45 a.m. (Detroit time) on the proposed date of the Borrowing, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (B) 9:45 a.m. (Detroit time) on the fourth Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Dollar Bid-Option Loans, or (C) 1:00 p.m. (Detroit time) on the third Business Day prior to the proposed date of the Borrowing in the case of a Bid-Option Auction for Foreign Currency Bid-Option Loans. Subject to Section 3.4(e), Article VIII and Article IX, any Bid-Option Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Company.

(ii) Each Bid-Option Quote shall be in substantially the form attached hereto as Exhibit G and shall in any case specify:

(A) the proposed date of the Borrowing;

(B) whether the Bid-Option Loans for which the offers are made are Absolute Rate Dollar Bid-Option Loans, Eurodollar Rate Dollar Bid-Option Loans or Foreign Currency Bid-Option Loans, which must match the type of Borrowing stated in the related Invitation for Bid-Option Quotes;

(C) the principal amount of the Bid-Option Loan for which each such offer is being made, the Dollar Equivalent of which (1) may, together with the Dollar Equivalent of the aggregate outstanding principal amount of all other Loans made by the quoting Bank, exceed the amount of the Commitment of the quoting Bank, (2) must be (y) in the case of any Dollar Bid-Option Loan, \$5,000,000 or a larger multiple thereof, or (z) in the case of any Foreign Currency Bid-Option Loan, not less than \$1,000,000, and (3) may not exceed the Dollar Equivalent of the aggregate principal

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amount of the Bid-Option Borrowing specified in the related Invitation for Bid-Option Quotes;

(D) in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans or Foreign Currency Bid-Option Loans, the rate of interest per annum (rounded up to the nearest 1/10,000th of 1%) (the "Bid-Option Absolute Rate") offered for each such Bid-Option Loan;

(E) in the case of a Bid-Option Auction for Eurodollar Rate Dollar Bid-Option Loans, the applicable margin, which may be positive or negative (the "Bid-Option Eurodollar Rate Margin"), expressed as a percentage (rounded to the nearest 1/10,000th of 1%), offered for each such Bid-Option Loan;

(F) the Interest Period(s) for which each such Bid-Option Absolute Rate or Bid-Option Eurodollar Rate Margin, as the case may be, is offered; and

(G) the identity of the quoting Bank.

(iii) Any Bid-Option Quote shall be disregarded if it:

(A) is not substantially in the form of Exhibit G hereto or does not specify all of the information required by subsection (d)(ii) above;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Bid-Option Quotes; or

(D) arrives after the time set forth in subsection (d)(i);

provided that a Bid-Option Quote shall not be disregarded pursuant to clause (B) or (C) above solely because it indicates that an allocation that might otherwise be made to it pursuant to Section 3.4(g) would be unacceptable.

(e) Notice to Company. The Agent shall promptly notify the Company of the terms (i) of any Bid-Option Quote submitted by a Bank that is in accordance with subsection (d) of this Section and (ii) of any Bid-Option Quote that amends, modifies or is otherwise inconsistent with a previous Bid-Option Quote submitted by such Bank with respect to the same Bid-Option Quote Request. Any such subsequent Bid-Option Quote shall be disregarded by the Agent unless such subsequent Bid-Option Quote is submitted solely to correct a manifest error in such former Bid-Option Quote. The Agent's notice to the Company shall specify (i) the Dollar Equivalent of the aggregate principal amount of Bid-Option Loans for which offers have been received for each Interest Period specified in the related Bid-Option Quote Request and (ii) the respective Dollar Equivalent of the principal amounts and respective Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, so offered.

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(f) Acceptance and Notice by Company. Not later than 10:00 a.m. (Detroit time) on (i) the proposed date of the Borrowing, in the case of a Bid-Option Auction for Absolute Rate Dollar Bid-Option Loans, (ii) the third Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Dollar Bid-Option Loans, or (iii) the second Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Foreign Currency Bid-Option Loans, the Company shall notify the Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e) of this Section 3.3. In the case of acceptance, such notice (a "Notice of Bid-Option Borrowing") shall specify the aggregate principal amount of accepted offers for the applicable Interest Period(s). The Company may accept any Bid-Option Quote in whole or in part; provided that:

(A) the Dollar Equivalent of the aggregate principal amount of each Bid-Option Borrowing may not exceed the applicable amount set forth in the related Bid-Option Quote Request;

(B) the Dollar Equivalent of the aggregate principal amount of each Bid-Option Borrowing must be (1) in the case of Dollar Bid-Option Borrowings, \$25,000,000 or a larger multiple of \$5,000,000, unless the aggregate amount of the related Bid-Option Loans for which Bid-Option Quotes were received is less than \$25,000,000, in which case the aggregate principal amount of the Dollar Bid-Option Borrowing may be any amount less than \$25,000,000, and (2) in the case of Foreign Currency Bid-Option Loans, not less than \$5,000,000 (or, if less, the aggregate amount of the related Bid-Option Loans for which Bid-Option Quotes were received);

(C) acceptance of offers may only be made on the basis of ascending Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be; and

(D) the Company may not accept any offer that is described in clause (iii) of subsection (d) of this Section or that otherwise fails to comply with the requirements of this Agreement.

(g) Allocation by Agent. If offers are made by two or more Banks with the same Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Bid-Option Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks as nearly as possible (in such multiples, not greater than the Dollar Equivalent of \$500,000, as the Agent may deem appropriate) in proportion to the aggregate principal amount of such offers (excluding any Bank that has indicated in its offer that an allocation which otherwise would be made to it is unacceptable). Determinations by the Agent of the amounts of Bid-Option Loans shall be conclusive in the absence of manifest error.

3.5 Notice to Banks; Funding of Loans. (a) Upon receipt of a Notice of Borrowing or Request for Letter of Credit Issuance, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's share, if any, of such Borrowing or the related Letter of Credit risk, as the case may be. A Notice of Borrowing or Request for Letter of Credit Issuance shall be irrevocable by the Company once the Agent begins notifying any Bank of the contents thereof.

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(b) Each Bank, not later than 1:00 p.m. (Detroit time) on the date any Borrowing is requested to be made, other than a Foreign Currency Bid-Option Borrowing, shall (except as provided in subsection (d) of this Section 3.5) make its share, if any, of such Borrowing available to the Agent in immediately available funds, at the Agent's address specified in or pursuant to Section 11.2, for disbursement to the Company. Unless the Agent determines that any applicable condition specified in Article VIII has not been satisfied, the Agent will make funds actually so received from the Banks available to the Company at the Agent's aforesaid address. Unless the Agent shall have received notice from any Bank prior to the date such Borrowing is requested to be made that such Bank will not make available to the Agent such Bank's share of such Borrowing, the Agent may assume that such Bank has made such share available to the Agent on the date such Borrowing is requested to be made in accordance with this Section 3.5. If and to the extent such Bank shall not have so made such share available to the Agent, the Agent may (but shall not be obligated to) make such amount available to the Company, and such Bank and the Company severally agree to pay to the Agent forthwith on demand such amount, together with interest thereon for each day from the date such amount is made available to the Company by the Agent until the date such amount is repaid to the Agent at (i) in the case of such Bank, the Federal Funds Rate and (ii) in the case of the Company, a rate per annum equal to the interest rate applicable to such Borrowing during such period. If such Bank shall pay such amount to the Agent together with interest, such amount so paid shall constitute a Loan by such Bank as a part of the related Borrowing for purposes of this Agreement. The failure of any Bank to make its share of any Borrowing available to the Agent shall not relieve any other Bank of its obligation to make available to the Agent its share, if any, of such Borrowing on the date such Borrowing is requested to be made, but no Bank shall be responsible for failure of any other Bank to make such share available to the Agent on the date of such Borrowing.

(c) Each Bank, not later than 11:00 a.m. (Detroit time) on the date any Foreign Currency Bid-Option Borrowing is requested to be made shall (except as provided in subsection (d) of this Section 3.5) make its share, if any, of such Borrowing available to the Company by depositing the proceeds thereof in an account maintained and designated by the Company at an office or branch of such Bank (or of an Affiliate of such Bank) located in the principal financial center of the country issuing the Foreign Currency in which such Borrowing is denominated or, if neither such Bank nor any Affiliate of such Bank has an office or branch in such financial center, at such Bank's Eurodollar Lending Office or Domestic Lending Office as selected by such Bank, or by such other means requested by the Company and acceptable to such Bank. Promptly upon any such disbursement of a Foreign Currency Bid-Option Loan, the Bank making such Loan shall give written notice to the Agent by telex or telecopy of the making of such Loan, which notice shall be substantially in the form attached hereto as Exhibit H.

(d) If any Bank is to make a new Syndicated Loan or Dollar Bid-Option Loan hereunder on a day on which the Company is to repay all or any part of an outstanding Syndicated Loan or Dollar Bid-Option Loan from such Bank, or if any Bank is to make a new Foreign Currency Bid-Option Loan hereunder on a day on which the Company is to repay all or any part of an outstanding Foreign Currency Bid-Option Loan of the same Foreign Currency from such Bank, such Bank shall apply the proceeds of its new Loan to make such repayment and only an amount equal to the difference, if any, between the amount of such new Loan and the amount being repaid shall (i) be made available by such Bank to the Agent or the Company, as provided in subsection (b) or (c) of this Section 3.5 or (ii) be remitted by the Company to the Agent or such Bank as provided in Section 4.4, as the case may be. Except as provided in the first sentence of this Section 3.5(d), no Bank shall apply the proceeds of any Loan, whether a Foreign Currency Bid-Option Loan or other type of Loan, to repay all or any part of an outstanding Foreign Currency Bid-Option Loan, the entire amount of which shall, unless repaid by the application of the proceeds of a new Foreign Currency Bid-Option Loan of the same Foreign Currency as permitted in the first sentence of this Section 3.5(d), be remitted in full by the Company to the Banks when due as provided in Section 4.4.

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3.6 The Notes.

(a) The Syndicated Loans of each Bank shall be evidenced by a single Syndicated Note payable to the order of such Bank in an amount equal to the aggregate unpaid principal amount of such Bank's Syndicated Loans.

(b) The Bid-Option Loans of each Bank shall be evidenced by a single Bid-Option Note payable to the order of such Bank in an amount equal to the Dollar Equivalent of the aggregate unpaid principal amount of such Bank's Bid-Option Loans.

(c) Upon receipt of each Bank's Notes pursuant to Section 8.2, the Agent shall forward such Notes to such Bank. Each Bank shall record on its books and records, and prior to any transfer of its Notes shall endorse on the schedules forming a part thereof appropriate notations to evidence, the date of disbursement, amount and maturity of each Loan made by it, the interest rate and Interest Period applicable thereto and the date and amount of each payment of principal made by the Company with respect thereto. Any notations made by such Bank shall be prima facie evidence of the matters so recorded or endorsed. Each Bank is hereby irrevocably authorized by the Company to make such records, so to endorse schedules to its Notes and to attach to and make a part of any Note a continuation of any such schedule as and when required. Failure by any Bank to make such records or so to endorse the schedules to its Notes, or any error in recording or so endorsing any such information, shall not affect the Company's liability hereunder or under any Note.

3.7 Certain Fees.

(a) Commitment Fees. [Intentionally Omitted]

(b) Facility Fee. The Company will pay to the Agent for the respective accounts of the Banks a facility fee, for each calendar quarter or portion thereof from the Closing Date to but not including the Termination Date, on the amount of each Bank's Commitment, whether used or unused, during such period, at a rate equal to the Applicable Margin for Facility Fees. All accrued facility fees hereunder shall be payable in arrears with respect to each calendar quarter or portion thereof not later than the tenth day after the end of each March, June, September and December, commencing with the first such calendar quarter-end after the Closing Date, and on the Termination Date. Promptly upon receipt of such facility fees for any calendar quarter for portion thereof, the Agent shall distribute such facility fees to the Banks ratably in accordance with their respective Commitment Percentages.

(c) Closing Fee. The Company will further pay to the Agent for the respective accounts of the Banks such amount as may be agreed upon between the Company and the Banks. The closing fees shall be payable on or before the Closing Date. Promptly upon its receipt thereof, the Agent shall distribute such fees to the Banks.

(d) Agent's Fees. The Company will further pay to the Agent fees for its own account for its services as Agent under this Agreement in such amounts and at such times as may from time to time be agreed upon between the Company and the Agent.

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3.8 Termination or Reduction of Commitments.

(a) Optional Termination or Reduction. Subject to Section 5.5, the Company shall have the right at any time and from time to time, upon five Business Days' prior written notice to the Agent, to terminate or proportionately reduce the amount of the Commitments, provided, that (i) any partial reduction of the amount of the Commitments shall be in the amount of \$10,000,000 or a larger multiple thereof, (ii) no such reduction shall be permitted with respect to any portion of the Commitments not in excess of the sum of the Dollar Equivalent of the aggregate outstanding principal amount of all Loans, plus the Letter of Credit Obligations Amount, plus the Dollar Equivalent of the aggregate amount of all Borrowings for which a Notice of Borrowing is then pending, plus the aggregate amount of all Letters of Credit for which a Request for Letter of Credit Issuance is then pending, (iii) the Commitments may not be terminated if any Loans or Letters of Credit are then outstanding or any Notice of Borrowing or Request for Letter of Credit Issuance is then pending and (iv) no such termination or reduction shall be permitted if, after giving effect thereto, the Dollar Equivalent of the aggregate principal amount of the outstanding Bid-Option Loans would exceed fifty percent (50%) of the aggregate amount of the Commitments. The Commitments or any portion thereof terminated or reduced pursuant to this Section may not be reinstated. The accrued facility fees with respect to the terminated Commitments or the amount of any reduction therein shall be payable on the effective date of such notice. Upon receipt of any notice from the Company pursuant to this Section, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's share of any reduction of the Commitments. Each such notice shall be irrevocable by the Company once the Agent begins notifying any Bank of the contents thereof.

(b) [intentionally omitted].

(c) Section 4.2(d) Compliance. On the effective date of any reduction or termination of the Commitments under this Section 3.8, the Company shall make such payments as may be required under Section 4.2(d) as a result thereof.

3.9 Mandatory Termination of Commitments. The Commitments shall terminate on the Termination Date.

3.10 Extension of Scheduled Expiration Date. (a) The Company may request that the Banks extend the Scheduled Expiration Date from February 28, 2002 to February 28, 2003. No such request shall be effective unless it is made in writing by the Company at any time after February 28, 1999.

(b)(i) Upon receipt of any such written request, the Agent shall promptly distribute a copy thereof to each Bank.

(ii) Each Bank shall have the time specified in such request to agree or refuse to extend the Scheduled Expiration Date, which agreement or refusal, as the case may be, must be communicated to the Agent in writing; provided, that (A) the failure of any Bank so to communicate its agreement so to extend the Scheduled Expiration Date shall be deemed to be such Bank's refusal so to extend, (B) any written communication of any Bank of its agreement so to extend shall be irrevocable and (C) any agreement of any Bank so to extend communicated to the Agent subject to any qualifications or conditions shall be deemed to be a refusal so to extend the Scheduled Expiration Date.

(iii) The Agent shall promptly notify the Company which Banks have consented to such written request (a "Consenting Bank"). Any failure by the Agent to so notify the Company shall not be deemed a consent to the Company's request.

(iv) Each Bank that elects not to extend the requested Scheduled Expiration Date or

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fails to so notify the Agent of such consent (a "Non-Consenting Bank") hereby agrees that if any other Bank or financial institution acceptable to the Company and the Agent offers to purchase such Non-Consenting Bank's Commitment(s) for a purchase price equal to the sum of all amounts then owing with respect to the Loans and all other amounts accrued for the account of such Non-Consenting Bank and any amounts which may become owing as a result of such purchase, such Non-Consenting Bank will, promptly or upon the existing Scheduled Expiration Date for such Non-Consenting Bank, as elected by the Company, assign, sell and transfer all of its right, title and obligations with respect to the foregoing to such other Bank or financial institution pursuant to and on the terms specified in the form of Assignment and Acceptance and Section 11.6.

(v) Notwithstanding anything herein to the contrary, the Scheduled Expiration Date will not be extended if the aggregate Commitments of each Consenting Bank plus the additional Commitments of each Bank or other financial institution replacing any Non-Consenting Bank pursuant to clause (iv) above and agreeing to the request does not equal or exceed 75% of the then existing aggregate Commitments. If the Scheduled Expiration Date is extended hereunder, it will not be extended for the Non-Consenting Banks whose Commitments are not purchased pursuant to clause (iv) above, and each such Non-Consenting Bank's Commitment shall remain in effect and not be terminated until the Scheduled Expiration Date that is then in effect.

ARTICLE IV.

PRINCIPAL PAYMENTS; INTEREST; ETC

4.1 Scheduled Principal Payments. Unless earlier payment is required under this Agreement, or made pursuant to Section 4.2, the Company shall pay the entire principal amount of each Loan on the last day of the Interest Period applicable to such Loan.

4.2 Prepayments of Principal. The following provisions apply in respect of prepayment of the Loans by the Company:

(a) The Company may prepay Floating Rate Loans in whole or in part on any Business Day in amounts aggregating \$5,000,000 or any larger multiple of \$5,000,000 (unless such prepayment would cause the aggregate outstanding principal amount of Floating Rate Loans to be less than \$5,000,000, in which event prepayment may only be made in an amount equal to the entire outstanding principal amount of Floating Rate Loans), by paying the principal amount being prepaid together with accrued interest thereon to the date of prepayment. Each prepayment in part of such Loans shall be applied to such Loans of the Banks ratably in accordance with their respective shares of the aggregate outstanding principal amount of the Floating Rate Loans.

(b) The Company may, upon at least three Business Days' notice to the Agent, prepay any Fixed Base Rate Syndicated Borrowing in whole or in part on any Business Day in the amount of \$10,000,000 or any larger multiple of \$5,000,000 (unless such prepayment would cause the aggregate outstanding principal amount of such Fixed Base Rate Syndicated Borrowing to be less than \$10,000,000, in which event prepayment may only be made in an amount equal to the outstanding unpaid principal amount of such Fixed Base Rate Syndicated Borrowing), by paying the principal amount being prepaid together with accrued interest thereon to the date of prepayment; provided, however, that the Company shall compensate the Banks pursuant to Section 5.5 for any losses or expenses incurred as a result thereof. Each prepayment in part of any Fixed Base Rate Syndicated Borrowing shall be applied to the Fixed Base Rate Syndicated Loans comprising such Borrowing of the Banks ratably in accordance with their respective shares of the aggregate outstanding principal amount of such Loans.

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(c) Unless otherwise required by this Agreement, the Company may not prepay any Bid-Option Loan in whole or in part without the consent of the Bank that made such Bid-Option Loan.

(d) Notwithstanding Section 4.2(a), (b) and (c), if on any date:

(i) the sum of (A) the Dollar Equivalent of the aggregate outstanding principal amount of Loans plus (B) the Letter of Credit Obligations Amount exceeds the aggregate amount of the Commitments; or

(ii) the Dollar Equivalent of the aggregate outstanding principal amount of Bid-Option Loans exceeds fifty percent (50%) of the Commitments; or

(iii) the Dollar Equivalent of the aggregate outstanding principal amount of Foreign Currency Bid-Option Loans exceeds \$50,000,000;

then the Company shall pay forthwith the principal amount of such excess, together with accrued interest thereon to the date of payment; provided, however, that the Company shall compensate the Banks pursuant to Section 5.5 for any losses or expenses incurred as a result thereof; and provided further, however, that (A) no such payment otherwise required under clause (i) of this Section 4.2(d) solely because of currency exchange rate fluctuations affecting the Dollar Equivalent of the aggregate outstanding principal amount of Foreign Currency Bid-Option Loans shall be required unless such payment is due on a date when a payment of principal of any Loan is otherwise due hereunder, and (B) notwithstanding clause (A) of this proviso, no such payment otherwise required under subsection (ii) or (iii) of this Section 4.2(d) shall be required if due solely because of currency exchange rate fluctuations affecting the Dollar Equivalent of the aggregate outstanding principal amount of Foreign Currency Bid-Option Loans since the last date on which any of such Foreign Currency Bid-Option Loans were made.

(e) Upon receipt of a notice of prepayment pursuant to this Section, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's share (in accordance with Section 4.4) of such prepayment. Each such notice shall be irrevocable by the Company once the Agent begins notifying any Bank of the contents thereof.

4.3 Interest Payments. The Company shall pay interest to the Banks on the unpaid principal amount of each Loan, for the period commencing on the date such Loan is made until such Loan is paid in full, on each Interest Payment Date and at maturity (whether at stated maturity, by acceleration or otherwise), and thereafter on demand, at the following rates per annum (subject, however, to the provisions of Section 11.12):

(a) With respect to each Floating Rate Loan, at the Floating Rate.

(b) With respect to each CD Rate Loan, at the CD Rate, provided that if any CD Rate Loan or any portion thereof shall, as a result of clause (b) of the definition of CD Rate Interest Period, have an Interest Period of less than thirty (30) days, such CD Rate Loan or portion thereof shall bear interest during such Interest Period at the Floating Rate.

(c) With respect to each Eurodollar Rate Syndicated Loan, the Syndicated Eurodollar Rate, provided that if any Eurodollar Rate Syndicated Loan or any portion thereof shall, as a result of clause (c) of the definition of Eurodollar Rate Interest Period, have an Interest Period of less than one month, such Loan or portion thereof shall bear interest during such Interest Period at the Floating Rate.

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(d) With respect to each Eurodollar Rate Dollar Bid-Option Loan, the Bid-Option Eurodollar Rate, provided that if any Eurodollar Rate Bid-Option Loan or any portion thereof shall, as a result of clause (c) of the definition of Eurodollar Rate Interest Period, have an Interest Period of less than one month, such Loan or portion thereof shall bear interest during such Interest Period at the Floating Rate.

(e) With respect to each Absolute Rate Dollar Bid-Option Loan and Foreign Currency Bid-Option Loan, the Bid-Option Absolute Rate quoted for such Loan by the Bank making such Loan.

Notwithstanding the foregoing subsections (a) through (e), the Company shall (subject to the provisions of Section 11.12) pay interest on demand at the Overdue Rate on the outstanding principal amount of any Loan and any other amount payable by the Company hereunder (other than interest) which is not paid in full when due (whether at stated maturity, by acceleration or otherwise) for the period commencing on the due date thereof until the same is paid in full.

4.4 Payment Procedures.

(a) All payments of any facility fees, closing fees, Letter of Credit fees, Agent's Fees, or other fees hereunder and of principal of, and interest on, the Loans, other than Foreign Currency Bid-Option Loans, and of reimbursement obligations in respect of Letters of Credit shall be made in Dollars and in funds immediately available at the Agent's principal office in Detroit, Michigan not later than 1:00 p.m. (Detroit time) on the date on which such payment shall become due. All payments of principal of, and interest on, the Foreign Currency Bid-Option Loans shall be made in the currencies in which such Loans are denominated and in funds immediately available, freely transferable and cleared at the office or branch from which the Loan was made under Section 3.5(c) not later than 3:00 p.m. local time on the date on which such payment shall become due. Promptly upon receipt of any payment of principal of the Foreign Currency Bid-Option Loans the Bank receiving such payment shall give written notice to the Agent by telex or telecopy of the receipt of such payment, which notice shall be substantially in the form attached hereto as Exhibit EI. Whenever any payment of principal of, or interest on, the Loans or of any fee shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day (unless as a result thereof, in respect of Eurodollar Rate Loans, such date would fall in the next calendar month, in which case it shall be advanced to the next preceding Business Day) and, in the case of a payment of principal, interest thereon shall be payable for any such extended time.

(b) Payments of principal of or interest on Existing Loans shall be promptly distributed by the Existing Agent to each Existing Bank ratably in proportion to each Existing Bank's Existing Commitment. Payments of principal of Syndicated Loans that comprise a Syndicated Borrowing, including any Substitute Loan made by a Bank as part of any Fixed Base Rate Syndicated Borrowing, shall be promptly distributed by the Agent to the Banks that made such Syndicated Loans ratably in proportion to their respective shares of the outstanding principal amount of such Syndicated Borrowing. Payments of interest on Syndicated Loans that comprise a Syndicated Borrowing, including any Substitute Loan made by a Bank as part of any Fixed Base Rate Syndicated Borrowing, shall be promptly distributed by the Agent to the Banks that made such Syndicated Loans so that each such Bank receives a portion of such payment equal to the amount of interest then owing to such Bank on such Loans multiplied by a fraction, the denominator of which is the total amount of interest then owing to all such Banks on such Loans and the numerator of which is the amount of such payment. Payments of principal of or interest on any Dollar Bid-Option Loans that comprise a Dollar Bid-Option Borrowing shall be promptly distributed by the Agent to the Banks that made such Dollar Bid-Option Loans ratably in accordance with their respective Dollar Bid-Option Percentages.

(c) During any period when Dollar Bid-Option Loans are outstanding, if the Agent cannot reasonably determine whether a particular payment received by the Agent from the Company was

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intended to be applied to the principal of or interest on one or more Dollar Bid-Option Borrowings or to the principal of or interest on Syndicated Borrowings, or if the amount of any payment by the Company is insufficient to pay all amounts then due and payable with respect to Dollar Bid-Option Loans and Syndicated Loans (including Substitute Loans), the Agent shall first apportion such payment between the Dollar Bid-Option Loans and the Syndicated Loans (including Substitute Loans) (i) if such payment is of principal, ratably in accordance with the aggregate principal amount of each such type of Loans on which payment is then due, and (ii) if such payment is of interest, ratably in accordance with the aggregate amount of interest that is then due on each such type of Loans. After such apportionment, (i) the Agent shall distribute the portion of the payment received and allocated to the Syndicated Loans (including Substitute Loans) to the Banks as provided for payments of principal of or interest on, as the case may be, Syndicated Loans under Section 4.4(b), and (ii) the portion of the payment received and allocated to the Dollar Bid-Option Loans on which a payment is then due shall first be allocated among the different Dollar Bid-Option Borrowings of which such Dollar Bid-Option Loans are a part (A) if such payment is of principal, ratably in accordance with the aggregate principal amount of each such Dollar Bid-Option Borrowing, and (B) if such payment is of interest, ratably in accordance with the aggregate amount of interest that is then due on each such Dollar Bid-Option Borrowing. After such allocation, the Agent shall distribute the amount allocated to each Dollar Bid-Option Borrowing to the Banks that made the Dollar Bid-Option Loans comprising such Dollar Bid-Option Borrowing ratably in accordance with their respective Dollar Bid-Option Percentages.

(d) Any prepayments of Bid-Option Loans made under Section 4.2(d) may be applied to any one or more Bid-Option Borrowings as the Company may select; provided that such payments shall be applied by the Agent, in the case of Dollar Bid-Option Loans, or made directly by the Company, in the case of Foreign Currency Bid-Option Loans, to the Banks participating in any such Bid-Option Borrowing ratably in accordance with their respective Dollar Bid-Option Percentages or Foreign Currency Bid-Option Percentages, as the case may be.

4.5 Computation of Interest and Fees. Facility fees, Agent fees and Letter of Credit fees, and interest on the Floating Rate Loans and other amounts due hereunder, other than Fixed Rate Loans, shall be computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. Interest on the Fixed Rate Loans shall be computed on the basis of a year of 360 days and actual days elapsed.

4.6 No Setoff or Deduction. All payments of principal of and interest on the Loans and other amounts payable by the Company hereunder shall be made by the Company without setoff or counterclaim, and free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature, imposed by any governmental authority, or by any department, agency or other political subdivision or taxing authority.

4.7 Other Provisions Applicable to Foreign Currency Bid-Option Loans. Foreign Currency Bid-Option Loans will be made by any Bank, if at all, in the context of an international transaction, and the specification of payment in the related Foreign Currency at a specific place pursuant to this Agreement is of the essence. Such Foreign Currency shall be the currency of account and payment of such Loans under this Agreement and the Bid-Option Notes. Notwithstanding anything in this Agreement, the obligation of the Company in respect of such Loans shall not be discharged by an amount paid in any other currency or at another place, whether pursuant to a judgment or otherwise, to the extent the amount so paid, on prompt conversion into the applicable Foreign Currency and transfer to such Bank under normal banking procedure, does not yield the amount of such Foreign Currency due under this Agreement and the Bid-Option Notes. In the event that any payment, whether pursuant to a judgment or otherwise, upon conversion and transfer, does not result in payment of the amount of such Foreign Currency due under this Agreement and the Bid-Option Notes, such Bank shall have an independent cause of action against the Company for the currency deficit.

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ARTICLE V.

CHANGE IN CIRCUMSTANCES

5.1 Impossibility; Interest Rate Inadequate or Unfair. (a) If before the beginning of any Eurodollar Rate Interest Period or any CD Rate Interest Period:

(i) the Agent is advised by either Reference Bank that deposits in Dollars (in the applicable amounts) are not being offered to such Reference Bank in the relevant market for such Eurodollar Rate Interest Period or CD Rate Interest Period, as the case may be, or

(ii) the Required Banks advise the Agent that the Eurodollar Base Rate or the CD Base Rate will not adequately and fairly reflect the cost to such Banks of maintaining, making or funding, for such Eurodollar Rate Interest Period or CD Rate Interest Period, Eurodollar Rate Loans or CD Rate Loans, as the case may be, to which such Eurodollar Rate Interest Period or CD Rate Interest Period applies,

the Agent shall forthwith give notice thereof to the Company and the Banks, whereupon until the Agent notifies the Company that the circumstances giving rise to such suspension no longer exist, the obligations, if any, of the Banks to make Eurodollar Rate Loans or CD Rate Loans, as the case may be, shall be suspended. In the case of Eurodollar Rate Loans, unless the Company notifies the Agent (i) not later than 11:00 a.m. (Detroit time) on the second Business Day before the beginning of such Eurodollar Rate Interest Period that the Company elects that the Borrowing shall be a CD Rate Borrowing or (ii) not later than 3:00 p.m. (Detroit time) on the Business Day before the beginning of such Eurodollar Rate Interest Period that the Company elects not to borrow on such date, such Borrowing shall, subject to the provisions of Section 8.1, be a Floating Rate Borrowing. In the case of CD Rate Loans, unless the Company notifies the Agent not later than 3:00 p.m. (Detroit time) on the first Business Day before the beginning of such CD Rate Interest Period that the Company elects not to borrow on such date, such Borrowing shall, subject to the provisions of Section 8.1, be a Floating Rate Borrowing. Promptly after the Agent receives any such notice from the Company under this Section 5.1(a), the Agent shall notify each Bank of the contents thereof. Any such notice from the Company shall be irrevocable once the Agent begins notifying any Bank of the contents thereof.

(b) If deposits in Dollars (in the applicable amounts) are not being offered to a Reference Bank in the relevant market for any Eurodollar Rate Interest Period or CD Rate Interest Period, by reason of circumstances affecting such Reference Bank and not affecting the London or Nassau interbank market or the United States market for certificates of deposit, as the case may be, generally, the Agent shall, in consultation with the Company and with the consent of the Required Banks, appoint another Bank to act as a Reference Bank hereunder.

5.2 Illegality. If, after the date of this Agreement, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof or compliance by any Bank (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority shall make it unlawful or impossible for such Bank (or its Applicable Lending Office) to honor its binding legal obligations, if any, hereunder to make, maintain or fund any type of Fixed Rate Loans, such Bank shall so notify the Agent, and the Agent shall forthwith give notice thereof to the Company, whereupon until such Bank notifies the Agent that the circumstances giving rise to such suspension no longer exist, the

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obligation, if any, of such Bank to make such type of Fixed Rate Loans shall be suspended. Before any Bank gives any notice of unlawfulness or impossibility to the Agent under this Section 5.2, such Bank shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. Upon receipt of such notice, the Company shall prepay in full the then outstanding principal amount of each affected Fixed Rate Loan of such Bank together with accrued interest thereon (a) on the last day of the then current Interest Period applicable to such Loan if such Bank may lawfully continue to maintain and fund such Loan to such day, or (b) immediately if such Bank may not lawfully continue to fund and maintain such Loan to such day. Concurrently with prepaying each such Fixed Rate Loan, the Company shall borrow a Floating Rate Loan (or, if the Company so elects by at least three Business Days' notice to the Agent and such Bank, a Fixed Base Rate Syndicated Loan of an unaffected type) in an equal principal amount from such Bank, for an Interest Period coinciding with the remaining term of the Interest Period applicable to such Fixed Rate Loan, and such Bank shall make such a Loan, provided that there has been no acceleration of the amounts due under the Notes pursuant to Article IX.

5.3 Increased Cost; Yield Protection.

(a) If, after the date hereof, the introduction of, or any change in, any applicable law, treaty, rule or regulation (whether domestic or foreign and including, without limitation, the Federal Deposit Insurance Act, as amended, and Regulation D of the Board of Governors of the Federal Reserve System) or in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Applicable Lending Office) with any request or directive of any such authority, central bank or comparable agency (whether or not having the force of law),

(i) shall subject any Bank (or its Applicable Lending Office) to any tax, duty or other charge with respect to its obligation to make any Loans, its Notes, any of its Loans or any of the Letters of Credit or shall change the basis of taxation of payments to any Bank (or its Applicable Lending Office) of the principal of or interest on any of its Fixed Rate Loans or in respect of its obligation, if any, to make any Loans or to participate in the risk of Letters of Credit (except for changes in the rate of tax on the overall net income of such Bank or its Applicable Lending Office imposed by the jurisdiction in which such Bank's principal executive office or Applicable Lending Office is located), or

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System, but excluding (A) with respect to any CD Rate Loan any reserve requirements to the extent included in clause (ii) of subpart (a) of the definition of CD Base Rate when calculating the CD Base Rate with respect to such CD Rate Loan, and (B) with respect to any Eurodollar Rate Loan any reserve requirements to the extent included in clause (b) of the definition of Eurodollar Base Rate when calculating the Eurodollar Base Rate with respect to such Eurodollar Rate Loan), special deposit or similar requirement (including, without limitation, any deposit insurance assessment in respect of deposits held outside the United States, but excluding with respect to any CD Rate Loan any assessment to the extent included in clause (b) of the definition of CD Base Rate when calculating the CD Base Rate with respect to such CD Rate Loan), against assets of, deposits with or for the account of, or credit extended by, any Bank's Applicable Lending Office, or shall impose on any Bank (or its Applicable Lending Office or the relevant interbank market or the United States certificate of deposit market) any other condition affecting its obligation, if any, to

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make Loans or to participate in the risk of Letters of Credit or affecting its Loans or the Letters of Credit or affecting the Company's obligations under the Notes in respect of such Loans,

and the result of any of the foregoing is to increase the cost to such Bank (or its Applicable Lending Office) of making or maintaining its existing or future Fixed Rate Loans or of participating in the risk of Letters of Credit, or to reduce the amount of any sum received or receivable by such Bank (or its Applicable Lending Office) under this Agreement or under the Notes (in respect of Fixed Rate Loans or Letters of Credit) by an amount deemed by such Bank to be material, then such Bank may notify the Company (with a copy of any such notice to be provided to the Agent) of any such fact of which it has knowledge and demand compensation therefor; provided that, if such Bank fails to demand such compensation (or notify the Company that it will or may demand such compensation) promptly upon becoming aware of the facts entitling it to do so or, if such Bank is contesting the cause of such increased cost or reduced sum received or receivable, promptly after the earlier of (A) the final determination of such contest or (B) an officer of such Bank who is responsible for the administration of the credit outstanding under this Agreement from such Bank to the Company becoming aware of such facts, such Bank shall not be entitled to such compensation for the period before the date on which it actually demands (or notifies the Company that it will or may demand) such compensation; provided, further, that if such Bank is contesting the cause of such increased cost or reduced sum received or receivable, such Bank shall not in any event be entitled to such compensation for any period prior to six months before it notifies the Company that such Bank may or will demand such compensation.

The Company agrees to pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction within 15 days after demand by such Bank. A certificate of such Bank setting forth the basis for determining such additional amount or amounts necessary to compensate such Bank shall be conclusive in the absence of manifest error. Each such Bank will designate a different Applicable Lending Office if such designation would avoid the need for, or reduce the amount of such compensation and would not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. In the event that the Company is required to compensate any Bank for any increased cost to such Bank pursuant to this Section 5.3(a), the Company shall have the right, upon at least five Business Days' prior notice to such Bank through the Agent, to prepay in full any outstanding Fixed Rate Loans that are related to such increased cost of such Bank, together with accrued interest thereon to the date of prepayment; provided that prepayment of such Fixed Rate Loans shall not relieve the Company of its obligation to compensate such Bank in accordance with this Section 5.3(a), the amount of which compensation shall be due at the time of such prepayment, notwithstanding any other provision of this Section 5.3(a). Concurrently with prepaying each such Fixed Rate Loan of such Bank, the Company shall borrow a Floating Rate Loan (or, if the Company shall so elect in its notice of prepayment, a Fixed Rate Loan of another type) in an equal principal amount from such Bank for an Interest Period coinciding with the remaining term of the Interest Period applicable to such Fixed Rate Loan, and such Bank shall make such a Floating Rate Loan (or Fixed Rate Loan of the other type), provided that there has been no acceleration of the amount due under the Notes pursuant to Article IX. The Company shall pay compensation owing to any Bank(s) under this

Section 5.3(a) notwithstanding any subsequent replacement (pursuant to Section 11.13) of the Bank(s) making demand for such compensation.

(b) In the event that any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not presently applicable to any Bank or the Agent, or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Bank or the Agent with any guideline, request or directive of any such authority (whether or not having the force of law), including any risk-based capital guidelines, affects or would affect the amount of capital required or expected to be maintained by such Bank or the Agent (or any corporation controlling such Bank or the Agent) and such Bank or the Agent, as the case may be, determines that the amount of such capital is increased by or based upon the existence of such Bank's or the Agent's

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obligations or Loans hereunder and such increase has the effect of reducing the rate of return on such Bank's or the Agent's (or such controlling corporation's) capital as a consequence of such obligations or Loans hereunder to a level below that which such Bank or the Agent (or such controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank or the Agent to be material, then such Bank or the Agent may notify the Company of any such fact of which it has knowledge and the Company shall pay to such Bank or the Agent, as the case may be, from time to time, upon request by such Bank (with a copy of such request to be provided to the Agent) or the Agent, additional amounts sufficient to compensate such Bank or the Agent (or such controlling corporation) for any increase in the amount of capital and reduced rate of return which such Bank or the Agent reasonably determines to be allocable to the existence of such Bank's or the Agent's obligations or Loans hereunder; provided that, if such Bank or the Agent fails to notify the Company of any such fact promptly upon becoming aware thereof or, if such Bank or the Agent is contesting the cause of such increase in the amount of capital or reduced rate of return, promptly after the earlier of (A) the final determination of such contest or (B) an officer of such Bank who is responsible for the administration of the credit outstanding under this Agreement from such Bank to the Company becoming aware of any such fact, such Bank or the Agent, as the case may be, shall not be entitled to such compensation for the period before the date on which it actually notifies the Company of such fact; provided, further, that if such Bank or the Agent is contesting the cause of such increase in the amount of capital or reduced rate of return, such Bank or the Agent, as the case may be, shall not in any event be entitled to such compensation for any period prior to six months before it notifies the Company that such Bank or the Agent, as the case may be, may or will demand such compensation. A statement as to the amount of such compensation, prepared in good faith and in reasonable detail by such Bank or the Agent, as the case may be, and submitted by such Bank or the Agent to the Company, shall be conclusive in the absence of manifest error in computation. The Company shall pay such compensation for the periods covered by such notice notwithstanding any replacement (pursuant to Section 11.13) of the Bank(s) making demand for such compensation.

5.4 Substitute Loans. If (a) the obligation, if any, of any Bank to make any type of Fixed Rate Loans has been suspended pursuant to Section 5.2 or

(b) any Bank has demanded compensation under Section 5.3(a) and the Company shall, by at least five Business Days' prior notice to such Bank through the Agent, have elected that the provisions of this Section 5.4 shall apply to such Bank, then, unless and until such Bank notifies the Company that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) all Loans which would otherwise be made by such Bank as the affected type of Fixed Rate Loans shall be made instead as Floating Rate Loans, or if the Company shall so elect in the Notice of Borrowing, another type of Fixed Rate Loan (whichever type is not affected by such circumstances) for an Interest Period coincident with the related Fixed Rate Borrowing, and

(ii) after each of its affected Fixed Rate Loans has been repaid, all payments of principal which would otherwise be applied to repay such Fixed Rate Loans shall be applied to repay its Substitute Loans instead.

5.5 Funding Losses. If the Company makes any payment of principal with respect to any Fixed Rate Loan on any other date than the last day of an Interest Period applicable thereto (whether pursuant to Section 3.8, 4.2, 5.1, 5.2, 5.3 or 5.4, Article IX or otherwise), or if the Company fails to borrow any Fixed Rate Loan after the related Notice of Borrowing has been given to the Agent, or if the Company fails to make any payment of principal or interest in respect of a Fixed Rate Loan when due, the Company shall reimburse each Bank on demand for any resulting loss or expense incurred by such Bank, including without limitation any loss incurred in obtaining, liquidating or employing deposits from third parties, whether or not such Bank shall have funded or committed to fund such Loan. A statement as to the amount of such loss or expense, prepared in good faith and in reasonable detail by such Bank and submitted by such Bank to the Company,

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shall be conclusive and binding for all purposes absent manifest error in computation. Calculation of all amounts payable to each Bank under this

Section 5.5 shall be made as though such Bank shall have actually funded or committed to fund the relevant Fixed Rate Loan through the purchase of an underlying deposit in an amount equal to the amount of such Loan and having a maturity comparable to the related Interest Period; provided, however, that such Bank may fund any Fixed Rate Loan in any manner it sees fit and the foregoing assumption shall be utilized only for the purpose of calculation of amounts payable under this Section 5.5.

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants to the Agent and the Banks that:

6.1 Corporate Existence and Power. Each of the Company and its Domestic Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of the State of its incorporation, and is duly qualified as a foreign corporation in each State or other jurisdiction in the United States of America in which the conduct of its operations or the ownership of its properties requires such qualification and failure so to qualify would materially and adversely affect the Company and its Subsidiaries taken as a whole. All of such corporations have all requisite corporate power to own their properties and to carry on their businesses, considered as a whole, substantially as now owned and as now being conducted. The Company has full power, authority and legal right to execute and deliver this Agreement and the Notes, to perform and observe the terms and provisions hereof and thereof, and to borrow hereunder.

6.2 Corporate Authority; No Violations; Governmental Filings; Etc. The execution, delivery and performance by the Company of this Agreement, the issuance of the Notes and the borrowings hereunder have been duly authorized by all necessary corporate action and do not and will not violate the provisions of any applicable law or regulation or of the certificate of incorporation or by-laws of the Company or any Subsidiary or any order of any court, regulatory body or arbitral tribunal and do not and will not result in the breach of, or constitute a default or require any consent under, or create any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, any indenture or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or its property may be bound or affected. Neither the execution, delivery and performance of this Agreement nor the issuance of the Notes nor any borrowing hereunder requires, for the validity thereof, nor does the enforceability of this Agreement or any of the Notes require, any filing with, or consent, authorization or approval of, any state or federal agency or regulatory authority, other than filings, consents or approvals which have been made or obtained or which, in the case of any such borrowing, will be made or obtained prior to the due date for such filing, consent or approval.

6.3 Binding Effect. This Agreement constitutes, and the Notes when executed and delivered by the Company for value will constitute, the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

6.4 Litigation. There are no suits, proceedings, or actions at law or in equity or by or before any governmental commission, board, bureau, or other administrative agency, pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries or affecting the Company or any of its Subsidiaries, which, in the reasonable opinion of the Company, either (i) are likely to have a material adverse effect on the financial condition or business of the Company and its Subsidiaries taken as a whole or (ii) will in any manner affect the enforceability or validity of this Agreement or any Note.

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6.5 Taxes. The Company and each Subsidiary has filed (or has obtained extensions of the time by which it is required to file) all United States federal income tax returns, and all other tax returns which are required to be filed and are material to the business, operations or financial position of the Company and its Subsidiaries taken as a whole, and has paid all taxes shown due pursuant to such returns or pursuant to any assessment received by the Company or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which, in the reasonable opinion of the Company, adequate reserves have been provided in accordance with generally accepted accounting principles. The Company does not know of any proposed tax assessment against it or any Subsidiary or of any basis for one, except to the extent any such assessment has been, in the reasonable opinion of the Company, adequately provided for in the consolidated tax reserves of the Company and its Subsidiaries in accordance with generally accepted accounting principles.

6.6 Financial Condition. The consolidated balance sheet of the Company and its Consolidated Subsidiaries and consolidated statements of income, shareholders' equity and cash flows of the Company and its Consolidated Subsidiaries for the fiscal year ended December 31, 1995, certified by Coopers & Lybrand, independent certified public accountants, and the interim unaudited consolidated balance sheet and interim unaudited consolidated statements of income, shareholders' equity and cash flows of the Company and its Consolidated Subsidiaries, as of or for the nine-month period ended on September 30, 1996, copies of which have been furnished to the Banks, fairly present the consolidated financial position of the Company and its Consolidated Subsidiaries as at the dates thereof, and the consolidated results of operations of the Company and its Consolidated Subsidiaries for the respective periods indicated, all in accordance with generally accepted accounting principles consistently applied (except as disclosed in the notes thereto and subject, in the case of interim statements, to year-end audit adjustments). Except as disclosed in the financial statements as of or for the nine-month period ended September 30, 1996, there has been no material adverse change in the consolidated operations or condition, financial or otherwise, of the Company and its Consolidated Subsidiaries considered as a whole, since December 31, 1995.

6.7 Compliance with ERISA. Each of the Company and each ERISA Affiliate of the Company (a) has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and (b) is in compliance in all material respects with the presently applicable provisions of ERISA and the Code with respect to each Plan. Neither the Company nor any ERISA Affiliate of the Company has (x) sought a waiver of the minimum funding standard under Section 412 of the Code in respect of any Plan, (y) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Code, in each case securing an amount greater than \$10,000,000, or (z) incurred any liability under Title IV of ERISA, other than a liability to the PBGC for premiums under Section 4007 of ERISA, which could materially adversely affect the business, consolidated financial position or consolidated results of operations of the Company and its Consolidated Subsidiaries.

6.8 Environmental Matters. In the ordinary course of its business, the Company conducts appropriate reviews of the effect of Environmental Laws on the business, operations and properties of the Company and its Subsidiaries, in the course of which it identifies and evaluates pertinent liabilities and costs (including, without limitation, capital or operating expenditures required for clean-up or closure of properties presently or previously owned or for the lawful operation of its current facilities, required constraints or changes in operating activities, and evaluation of liabilities to third parties, including employees, together with

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pertinent costs and expenses). On the basis of this review, the Company has reasonably concluded that Environmental Laws are not likely to have a material adverse effect on the business, financial position or results of operations of the Company and its Consolidated Subsidiaries, considered as a whole.

6.9 Compliance with Laws. The Company complies, and has caused each Subsidiary to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where (a) the necessity of compliance therewith is contested in good faith by appropriate proceedings and the Company has established appropriate reserves for liability for noncompliance therewith in accordance with generally accepted accounting principles, (b) no officer of the Company is aware that the Company or the relevant Subsidiary has failed to comply therewith, or (c) the Company has reasonably concluded that failure to comply is not likely to have a material adverse effect on the business, financial position or results of operations of the Company and its Consolidated Subsidiaries, taken as a whole.

ARTICLE VII.

COVENANTS

Until all the Commitments and Letters of Credit have expired or been terminated and all Loans and reimbursement and other obligations of the Company hereunder have been paid in full, the Company covenants that:

7.1 Financial Statements. The Company will deliver to each of the Banks:

(a) as soon as practicable and in any event within 46 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, (i) an unaudited consolidated balance sheet of the Company and its Consolidated Subsidiaries, as at the end of each such quarter, and (ii) unaudited consolidated statements of income and cash flows of the Company and its Consolidated Subsidiaries, for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each of the statements required by this subsection (a), in comparative form, corresponding figures as of the end of and for the corresponding period of the preceding fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of the Company as having been prepared in all material respects in accordance with generally accepted accounting principles and as to fairness of presentation;

(b) as soon as practicable and in any event within 90 days after the end of each fiscal year of the Company, (i) a consolidated balance sheet of the Company and its Consolidated Subsidiaries, as at the end of such year, and (ii) consolidated statements of income, shareholders' equity, and cash flows of the Company and its Consolidated Subsidiaries for such year, setting forth in each of the statements required by this subsection (b), in comparative form, corresponding figures as of the end of and for the preceding fiscal year, and all in reasonable detail and certified without material qualifications by Coopers & Lybrand, or by other independent certified public accountants of recognized national standing selected by the Company and reasonably acceptable to the Agent;

(c) as soon as practicable and in any event within 30 days after the sending or filing thereof, copies of all such financial statements and reports as it shall send to its security holders and of all final prospectuses under the Securities Act of 1933 (other than form S-8), reports on forms 10-Q, 10-K and 8-K and all similar regular and periodic reports filed by it (i) with any federal department, bureau, commission or agency from time to time having jurisdiction with respect to the sale of securities or (ii) with any securities exchange;

(d) if and when the Company or any ERISA Affiliate of the Company

(i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with

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respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer, any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under

Section 412 of the Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer or the chief accounting officer of the Company setting forth details as to such occurrence and action, if any, which the Company or applicable ERISA Affiliate is required or proposes to take; provided that no such certificate shall be required unless the aggregate unpaid actual or potential liability of the Company and the ERISA Affiliates involved in all events referred to in clauses (ii) through (vii) above of which officers of the Company have obtained knowledge and have not previously reported under this subparagraph (d) exceeds \$15,000,000; and

(e) with reasonable promptness, such other information regarding the financial condition of the Company or any of its Subsidiaries as any Bank may from time to time reasonably request.

7.2 Certificates of No Default and Compliance.

(a) Concurrently with each delivery of the financial statements pursuant to subsections (a) and (b) of Section 7.1, the Company will deliver to the Agent (with a copy delivered to each Bank) a certificate, signed by the chief accounting officer or chief financial officer of the Company (i) stating that to the best of his knowledge after due inquiry, at the date of such financial statements no Default had occurred and was continuing, or, if a Default had occurred and was continuing, specifying the nature and period of existence thereof and what action the Company has taken or proposes to take with respect thereto; and (ii) setting forth as of the date of such financial statements, in reasonable detail, the calculations employed to determine compliance with Sections 7.5, 7.7, 7.8 and 7.9 and an explanation in reasonable detail of any differences between generally accepted accounting principles as then in effect and generally accepted accounting principles used in making such calculations, as may be permitted under Section 1.2. The certificate will be accompanied by a calculation of the ratio of (i) Senior Debt as of the end of such fiscal quarter to (ii) EBITDA Minus Capital Expenditures as of the end of such fiscal quarter (calculated on a pro forma basis as appropriate).

(b) Within 60 days after the end of each fiscal quarter of each fiscal year of the Company (including the last fiscal quarter of each such fiscal year), the Company will deliver to the Agent (with a copy delivered to each Bank) a certificate, signed by the chief accounting officer, chief financial officer, treasurer or assistant treasurer of the Company, setting forth in reasonable detail the calculation of the Senior Leverage Ratio and the Interest Coverage Ratio, as of the Determination Date and for the Determination Period, respectively, with respect to the next forthcoming Application Period, and identifying the Applicable Margin for such Application Period as a result of such calculations.

(c) Within fifteen Business Days after any officer of the Company obtains knowledge of a Default, the Company will, unless the same shall have been cured within such fifteen Business Day period, give written notice to each of the Banks thereof, specifying the nature thereof, the period of existence thereof and what action the Company proposes to take with respect thereto.

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7.3 Preservation of Corporate Existence, Etc. The Company will preserve and maintain its corporate existence, and qualify and remain qualified as a validly existing corporation in good standing in each jurisdiction in which the conduct of its operations or the ownership of its properties requires such qualification and failure so to qualify would materially and adversely affect the Company and its Subsidiaries taken as a whole.

7.4 Current Ratio. [Intentionally Omitted]

7.5 Total Leverage Ratio. The Company will not permit or suffer the Total Leverage Ratio to be greater than (a) 3.75 to 1.0 as of the last day of any fiscal quarter of the Company occurring during the period from January 1, 1997 through December 30, 1998, (b) 3.00 to 1.0 as of the last day of any fiscal quarter of the Company during the period from December 31, 1998 through December 30, 1999, (c) 2.75 to 1.0 as of the last day of any fiscal quarter of the Company during the period from December 31, 1999 through December 30, 2000 or (d) 2.50 to 1.0 as of the last day of any fiscal quarter of the Company thereafter.

7.6 Net Worth. [Intentionally Omitted].

7.7 Tangible Capital Funds. The Company will not permit or suffer Tangible Capital Funds to at any time be less than the sum of (a) \$450,000,000 plus (b) 66-2/3% of Net Income Minus Preferred Dividends for the period from January 1, 1998 through the then latest fiscal year end of the Company; provided that for purposes of this Section 7.7, Net Income shall exclude the pre-tax amount attributable to recognition of the Deferred Trimas Gain and the Deferred MSX Gain or any portion thereof as income.

7.8 Senior Debt Coverage Ratio.

(a) The Company will not permit or suffer the Senior Debt Coverage Ratio to be greater than 5.00 to 1.00 at any time.

(b) In addition, if as of the last day of each of any two consecutive fiscal quarters of the Company, the Total Leverage Ratio is equal to or greater than 1.00 to 1.00, the Company will not permit or suffer the Senior Debt Coverage Ratio to be greater than the Maximum Allowed Senior Debt Coverage Ratio as of the Relevant Days immediately following both of such fiscal quarters.

(c) As used in this Section 7.8, the term "Maximum Allowed Senior Debt Coverage Ratio" means (i) 3.75 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending during the period from the Closing Date through June 30, 1997, (ii) 3.50 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending during the period from July 1, 1997 through December 31, 1998, and (iii) 3.00 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending after December 31, 1998. For purposes of this Section 7.8, all Senior Debt which is repaid with cash received by the Company from Masco Corporation for the purchase of preferred stock or subordinated debt securities pursuant to the Securities Purchase Agreement within forty-five days after the last day of any fiscal quarter of the Company shall be deemed repaid as of the last day of such fiscal quarter, and during such forty-five day period no Default shall be deemed to have occurred due to noncompliance with this Section 7.8.

7.9 Subsidiary Indebtedness. The Company will not permit or suffer the aggregate amount of Debt of its Subsidiaries (other than Debt owing to the Company or any of its Subsidiaries) at any time to be greater than 15% of the sum of (a) Senior Debt plus (b) the unused amount of the Commitments.

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7.10 Negative Pledge. Neither the Company nor any Consolidated Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date of this Agreement securing Debt outstanding on the date of this Agreement in an aggregate principal amount not exceeding \$25,000,000;

(b) any Lien existing on any asset of any corporation at the time such corporation becomes a Consolidated Subsidiary and not created in contemplation of such event;

(c) any Lien on any asset securing Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring such asset (or acquiring a corporation or other entity which owned such asset), provided that such Lien attaches to such asset concurrently with or within 90 days after such acquisition;

(d) any Lien on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Company or a Consolidated Subsidiary and not created in contemplation of such event;

(e) any Lien existing on any asset prior to the acquisition thereof by the Company or a Consolidated Subsidiary and not created in contemplation of such acquisition;

(f) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section, provided that such Debt is not increased and is not secured by any additional assets;

(g) any Lien in favor of the holder of Debt (or any Person acting for or on behalf of such holder) arising pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings and the Company or such Consolidated Subsidiary, as the case may be, has established appropriate reserves against such claims in accordance with generally accepted accounting principles;

(h) Liens incidental to the normal conduct of its business or the ownership of its assets which (i) do not secure Debt and (ii) do not in the aggregate materially detract (due to the amount of the liability secured by such Liens or otherwise) from the value of the assets of the Company and the Company's Consolidated Subsidiaries taken as a whole or in the aggregate materially impair the use thereof in the operation of the business of the Company and the Company's Consolidated Subsidiaries taken as a whole; and

(i) Liens not otherwise permitted by the foregoing clauses of this Section; provided that (i) the aggregate outstanding principal amount of Debt secured by all such Liens on Current Assets shall not at any time exceed 20% of Current Assets and (ii) the aggregate outstanding principal amount of Debt secured by all such Liens (including Liens referred to in clause (i) of this proviso) shall not at any time exceed the sum of 5% of Net Worth plus 20% of Current Assets, provided, further, that for purposes of this Section 7.10(i), Current Assets shall not include any assets that are classified as Current Assets solely because they are held for sale;

provided, however, that the restrictions set forth in this Section 7.10 shall not apply to "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System), if and to the extent that the value of the margin stock with respect to which the rights of the Company and its Subsidiaries are

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restricted by this Section 7.10 would otherwise exceed 25% of the value of all assets with respect to which the rights of the Company and its Subsidiaries are restricted by this Section 7.10.

7.11 Dispositions of Assets; Mergers and Consolidations; Restricted Transfers.

(a) The Company will not (i) directly or indirectly sell, lease, transfer or otherwise dispose of all or substantially all of its assets or (ii) merge or consolidate with any other Person unless the Company shall be the continuing or surviving corporation of such merger or consolidation.

(b) The Company will not, and will not permit any Consolidated Subsidiary to, directly or indirectly make a Restricted Transfer of its assets to any Person if, immediately after giving effect thereto, the aggregate amount of assets disposed of in all Restricted Transfers by the Company and its Consolidated Subsidiaries in the twelve months then ended would exceed 15% of the total assets of the Company and its Consolidated Subsidiaries as shown on the most recent balance sheet delivered to the Banks under Section 7.1; provided, for purposes of this Section 7.11(b), the aggregate amount of assets disposed of in all Restricted Transfers by the Company and the Consolidated Subsidiaries prior to the Closing Date shall be deemed to be equal to zero. For purposes of this subsection (b), the term "Restricted Transfer" means a direct or indirect sale, lease, transfer or other disposition of assets (other than cash, margin stock, or the sale of inventory in the ordinary course of business) to any Person (other than the Company or a Substantially-Owned Consolidated Subsidiary) if, and to the extent that, in connection with such transaction (and as a substantial part of the consideration incident thereto), the Company or any Consolidated Subsidiary receives an equity ownership interest in such Person or any right to receive payments which are specifically contingent in amount or duration upon the earnings of such Person or any portion of such Person's business.

(c) Notwithstanding any other provision of this Section 7.11, no disposition of assets, merger, consolidation or Restricted Transfer referred to in subsection (a) or (b) of this Section shall be permitted if, immediately after giving effect thereto, any Default would exist.

7.12 Changes in Subordinated Debt. The Company will not (a) transfer, convey, assign or deliver to any holder of any Subordinated Debt, or to any trustee, paying agent or other fiduciary for the benefit of the holder of any Subordinated Debt (including any defeasance), any cash, securities (other than securities constituting Subordinated Debt) or other assets of the Company or any Subsidiary in payment or on account of, or as provision for, principal, premium, if any, or interest on any Subordinated Debt which is not required under the instruments and agreements relating to such Subordinated Debt (provided that any payment which is blocked by any creditors of the Company or any of its Subsidiaries pursuant to the terms of the applicable instrument or agreement shall not be deemed to be required) or (b) amend, modify or waive any term or provision of any instrument or agreement relating to any Subordinated Debt such that it would not constitute "Subordinated Debt" as defined herein if (i) at the time of any such transfer, conveyance, assignment, delivery, amendment, modification or waiver there shall exist and be continuing, or if immediately after giving effect thereto as a reasonably foreseeable result thereof on a pro forma basis there would exist or would be caused thereby, an Event of Default or Default, or (ii) unless the Agent is given at least five (5) Business Days (or such shorter period of time acceptable to the Agent) prior notice thereof, any such transfer, conveyance, assignment or delivery is made more than seven (7) days in advance of a scheduled payment or prepayment on any Subordinated Debt or in an amount in excess of the amount of such scheduled payment or prepayment.

7.13 Use of Proceeds. None of the proceeds of the Loans made under this Agreement will be used in violation of any applicable law or regulation including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System.

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7.14 Fiscal Year. The Company will not change its fiscal year from beginning on January 1 of the calendar year and ending on December 31 of the calendar year.

7.15 Compliance with Laws. The Company will comply, and cause each Subsidiary to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder) except where (a) the necessity of compliance therewith is contested in good faith by appropriate proceedings, (b) no officer of the Company is aware that the Company or the relevant Subsidiary has failed to comply therewith or (c) the Company has reasonably concluded that failure to comply is not likely to have a material adverse effect on the business, financial position or results of operations of the Company and its Consolidated Subsidiaries, taken as a whole.

ARTICLE VIII.

CONDITIONS OF BORROWINGS AND LETTER OF CREDIT ISSUANCES

The obligation of the Agent to issue any Letter of Credit, the obligation of each Bank to make a Syndicated Loan on the occasion of each Syndicated Borrowing hereunder, and the willingness of any Bank to consider, in its sole discretion, making any Bid-Option Loan hereunder, is subject to the performance by the Company of all its obligations under this Agreement and to the satisfaction of the following further conditions:

8.1 Each Borrowing and Letter of Credit Issuance. In the case of each Borrowing (other than a Floating Rate Borrowing deemed disbursed under Section 3.3(e)) and Letter of Credit Issuance hereunder:

(a) Receipt by the Agent of (i) in the case of each Borrowing, the Notice of Borrowing from the Company containing any information required by Section 3.2 or 3.4, as the case may be, and (ii) in the case of each Letter of Credit Issuance, the Request for Letter of Credit Issuance from the Company as required by Section 3.3, in each case signed by an officer or any other employee of the Company previously designated to the Agent in writing by the Chairman, President or any Vice President of the Company as having authority until further notice to request a Borrowing or Letter of Credit Issuance under this Agreement, and, in the case of each Letter of Credit Issuance, together with an application for the related Letter of Credit and other related documentation requested by and acceptable to the Agent appropriately completed and duly executed by such designated officer or other employee and all fees required under Section 3.3(c);

(b) The fact that both before and at the conclusion of the Borrowing or Letter of Credit Issuance: (i) in the case of a Refunding Borrowing, no Event of Default shall have occurred and be continuing and (ii) in the case of any other Borrowing or any Letter of Credit Issuance, no Default shall have occurred and be continuing;

(c) The fact that the representations and warranties contained in this Agreement (except, in the case of a Refunding Borrowing, the representations and warranties set forth in Section 6.4(i), Section 6.5, the last sentence of Section 6.6, clause (a) of the first sentence of Section 6.7 and Sections 6.8 and 6.9) shall be true and correct in all material respects or, with respect to such representations and warranties that include a materiality standard, in all respects, on and as of the date of such Borrowing or Letter of Credit Issuance with the same force and effect as if made on and as of such date; and

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(d) Receipt by the Agent of such other opinions, documents, evidence, materials and information with respect to the matters contemplated hereby as the Agent or the Required Banks may reasonably request.

Each Borrowing by the Company and Letter of Credit Issuance pursuant to this Agreement, including the first such Borrowing or Letter of Credit Issuance, shall be deemed to be a representation and warranty by the Company on the date of such Borrowing or Letter of Credit Issuance as to the facts specified in clauses (b) and (c) of this Section 8.1.

8.2 Initial Borrowing or Letter of Credit Issuance. In the case of the initial Borrowing or Letter of Credit Issuance pursuant to this Agreement:

(a) Receipt by the Agent for the account of each Bank of a duly executed Syndicated Note and a duly executed Bid-Option Note, each dated on or before the date of such Borrowing or Letter of Credit Issuance; and

(b) Receipt by the Agent of all the items, and completion of all the matters, required by Section 8.3.

8.3 Closing. On or prior to the Closing Date, the Company shall furnish to the Banks the following items, and the following matters shall be completed:

(a) An opinion of counsel for the Company, substantially in the form of Exhibit EM hereto, and covering such other matters as any Bank may reasonably request, dated the Closing Date;

(b) An opinion of Dickinson, Wright, Moon, Van Dusen & Freeman, special counsel for the Agent, substantially in the form of Exhibit N hereto, dated the Closing Date;

(c) Certified copies of all corporate action taken by the Company to authorize the execution, delivery and performance of this Agreement and the Notes, and the Borrowings and Letter of Credit Issuances hereunder, and such other corporate documents and other papers as any Bank may reasonably request, including, without limitation, certified copies of the Company's articles of incorporation and by-laws;

(d) A certificate of a duly authorized officer of the Company, dated the Closing Date, as to the incumbency, and setting forth a specimen or facsimile signature, of each of the persons (i) who has signed this Agreement on behalf of the Company; (ii) who has signed the Notes on behalf of the Company; and (iii) who will, until replaced by other persons duly authorized for that purpose, act as the representatives of the Company for the purpose of signing documents in connection with this Agreement and the transactions contemplated hereby;

(e) A certificate of a senior officer of the Company to the effect set forth in Section 8.1(b) and (c);

(f) The closing fees payable under Section 3.7, which shall be paid to the Agent for the account of the Banks;

(g) A certificate, signed by the chief accounting officer or chief financial officer of the Company, setting forth in reasonable detail the calculations of the Senior Leverage Ratio as of December 31, 1996 and the Interest Coverage Ratio for the period of four consecutive fiscal quarters of the Company

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ending December 31, 1996, and identifying the Applicable Margin for the period from the Closing Date to the beginning of the next Application Period as a result of such calculations; and

(h) The Company shall pay all Existing Loans, all interest due thereon and all fees and other liabilities owing pursuant to the Existing Credit Agreement, other than the principal and interest due on the Existing Bid-Option Loans.

ARTICLE IX.

EVENTS OF DEFAULT AND REMEDIES

9.1 Events of Default. If any one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) The Company shall fail to pay when due any installment of principal of any Note or shall fail to pay within five days of the due date thereof any interest on any Note or any facility fee, closing fee, Letter of Credit fee, or Agent'sEfee payable under this Agreement, or any reimbursement obligation under Section 3.3 (unless satisfied by the deemed disbursement of Floating Rate Loans); or

(b) The Company shall fail to observe or perform any covenant contained in any of Sections 7.3, 7.5 to 7.12 inclusive and 7.14; or

(c) The Company shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clauses (a) and (b) above) for thirty (30) days after written notice thereof has been given to the Company by any Bank or the Agent; or

(d) Any representation or warranty of the Company or any officer of the Company to the Banks contained herein or in any certificate, statement or report furnished to the Banks hereunder shall prove to have been incorrect or misleading in any material respect on the date when made or deemed made, provided that, if any representation and warranty deemed to have been made by the Company pursuant to the last sentence of Section 8.1 as to the satisfaction of the condition of borrowing set forth in clause

(b)(i) of Section 8.1 shall have been incorrect solely by reason of the existence of an Event of Default of which the Company was not aware when such representation and warranty was deemed to have been made and which was cured before or promptly after the Company became aware thereof, then such representation and warranty shall be deemed not to have been incorrect in any material respect; or

(e) The Company or any Significant Subsidiary shall fail to pay at maturity, or within any applicable period of grace, any Debt (other than a Loan and other than Acquired Debt in an aggregate outstanding principal amount not exceeding \$15,000,000) having an aggregate principal amount in excess of \$5,000,000, and such failure has not been waived, or shall fail to observe or perform any term, covenant or agreement (other than such a term, covenant or agreement to or for the benefit of a Bank or Affiliate thereof restricting the sale, pledge or other disposition by the Company or any Significant Subsidiary of "margin stock" having a value in excess of 25% of the value of the assets referred to in Section 221.2(g)(2)(i) of Regulation E(e) unless the Board of Governors of the Federal Reserve System or its staff advises the Agent in writing that the existence of this subsectionE(e) without this parenthetical exception would not in such circumstances render this Agreement "secured directly or indirectly by margin stock" within the meaning of its

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RegulationEU), contained in any agreement (other than this Agreement) by which it is bound evidencing or securing indebtedness for borrowed money (other than Acquired Debt in an aggregate outstanding principal amount not exceeding \$15,000,000) for such period of time as would cause or permit the holder or holders (or any Persons acting for or on behalf of such holder or holders) thereof or of any obligations issued thereunder to accelerate the maturity thereof or of any such obligations in an aggregate principal amount in excess of \$5,000,000, and such failure has not been waived; provided that for purposes of this subsection (e), a failure by the Company or any Significant Subsidiary to observe or perform any term, covenant or agreement in respect of the industrial revenue bonds identified on ScheduleE2 attached hereto, or to pay on the due date therefor the debt outstanding thereunder, shall not be deemed a Default or contribute to the \$5,000,000 aggregate limitation set forth above, so long as the Company or such Significant Subsidiary satisfies all obligations to pay premium, if any, principal of, and interest when due on such bonds (whether or not related to an acceleration of maturity) within five days after the due date therefor; or

(f) The Company or any Significant Subsidiary shall (i) apply for or consent to the appointment of a receiver, custodian, trustee, liquidator or the like of itself or of a significant portion of its assets; (ii) be unable or admit in writing its inability to pay its debts as they mature; (iii) make a general assignment for the benefit of creditors; (iv) be adjudicated a bankrupt or insolvent; or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law, or any answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceedings, or a resolution of either the shareholders or the Board of Directors of such corporation shall be adopted for the purpose of effecting any of the foregoing; or

(g) A proceeding shall be instituted without the application, approval or consent of the Company or any Significant Subsidiary in any court of competent jurisdiction seeking, in respect of the Company or such Significant Subsidiary, adjudication in bankruptcy, dissolution, winding up, reorganization, a composition or arrangement with creditors, a readjustment of debts, the appointment of a receiver, custodian, trustee, liquidator or the like of the Company or such Significant Subsidiary or of a significant portion of its assets, or other like relief in respect of the Company or such Significant Subsidiary under any insolvency or bankruptcy law, and the same shall continue undismissed or unstayed and in effect for any period of sixty consecutive days; or

(h) Final judgment for the payment of money in excess of \$1,000,000 in amount shall be rendered by a court of record against the Company or any Significant Subsidiary and the Company or such Significant Subsidiary shall not discharge the same or provide for its discharge, or procure a stay of execution thereof, within sixty days from the date of entry thereof, and within said period of sixty days or such longer period during which execution of such judgment shall have been stayed, move to vacate said judgment or appeal therefrom and cause the execution thereof to be stayed pending determination of such motion or during such appeal; or

(i) The Company or any ERISA Affiliate of the Company shall fail to pay when due an amount or amounts aggregating in excess of \$1,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Benefit Liabilities in excess of \$25,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by the Company or any ERISA Affiliate of the Company, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan and such proceeding shall not have been dismissed within thirty days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

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(j)(i) Any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended), other than any Person in the Masco Group or any group that includes any Person in the Masco Group (A) shall have acquired beneficial ownership of 25% or more of the capital stock having ordinary voting power in the election of directors of the Company or (B) shall obtain the power (whether or not exercised) to elect a majority of the Company's directors or (ii) the Board of Directors of the Company shall not consist of a majority of Continuing Directors; "Continuing Directors" shall mean the directors of the Company on the Closing Date and each other director, if such other director's nomination for election to the Board of Directors of the Borrower is recommended by a majority of the then Continuing Directors;

then, and in each such case, the Agent may and, upon being directed to do so by the Required Banks, shall, by written notice to the Company, (i) immediately terminate the Commitments, (ii) declare the principal of and interest accrued on all the Notes, all unpaid reimbursement obligations in respect of drawings under Letters of Credit, and all other amounts owing under this Agreement to be immediately due and payable or (iii) demand immediate delivery of cash collateral, and the Company agrees to deliver such cash collateral upon demand, in an amount equal to the maximum amount that may be available to be drawn at any time prior to the stated expiry of all outstanding Letters of Credit, or any one or more of the foregoing, whereupon the Commitments shall terminate forthwith and all such amounts, including such cash collateral, shall become immediately due and payable without presentment or demand for payment, notice of non-payment, protest or further notice or demand of any kind, all of which are expressly waived by the Company; provided, however, that in the case of the occurrence of any event described in the foregoing clauses (f) and (g) the Commitments shall automatically terminate forthwith and all such amounts, including such cash collateral, shall automatically become immediately due and payable without action upon the part of the Required Banks and without the requirement of any such notice, and without presentment, demand, protest or other notice of any kind, all of which are hereby waived. Such cash collateral delivered in respect of outstanding Letters of Credit shall be deposited in a special cash collateral account to be held by the Agent as collateral security for the payment and performance of the Company's obligations under this Agreement and the Notes to the Banks and the Agent.

9.2 Remedies. The Agent may and, upon being directed to do so by the Required Banks, shall, in addition to the remedies provided in Section 9.1, exercise and enforce any and all other rights and remedies available to it or the Banks, whether arising under this Agreement, the Notes or under applicable law, in any manner deemed appropriate by the Agent, including suit in equity, action at law, or other appropriate proceedings, whether for the specific performance (to the extent permitted by law) of any covenant or agreement contained in this Agreement or in the Notes or in aid of the exercise of any power granted in this Agreement or the Notes.

9.3 Set Off. Upon the failure of the Company to pay any indebtedness under this Agreement or the Notes at its maturity (whether at stated maturity, by acceleration or otherwise) or, in the case of such indebtedness other than principal of the Loans, when due (after allowing for any grace period provided with respect thereto under Section 9.1(a)), each Bank may at any time and from time to time, without notice to the Company (any requirement for such notice being expressly waived by the Company) set off and apply against any and all of the obligations of the Company now or hereafter existing under this Agreement and the Notes, whether owing to such Bank or any other Bank or the Agent, any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Company and any property of the Company from time to time in possession of such Bank, regardless of whether or not such Bank shall have made any demand hereunder or any indebtedness owing by such Bank may be contingent and unmatured. The rights of the Banks under this Section 9.3 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Banks may have.

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ARTICLE X.

THE AGENTS AND THE BANKS

10.1 Appointment and Authorization. Each Bank hereby irrevocably appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to the Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto. The provisions of this Article X are solely for the benefit of the Agent and the Banks, and the Company shall not have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, the Agent shall act solely as agent of the Banks and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Company.

10.2 Agent and Affiliates. The Agent in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent. The Agent and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Company or any Subsidiary of the Company as if it were not acting as Agent hereunder, and may accept fees and other consideration therefor without having to account for the same to the Banks.

10.3 Scope of Agent's Duties. The Agent shall have no duties or responsibilities except those expressly set forth herein, and shall not, by reason of this Agreement, have a fiduciary relationship with any Bank, and no implied covenants, responsibilities, duties, obligations or liabilities shall be read into this Agreement or shall otherwise exist against the Agent. As to any matters not expressly provided for by this Agreement (including, without limitation, collection and enforcement action under the Notes), the Agent shall not be required to exercise any discretion or take any action, but may request instructions from the Required Banks. The Agent shall in all cases be fully protected from liability to the Banks in acting, or in refraining from acting, pursuant to the written instructions of the Required Banks or, when expressly required by this Agreement, all the Banks, which instructions and any action or omission pursuant thereto shall be binding upon all of the Banks; provided, however, that the Agent shall not be required to act or omit to act if, in the judgment of the Agent, such action or omission may expose the Agent to personal liability or is contrary to this Agreement, any Note, or applicable law.

10.4 Reliance by Agent. The Agent shall be entitled to rely upon any certificate, notice, document or other communication (including any cable, telegram, telex, facsimile transmission or oral communication) believed by it to be genuine and correct and to have been sent or given by or on behalf of a proper person. The Agent may treat the payee of any Note as the holder thereof. The Agent may employ agents (including, without limitation, collateral agents) and may consult with legal counsel (who may be counsel for the Company), independent public accountants and other experts selected by it and shall not be liable to the Banks, except as to money or property received by it or its authorized agents, for the negligence or misconduct of any such agent selected by it with reasonable care or for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

10.5 Default. The Agent shall not be deemed to have knowledge of the occurrence of any Default, unless the Agent has received written notice from a Bank or the Company specifying such Default and stating that such notice is a "Notice of Default". In the event that the Agent receives such a notice, the Agent shall give written notice thereof to the Banks.

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10.6 Liability of Agent. Neither the Agent nor any of its directors, officers, agents, or employees shall be liable to the Banks for any action taken or not taken by it or them in connection herewith with the consent or at the request of the Required Banks or, when expressly required by this Agreement, all the Banks or in the absence of its or their own gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any recital, statement, warranty or representation contained in this Agreement or any Note, or in any certificate, report, financial statement or other document furnished in connection with this Agreement, (b) the performance or observance of any of the covenants or agreements of the Company, (c) the satisfaction of any condition specified in Article VIII, except as to the delivery to the Agent of documents that appear on their face to conform to the requirements of Article VIII (other than requirements of any Bank under Section 8.3(c) that are not known to the Agent), or (d) the validity, effectiveness, legal enforceability, value or genuineness of this Agreement, the Notes, or any other instrument or document furnished in connection herewith.

10.7 Nonreliance on Agent and Other Banks. Each Bank acknowledges and agrees that it has, independently and without reliance on the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Company and the Company's Subsidiaries and its own decision to enter into this Agreement, and that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decision in taking or not taking action under this Agreement. The Agent shall not be required to keep itself informed as to the performance or observance by the Company of this Agreement, the Notes or any other documents referred to or provided for herein or to inspect the properties or books of the Company and, except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any information concerning the affairs, financial condition or business of the Company or any of its Subsidiaries which may come into the possession of the Agent or any of its Affiliates.

10.8 Indemnification. The Banks agree to indemnify the Agent (to the extent not reimbursed by the Company, but without limiting any obligation of the Company to make such reimbursement), ratably according to their respective Commitment Percentages from and against any and all claims, damages, losses, liabilities, costs or expenses of any kind or nature whatsoever (including, without limitation, fees and disbursements of counsel) which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or the transactions contemplated hereby or any action taken or omitted by the Agent under this Agreement; provided, however, that no Bank shall be liable for any portion of such claims, damages, losses, liabilities, costs or expenses resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including, but not limited to, reasonable fees and expenses of counsel) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Company, but without limiting the obligation of the Company to make such reimbursement; provided, however, that no Bank shall be liable for any portion of such expenses incurred as a result of the Agent's gross negligence or willful misconduct. Each Bank agrees to reimburse the Agent promptly upon demand for its ratable share of any amounts owing to the Agent by the Banks pursuant to this Section; provided that no Bank shall be responsible for failure of any other Bank to make such share available to the Agent. If the indemnity furnished to the Agent under this Section shall, in the reasonable judgment of the Agent, be insufficient or become impaired, the Agent may call for additional indemnity from the Banks (other than for the Agent's gross negligence or willful misconduct) and cease, or not commence, to take any action until such additional indemnity is furnished.

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10.9 Resignation of Agent. The Agent may resign as such at any time upon thirty days' prior written notice to the Company and the Banks. In the event of any such resignation, the Required Banks shall, by an instrument in writing delivered to the Company and the Agent, appoint a successor, which shall be (a) a Bank or (b) a commercial bank organized under the laws of the United States or any State thereof and having a combined capital and surplus of at least \$500,000,000. If a successor is not so appointed or does not accept such appointment before the Agent's resignation becomes effective, the resigning Agent may appoint a temporary successor to act until such appointment by the Required Banks is made and accepted or if no such temporary successor is appointed as provided above by the resigning Agent, the Required Banks shall thereafter perform all the duties of the Agent hereunder until such appointment by the Required Banks is made and accepted. Any successor to the Agent shall execute and deliver to the Company and the Banks an instrument accepting such appointment and thereupon such successor Agent, without further act, deed, conveyance or transfer shall become vested with all of the properties, rights, interests, powers, authorities and obligations of its predecessor hereunder with like effect as if originally named as Agent hereunder. Upon request of such successor Agent, the Company and the resigning Agent shall execute and deliver such instruments of conveyance, assignment and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Agent all such properties, rights, interests, powers, authorities and obligations. The provisions of this Article X shall thereafter remain effective for such resigning Agent with respect to any actions taken or omitted to be taken by such Agent while acting as the Agent hereunder.

10.10 Sharing of Payments. The Banks agree among themselves that, in the event that any Bank shall obtain payment in respect of any Loan or Letter of Credit reimbursement obligation owing to such Bank under this Agreement through the exercise of a right of set-off, banker's lien, counterclaim or otherwise in excess of its ratable share as provided for in this Agreement, such Bank shall promptly purchase from the other Banks participations in such Loans and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all of the Banks share such payment in accordance with their respective ratable shares as provided for in this Agreement. The Banks further agree among themselves that if payment to a Bank obtained by such Bank through the exercise of a right of set-off, banker's lien, counterclaim or otherwise as aforesaid shall be rescinded or must otherwise be restored, each Bank which shall have shared the benefit of such payment shall, by repurchase of participations theretofore sold, return its share of that benefit to each Bank whose payment shall have been rescinded or otherwise restored, together with interest thereon at the per annum rate, if any, at which such Bank whose payment shall have been restored is liable with respect to such restored payment. The Company agrees that any Bank so purchasing such a participation may, to the fullest extent permitted by law, exercise all rights of payment, including set-off, banker's lien or counterclaim, with respect to such participation as fully as if such Bank were a holder of such Loan or other obligation in the amount of such participation. The Banks further agree among themselves that, in the event that amounts received by the Banks and the Agent hereunder are insufficient to pay all such obligations when due, the fees and other amounts owing to the Agent in such capacity shall be paid therefrom before payment of obligations owing to the Banks under this Agreement. Except as otherwise expressly provided in this Agreement, if any Bank or the Agent shall fail to remit to the Agent or any other Bank an amount payable by such Bank or the Agent to the Agent or such other Bank pursuant to this Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Agent or such other Bank at a rate per annum equal to the rate at which borrowings are available to the payee in its overnight federal funds market.

10.11 Withholding Tax Exemption. Each Bank that is not organized and incorporated under the laws of the United States or any State thereof agrees to file with the Agent and the Company, in duplicate, (a) on or before the later of (i) the Closing Date and (ii) the date such Bank becomes a Bank under this Agreement and (b) thereafter, for each taxable year of such Bank (in the case of a Form 4224) or for each third taxable year of such Bank (in the case of any other form) during which interest or fees arising under this

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Agreement and the Notes are received, unless not legally able to do so as a result of a change in United States income tax law enacted, or treaty promulgated, after the date specified in the preceding clause (a), on or prior to the immediately following due date of any payment by the Company hereunder, a properly completed and executed copy of either Internal Revenue Service Form 4224 or Internal Revenue Service Form 1001 and Internal Revenue Service Form W-8 or Internal Revenue Service Form W-9 and any additional form necessary for claiming complete exemption from United States withholding taxes (or such other form as is required to claim complete exemption from United States withholding taxes), if and as provided by the Code or other pronouncements of the United States Internal Revenue Service, and such Bank warrants to the Company that the form so filed will be true and complete; provided that such Bank's failure to complete and execute such Form 4224 or Form 1001, or Form W-8 or Form W-9, as the case may be, and any such additional form (or any successor form or forms) shall not relieve the Company of any of its obligations under this Agreement, except as otherwise provided in this Section 10.11

10.12 The Co-Agents. Each Co-Agent, in such capacity, shall have no authority, duties, responsibilities, obligations, liabilities or functions under this Agreement or the Notes.

ARTICLE XI.

MISCELLANEOUS

11.1 Amendments, Etc.

(a) No amendment, modification, termination or waiver of any provision of this Agreement nor any consent to any departure therefrom shall be effective unless the same shall be in writing and signed by the Company (except with respect to waivers by the Required Banks or all the Banks) and the Required Banks and, to the extent any rights or duties of the Agent may be affected thereby, the Agent, provided, however, that no such amendment, modification, termination, waiver or consent shall, without the consent of the Agent and all of the Banks, (i) subject to Section 3.10, authorize or permit the extension of time for, or any reduction of the amount of, any payment of the principal of, or interest (including the Applicable Margin) on, any Loan, or any fees or other amount payable hereunder, or (ii) except as expressly authorized hereunder, amend, extend or terminate the respective Commitment of any Bank, or (iii) modify the provisions of this Section regarding the taking of any action under this Section, or the definition of Required Banks, or (iv) modify the several nature of the obligations of the Banks hereunder, modify the sharing provisions among the Banks in Section 10.10, modify the first sentence of Section E11.6 or modify any other provision of this Agreement which by its terms requires the consent of all the Banks.

(b) Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(c) Notwithstanding anything herein to the contrary, no Bank that is in default of any of its obligations, covenants or agreements under this Agreement shall be entitled to vote (whether to consent or to withhold its consent) with respect to any amendment, modification, termination or waiver of any provision of this Agreement or any departure therefrom or any direction from the Banks to the Agent, and, for purposes of determining the Required Banks at any time when any Banks are in default under this Agreement, the Commitments and Loans of such defaulting Banks shall be disregarded; provided that no action of a type described in the proviso in Section 11.1(a) shall be binding on a defaulting Bank without its written consent thereto.

11.2 Notices.

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(a) Except as otherwise provided in subsection 11.2(c) hereof, all notices and other communications to or upon the parties hereto shall be deemed to have been duly given or served if sent in writing (including telecommunications) to the party to which such notice or other communication is required or permitted to be given or served under this Agreement, to the address or telex or telecopy number set forth below the name of such party on the signature pages hereof, or at such other address or telex or telecopy number as the parties hereto may hereafter specify to the others in writing. If for purposes of receiving Invitations for Bid-Option Quotes and information regarding Notices of Bid-Option Rate Borrowings, a Bank wishes to receive such communications at an address or telex or telecopy number different from its address or telex or telecopy number for other purposes under this Agreement, the Agent shall communicate with such Bank for such purposes at such different address, telex or telecopy number following the Agent's receipt of a written notice from such Bank requesting that the Agent do so. All mailed notices or other communications shall be by registered or certified mail, postage prepaid, with return receipt requested. All notices or other communications sent by means of telecopy, telex or other wire transmission shall be made with request for assurance of receipt in a manner typical with respect to communications of that type. Written notices or other communications shall be deemed delivered upon receipt if delivered by hand, 3 Business Days after mailing if mailed, or 1 Business Day after deposit with an overnight courier service if delivered by overnight courier. Notices or other communications provided by any of the other means referred to above shall be deemed delivered upon receipt. Notwithstanding the foregoing, all notices to the Agent shall be effective only when actually received by the Agent, and all notices from the Agent to any Bank regarding such Bank's obligation to fund Loans or to make payment under Section 3.3(d) shall be effective only when actually received by such Bank.

(b) Notices by the Company to the Agent with respect to terminations or reductions of the Commitments pursuant to Section E3.8, requests for Loans and Letter of Credit Issuances pursuant to Section E3.2, 3.3 or 3.4, and notices of prepayment pursuant to Section 4.2 shall be irrevocable and binding on the Company.

(c) Any notice to be given by the Agent or any Bank to the Agent or any Bank hereunder, may be given by telephone, and shall be promptly confirmed in writing upon the request of the recipient. Any such notice so given by telephone shall be deemed effective upon receipt thereof by the party to whom such notice is to be given.

11.3 No Waiver By Conduct; Remedies Cumulative. No course of dealing on the part of the Agent or any Bank, nor any delay or failure on the part of the Agent or any Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver of such right, power or privilege or otherwise prejudice the Agent's or such Bank's rights and remedies hereunder; nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. No right or remedy conferred upon or reserved to the Agent or any Bank under this Agreement, or any Note, is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right or remedy granted hereunder or thereunder or now or hereafter existing under any applicable law. Every right and remedy granted by this Agreement or by applicable law to the Agent or any Bank may be exercised from time to time and as often as may be deemed expedient by the Agent or any Bank and, unless contrary to the express provisions of this Agreement, or the Notes, irrespective of the occurrence or continuance of any Default.

11.4 Reliance on and Survival of Various Provisions. All terms, covenants, agreements, including, without limitation, under Sections 5.3, 5.5 and 11.5, representations and warranties of the Company made herein or in any certificate, report, financial statement or other document furnished by or on behalf of the Company pursuant to this Agreement shall be deemed to be material and to have been relied upon by the Banks, notwithstanding any investigation heretofore or hereafter made by any Bank or on such Bank's behalf, and shall survive the repayment in full of the Loans and the termination of the Commitments.

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11.5 Expenses and Indemnification.

(a) The Company shall pay, or reimburse the Agent or any Bank, as the case may be, for (i) all reasonable out-of-pocket expenses of the Agent, including reasonable fees and disbursements of special counsel for the Agent, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default, (ii) all reasonable costs and expenses of the Agent or such Bank, including reasonable fees and disbursements of counsel, in connection with any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Agent from paying any amount under, or otherwise relating in any way to, any Letter of Credit and any and all costs and expenses which it may incur relative to any payment under any Letter of Credit, provided, that the Company shall not be liable under this clause (ii) to the extent, but only to the extent, any such costs and expenses of the Agent or any Bank are caused by the Agent's or such Bank's breach of this Agreement or gross negligence, and (iii) if an Event of Default occurs, all reasonable expenses incurred by the Agent or such Bank, including reasonable fees and disbursements of counsel (including in-house counsel), in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom. The Company shall indemnify each Bank against any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of this Agreement or the Notes.

(b) The Company shall indemnify each Bank and the Agent, and their respective officers, directors, employees and agents, and hold each Bank and the Agent, and their respective officers, directors, employees and agents, harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of counsel for any Bank or the Agent or any such Person in connection with any investigative, administrative or judicial proceeding, whether or not such Bank, the Agent or any such Person, as the case may be, shall be designated a party thereto) which may be incurred by any Bank, by the Agent or by any such Person, substantially relating to or arising out of any actual or proposed use of proceeds of Loans or Letters of Credit for the purpose of acquiring assets or capital stock of any other Person; provided that none of the Agent, any Bank or any such Person shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(c) The Company hereby further indemnifies and agrees to hold the Banks and the Agent, and their respective officers, directors, employees and agents harmless from and against any and all claims, damages, losses, liabilities, costs and expenses of any kind or nature whatsoever which the Banks or the Agent or any such Person may incur or which may be claimed against any of them by reason of or in connection with any Letter of Credit, and neither any Bank nor the Agent or any of their respective officers, directors, employees or agents shall be liable or responsible for: (i) the use which may be made of any Letter of Credit or for any acts or omissions of any beneficiary in connection therewith; (ii) the validity, sufficiency or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of any Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; (iv) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit; or (v) any other event or circumstance whatsoever arising in connection with any Letter of Credit; provided, however, that the Company shall not be liable hereunder to the Banks and the Agent and such other Persons and the Agent shall be liable to the Company to the extent, but only to the extent, of any direct, as opposed to consequential or incidental, damages suffered by the Company which were caused by (A) the Agent's Ewrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit, or

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(B) the Agent's payment under any Letter of Credit to the extent, but only to the extent, that such payment constitutes gross negligence or willful misconduct of the Agent. The inclusion of any event in clauses (i) - (vii) of Section 3.3(f) shall not by itself preclude a finding that such event constitutes gross negligence or willful misconduct of the Agent. It is understood that in making any payment under a Letter of Credit the Agent will rely on documents presented to it under such Letter of Credit as to any and all matters set forth therein without further investigation and regardless of any notice or information to the contrary, and such reliance and payment against documents presented under a Letter of Credit substantially complying with the terms thereof shall not be deemed gross negligence or willful misconduct of the Agent in connection with the payment.

11.6 Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that the Company may not, without the prior written consent of all the Banks, assign its rights or obligations hereunder or under the Notes, and the Banks shall not be obligated to make any Loan hereunder to any Person other than the Company, and the Agent shall not be obligated to issue any Letter of Credit for the account of any Person other than the Company or any Consolidated Subsidiary of the Company.

(b) The Agent from time to time in its sole discretion may appoint agents for the purpose of servicing and administering this Agreement and the transactions contemplated hereby and enforcing or exercising any rights or remedies of the Agent provided under this Agreement, the Notes or otherwise. In furtherance of such agency, the Agent may from time to time direct that the Company provide notices, reports and other documents contemplated by this Agreement (or duplicates thereof) to such agent. The Company hereby consents to the appointment of such agent and agrees to provide all such notices, reports and other documents and to otherwise deal with such agent acting on behalf of the Agent in the same manner as would be required if dealing with the Agent itself.

(c) Any Bank may sell a participation interest to any financial institution(s), and such financial institution(s) may further sell a participation interest (undivided or divided) to any financial institution(s), in its Commitment and the Loans and risk of the Letters of Credit and such Bank's or such participating financial institution's, as the case may be, rights and benefits under this Agreement and the Notes, and to the extent of that participation, such participant or participants shall have the same rights and benefits against the Company under Section 9.3 as it or they would have had if such participant or participants were the Bank making the Loans to the Company hereunder, provided, however, that in purchasing such participation interest(s) each such participant shall be deemed to have agreed to share with the Banks the proceeds thereof as provided in Section 10.10 as fully as if such participant were a Bank hereunder; and provided further, however, that (i) the obligations under this Agreement of each Bank selling a participation interest hereunder shall remain unmodified and fully effective and enforceable against such Bank, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of its Notes for all purposes of this Agreement, (iv) the Company, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and (v) such Bank shall not grant to its participant(s) any rights to consent or withhold consent to any action taken by such Bank or the Agent under this Agreement other than action requiring the consent of all of the Banks hereunder. Each Bank shall give the Company prior written notice of each sale by such Bank of a participation interest under this Section 11.6(c). Each participant shall be entitled to the benefits of Sections 5.3 and 5.5 with respect to its participation interest as if it were a Bank; provided that no participant shall be entitled to receive any greater amount pursuant to such Sections 5.3 and 5.5 than the Bank that originally sold such participation interest would have been entitled to receive in respect of such participation interest had no such sale taken place.

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(d) Any Bank may, with the prior written consent of the Company and the Agent (which consent in each case will not unreasonably be withheld, and which consent in the case of the Company may not be withheld if there is any Event of Default under Section 9.1(a), (f) or (g)) assign to one or more banks or other financial institutions all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Syndicated Loans owing to it, its share of the risk of Letters of Credit, and the Syndicated Notes held by it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations (other than any Bid-Option Loan or Bid-Option Note), (ii) the amount of the Commitment of any assignee Bank as of any date, after giving effect to each assignment to such assignee that is effective on such date, shall in no event be less than \$10,000,000, (iii) except in the case of an assignment of all of a Bank's rights and obligations under this Agreement, (A) the amount of the Commitment of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to each such assignment) shall in no event be less than \$5,000,000 or an integral multiple of \$5,000,000, or such lesser amount as the Company and the Agent may consent to and (B) after giving effect to each such assignment, the amount of the Commitment of the assigning Bank shall in no event be less than \$10,000,000, (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register (as hereinafter defined), an Assignment and Acceptance in the form of ExhibitEK hereto (an "Assignment and Acceptance"), together with the Notes subject to such assignment and a processing and recordation fee of \$3,000, and (v) any Bank may without the consent of the Company or the Agent, and without paying any fee, assign to any Affiliate of such Bank that is a bank or financial institution all of its rights and obligations under this Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Bank hereunder and (ii) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(e) By executing and delivering an Assignment and Acceptance, (i) the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (A) other than as provided in such Assignment and Acceptance, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any instrument or other document furnished pursuant hereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or other document furnished pursuant hereto; and (B) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of any of its obligations under this Agreement or any instrument or other document furnished pursuant hereto, and

(ii) the assignee thereunder confirms to the assignor thereunder and the other parties hereto as follows: (A) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 6.6 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (B) such assignee will, independently and without reliance upon the Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (C) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (D) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Bank and agrees that shall be bound by all the terms and provisions of this Agreement.

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(f) The Agent shall maintain a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Loans owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent demonstrable error, and the Company, the Agent and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(g) Upon its receipt of an Assignment and Acceptance executed by an assigning Bank and an assignee and, unless such assignment is of only a portion of such assigning Bank's rights and obligations hereunder, the Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and the Agent and the Company have given their written consent under Section 11.6(d) (if required), (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Company. Within five Business Days after its receipt of such notice, the Company, at its own expense, shall execute and deliver to the Agent (in exchange for the surrendered Notes unless such assignment is of only a portion of such assigning Bank's rights and obligations hereunder) a new Syndicated Note to the order of such assignee and a new Bid-Option Note to the order of such assignee. Such new Syndicated Note and Bid-Option Note shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibits A and B hereto, respectively.

(h) If any Reference Bank makes an assignment of all of its Commitment and Syndicated Loans to an unaffiliated institution pursuant to subsection (d) above, or if the Fixed Rate Loans of any Reference Bank are repaid pursuant to Section 5.2 or 5.3, the Agent shall, with the consent of the Required Banks and the Company, appoint another Bank to act as Reference Bank hereunder. No assignee of any Bank shall be entitled to receive any greater payment under Section 5.3 than such Bank would have been entitled to receive with respect to the rights assigned or otherwise transferred, unless such assignment is made by reason of the provisions of Section 5.2 or 5.3 requiring such Bank to designate a different lending office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(i) Each Bank may assign to one or more banks or other financial institutions any Bid-Option Note held by it. Any such Bank assigning a Bid-Option Note shall for all purposes of this Agreement be deemed to be the holder of such Note, and no assignee under this Section 11.6(i) shall as a result of such assignment become a "Bank" under this Agreement.

(j) Notwithstanding any other provision set forth in this Agreement, any Bank may at any time create a security interest in, or assign, all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System; provided that such creation of a security interest or assignment shall not release such Bank from its obligations under this Agreement.

11.7 Confidentiality. Each Bank agrees that all documentation and other information made available by the Company to such Bank under the terms of this Agreement shall (except (a) to the extent required by legal or governmental process or otherwise by law, or (b) if such documentation and other information is publicly available or hereafter becomes publicly available other than by action of such Bank, or was theretofore known to such Bank independent of any disclosure thereto by the Company, or (c) to the extent of necessary disclosure to such Bank's accountants, attorneys or regulators, or (d) in any litigation or similar proceedings related to this Agreement, the Notes or any Letter of Credit) be held in the strictest

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confidence by such Bank and disclosed only to those officers, employees and agents of such Bank or of any Affiliate of such Bank involved in the administration of the credit from time to time outstanding from such Bank to the Company or otherwise involved in servicing, maintaining or further developing the relationship between such Bank and the Company, each of which officers, employees and agents shall, except as permitted under this Section 11.7 generally with respect to such Bank, hold such documentation and other information in the strictest confidence and to be used only in connection with this Agreement; provided that (i) such Bank may disclose such documentation and other information, and all other information that has been delivered to such Bank by or on behalf of the Company prior to the Closing Date in connection with such Bank's credit evaluation of the Company and its Subsidiaries, to any other financial institution to which such Bank sells or proposes to sell a participation or other interest in any of its Loans hereunder (or under any other credit agreement with the Company), if such other financial institution, prior to such disclosure, agrees for the benefit of the Company to comply with the provisions of this Section 11.7 (including the provisions of this Section 11.7 allowing further disclosure to other financial institutions to whom a sale of a participation or other interest is proposed), or to any Federal Reserve Bank and (ii) such Bank may disclose the provisions of this Agreement and the Notes and the amounts, maturities and interest rates of its Loans and the amounts of Letters of Credit (and similar information relating to any other credit agreement with the Company) to any purchaser or potential purchaser of any interest of such Bank in any Loan to the Company.

11.8 Counterparts; Effectiveness of Telecopied Signatures. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of a telecopied signature on this Agreement shall be as effective against the signer as delivery of its original signature.

11.9 Table of Contents and Headings. The table of contents and the headings of the various subdivisions hereof are for the convenience of reference only and shall in no way modify any of the terms or provisions hereof.

11.10 Construction of Certain Provisions. If any provision of this Agreement refers to any action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision.

11.11 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by an exception to, or would be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or any event or condition which with notice or lapse of time, or both, could become such a Default if such action is taken or such condition exists.

11.12 Interest Rate Limitation. Notwithstanding any provisions of this Agreement or the Notes, in no event shall the amount of interest paid or agreed to be paid by the Company exceed an amount computed at the highest rate of interest permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement or the Notes at the time performance of such provision shall be due, shall involve exceeding the interest rate limitation validly prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligations to be fulfilled shall be reduced to an amount computed at the highest rate of interest permissible under applicable law, and if for any reason whatsoever any Bank shall ever receive as interest an amount which would be deemed unlawful under such applicable law such interest shall be automatically applied to the payment of principal of the Loans outstanding hereunder (whether or not then due and payable) and not to the payment of interest, or shall be refunded to the Company if such principal and all other obligations of the Company to the Banks have been paid in full.

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11.13 Substitution of Banks.

(a) Upon five Business Days' written notice in the form of Exhibit L delivered to the Agent and the applicable Bank, the Company may replace any one or more of the Banks. Upon the date of its effectiveness, such notice shall terminate the Commitment of such Bank entirely, provided that the Company shall prepay each Loan of such Bank (if any) in full on the effective date of such termination, together with accrued interest thereon, all amounts due pursuant to Sections 5.3 and 5.5, all accrued facility fees with respect to such Bank and all other amounts owing to such Bank hereunder to such effective date.

(b) If the Company shall terminate the Commitment of any Bank pursuant to the provisions of subsection (a) of this Section 11.13, the Company shall designate another bank or other banks (which may be one of the Banks) (in either case, an "Additional Bank") to be parties to this Agreement, provided, that (i) without the consent of the Agent, the total number of Additional Banks (other than those that were already Banks) may not exceed the total number of Banks whose Commitments are terminated pursuant to Section 11.13(a) plus three, (ii) the amount of the Commitment of any Additional Bank may not be less than \$10,000,000, (iii) the amount of the Commitment(s) of the Additional Bank(s) (or, if any such Additional Bank already is a Bank, the added portion of such Bank's Commitment) shall in the aggregate equal the amount of the Commitment so terminated and (iv) the Company or the Additional Bank, and not the Bank being terminated pursuant to subsection (a) of this Section 11.13, shall pay the processing and recordation fee required under Section 11.6(d)(iv). Any Additional Bank shall become a party to this Agreement and be considered a Bank hereunder for all purposes if (i) it shall agree in writing to be bound by all of the terms and provisions of this Agreement, such agreement to specify the amount of the Commitment of such Additional Bank and to be otherwise in form and substance satisfactory to the Agent, (ii) it shall make Syndicated Loans to the Company in principal amounts which bear the same ratio to the amounts of the Syndicated Loans of other Banks (including other Additional Banks) then outstanding or to be concurrently outstanding as the amount of the Commitment of such Additional Bank bears to the then aggregate amount of the Commitments of such other Banks (including other Additional Banks), and (iii) a copy of such agreement and of evidence satisfactory to the Agent of the making of such Loans shall be furnished to the Agent.

11.14 Collateral. Each of the Banks represents to the Agent and each of the other Banks that it, in good faith, is not relying upon any "margin stock" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

11.15 Governing Law. This Agreement is a contract made under, and shall be governed by and construed in accordance with, the law of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

11.16 Integration and Severability. This Agreement and the Notes embody the entire agreement and understanding among the Company, the Agent, and the Banks, and supersede all prior agreements and understandings, relating to the subject matter hereof and thereof. In case any one or more of the obligations of the Company under this Agreement or any Note shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Company shall not in any way be affected or impaired thereby, and such invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Company under this Agreement or any Note in any other jurisdiction.

11.17 WAIVER OF JURY TRIAL. THE BANKS, THE AGENT, THE CO-AGENTS AND THE COMPANY, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM

MASCOTECH, INC. CREDIT AGREEMENT

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MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY OF THEM RELATED HERETO OR THERETO. NONE OF THE BANKS, THE AGENT, THE CO-AGENTS OR THE COMPANY SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the Closing Date, notwithstanding the date and year first above written.

"COMPANY":

MASCOTECH, INC.

By: /s/ Timothy Wadhams

Timothy Wadhams
Its: Vice President-
Controller and Treasurer

21001 Van Born Road Taylor, Michigan 48180 Attention: Timothy Wadhams Fax: (313) 374-6118

"AGENT":

NBD BANK

By: /s/ Richard H.
Huttenlocher.

Richard H. Huttenlocher.
Its: First Vice President

611 Woodward Avenue Detroit, Michigan 48226 Attention: Michigan Banking Division

Telex: 230729 Fax: (313) 225-2290

MASCOTECH, INC. CREDIT AGREEMENT

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COMERICA BANK

By: /s/

Its: Account Officer

THE BANK OF NEW YORK

By: /s/

Its:

NATIONSBANK, N.A.

By: /s/

Its: Vice President

BANK OF AMERICA ILLINOIS

By: /s/ Steve Ahrenholz

Steve Ahrenholz
Its: Vice President

MASCOTECH, INC. CREDIT AGREEMENT

"COMMITMENT" :

\$97,500,000

"BANKS" :

NBD BANK

By: /s/ Richard H. Huttenlocher

Richard H. Huttenlocher
Its: First Vice President

Domestic and Eurodollar Lending Offices 611 Woodward Avenue Detroit, Michigan 48226

Attention: Michigan Banking Division

Telex: 230729 Fax: (313) 225-2290

MASCOTECH, INC. CREDIT AGREEMENT

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\$70,000,000

COMERICA BANK

By: /s/

Its: Account Officer

*Domestic and Eurodollar
Lending Office:
500 Woodward Avenue
Detroit, Michigan 48226*

Attention:

*Telex: 170363
Fax: (313) 222-9514*

MASCOTECH, INC. CREDIT AGREEMENT

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\$55,000,000

THE BANK OF NEW YORK

By: /s/

Its: Vice President

*Domestic and Eurodollar
Lending Office:
One Wall Street
New York, New York 10286*

Attention: Susan Baratta

*Telex: TRT177363
Fax: (212) 635-6434*

MASCOTECH, INC. CREDIT AGREEMENT

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\$45,000,000

NATIONSBANK, N.A.

By: /s/

Its: Vice President

*Domestic and Eurodollar
Lending Office:
NationsBank Plaza
NC1-002-17-21
Charlotte, North Carolina 28255*

Attention: Renita Hines

Fax: (704) 386-8694

MASCOTECH, INC. CREDIT AGREEMENT

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\$45,000,000

BANK OF AMERICA ILLINOIS

By: /s/ Steve K. Ahrenholz

Steve K. Ahrenholz
Its: Vice President

Domestic and Eurodollar
Lending Office:
231 South LaSalle Street
Chicago, Illinois 60697

Attention: Zack Zarr

Fax: (312) 974-9626

MASCOTECH, INC. CREDIT AGREEMENT

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\$40,000,000

PNC BANK, NATIONAL ASSOCIATION

By: /s/

Its: Assistant Vice President

Notices:
500 West Madison Street
Suite 3140
Chicago, Illinois 60606

Fax: (312) 906-3420

Domestic and Eurodollar
Lending Office:
Fifth Avenue and Wood Street
Pittsburgh, PA 15265

Attention:

MASCOTECH, INC. CREDIT AGREEMENT

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\$32,500,000

MICHIGAN NATIONAL BANK

By: /s/ Joseph M. Redoutey

Joseph M. Redoutey

Its: Commercial Relationship
Manager

Domestic and Eurodollar
Lending Office:
27777 Inkster Road 10-36
Farmington Hills, MI 48333-9065

Attention: Joseph M. Redoutey

Fax: (810) 473-4345

MASCOTECH, INC. CREDIT AGREEMENT

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\$27,500,000

THE ROYAL BANK OF CANADA

By: /s/ Patrick K. Shields

Patrick K. Shields

Its: Manager, Corporate Banking

Domestic and Eurodollar
Lending Office:
Grand Cayman Branch
Royal Bank of Canada
One Financial Square 23rd Floor
New York, New York 10005-3531

Attention: Linda Smith

Fax: (212) 428-2372

MASCOTECH, INC. CREDIT AGREEMENT

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**\$25,000,000 MORGAN GUARANTY TRUST COMPANY OF NEW
YORK**

By: /s/

Its: Vice President

Domestic and Eurodollar Lending Office:

60 Wall Street
New York, New York 10260-0060

Attention:

Telex: 177615 or 620106 Fax: (212) 648-5336

MASCOTECH, INC. CREDIT AGREEMENT

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\$25,000,000

NATIONAL CITY BANK

By: /s/

Its: Vice President

Domestic and Eurodollar
Lending Office:
1900 E. Ninth Street
Cleveland, Ohio 44114

Attention: _____

Telex: 212537

Fax: (216) 575-9396

MASCOTECH, INC. CREDIT AGREEMENT

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\$22,500,000

CIBC INC.

By: /s/

Its: Director CIBC Wood Gundy
Securities Corp., As Agent

Domestic and Eurodollar
Lending Office (Borrowing Notices):
Atlanta Agency
Two Paces Ferry West
2727 Paces Ferry Road, Suite 1200
Atlanta, Georgia 30339
Attention: Kelli Jones

Fax: (770) 319-4950

Other Notices:
425 Lexington Avenue
New York, New York 10017

Attention: Brian O'Callahan

Fax: (212) 885-4940

with a copy to:

Atlanta Agency
Two Paces Ferry West
2727 Paces Ferry Road, Suite 1200
Atlanta, Georgia 30339

Attention: Klu Auchter

Fax: (770) 319-4950

MASCOTECH, INC. CREDIT AGREEMENT

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\$22,500,000

THE FUJI BANK, LTD.

By: /s/ Peter L. Chinniei

Peter L. Chinniei

Its: Joint General Manager

Domestic and Eurodollar
Lending Office:
225 W. Wacker Drive
Chicago, Illinois 60606

Attention: Cely Navarro

Telex: 253114
Fax: (312) 621-0539

MASCOTECH, INC. CREDIT AGREEMENT

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\$17,500,000

KEYBANK, NATIONAL ASSOCIATION

By: /s/

Its: Assistant Vice President

Domestic and Eurodollar
Lending Office:
127 Public Square, N.E.
Cleveland, Ohio 44114

Attention: Thomas A. Crandell

Telex: -----

Fax: (216) 689-4981

MASCOTECH, INC. CREDIT AGREEMENT

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\$17,500,000

CORESTATES BANK

By: /s/

Its: Vice President

Domestic and Eurodollar
Lending Office:
1345 Chestnut Street, P.O. Box 7618
Philadelphia, PA 19101-7618

Attention: Diane Cypher

Telex: 71-499-0118

Fax: (215) 973-6745

MASCOTECH, INC. CREDIT AGREEMENT

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\$17,500,000

FLEET NATIONAL BANK

By: /s/

Robert J. Lord
Its: Vice President

Domestic and Eurodollar
Lending Office:
One Federal Street
Boston, MA 02211

Attention: Anahid Varjabedian

Telex: -----

Fax: (617) 346-0145

MASCOTECH, INC. CREDIT AGREEMENT

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\$15,000,000
BRANCH

THE SANWA BANK, LIMITED, CHICAGO

By: /s/ Kenneth C. Eichwald

Kenneth C. Eichwald

Its: First Vice President and
Assistant General Manager

Domestic and Eurodollar
Lending Office:
10 South Wacker Drive, 31st Floor
Chicago, Illinois 60606

Attention: Richard H. Ault

Fax: (312) 346-6677

MASCOTECH, INC. CREDIT AGREEMENT

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EXHIBIT A

SYNDICATED NOTE

February 28, 1997

Detroit, Michigan

For value received, MASCOTECH, INC., a Delaware corporation (the "Company"), promises to pay to the order of _____ (the "Bank"), the unpaid principal amount of each Syndicated Loan made by the Bank to the Company pursuant to the Credit Agreement referred to below, on the last day of the Interest Period relating to such Loan. The Company further promises to pay interest on the aggregate unpaid principal amount of such Syndicated Loans on the dates and at the rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in Dollars in immediately available funds at the Agent's principal office in Detroit, Michigan.

Presentment, demand for payment, notice of non-payment, protest and further notice or demand of any kind in connection with this Syndicated Note are hereby expressly waived by the Company and each endorser or guarantor hereof.

This Syndicated Note evidences one or more Syndicated Loans made under the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified from time to time (the "Credit Agreement"), by and among the Company, the banks (including the Bank) party thereto, NBD Bank, as Agent, and Comerica Bank, The Bank of New York, NationsBank, N.A. and Bank of America Illinois, as Co-Agents, to which reference is hereby made for a statement of the circumstances under which this Syndicated Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Syndicated Note shall have the respective meanings ascribed thereto in the Credit Agreement.

This Syndicated Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

MASCOTECH, INC.

By: _____

Its: _____

EXHIBIT B

BID-OPTION NOTE

February 28, 1997

Detroit, Michigan

For value received, MASCOTECH, INC., a Delaware corporation (the "Company"), promises to pay to the order of _____ (the "Bank"), the unpaid principal amount of each Bid-Option Loan made by the Bank to the Company pursuant to the Credit Agreement referred to below, on the last day of the Interest Period relating to such Loan. The Company further promises to pay interest on the aggregate unpaid principal amount of such Bid-Option Loans on the dates and at the rates provided for in the Credit Agreement. All such payments of principal and interest with respect to Dollar Bid-Option Loans shall be made in Dollars in immediately available funds at the Agent's principal office in Detroit, Michigan. All such payments of principal and interest with respect to Foreign Currency Bid-Option Loans shall be made in the currencies in which such Loans are denominated and in funds immediately available, freely transferrable and cleared at the office or branch of the Bank from which such Loans were made.

Presentment, demand for payment, notice of non-payment, protest and further notice or demand of any kind in connection with this Bid-Option Note are hereby expressly waived by the Company and each endorser or guarantor hereof.

This Bid-Option Note evidences one or more Bid-Option Loans made under the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified from time to time (the "Credit Agreement"), by and among the Company, the banks (including the Bank) party thereto, NBD Bank, as Agent, and Comerica Bank, The Bank of New York, NationsBank, N.A. and Bank of America Illinois, as Co-Agents, to which reference is hereby made for a statement of the circumstances under which this Bid-Option Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Bid-Option Note shall have the respective meanings ascribed thereto in the Credit Agreement.

This Bid-Option Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

MASCOTECH, INC.

By: _____

Its: _____

EXHIBIT C

NOTICE OF SYNDICATED BORROWING

[Date]

To each Bank party to the
referenced Credit Agreement
c/o NBD Bank,
as Agent for the Banks
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

MASCOTECH, INC., a Delaware corporation (the "Company"), hereby requests a Syndicated Borrowing pursuant to Section 3.2 of the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among the Company, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

The Syndicated Borrowing is to be made on _____, 19__, in the amount of \$_____. The Syndicated Loans comprising such Borrowing shall be made as _____ [insert either CD Rate, Eurodollar Rate or Floating Rate] Loans. [The Interest Period shall be _____ [insert permitted Interest Period for a CD Rate Borrowing or Eurodollar Rate Borrowing].] Such Syndicated Borrowing shall be evidenced by the Company's Syndicated Notes.

MASCOTECH, INC.

By: _____

Its: _____

EXHIBIT D

REQUEST FOR LETTER OF CREDIT ISSUANCE

[Date]

To each Bank party to the
referenced Credit Agreement
c/o NBD Bank,
as Agent for the Banks
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

MASCOTECH, INC., a Delaware corporation (the "Company"), hereby requests a Letter of Credit Issuance pursuant to Section 3.3 of the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among the Company, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

The Letter of Credit is to be issued on _____, 19__, shall be for the account of _____*, shall be in the maximum amount of \$_____, shall be to and for the benefit of _____, shall have a stated expiry date of _____, 19__, and shall contain the further terms and conditions set forth in the attached letter of credit application of the Agent.

MASCOTECH, INC.

By: _____

Its: _____

* Specify the Company or identify a Consolidated Subsidiary.

EXHIBIT E

BID-OPTION QUOTE REQUEST

[Date]

NBD Bank,
as Agent for the Banks
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

MASCOTECH, INC., a Delaware corporation (the "Company"), hereby requests offers to make Bid-Option Loans comprising the Bid-Option Borrowing(s) described below pursuant to Section 3.4(b) of the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among the Company, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Date of Bid-Option Borrowing(s): _____, 19__

Type of Bid-Option Borrowing(s): [Dollar: _____ [Absolute Rate]
[Eurodollar Rate] [Foreign Currency: _____ [desired currency]]

Aggregate Amount of each Bid-Option Borrowing: (a) _____*

(b)

(c)

Interest Period: (a) _____**
(b) _____
(c) _____

MASCOTECH, INC.

By: _____

Its: _____

*Must be (a) \$25,000,000 or a larger multiple of \$5,000,000, in the case of Dollar Bid-Option Borrowings, or (b) not less than the Dollar Equivalent of \$5,000,000, in the case of Foreign Currency Bid-Option Borrowings.

**Must comply with the definition of the term "Bid-Option Interest Period."

EXHIBIT F

INVITATION FOR BID-OPTION QUOTES

[Date]

To: [Name of Bank]
Attention: _____

Reference is made to the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among MASCOTECH, INC., a Delaware corporation, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 3.4(c) of the Credit Agreement, NBD Bank, as Agent, is pleased on behalf of the Company to invite you to submit Bid-Option Quotes to the Company for the Bid-Option Borrowing(s) described below.

Date of Bid-Option Borrowing(s): _____, 19__

Type of Bid-Option Borrowing(s): [Dollar: _____ [Absolute Rate]
[Eurodollar Rate] [Foreign Currency: _____ [desired currency]]

Aggregate Amount of Each Bid-Option Borrowing:	Interest Period:
(a) _____	(a)
(b) _____	(b)
(c) _____	(c)

Please respond to this invitation by no later than [9:00 a.m.]* [10:00 a.m.]** [2:00 p.m.]*** (Detroit time) on _____, 19__. *****

NBD BANK, as Agent

By: _____

Its: _____

* Absolute Rate Dollar Bid-Option Borrowings.

** Eurodollar Rate Dollar Bid-Option Borrowings.

*** Foreign Currency Bid-Option Borrowings.

**** The proposed date of Borrowing in the case of Absolute Rate Dollar Bid-Option Borrowings. The fourth Business Day prior to the proposed date of Borrowing in the case of Eurodollar Rate Dollar Bid-Option Loans. The third Business Day prior to the proposed date of Borrowing in the case of Foreign Currency Bid-Option Borrowings.

EXHIBIT G

BID-OPTION QUOTE

[Date]

NBD Bank, as Agent
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Michigan Banking Division

Reference is made to the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified, by and among MASCOTECH, INC., a Delaware corporation, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in such Agreement.

In response to your Invitation for Bid-Option Quotes dated _____, 19__, _____ (the "Bank"), hereby makes the following offer[s] to make [a] Bid-Option Loan[s]:

1. Quoting Bank: _____

Contact Person: _____

2. Date of proposed Borrowing: _____, 19__(1)

3. Quotes:

Type of Bid-Option Loans: Absolute Rate Dollar, Eurodollar Rate Dollar or Foreign Currency (also specify the foreign currency)(2) Period(5)	Principal Amount(3)	Bid-Option Absolute Rate or Bid-Option Eurodollar Rate Margin(4)	Interest
----- -----	-----	-----	

(a) _____

(b) _____

(c) _____

4. The aggregate amount of Bid-Option Loans which may be accepted by the Company pursuant to this Bid-Option Quote shall not exceed \$_____.

The Bank acknowledges and agrees that this Bid-Option Quote (a) is irrevocable and (b) subject to the terms and conditions of the Credit Agreement, obligates it to make a Bid-Option Loan for which any quote is accepted, in whole or in part.

[Name of Bank]

By: _____

Its: _____

(1). As specified in the related Invitation for Bid-Option Quotes.

(2). As specified in the related Invitation for Bid-Option Quotes.

(3). The Dollar Equivalent of the principal amount (a) must be (i) in the case of Dollar Bid-Option Loans, \$5,000,000 or a larger multiple thereof, or (2) in the case of Foreign Currency Bid-Option Loans, not less than \$1,000,000, and (b) may not exceed the Dollar Equivalent of the aggregate amount of the related Bid-Option Borrowing specified in the related Invitation for Bid-Option Quotes.

(4). Specify rate of interest per annum (rounded up to the nearest 1/10,000th of 1%) or applicable margin, which may be positive or negative, expressed as a percentage (rounded up to the nearest 1/10,000th of 1%), as the case may be.

(5). As specified in the related Invitation for Bid-Option Quotes.

(6). Must be at least equal to the minimum amount specified in note 3 above.

EXHIBIT H

**NOTICE OF DISBURSEMENT OF
FOREIGN CURRENCY BID-OPTION LOAN**

[Date]

NBD Bank, as Agent
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

Reference is made to the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among MASCOTECH, INC., a Delaware corporation, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 3.5(c) of the Credit Agreement, _____ hereby notifies you of its disbursement of a Foreign Currency Bid-Option Loan on _____, 19____. Such Loan is denominated in _____ [specify currency] and is in the original principal amount of _____.* The Interest Period applicable to such Loan is _____.

[Name of Bank]

By: _____

Its: _____

* Specify amount in the currency in which the Loan is denominated.

EXHIBIT I

**NOTICE OF RECEIPT OF
FOREIGN CURRENCY BID-OPTION LOAN PAYMENT**

[Date]

NBD Bank, as Agent
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

Reference is made to the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among MASCOTECH, INC., a Delaware corporation, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 4.4(a) of the Credit Agreement, _____ hereby notifies you of its receipt of payment in the amount of _____* of the principal of the Foreign Currency Bid-Option Loan disbursed by it on _____, 19__ in the original principal amount of _____*. After application of such payment, the outstanding principal balance of such Loan is _____.

[Name of Bank]

By: _____

Its: _____

* Specify amount in the currency in which the Loan is denominated.

EXHIBIT K

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement, dated as of February 28, 1997 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among MASCOTECH, INC., the Banks and Co-Agents party thereto, and NBD BANK, as agent for the Banks (in such capacity, the "Agent"). Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

The "Assignor" and the "Assignee" referred to on Schedule 1 agree as follows:

1. The Assignor hereby sells and assigns (without recourse) to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement (other than the Bid-Option Loans and Bid-Option Notes) as of the Effective Date (as hereinafter defined) equal to the percentage interest specified on Schedule 1 of all of the Assignor's outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Syndicated Loans owing to the Assignee will be as set forth on Schedule 1.
2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or any instrument or other document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any instrument or other document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the performance or observance by the Company of any of its obligations under the Credit Agreement or any instrument or other document furnished pursuant thereto; and (iv) [attaches the Syndicated Note held by the Assignor and] requests that the Agent arrange for the Company to issue a new Syndicated Note and a new Bid-Option Note payable to the order of the Assignee.
3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 6.6 thereof and copies of the financial statements delivered pursuant to Section 7.1 of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, any Co-Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Agent to take

such action as agent on its behalf and to exercise such powers and discretion and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with the terms of the Credit Agreement all of the obligations that are required to be performed by it as a Bank; and (v) if the Assignee is organized under the laws of a jurisdiction outside of the United States, attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes and such other documents as are necessary to indicate that all such payments are subject to such taxes at a rate reduced by an applicable tax treaty.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1.

5. Upon consent hereto by the Company and the Agent and such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and have the rights and obligations of a Bank thereunder with a Commitment in the amount indicated for the Assignee on Schedule 1 and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest, commitment fees and facility fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Syndicated Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of Michigan.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

EXHIBIT L

NOTICE OF SUBSTITUTION OF BANKS

[Date]

NBD Bank, as Agent
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

[Terminated Bank]

Attention: _____

Reference is made to the Credit Agreement, dated as of February 28, 1997, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among MASCOTECH, INC., a Delaware corporation, the Banks and Co-Agents party thereto, and NBD Bank, as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 11.13(a) of the Credit Agreement, the Company hereby terminates the Commitment of _____ (the "Terminated Bank") effective _____, 19__.* On such date, the Company shall prepay each Loan of such Bank in full, together with accrued interest thereon, all amounts due pursuant to Sections 5.3 and 5.5 of the Credit Agreement, all accrued facility fees with respect to such Bank and all other amounts owing to such Bank under the Credit Agreement to such date.

Pursuant to Section 11.13(b) of the Credit Agreement, the Company hereby designates _____ [and _____] to replace the Terminated Bank.

MASCOTECH, INC.

By: _____

Its: _____

* Must be not less than five Business Days after notice.

EXHIBIT M

February __, 1997

To the Banks, Co-Agents and Agent
party to the Credit Agreement described
herein, in care of
NBD Bank, as Agent
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of February 28, 1997 (the "Credit Agreement"), by and among MASCOTECH, INC., a Delaware corporation, the banks (the "Banks") and the co-agents (the "Co-Agents") party thereto, and NBD Bank, as agent (in such capacity, the "Agent") for the Banks. I am Vice President and Corporate Counsel for the Company, and in the capacity of counsel for the Company I have been requested by the Company to give my opinion pursuant to Section 8.3(a) of the Credit Agreement. For purposes of this opinion, the terms used in this opinion which are not defined herein shall have the respective meanings set forth in the Credit Agreement.

I have examined the Credit Agreement and the Notes, the Convertible Subordinated Debentures referred to in the definition of the term "Subordinated Debt" in the Credit Agreement and the indenture governing the issuance of such Convertible Subordinated Debentures (the "Subordinated Debt Documents"), and certified copies of the Company's certificate of incorporation, by-laws and board of directors' resolutions authorizing the Company's participation in the transactions contemplated by the Credit Agreement. I have also examined copies of all such documents and records of the Company and all such other documents and records, and have made such investigations of law, as I have deemed necessary and relevant as a basis for my opinion.

Based upon the foregoing, it is my opinion that:

- (a) The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware and is duly authorized to do business and is in good standing in the State of Michigan.
- (b) The Company has all requisite corporate power and authority to conduct its business substantially as now being conducted and to own its properties.
- (c) The Company has full power, authority and legal right to execute and deliver

the Credit Agreement and the Notes, to perform and observe the terms and provisions thereof, and to borrow thereunder. The execution, delivery and performance by the Company of its obligations under the Credit Agreement and the Notes and the borrowings thereunder have been duly authorized by the proper corporate proceedings and do not contravene any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Company or any Subsidiary, or any order of any court, regulatory body or arbitral tribunal or any judgment, order or decree, or, to my knowledge after due inquiry, any agreement or instrument, binding on the Company or any Subsidiary, or, to my knowledge after due inquiry, result in the creation of any lien, charge or encumbrance upon any of their respective property or assets pursuant to any agreement or instrument to which any of them is a party or binding upon any of them.

(d) The Credit Agreement and the Notes constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms.

(e) There are, to my knowledge after due inquiry, no suits, proceedings or actions at law or in equity or by or before any governmental commission, board, bureau, or other administrative agency pending or threatened against or affecting the Company or any Subsidiary, (i) in which there is a reasonable possibility of an adverse decision which is likely to materially and adversely affect the financial condition or business of the Company and its Subsidiaries, taken as a whole, or (ii) which will in any manner affect the enforceability or validity of the Credit Agreement or any Note.

(f) No approval, consent or authorization of or filing or registration with any state or federal agency or regulatory authority is necessary for the execution or delivery by the Company of the Credit Agreement or the issuance of the Notes, for the validity or enforceability of the Credit Agreement or the Notes, or for the performance by the Company of any of the terms or conditions thereof or for any borrowing by the Company thereunder.

(g) The Notes represent Senior Indebtedness as that term is defined in the Subordinated Debt Documents.

The opinion expressed in paragraph (d) above is subject to the qualifications that the enforcement of the rights and remedies set forth in the Credit Agreement and the Notes is subject to the effect of applicable bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and to general principles of equity, whether applied in a proceeding at law or in equity.

To the Banks, Co-Agents and Agent

February __, 1997

Page 3

Very truly yours,

David B. Liner Vice President and Corporate Counsel MascoTech, Inc.

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EXHIBIT N

February 28, 1997

To the Banks, Co-Agents and Agent
party to the Credit Agreement described
herein, in care of
NBD Bank, as Agent
611 Woodward Avenue
Detroit, Michigan 48226

Attention: Richard Huttenlocher

**RE: MASCOTECH, INC. CREDIT AGREEMENT
DATED AS OF FEBRUARY 28, 1997**

Ladies and Gentlemen:

We have acted as special counsel for the Agent (as defined below) in connection with the Credit Agreement, dated as of February 28, 1997 (the "Credit Agreement"), by and among MascoTech, Inc. (the "Company"), the banks (the "Banks") and co-agents (the "Co-Agents") party thereto, and NBD Bank, as agent (in such capacity, the "Agent") for the Banks, providing, among other things, for the extension to the Company of a bank credit in the principal sum of the Dollar Equivalent of \$575,000,000. Capitalized terms not otherwise defined herein are used with the respective meanings ascribed thereto in the Credit Agreement.

In connection with this opinion we have examined: (a) a copy of the Certificate of Incorporation of the Company certified to _____, 1997 by the Secretary of State of Delaware and to _____, 1997 by an officer of the Company, (b) a copy of the Bylaws of the Company certified to _____, 1997 by an officer of the Company, (c) copies of Certificates of Good Standing of the Company under the laws of the States of Delaware and Michigan dated, respectively, _____, 1997 and _____, 1997, (d) a copy of resolutions of the Board of Directors of the Company authorizing the execution, delivery and performance of the Credit Agreement and the Notes, certified as true and correct by an officer of the Company, (e) a certificate of incumbency and specimen signatures of authorized officers of the Company, in the form being delivered to the Agent pursuant to Section 8.3(d) of the Credit Agreement, (f) a certificate of a senior officer of the Company, in the form being delivered to the Agent pursuant to Section 8.3(e) of the Credit Agreement, (g) a certificate of the chief _____ officer of the Company, in the form being delivered to the Agent pursuant to Section 8.3(g) of the Credit Agreement, and (h) the Credit Agreement and the Notes. We have also examined the opinion of Mr. David B. Liner, Vice President and Corporate Counsel of the Company, dated February _____, 1997, addressed to you and delivered to the Agent pursuant to Section 8.3(a) of the Credit Agreement. We have made no independent investigation of any of the foregoing matters

To the Banks, Co-Agents and Agent

September 2, 1997

Page 2

or of any other matters.

Based solely on such information, it is our opinion that: (a) the documents referred to above and delivered by the Company are substantially responsive to the requirements of the Credit Agreement; and (b) while we have not independently considered the matters covered by the opinion of Mr. Liner furnished pursuant to Section 8.3(a) of the Credit Agreement to the extent necessary to enable us to express the conclusions stated therein, such opinion is in substantially acceptable legal form and is substantially responsive to the requirements of the Credit Agreement.

Very truly yours,

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EXHIBIT O

TERMS OF SUBORDINATION

These terms of subordination refer to the Credit Agreement dated as of February 28, 1997 by and among MascoTech, Inc., the banks party thereto, the co-agents referred to therein and NBD Bank, as agent.

In addition to Debt of the Company which qualifies as Subordinated Debt pursuant to clauses (b) and (c) of the definition of Subordinated Debt in the Credit Agreement, Subordinated Debt under the Credit Agreement shall also include, without duplication, all Indebtedness (as hereinafter defined) constituting Debt now outstanding or hereafter created, issued, guaranteed, incurred or assumed by the Company which is subordinate to the payment of principal, premium, if any, and interest on the Notes by provisions not less favorable in any material respect to the holders of the Notes than the provisions (a) of the Indenture dated as of November 1, 1986, by and between the Company and Morgan Guaranty Trust Company of New York, as Trustee, as amended and supplemented by Agreement of Appointment and Acceptance of Successor Trustee dated as of August 4, 1994 among MascoTech, Inc., Morgan Guaranty Trust Company of New York and The First National Bank of Chicago and the Supplemental Indenture dated as of August 5, 1994 between MascoTech, Inc. and The First National Bank of Chicago as Trustee a copy of which has been supplied to the Agent and in the form in which it has been supplied to the Agent prior to the Closing Date, and any Indebtedness of the Company that may be issued thereunder, would be to the holders of "Senior Indebtedness", as that term is defined in such Indenture, or (b) described below:

1. Defined Terms.

All capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. All the following terms shall have the meanings described below:

"Article" means Sections 1 through 13, inclusive, of this Exhibit O.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close.

"Cash Equivalents" means, at any time: (i) any evidence of Indebtedness with a

maturity of 180 days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof); (ii) certificates of deposit, time deposits, Eurodollar time deposits and bankers' acceptances with a maturity of 180 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$500,000,000; (iii) commercial paper with a maturity of 180 days or less issued by a corporation that is not an Affiliate of the Company organized under the laws of any state of the United States or the District of Columbia and rated at least A-1 by S&P or at least P-1 by Moody's or at least an equivalent rating category of another nationally recognized securities rating agency; and (iv) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the government of the United States of America or issued by any agency thereof and backed by the full faith and credit of the United States of America, in each case maturing within 180 days from the date of acquisition; provided that the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions With Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985.

"Credit Agreement" means (a) the Credit Agreement dated as of February __, 1997, by and among the Company, the banks party thereto, the co-agents referred to therein and NBD Bank, as agent (the "MascoTech Credit Agreement"), together with all amendments, documents and instruments from time to time delivered in connection with the MascoTech Credit Agreement (including, without limitation, any guaranty agreements and security documents), and as the MascoTech Credit Agreement and such other agreements, documents and instruments may be amended, amended and restated, renewed, extended, restructured, supplemented or otherwise modified from time to time, and (b) any credit agreement, loan agreement, note purchase agreement, indenture or other agreement, document or instrument refinancing, refunding or otherwise replacing the MascoTech Credit Agreement or any other agreement deemed a Credit Agreement under clause (a) hereof or this clause (b), whether or not with the same agent, trustee, representative lenders or holders, and irrespective of any changes in the terms and conditions thereof. Without limiting the generality of the foregoing, the term "Credit Agreement" shall include any amendment, amendment and restatement, renewal, extension, restructuring, supplement or modification to any Credit Agreement, including any agreement (i) extending the maturity of any Indebtedness incurred thereunder or contemplated thereby, (ii) adding or deleting borrowers or guarantors thereunder, so long as borrowers and issuers include one or more of the Company and its Subsidiaries and their respective successors and assigns or (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder.

"Designated Senior Indebtedness" means (a) all Senior Indebtedness under the

Credit Agreement and (b) any other Senior Indebtedness which is specifically designated by the Company in the instrument evidencing such Senior Indebtedness as "Designated Senior Indebtedness".

"Indebtedness" means, with respect to any Person, without duplication, (a) all liabilities of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit, banker's acceptances or other similar credit transaction, (b) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade accounts payable arising in the ordinary course of business, (d) all capitalized lease obligations of such Person, (e) all Indebtedness referred to in the preceding clauses (a) to (d) of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (the amount of such obligations being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured), (f) all guarantees of Indebtedness referred to in this definition by such Person, (g) all redeemable capital stock of such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends, (h) all obligations under or in respect of currency exchange contracts, interest rate swaps and other interest rate protection obligations of such Person and i) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) through (h) above. For purposes hereof, (x) the "maximum fixed repurchase price" of any redeemable capital stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such redeemable capital stock as if such redeemable capital stock were purchased on any date on which Indebtedness shall be required to be determined pursuant hereto, and if such price is based upon, or measured by, the fair market value of such redeemable capital stock, such fair market value shall be determined in good faith by the board of directors of the issuer of such redeemable capital stock, and (y) Indebtedness is deemed to be incurred pursuant to a revolving credit facility each time an advance is made thereunder.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Non-Payment Default" means any event (other than a Payment Default) the occurrence of which entitles one or more Persons to accelerate the maturity of any

Designated Senior Indebtedness.

"Payment Blockage Period" has the meaning set forth in Section 4.

"Payment Default" means any default in the payment of principal of (or premium, if any, on) or interest on Designated Senior Indebtedness beyond any applicable grace period with respect thereto.

"S & P" means Standard and Poor's Corporation and its successors.

"Securities" means any instrument or other document evidencing any of the Subordinated Indebtedness at any time.

"Senior Indebtedness" means the principal of, premium, if any, and interest on any Indebtedness of the Company, whether outstanding on the date hereof or hereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Securities. Without limiting the generality of the foregoing, "Senior Indebtedness" shall also include all obligations of the Company, whether outstanding on the date hereof or thereafter created, incurred or assumed, under or in respect of the Credit Agreement, whether for principal, interest (including, without limitation, interest accruing after the filing of a petition initiating any proceeding under any state or federal bankruptcy law whether or not such interest is an allowable claim), reimbursement of amounts drawn under letters of credit issued or arranged for pursuant thereto, guarantees in respect thereof, and all charges, fees, expenses (including reasonable fees and expenses of counsel) and other amounts in respect of the Credit Agreement incurred by or owing to the Banks, the Co-Agents or the Agent under the Credit Agreement or their representative, agent or trustee, and all other obligations of the Company incurred under or in respect of the Credit Agreement, including, without limitation, any interest rate protection obligations and in respect of premiums, indemnities or otherwise, and all indebtedness under the Credit Agreement which is disallowed, avoided or subordinated pursuant to Section 548 of the Federal Bankruptcy Code or any applicable state fraudulent conveyance law. Notwithstanding the foregoing, "Senior Indebtedness" shall not include (a) Indebtedness evidenced by the Securities, (b) Indebtedness that is expressly subordinate or junior in right of payment to any Senior Indebtedness of the Company, (c) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of the Federal Bankruptcy Code, is by its terms without recourse to the Company, (d) any repurchase, redemption or other obligation in respect of redeemable capital stock, (e) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade payables or other current liabilities (other than any current liabilities owing under the Credit Agreement or the current portion

of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (e)), (f) to the extent it might constitute Indebtedness, amounts owed by the Company for compensation to employees or for services rendered to the Company, (g) to the extent it might constitute Indebtedness, any liability for federal, state, local or other taxes owed or owing by the Company, (h) Indebtedness of the Company to a Subsidiary of the Company or any other Affiliate of the Company or any of such Affiliate's Subsidiaries and (i) that portion of any Indebtedness (other than owing pursuant to the Credit Agreement), which at the time of issuance is issued in violation of the Subordinated Indebtedness.

"Subordinated Indebtedness" means all indebtedness, obligations and liabilities of the Company or any of its Subsidiaries to any of the holders of the Securities issued pursuant hereto, whether now existing or hereafter arising, including without limitation any extensions, renewals, increases or other modifications thereof, all principal, interest and fees and costs under or in any way arising therefrom, and all indebtedness, obligations and liabilities of the Company or any of its Subsidiaries to any such holder under the Federal Bankruptcy Code or under any similar state law.

"Subordinated Indenture" means the indenture pursuant to which the Securities are issued.

"Trustee" means any Person acting as the trustee for the holders of the Securities and any successor trustee.

"U.S. Government Obligations" means securities that are (x) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (y) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

2. Subordinated Indebtedness Subordinated to Senior Indebtedness.

The Company covenants and agrees, and each holder of any Subordinated Indebtedness, by its acceptance thereof, likewise covenants and agrees, for the benefit of the holders, from time to time, of Senior Indebtedness that, to the extent and in the manner hereinafter set forth, the Subordinated Indebtedness is hereby expressly made subordinate and subject in right of payment as provided herein to the prior payment in full in cash or Cash Equivalents of all Senior Indebtedness.

3. Payment over of Proceeds upon Dissolution, etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or its assets, or

(b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of assets or liabilities of the Company, then and in any such event:

(1) the holders of Senior Indebtedness shall be entitled to receive payment in full in cash or Cash Equivalents of all amounts due on or in respect of all Senior Indebtedness, or provision shall be made for such payment, before the holders of any Subordinated Indebtedness are entitled to receive any payment or distribution of any kind or character (other than any payment or distribution in the form of equity securities or subordinated securities of the Company or any successor obligor with respect to the Senior Indebtedness provided for by a plan of reorganization or readjustment that, in the case of any such subordinated securities, are subordinated in right of payment to all Senior Indebtedness that may at the time be outstanding to substantially the same extent as, or to a greater extent than, the Subordinated Indebtedness is so subordinated as provided in this Article (such equity securities or subordinated securities hereinafter being "Permitted Junior Securities")); and

(2) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than a payment or distribution in the form of Permitted Junior Securities), by set-off or otherwise, to which the holders of the Subordinated Indebtedness or the Trustee would be entitled but for the provisions of this Article shall be paid by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to make payment in

full in cash or Cash Equivalents of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(3) in the event that, notwithstanding the foregoing provisions of this Section, the Trustee or any holder of any Subordinated Indebtedness shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, in respect of the Subordinated Indebtedness before all Senior Indebtedness is paid in full or payment thereof provided for in cash or Cash Equivalents, then and in such event such payment or distribution (other than a payment or distribution in the form of Permitted Junior Securities) shall be received and held in trust for the benefit of the holders of Senior Indebtedness and paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full in cash or Cash Equivalents, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance, transfer or lease of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in the Subordinated Indenture shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of the Company for the purpose of this Article if the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance, transfer or lease, comply with the conditions set forth in the Subordinated Indenture under which the Securities are issued.

4. Suspension of Payment When Senior Indebtedness in Default.

(a) Unless Section 3 shall be applicable, upon (1) the occurrence of a Payment Default and (2) receipt by the Trustee of written notice of such occurrence, then no payment or distribution of any assets of the Company of any kind or character shall be made by the Company on account of the Subordinated Indebtedness or on account of the purchase or redemption or other acquisition of any Subordinated Indebtedness unless and until such Payment Default shall have been cured or waived in writing or shall have ceased to exist or such Senior Indebtedness shall have been discharged or paid in full in cash or Cash Equivalents, after which the Company shall resume making any and all required payments in respect of the Subordinated Indebtedness, including any missed payments.

(b) Unless Section 3 shall be applicable, upon (1) the occurrence of a Non-Payment Default and (2) receipt by the Company or the Trustee from the representative of holders of such Designated Senior Indebtedness of written notice of such occurrence, then no payment or distribution of any assets of the Company of any kind or character shall be made by the Company on account of any Subordinated Indebtedness or on account of the purchase or redemption or other acquisition of any Subordinated Indebtedness for a period ("Payment Blockage Period") commencing on the earlier of the date of receipt by the Company or the date of receipt by the Trustee of such notice from such representative unless and until (subject to any blockage of payments that may then be in effect under paragraph (a) of this Section) (x) more than 179 days shall have elapsed since receipt of such written notice by the Company or the Trustee, whichever was earlier, (y) such Non-Payment Default shall have been cured or waived in writing or shall have ceased to exist or such Designated Senior Indebtedness shall have been discharged or (z) such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from such representative initiating such Payment Blockage Period, after which, in the case of clause (x),

(y) or (z), the Company shall resume making any and all required payments in respect of any Subordinated Indebtedness, including any missed payments. Notwithstanding any other provision of this Agreement, only one Payment Blockage Period may be commenced within any consecutive 360-day period, and no event of default with respect to Designated Senior Indebtedness which existed or was continuing on the date of the commencement of any Payment Blockage Period initiated by or on behalf of such Designated Senior Indebtedness shall be, or be made, the basis for the commencement of a second Payment Blockage Period whether or not within a period of 360 consecutive days unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days subsequent to the commencement of such initial Payment Blockage Period (it being acknowledged that any subsequent action, or any breach of any financial covenant for a period commencing after the date of commencement of such Payment Blockage Period, that, in either case, would give rise to a Non-Payment

Default pursuant to any provision under which a Non-Payment Default previously existed or was continuing shall constitute a new Non-Payment Default for this purpose; provided that, in the case of a breach of a particular financial covenant, the Company shall have been in compliance for at least one full period of not less than 90 consecutive days commencing after the date of commencement of such Payment Blockage Period). In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Trustee of the notice and there must be a 181-consecutive day period in any 360-day period during which no Payment Blockage Period is in effect.

(c) In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or the holder of any Subordinated Indebtedness prohibited by the foregoing provisions of this Section, then and in such event such payment shall be received and held in trust for the benefit of the holders of Senior Indebtedness and paid over and delivered forthwith to the Company.

5. Payment Permitted If No Default.

Nothing contained herein or in any instrument evidencing the Subordinated Indebtedness shall prevent the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshalling of assets and liabilities of the Company referred to in Section 3 or under the conditions described in Section 4, from making payments at any time of principal of (and premium, if any, on) or interest on the Subordinated Indebtedness.

6. Subrogation to Rights of Holders of Senior Indebtedness.

Subject to the payment in full in cash or Cash Equivalents of all Senior Indebtedness, the holders of the Subordinated Indebtedness shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of (and premium, if any, on) and interest on the Subordinated Indebtedness shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the holders of the Subordinated Indebtedness or the Trustee would be entitled except for the provisions in this Article, shall, as among the Company, its creditors other than holders of Senior Indebtedness, and the holders of the Subordinated Indebtedness, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

7. Provisions Solely to Define Relative Rights.

The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the holders of the Subordinated Indebtedness on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article or elsewhere in the Subordinated Indenture or in any Securities is intended to or shall (a) impair, as between the Company and the holders of the Subordinated Indebtedness, the obligation of the Company, which is absolute and unconditional, to pay to the holders of the Securities the principal of (and premium, if any, on) and interest on the Securities as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company of the holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness; or (c) prevent the Trustee or the holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under the Subordinated Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness.

8. Trustee to Effectuate Subordination.

Each holder of any Security by its acceptance thereof authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee its attorney-in-fact for any and all such purposes.

9. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of the Subordinated Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without in any way limiting the generality of paragraph (a) of this Section 9, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the holders of the Securities, without incurring responsibility to the holders of the Securities and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the holders of the Subordinated Indebtedness to the holders of Senior Indebtedness, do any one or more of the following: (1) change the manner, place or terms of payment or extend the time or payment of, or renew or alter, Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (2) sell, exchange,

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release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (3) release any Person liable in any manner for the collection of Senior Indebtedness; and (4) exercise or refrain from exercising any rights against the Company or any other Person.

10. Notice to Trustee

(a) The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article or any other provision of the Subordinated Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from any trustee, fiduciary or agent therefor; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts, subject to Sections 3.15(a) through 3.15(d) of the Trust Indenture Act of 1939, exist; provided, however, that, if the Trustee shall not have received the notice as provided for in this Section 10 at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any, on) or interest on any Security), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date.

(b) The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing itself to be a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

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11. Reliance on Judicial Order or Certificate of Liquidating Agent

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee, subject to Sections 3.15(a) through 3.15(d) of the Trust Indenture Act of 1939, and the holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which any insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the holders of Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

12. Rights of Trustee As a Holder of Senior Indebtedness; Preservation of Trustee's Rights

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in the Subordinated Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to the fees and expenses, and other claims of and payments to, the Trustee in its capacity as trustee under the Subordinated Indenture.

13. No Suspension of Remedies.

Nothing in this Article shall limit the right of the Trustee or the holders of Securities to take any action to accelerate the maturity of the Securities or to pursue any rights or remedies hereunder or under applicable law, provided that the right to receive payment on the Subordinated Indebtedness is subject to the provisions of Sections 3 and 4.

14. Trust Moneys Not Subordinated.

Notwithstanding anything contained herein to the contrary, payments from cash or the proceeds of U.S. Government Obligations held in trust under the Subordinated Indenture by the Trustee (or other qualifying trustee) and which were deposited in accordance with the terms of the Subordinated Indenture and not in violation of this Article for the payment of principal of (and premium, if any, on) and interest on the Securities shall not be subordinated to the prior payment of any Senior Indebtedness or subject to the restrictions set forth in this Article, and none of the holders of the Subordinated Indebtedness shall be obligated to pay over any such amount to the Company or any holder of Senior Indebtedness or any other creditor of the Company.

**SCHEDULE 1
TO
ASSIGNMENT AND ACCEPTANCE**

Percentage interest of Assignor's Commitment assigned:

\$ _____ %

Assignee's Commitment:

\$ _____

Aggregate outstanding principal amount of Syndicated Loans assigned:

\$ _____

Effective Date (if other than date of acceptance by Agent):

[NAME OF ASSIGNOR], as Assignor

By _____ Its:

Dated: _____, 19__

[NAME OF ASSIGNEE], as Assignee

By _____ Its:

Domestic Lending Office:

Eurodollar Lending Office:

Consented to and accepted this ___ day of _____, 19__

Consented to this ___ day of _____, 19__

NBD Bank, as Agent

MascoTech, Inc.

By: _____

By: _____

Its: _____

Its: _____

SCHEDULE 2

City of Fort Wayne, Indiana Industrial Development Revenue Bonds (ND Tech Project)

SCHEDULE 1

Applicable Margin for Eurodollar Rate Syndicated Loans and Letters of Credit

APPLICABLE MARGIN FOR EURODOLLAR RATE SYNDICATED LOANS AND LETTERS OF CREDIT CHART	Interest Coverage Ratio less than 2.00:1.00	Interest Coverage Ratio equal to or greater than 2.00:1.00 and less than 3.00:1.00	Interest Coverage Ratio equal to or greater than 3.00:1.00 and less than 4.25:1.00	Interest Coverage Ratio equal to or greater than 4.25:1.00 and less than 5.25:1.00	Interest Coverage Ratio equal to or greater than 5.25:1.00
Senior Leverage Ratio greater than 1.15:1.00	1.00%	0.75%	0.625%	0.50%	0.40%
Senior Leverage Ratio equal to or less than 1.15:1.00 and greater than 0.80:1.00	0.80%	0.625%	0.50%	0.40%	0.325%
Senior Leverage Ratio equal to or less than 0.80:1.00 and greater than 0.55:1.00	0.675%	0.50%	0.40%	0.325%	0.25%
Senior Leverage Ratio equal to or less than 0.55:1.00	0.55%	0.40%	0.325%	0.25%	0.25%

SCHEDULE 1 (CONTINUED)

Applicable Margin for CD Rate Loans

APPLICABLE MARGIN FOR CD RATE LOANS CHART	Interest Coverage Ratio less than 2.00:1.00	Interest Coverage Ratio equal to or greater than 2.00:1.00 and less than 3.00:1.00	Interest Coverage Ratio equal to or greater than 3.00:1.00 and less than 4.25:1.00	Interest Coverage Ratio equal to or greater than 4.25:1.00 and less than 5.25:1.00	Interest Coverage Ratio equal to or greater than 5.25:1.00
Senior Leverage Ratio greater than 1.15:1.00	1.125%	0.875%	0.750%	0.625%	0.525%
Senior Leverage Ratio equal to or less than 1.15:1.00 and greater than 0.80:1.00	0.925%	0.750%	0.625%	0.525%	0.450%
Senior Leverage Ratio equal to or less than 0.80:1.00 and greater than 0.55:1.00	0.800%	0.625%	0.525%	0.450%	0.375%
Senior Leverage Ratio equal to or less than 0.55:1.00	0.675%	0.525%	0.450%	0.375%	0.375%

SCHEDULE 1 (CONTINUED)

Applicable Margin for Facility Fees

APPLICABLE MARGIN FOR FACILITY FEES CHART	Interest Coverage Ratio less than 2.00:1.00	Interest Coverage Ratio equal to or greater than 2.00:1.00 and less than 3.00:1.00	Interest Coverage Ratio equal to or greater than 3.00:1.00 and less than 4.25:1.00	Interest Coverage Ratio equal to or greater than 4.25:1.00 and less than 5.25:1.00	Interest Coverage Ratio equal to or greater than 5.25:1.00
Senior Leverage Ratio greater than 1.15:1.00	0.25%	0.225%	0.225%	0.20%	0.175%
Senior Leverage Ratio equal to or less than 1.15:1.00 and greater than 0.80:1.00	0.225%	0.225%	0.20%	0.175%	0.15%
Senior Leverage Ratio equal to or less than 0.80:1.00 and greater than 0.55:1.00	0.225%	0.20%	0.175%	0.15%	0.125%
Senior Leverage Ratio equal to or less than 0.55:1.00	0.20%	0.175%	0.150%	0.125%	0.125%

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EXHIBIT 10.d

STOCK REPURCHASE AGREEMENT

This Agreement is made as of May 1, 1984 between Masco Corporation, a Delaware corporation ("Masco"), and Masco Industries, Inc., a Delaware corporation ("Industries").

WHEREAS, Masco is transferring to Industries certain assets pursuant to the Masco Corporation Corporate Restructuring Plan (the "Plan") dated as of May 1, 1984 and proposes thereafter, pursuant to the Plan, to distribute as a dividend (the "Distribution") in excess of 40% of Industries' Common Stock, \$1.00 par value (the "Common Stock"), to the stockholders of Masco;

WHEREAS, as a result of the Distribution, Industries will become a publicly held corporation and Masco will initially own approximately 50% of the Common Stock;

WHEREAS, employees of and consultants to Masco and Industries and their respective subsidiaries may on the date of the Distribution possess share awards of Common Stock under the Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (the "Masco Plan") which are forfeitable to Masco upon the occurrence of the events specified therein, Industries has established its own Restricted Stock Incentive Plan and may in the future establish additional plans (the "Industries Plans") under which shares of Common Stock of Industries could be awarded to employees of and consultants to Industries and its

subsidiaries and affiliated companies subject to forfeiture to Industries, and Industries may in the future desire to repurchase shares of its outstanding Common Stock; and

WHEREAS, Masco desires to prevent any of the foregoing events, without the concurrence of Masco, from resulting in an increase in Masco's percentage ownership of the outstanding Common Stock as it exists immediately prior to occurrence of such event;

NOW, THEREFORE, the parties hereby agree as follows:

1. If at any time prior to May 1, 1994, (a) Industries or any of its subsidiaries shall repurchase any Common Stock or (b) any shares of Common Stock, which have been awarded to any employees of or consultants to Industries or its subsidiaries or affiliated companies pursuant to the Industries Plans, or which have been awarded to any employees of or consultants to Industries or its subsidiaries or affiliated companies or Masco or its subsidiaries or affiliated companies pursuant to the Masco Plan, shall be forfeited to Industries or Masco pursuant to the terms thereof, Industries shall offer to Masco the opportunity to sell to Industries on the terms and conditions hereinafter set forth, the number of shares of Common Stock (the "Offered Shares") necessary to prevent any increase in the percentage of outstanding shares of Common Stock owned by Masco immediately prior to such repurchase or forfeiture.

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2. Promptly after any forfeiture pursuant to the Masco Plan should Masco desire to sell shares of Common Stock to Industries, Masco shall notify Industries thereof, specifying the number of shares of Common Stock so forfeited. Promptly after any such repurchase by Industries or forfeiture pursuant to the Industries Plans, Industries shall notify Masco thereof in writing, specifying the number of shares of Common Stock so repurchased or forfeited and the number of shares of Common Stock required to be sold by Masco to Industries to prevent the increase in percentage ownership as provided in Paragraph 1. Industries shall thereafter offer Masco the opportunity for 30 days from the date of either of such notices to sell to Industries all (or such lesser number as is specified by Masco in its acceptance referred to in Paragraph 3) of the Offered Shares for a purchase price (the "Purchase Price") equal to (a) in the case of a repurchase of Common Stock by Industries, the highest repurchase price paid by Industries to a third party during the 30-day period ending on the date of such repurchase or (b) in the case of the forfeiture of shares of Common Stock pursuant to the Industries Plans or the Masco Plan, as the case may be, the fair market value of shares of the Common Stock at the close of trading on the date of such forfeiture.

3. If Masco shall accept Industries' offer within the 30-day period specified in Paragraph 2 above by written notice to Industries, then on the date 5 days after the date

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of Masco's acceptance, Masco shall deliver to Industries duly executed certificates representing the Offered Shares as to which Industries' offer has been accepted against receipt from Industries of the amount of the Purchase Price for such Offered Shares.

4. This agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

5. This Agreement shall not be assigned by either party, except to a successor to substantially all of the business of a party, without the express written consent of the other party.

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

MASCO CORPORATION

MASCO INDUSTRIES, INC.

By /s/ [sig]

By /s/ [sig]

Executive Vice President

President

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September 20, 1985

Mr. Richard G. Mosteller
Masco Corporation
21001 Van Born Road
Taylor, Michigan 48180

Re: Restricted Stock Incentive Plans

Dear Mr. Mosteller:

This will confirm (i) our arrangements regarding reimbursement of costs relating to unvested incentive award shares of Masco Corporation ("Masco") common stock and Masco Industries, Inc. ("Industries") common stock upon transfers of employment and consulting relationships between Masco and Industries, (ii) our arrangements regarding reimbursement upon forfeitures of such shares, and (iii) our prior understandings on the implementation of the Stock Repurchase Agreement dated May 1, 1984 between Masco and Industries with respect to Industries' repurchases of its common stock from Masco following the forfeiture of shares of Industries common stock granted under either Masco's or Industries' restricted stock incentive plan (the "Industries Stock Incentive Plans") and following open market repurchases of such stock by Industries. These procedures have been established in order to attribute the cost of such incentive shares in respect of the employees of and consultants to Masco and Industries and to permit Masco, among other things, to achieve its expressed objective of maintaining its equity ownership in Industries at not more than 50% after any forfeiture of Industries incentive award shares. These procedures are not intended to alter the rights of the parties under the Corporate Restructuring Plan or the Stock Repurchase Agreement except as expressly provided herein, and may be terminated by Masco or Industries at any time without cause, effective ten days after notice of termination.

1. Transfers.

If a person changes employment or a consulting relationship from Masco to Industries or from Industries to Masco, the new employer will reimburse the former employer for the cost on the books of the former employer which is associated with unvested shares of Masco common stock or Industries common stock awarded under a Masco or Industries incentive plan, to the extent such shares may continue to vest while the person is engaged by the new employer.

2. Forfeitures By Industries Employees And Consultants.

A. Shares of Industries common stock forfeited by an Industries employee or consultant which were granted pursuant to either of the Industries Stock Incentive Plans are deemed automatically acquired by Industries from the employee or consultant as of the date of the forfeiture notwithstanding any contrary provision in either of the Industries Stock Incentive Plans. Industries waives its right under Paragraph 4.02 of the Corporate Restructuring Plan to require Masco to pay Industries an amount equal to the unamortized cost of Industries shares forfeited by Industries employees which were granted under Masco's Industries Stock Incentive Plan and no amount is payable by Industries to Masco on account of Industries' acquisition of such forfeited shares.

B. Shares of Masco common stock that were granted under the Masco Restricted Stock Incentive Plan are forfeited by Industries employees and consultants to Masco upon termination of employment or the consulting relationship. Masco will reimburse Industries for the cost on Industries' books which is associated with such forfeited Masco shares.

3. Forfeitures By Masco Employees And Consultants.

If Masco's equity ownership in Industries would exceed 50% at the end of any month, shares of Industries common stock forfeited by Masco employees and consultants during such month are deemed automatically acquired by Industries from those employees and consultants (notwithstanding any contrary provision in Masco's Industries Stock Incentive Plan) on the last day of such month to the extent necessary so that Masco's ownership will not exceed 50% as of such

date. Industries will reimburse Masco for its loss arising from such forfeiture by paying to Masco an amount equal to the fair market value of such shares (as determined under Paragraph 4 hereof) on the last trading day of such month.

4. Repurchase of Industries Shares On Account Of Forfeitures. If Masco's equity ownership in Industries would exceed 50% at the end of any month in which forfeited Industries shares are deemed automatically acquired by Industries, Industries is deemed to repurchase from Masco, on the last day of such month, additional shares of Industries common stock to the extent necessary so that Masco's ownership of Industries common stock does not exceed 50% as of the last day of such month. Pursuant to Paragraph 2(b) of the Stock Repurchase Agreement, the price for the Industries shares so repurchased from Masco is the fair market value of such shares at the close of trading on the last trading day of such month (which is determined by the last sale price for Industries shares as reported in the NASDAQ National Market System).

5. Repurchase of Industries Shares On Account Of Open Market Purchases. If Masco's equity ownership in Industries would exceed 50% at the end of any month in which Industries makes open market purchases of its common stock in connection with awards of shares under its Industries Stock Incentive Plan or in connection with employee stock options, Industries is deemed to repurchase from Masco, on the last day of such month, shares of Industries common stock to the extent necessary so that Masco's ownership of Industries common stock does not exceed 50% as of the last day of such month. Notwithstanding Paragraph 2(a) of the Stock Repurchase Agreement, the price for the Industries shares so repurchased from Masco is the weighted average price paid by Industries for its open market share purchases during such month. If Masco's equity ownership of Industries would exceed 50% at the end of any month in which forfeited Industries shares are deemed automatically acquired by Industries and in which Industries makes open market purchases of the types contemplated under Paragraph 5 hereof, shares shall be deemed to be repurchased by Industries first pursuant to Paragraph 4. If, after such repurchases pursuant to Paragraph 4, Masco's equity ownership would still exceed 50%, shares shall then be deemed to be repurchased by Industries pursuant to this Paragraph 5.

6. Quarterly Settlement. Masco and Industries will effect a quarterly settlement of the amounts required hereunder to be (i) reimbursed upon the transfer of employment or a consulting relationship between Masco and Industries, (ii) reimbursed to Masco upon the forfeiture of Industries shares by Masco employees and consultants, (iii) reimbursed to Industries upon the forfeiture of Masco shares by Industries employees and consultants, and (iv) paid to Masco for any repurchase of Industries shares pursuant to Paragraphs 4 and 5 hereof.

7. Additional Provisions.

A. Appropriate instructions will be given to Industries' transfer agent to reflect Industries' ownership of forfeited Industries shares and repurchase of additional Industries shares.

B. Masco and Industries will promptly notify each other of forfeitures of shares which are subject to these procedures.

C. These procedures are deemed to be effective as of May 1, 1984, notwithstanding the fact that certain reports prepared prior to the date hereof are inconsistent herewith, and this letter supersedes any prior arrangements with respect to such procedures.

Please confirm your agreement with the foregoing procedures.

Sincerely,

*/s/ James J. Sigouin
James J. Sigouin
Vice President -
Finance*

Confirmed by Masco Corporation:

*By /s/ Richard G.
Mosteller*

*Richard G. Mosteller
Senior Vice President
- Finance*

AMENDMENT TO STOCK REPURCHASE AGREEMENT

AMENDMENT dated as of December 20, 1990 between Masco Corporation, a Delaware corporation ("Masco"), and Masco Industries, Inc., a Delaware corporation ("Industries").

WHEREAS, Masco and Industries are parties to a Stock Repurchase Agreement dated as of May 1, 1984 and a related letter agreement dated September 20, 1985; and

WHEREAS, Masco and Industries desire to amend the Stock Repurchase Agreement in connection with the transactions contemplated by the Exchange Agreement dated as of December 18, 1990 between Masco and Industries;

NOW, THEREFORE, the parties agree that Paragraph 1 of the Stock Repurchase Agreement dated as of May 1, 1984 is amended to read as follows:

"1. If at any time prior to May 1, 1994, (a) Industries or any of its subsidiaries shall repurchase any Common Stock or (b) any shares of Common Stock, which have been awarded to any employees of or consultants to Industries or its subsidiaries or affiliated companies pursuant to the Industries Plans, or which have been awarded to any employees of or consultants to Industries or its subsidiaries or affiliated companies or Masco or its subsidiaries or affiliated companies pursuant to the Masco Plan, shall be forfeited to Industries or Masco pursuant to the terms thereof, and as a result of such repurchase or forfeiture the percentage of outstanding shares of Common Stock owned by Masco would increase to an amount in excess of 49%, Industries shall offer to Masco the opportunity to sell to Industries on the terms and conditions hereinafter set forth, the number of shares of Common Stock (the "Offered Shares") necessary to reduce the percentage of outstanding shares of Common Stock owned by Masco to 49%."

Except as specifically amended hereby, the Stock Repurchase Agreement and related letter agreement referred to above remain in full force and effect.

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

MASCO CORPORATION

MASCO INDUSTRIES, INC.

By /s/ [sig]

By /s/ [sig]

*Vice President and Secretary
Officer*

President and Chief Operating

REGISTRATION AGREEMENT

This Agreement is made as of December 27, 1988, among TriMas Corporation, a Delaware corporation ("TriMas"), Masco Corporation, a Delaware Corporation ("Masco") and Masco Industries, Inc., a Delaware corporation ("Industries").

WHEREAS, Industries has agreed, pursuant to an Acquisition and Subscription Agreement dated as of November 7, 1988 (the "Acquisition Agreements"), to transfer certain businesses and cash to TriMas in exchange for TriMas common stock, TriMas preferred stock and TriMas subordinated debentures;

WHEREAS, Masco currently owns TriMas common stock and has agreed, pursuant to the Acquisition Agreement, to contribute cash to TriMas in exchange for additional shares of TriMas common stock, and proposes thereafter to distribute as a dividend a portion of its shares of TriMas common stock to its stockholders, as a result of which TriMas will become a publicly held corporation with approximately 48% of its outstanding common stock owned by Industries and approximately 19% owned by Masco; and

WHEREAS, in connection with the Acquisition Agreement, TriMas has agreed to provide to Masco and Industries certain registration rights as provided herein.

NOW, THEREFORE, the parties agree as follows:

1 (a). Registration of TriMas Common Stock. At any time that Masco and Industries own in the aggregate at least 20% of the outstanding common stock of TriMas, par value \$.01 per share (the "Common Stock"), whenever TriMas shall receive a written request signed by Masco or Industries requesting TriMas to file a registration statement under the Securities Act of 1933, as in effect at the relevant time, or a comparable statement under any similar Federal statute then in effect (a "Common Stock Registration Statement"), TriMas shall promptly prepare and file a Common Stock Registration Statement covering the Common Stock requested to be registered and any other Common Stock of registered holders who acquired such Common Stock from Masco or Industries and who have obtained a written agreement from Masco or Industries to participate hereunder (which agreement shall have been filed with TriMas), which, upon inquiry to be then made of all such holders by TriMas, is requested by such holders to be included therein (the "Common Stock Holders"), and use its best efforts to cause the Common Stock Registration Statement to become effective and remain effective for the period required to permit the public offering and sale of the Common Stock covered thereby; provided, however, that (i) TriMas shall not be

obligated to make any such filing with respect to less than 300,000 shares of Common Stock (as adjusted from time to time for stock splits, dividends and similar events), (ii) TriMas shall not be obligated to make any such filing within 12 months from the effective date of the next preceding filing made pursuant to this Paragraph 1, and (iii) TriMas may elect to defer, for a period not exceeding a total of 90 days, the preparation of any such Common Stock Registration Statement if in TriMas' good faith judgment pending or prospective business developments justify a temporary delay. All expenses (other than fees and expenses of any underwriters and counsel to Masco, Industries and the Common Stock Holders) in connection with registrations undertaken by TriMas pursuant to this Paragraph 1 shall be borne by TriMas. Either Masco or Industries, as determined by which of them first requests the filing of each Common Stock Registration Statement, shall be deemed to be the representative of the other and all Common Stock Holders, with full authority to select a managing underwriter, withdraw or abandon the Common Stock Registration Statement, and make comparable decisions on behalf of the other and all Common Stock Holders after reasonable consultation therewith

1 (b). Registration Procedures. (i) Whenever TriMas shall file a Common Stock Registration Statement pursuant to this Paragraph 1, TriMas shall (A) thereafter, for such period of time as shall be required in connection with the transactions contemplated thereby and permitted by applicable rules, regulations and administrative practice, file all post-effective amendments and supplements thereto and all filings under the Securities Exchange Act of 1934 that are necessary or appropriate so that neither the Common Stock Registration Statement nor any related prospectus shall contain any material misstatement or omission relative to TriMas or any of its assets or its business or affairs and so that the Common Stock Registration Statement and such prospectus will otherwise comply with all applicable legal requirements, (B) furnish to Masco, Industries and the Common Stock Holders such number of copies of the Common Stock Registration Statement and any related preliminary prospectus, prospectus, post-effective amendment or supplement as Masco, Industries and the Common Stock Holders reasonably may request, and (C) take all action that may be necessary under the securities or Blue Sky laws of any state and as reasonably may be requested by Masco, Industries or the Common Stock Holders to permit the public offering and sale of the Common Stock covered by the Common Stock Registration Statement; provided, however, that in no event shall TriMas be obligated to qualify to do business in any jurisdiction where it is not now qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Common Stock, in any jurisdiction where it is not now subject. In connection with any such Common Stock

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Registration Statement, TriMas shall deliver to Masco, Industries and the Common Stock Holders and any underwriters for Masco, Industries and the Common Stock Holders such indemnities, contribution agreements, opinions of counsel and letters of independent public accountants as are then customarily given to underwriters of registered public offerings and selling security holders. The underwriters and Masco, Industries and the Common Stock Holders shall deliver to TriMas such indemnities, contribution agreements and opinions as are then customarily given to issuers of registered public offerings.

(ii) Anything in this Agreement to the contrary notwithstanding, TriMas shall not be obligated to file a Common Stock Registration Statement pursuant to this Paragraph 1 unless Masco, Industries and the Common Stock Holders shall have furnished TriMas in writing all information with respect to Masco, Industries and the Common Stock Holders, the Common Stock held by Masco, Industries and the Common Stock Holders and requested to be so included, the transaction or transactions which Masco, Industries and the Common Stock Holders contemplate and each underwriter who will act for Masco, Industries and the Common Stock Holders in connection therewith, that any law, rule or regulation requires to be disclosed therein.

(iii) TriMas covenants that it will file the reports required to be filed by it under the Securities Exchange Act of 1934, as in effect from time to time, and the rules and regulations adopted by the Securities and Exchange Commission thereunder, and will deliver to Masco and Industries at their request a written statement affirming that it has complied with such requirements.

2 (a). Registration of TriMas Preferred Stock. Whenever TriMas shall receive a written request signed by Industries requesting TriMas to file a registration statement under the Securities Act of 1933, as in effect at the relevant time, or a comparable statement under any similar Federal statute then in effect (a "Preferred Stock Registration Statement") with respect to the \$100 Convertible Participating Preferred Stock of TriMas, par value \$1.00 per share (the "Preferred Stock"), TriMas shall promptly prepare and file a Preferred Stock Registration Statement covering the Preferred Stock requested to be registered and any other Preferred Stock of registered holders thereof who acquired such Preferred Stock from Industries and who have obtained a written agreement from Industries to participate hereunder (which agreement shall have been filed with TriMas) which, upon inquiry to be then made of all such holders by TriMas, is requested by such holders to be included therein (the "Preferred Stock Holders"), and use its best efforts to cause the Preferred Stock Registration Statement to become effective and to remain effective for the

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period required to permit the public offering and sale of the Preferred Stock covered thereby; provided, however, that (i) TriMas shall not be obligated to make any such filing with respect to less than 10,000 shares of Preferred Stock, (ii) TriMas shall not be obligated to make any such filing within 12 months from the effective date of the next preceding filing made pursuant to this Paragraph 2, and (iii) TriMas may elect to defer, for a period not exceeding a total of 90 days, the preparation of any such Preferred Stock Registration Statement if in TriMas's good faith judgment pending or prospective business developments justify a temporary delay. All expenses (other than fees and expenses of any underwriters and counsel to Industries and the Preferred Stock Holders) in connection with registrations undertaken by TriMas pursuant to this Paragraph 2 shall be borne by TriMas. Industries shall be deemed to be the representative of all Preferred Stock Holders, with full authority to select a managing underwriter, withdraw or abandon the Preferred Stock Registration Statement, and make comparable decisions on behalf of all Preferred Stock Holders after reasonable consultation therewith.

2 (b). Preferred Stock Registration Procedures. (i) Whenever TriMas shall file a Preferred Stock Registration Statement pursuant to this Paragraph 2, TriMas shall (A) thereafter, for such period of time as shall be required in connection with the transactions contemplated thereby and permitted by applicable rules, regulations and administrative practice, file all post-effective amendments and supplements thereto and all filings under the Securities Exchange Act of 1934 that are necessary or appropriate so that neither the Preferred Stock Registration Statement nor any related prospectus shall contain any material misstatement or omission relative to TriMas or any of its assets or its business or affairs and so that the Preferred Stock Registration Statement and such prospectus will otherwise comply with all applicable legal requirements, (B) furnish to Industries and the Preferred Stock Holders such number of copies of the Preferred Stock Registration Statement and any related preliminary prospectus, prospectus, post-effective amendment or supplement as Industries and the Preferred Stock Holders reasonably may request, and (C) take all action that may be necessary under the securities or Blue Sky laws of any state and as reasonably may be requested by Industries and the Preferred Stock Holders, to permit the public offering and sale of the Preferred Stock covered by the Preferred Stock Registration Statement; provided, however, that in no event shall TriMas be obligated to qualify to do business in any jurisdiction where it is not now qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Preferred Stock in any jurisdiction where it is not now subject. In connection with any such Preferred Stock Registration Statement, TriMas shall deliver to

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Industries and the Preferred Stock Holders and any underwriters for Industries and the Preferred Stock Holders such indemnities, contribution agreements, opinions of counsel and letters of independent public accountants as are then customarily given to underwriters of registered public offerings and selling security holders. The underwriters and Industries and the Preferred Stock Holders shall deliver to TriMas such indemnities, contribution agreements and opinions as are then customarily given to issuers of registered public offerings.

(ii) Anything in this Agreement to the contrary notwithstanding, TriMas shall not be obligated to file a Preferred Stock Registration Statement pursuant to this Paragraph 2 unless Industries and the Preferred Stock Holders shall have furnished TriMas in writing all information with respect to Industries and the Preferred Stock Holders, the Preferred Stock held by Industries and the Preferred Stock Holders and requested to be so included, the transaction or transactions which Industries and the Preferred Stock Holders contemplate and each underwriter who will act for Industries and the Preferred Stock Holders in connection therewith, that any law, rule or regulation requires to be disclosed therein.

(iii) TriMas covenants that it will file the reports required to be filed by it under the Securities Exchange Act of 1934, as in effect from time to time, and the rules and regulations adopted by the Securities and Exchange Commission thereunder, and will deliver to Industries at its request a written statement affirming that it has complied with such requirements.

3 (a). Amendments and Waivers. This Agreement may not be amended or terminated, nor any condition or term hereof be waived orally, but only by an instrument in writing duly executed by the parties hereto or, in the case of a waiver, by the party otherwise entitled to performance.

3 (b). Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors and assigns.

3 (c). Governing Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Michigan.

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3(d). Paragraph and Other Headings. The paragraph and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

MASCO CORPORATION

TRIMAS CORPORATION

By [sig]

By [sig]

MASCO INDUSTRIES, INC.

By [sig]

[MASCO CORPORATION LETTERHEAD]

April 21, 1992

Mr. Brian P. Campbell, President
TriMas Corporation
315 E Eisenhower Parkway
Suite 300
Ann Arbor, Michigan 48108

Dear Brian:

This will confirm our understanding to modify the Registration Agreement dated December 27, 1988 among TriMas Corporation, Masco Corporation and Masco Industries (the "Registration Agreement"). The Registration Agreement currently limits Masco Corporation and Masco Industries from requesting more than one registration within a period of twelve months. At the request of your underwriters, each of Masco Corporation and Masco Industries agrees that it will not, for a period of 120 days after the effective date of TriMas' definitive prospectus relating to its proposed offering of Common Stock, provided that such effective date is prior to May 15, 1992, (i) offer for sale, sell, contract to sell or otherwise dispose of any shares of TriMas Common Stock, or (ii) exercise any Common Stock registration rights granted to each of them in the Registration Agreement (including but not limited to requesting registration of shares owned by others).

In return for the foregoing, and whether or not TriMas' current registration statement it declared effective, TriMas agrees that the Registration Agreement is hereby modified so that if Masco Corporation or Masco Industries requests registration of shares of TriMas Common Stock heretofore sold to the respective executives of Masco Corporation and Masco Industries pursuant to the Executive Agreements (as defined below), and such registration is filed during 1992, they may also request that TriMas file not earlier than January 1, 1993 a second registration statement covering additional such shares of TriMas Common Stock heretofore sold pursuant to the Executive Agreements, even if such second registration is within twelve months of the effective date of the initial filing during 1992 (so long as such request otherwise complies with the terms of the Registration Agreement and is made not less than 90 days from the date of the initial such request). It is understood that if a registration request is made in 1992 and the registration statement is for any reason not filed during 1992, Masco Corporation or Masco Industries shall be entitled, prior to filing, to increase the number of shares covered by such request. All other provisions contained in the Registration Agreement

[MASCO CORPORATION LETTERHEAD]

Mr. Brian P. Campbell
April 21, 1992
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including but not limited to those limiting registration requests are unaffected hereby.

In connection with the foregoing, we advise you as follows:

1. All executives who have purchased TriMas stock from Masco Corporation or Masco Industries have done so pursuant to the agreements which shall be provided to you prior to any request for registration (the "Executive Agreements").
2. None of the executives who have purchased TriMas stock pursuant to the Executive Agreements have notified Masco Corporation or Masco Industries that they wish to sell any of their TriMas stock in the immediate future.
3. The Executive Agreements currently contain restrictions on sales of stock by the executive which do not permit the executives to sell in a registered offering more than 50% of such executive's TriMas stock subject to the Executive Agreements during 1992, and 75% of such stock by the end of 1993. Masco Corporation and Masco Industries will not amend, waive or modify the Executive Agreements to permit any sales in a registered offering in excess of these restrictions

Please confirm TriMas' Agreement with the modifications set forth above which will become effective upon signature as provided below.

Sincerely,

MASCO CORPORATION

MASCO INDUSTRIES, INC.

By /s/ Richard A. Manoogian
Manoogian

By /s/ Richard A.

Richard A. Manoogian

Richard A. Manoogian

TriMas Corporation and the Oversight Committee of its Board of Directors concur with the foregoing.

TRIMAS CORPORATION

OVERSIGHT COMMITTEE

By /s/ Brian P. Campbell

By /s/ Herbert S. Amster

Brian P. Campbell
President

Herbert S. Amster

By /s/ Helmut F. Stern

Helmut F. Stern

AMENDMENT TO REGISTRATION AGREEMENT

This is an Amendment dated as of January 5, 1993 to a Registration Agreement dated as of December 27, 1988 and amended as of April 21, 1992 (the "Registration Agreement") among TriMas Corporation, a Delaware corporation ("TriMas"), Masco Corporation, a Delaware corporation ("Masco"), and Masco Industries, Inc., a Delaware corporation ("Industries").

WHEREAS, the common stock, par value \$.01 per share, of TriMas is referred to herein as the "Common Stock";

WHEREAS, Masco and Industries have certain registration rights pursuant to the Registration Agreement with respect to their shares of Common Stock;

WHEREAS, the Registration Agreement provides that Masco and Industries may assign certain of their registration rights under certain circumstances to transferees who purchase shares of Common Stock from Masco and Industries;

WHEREAS, Masco and Industries sold certain shares of Common Stock (the "Executive Shares") to certain members of their senior management, including Richard A. Manoogian (the "Executives"), pursuant to letter agreements dated June 29, 1989 (the "Executive Letter Agreements");

WHEREAS, Masco and Industries gave the Executives certain registration rights pursuant to the Executive Letter Agreements with respect to the Executive Shares;

WHEREAS, TriMas, Masco, and Industries wish to amend the Registration Agreement to alter the arrangements for registration of the Executive Shares and to address certain other issues in connection therewith; and

WHEREAS, Masco, Industries, and the Executives are entering into conforming amendments to the Executive Letter Agreements concurrently herewith;

NOW, THEREFORE, the parties hereto agree as follows:

A. Paragraph 1 of the Registration Agreement is hereby amended and restated in its entirety to read as follows:

"1. Registration of TriMas Common Stock.

(a) Masco and Industries. At any time that Masco and Industries own in the aggregate at least 20% of the outstanding Common Stock, whenever TriMas shall receive a written request on behalf of Masco or Industries requesting TriMas to file a registration statement under the Securities Act of 1933, as in

effect at the relevant time (the "Securities Act"), or a comparable statement under any similar federal statute then in effect (in either case a "Common Stock Registration Statement"), with respect to any or all of the Common Stock of the requesting party, TriMas shall promptly prepare and file a Common Stock Registration Statement covering the Common Stock requested to be registered and any other Common Stock of Masco or Industries or of registered holders (other than the Executives) who acquired such Common Stock from Masco or Industries and who have obtained a written agreement from Masco or Industries to participate hereunder (which agreement shall have been filed with TriMas), which, upon inquiry to be then made of Masco, Industries, and all such other holders by TriMas, is requested by such holders ("the Common Stock Holders") to be included therein, and use its best efforts to cause the Common Stock Registration Statement to become effective and remain effective for the period required to permit the public offering and sale of the Common Stock covered thereby; provided, however, that (i) TriMas shall not be obligated to make any such filing with respect to less than 600,000 shares of Common Stock (as adjusted from time to time for stock splits, dividends and similar events after the date of this amendment), (ii) TriMas shall not be obligated to make any such filing within 12 months after the effective date of the next preceding filing made pursuant to this Paragraph 1(a), (iii) TriMas may elect to defer, for a period not exceeding a total of 90 days, the filing of any such Common Stock Registration Statement if in its good faith judgment pending or prospective business developments justify a temporary delay, and (iv) TriMas shall not be obligated to effect any "shelf" registration pursuant to this Paragraph 1(a). All expenses (other than fees and expenses of any underwriters and counsel to Masco, Industries, and the Common Stock Holders) in connection with any registration undertaken by TriMas pursuant to this Paragraph 1(a) shall be borne by TriMas. Either Masco or Industries, as determined by which of them first requests the filing of each Common Stock Registration Statement, shall be deemed to be the representative of the other and of all other Common Stock Holders, with full authority to select a managing underwriter, withdraw or abandon the Common Stock Registration Statement, and make comparable decisions on behalf of the other and of all other Common Stock Holders after reasonable consultation therewith.

(b) Richard A. Manoogian. If TriMas shall receive a written request on behalf of Richard A. Manoogian on or before June 30, 1996 requesting TriMas to file a Common Stock Registration Statement with respect to any or all of the Executive Shares which he purchased under his Executive Letter Agreements, TriMas shall promptly prepare and file a Common Stock Registration Statement covering the Executive Shares requested to be registered, and use its best efforts to cause the Common Stock Registration Statement to become effective and remain effective for the period required to permit the public offering and sale of the Executive Shares covered thereby; provided, however, that (i) TriMas shall not be obligated

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to make any such filing with respect to less than 600,000 Executive Shares (as adjusted from time to time for stock splits, dividends and similar events after the date of this amendment), (ii) TriMas shall not be obligated to make more than one such filing pursuant to this Paragraph 1(b), (iii) TriMas may elect to defer, for a period not exceeding a total of 90 days, the filing of any such Common Stock Registration Statement if in its good faith judgment pending or prospective business developments justify a temporary delay, and (iv) TriMas shall not be obligated to effect any "shelf" registration pursuant to this Paragraph 1(b). All expenses (other than fees and expenses of any underwriters and counsel to Richard A. Manoogian) in connection with any registration undertaken by TriMas pursuant to this Paragraph 1(b) shall be borne by TriMas.

(c) Other Executives. Promptly on or after the date of this Amendment, TriMas shall prepare and file a Common Stock Registration Statement covering 645,000 Executive Shares (as adjusted from time to time for stock splits, dividends and similar events after the date of this amendment) owned by the Executives other than Richard A. Manoogian (with such shares to be registered allocated among such Executives according to the number of shares each such Executive purchased under his Executive Letter Agreement), and shall use its best efforts to cause the Common Stock Registration Statement to become effective as soon as possible. Furthermore, on or before December 31, 1993, TriMas shall prepare and file a Common Stock Registration Statement covering an additional 215,000 Executive Shares (as adjusted from time to time for stock splits, dividends and similar events after the date of this amendment) owned by the Executives other than Richard A. Manoogian (with such shares to be registered allocated among such Executives according to the number of shares each such Executive purchased under his Executive Letter Agreement), and shall use its best efforts to cause the Common Stock Registration Statement to become effective as soon as possible thereafter; provided, however, that TriMas may elect to defer, for a period not exceeding a total of 90 days, the filing of such Common Stock Registration Statement if in its good faith judgment pending or prospective business developments justify a temporary delay. TriMas shall use its best efforts to keep each such Common Stock Registration Statement effective and in compliance with the Securities Act on a continuous basis (i.e., a "shelf" registration), and to provide the Executives with prospectuses and prospectus supplements in compliance with the Securities Act as may be required from time to time, until the earlier of (A) June 30, 1996 or (B) the date when none of the Executives retains any of the Common Stock registered thereunder. All expenses (other than fees and expenses of counsel to the Executives) in connection with the initial registration pursuant to this Paragraph 1(c) shall be borne by TriMas. All expenses in connection with the second registration pursuant to this Paragraph 1(c) shall be borne by Masco and Industries on behalf of their respective Executives, allocated among such Executives and ultimately between Masco and Industries

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according to the number of shares each such Executive is registering, except that TriMas will bear normal accounting expenses (e.g., consents). Any Executive who proposes to sell any shares of Common Stock under a Common Stock Registration Statement pursuant to this Paragraph 1(c) shall notify the Vice President - General Counsel or the Vice President - Investments of Masco, who in turn shall notify the President (or, if the President is absent or unavailable, any Vice President) of TriMas, and the Executive will not consummate such sale until the President or a Vice President of TriMas has been notified (or if more than 10 days have elapsed since the last such notice was given); provided, however, that following a "Change in Control" of Masco (as defined in the Executive Letter Agreements) such Executive may notify the President (or, if the President is absent or unavailable, any Vice President) of TriMas directly. TriMas will have the right at any time to suspend all sales of Executive Shares under this Paragraph 1(c), for a period not exceeding a total of 90 days, by notice to Masco, Industries, and the Executives (with a copy to the Vice President - General Counsel of Masco) if in its good faith judgment the relevant prospectus contains an untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The Executives shall sell their Executive Shares under the Common Stock Registration Statements pursuant to this Paragraph 1(c) only in accordance with the terms of the related prospectuses and any prospectus supplements, and shall not sell any Executive Shares pursuant to any such Common Stock Registration Statement while any suspension of sales thereunder is in effect.

(d) Registration Procedures.

(i) Whenever TriMas shall file a Common Stock Registration Statement pursuant to this Paragraph 1, TriMas shall (A) thereafter, for such period of time as shall be required in connection with the transactions contemplated thereby and permitted by applicable rules, regulations, and administrative practice, file all post-effective amendments and supplements thereto and all filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are necessary or appropriate so that neither the Common Stock Registration Statement nor any related prospectus shall contain any material misstatement or omission relative to TriMas or any of its assets or its business or affairs and so that the Common Stock Registration Statement and such prospectus will otherwise comply with all applicable legal requirements, (B) furnish to Masco, Industries, the Executives, and the other Common Stock Holders such number of copies of the Common Stock Registration Statement and any related preliminary prospectus, prospectus, post-effective amendment, or supplement as Masco, Industries, the Executives, and the other Common Stock Holders reasonably may request, and (C) take all action that may be necessary under the securities or Blue Sky laws of any state and as

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reasonably may be requested by any of Masco, Industries, the Executives, and the other Common Stock Holders to permit the public offering and sale of the Common Stock covered by the Common Stock Registration Statement; provided, however, that in no event shall TriMas be obligated to qualify to do business in any jurisdiction where it is not now qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Common Stock, in any jurisdiction where it is not now subject; provided, further, that the obligations of TriMas under this clause (i) shall be subject to the provisions of the next to last sentence of Paragraph 1(c) above.

(ii) In connection with any such Common Stock Registration Statement, TriMas shall deliver to Masco, Industries, the Executives, and the other Common Stock Holders and any underwriters acting for them such indemnities, contribution agreements, opinions of counsel, and letters of independent public accountants as are then customarily given to underwriters of registered public offerings and selling security holders. Masco, Industries, the Executives, and the other Common Stock Holders and any underwriters acting for them shall deliver to TriMas such indemnities, contribution agreements, and opinions as are then customarily given to issuers of registered public offerings.

(iii) Anything in this Agreement to the contrary notwithstanding, TriMas shall not be obligated to file a Common Stock Registration statement pursuant to this Paragraph 1, or to permit such Common Stock Registration Statement to become effective if filed, unless Masco, Industries, the Executives, and the other Common Stock Holders shall have furnished TriMas in writing all information with respect to the Common Stock Holders, the Common Stock held by the Common Stock Holders and requested to be so included, the transaction or transactions which the Common Stock Holders contemplate, and each underwriter who will act for the Common Stock Holders in connection therewith, that any law, rule, or regulation requires to be disclosed therein.

(iv) TriMas covenants that it will file on a timely basis the reports required to be filed by it under the Exchange Act, and the rules and regulations adopted by the Securities and Exchange Commission thereunder, and will deliver to Masco and Industries at their request a written statement affirming that it has complied with such requirements."

B. Except as provided herein, the Registration Agreement shall remain in full force and effect and not otherwise be modified or affected by the provisions hereof. This Amendment to Registration Agreement may be executed in multiple counterparts.

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IN WITNESS WHEREOF, the undersigned have executed this Amendment to Registration Agreement as of the date first set forth above.

MASCO CORPORATION

By: /s/ Richard A. Manoogian
Manoogian

Richard A. Manoogian
Chairman

TRIMAS CORPORATION

By:

Brian P. Campbell
President

MASCO INDUSTRIES, INC.

By: /s/ Richard A.

Richard A. Manoogian
Chairman

TRIMAS OVERSIGHT COMMITTEE

By:

Herbert S. Amster

By:

Helmut F. Stern

IN WITNESS WHEREOF, the undersigned have executed this Amendment to Registration Agreement as of the date first set forth above.

MASCO CORPORATION

By:

Richard A. Manoogian
Chairman

TRIMAS CORPORATION
COMMITTEE

By: /s/ Brian P. Campbell

Brian P. Campbell
President

MASCO INDUSTRIES, INC.

By:

Richard A. Manoogian
Chairman

TRIMAS OVERSIGHT

By: /s/ Herbert S. Amster

Herbert S. Amster

By: /s/ Helmut F. Stern

Helmut F. Stern

AMENDMENT TO REGISTRATION AGREEMENT

This is an Amendment dated as of May 26, 1994 to a Registration Agreement dated as of December 27, 1988 and amended as of April 21, 1992 and January 5, 1993 (the "Registration Agreement") among TriMas Corporation, a Delaware corporation ("TriMas"), Masco Corporation, a Delaware corporation ("Masco"), and MascoTech, Inc. (formerly Masco Industries, Inc.), a Delaware corporation ("Industries").

WHEREAS, the common stock, par value \$.01 per share, of TriMas is referred to herein as the "Common Stock";

WHEREAS, Masco and Industries have certain registration rights pursuant to the Registration Agreement with respect to their shares of Common Stock;

WHEREAS, the Registration Agreement provides that Masco and Industries may assign certain of their registration rights under certain circumstances to transferees who purchase shares of Common Stock from Masco and Industries;

WHEREAS, Masco and Industries sold certain shares of Common Stock (the "Executive Shares") to certain members of their senior management (the "Executives"), including Richard A. Manoogian, pursuant to letter agreements dated June 29, 1989 (the "Executive Letter Agreements");

WHEREAS, Masco and Industries gave the Executives certain registration rights pursuant to the Executive Letter Agreements with respect to the Executive Shares;

WHEREAS, TriMas, Masco, and Industries wish to amend the Registration Agreement to alter the arrangements for registration of the Executive Shares owned by Richard A. Manoogian; and

WHEREAS, Masco, Industries and Richard A. Manoogian are entering into conforming amendments to Richard A. Manoogian's Executive Letter Agreements concurrently herewith.

NOW, THEREFORE, the parties hereto agree as follows:

A. Paragraph 1(b) of the Registration Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Richard A. Manoogian. Promptly on or after the date of this Amendment, TriMas shall prepare and file a Common Stock Registration Statement covering all of the Executive Shares which Richard A. Manoogian purchased under his Executive Letter Agreements (as adjusted from time to time for stock splits, dividends and similar events) and shall use its best efforts to cause the Common Stock Registration Statement to become effective as soon as

possible. TriMas shall use its best efforts to keep such Common Stock Registration Statement effective and in compliance with the Securities Act on a continuous basis (i.e., a "shelf" registration), and to provide Richard A. Manoogian with prospectuses and prospectus supplements in compliance with the Securities Act as may be required from time to time, until the earlier of (A) June 30, 1996 or (B) the date when Richard A. Manoogian ceases to own any of the Common Stock registered thereunder. All expenses (other than fees and expenses of counsel to Richard A. Manoogian) in connection with such registration pursuant to this Paragraph 1(b) shall be borne by TriMas. If Richard A. Manoogian proposes to sell any shares of Common Stock under such Common Stock Registration Statement pursuant to this Paragraph 1(b), he shall notify the Vice President - General Counsel or the Vice President - Investments of Masco, who in turn shall notify the President (or, if the President is absent or unavailable, any Vice President) of TriMas, and he shall not consummate such sale until the President or a Vice President of TriMas has been notified (or if more than 10 days have elapsed since the last such notice was given); provided, however, that following a "Change in Control" of Masco (as defined in the Executive Letter Agreement) he may notify the President (or, if the President is absent or unavailable, any Vice President) of TriMas directly. TriMas will have the right at any time to suspend all sales of Executive Shares under this Paragraph 1(b), for a period not exceeding a total of 90 days, by notice to Richard A. Manoogian if in its good faith judgment the relevant prospectus contains an untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Richard A. Manoogian shall sell his Executive Shares under the Common Stock Registration Statement pursuant to this Paragraph 1(b) only in accordance with the terms of the related prospectus and any prospectus supplements, and shall not sell any Executive Shares pursuant to such Common Stock Registration Statement while any suspension of sales thereunder is in effect. In lieu of a Common Stock Registration Statement, TriMas at its option may utilize a prospectus or prospectus supplement under its currently effective shelf registration statement, in which event the rights and obligations with respect thereto shall be the same as if TriMas had filed a Common Stock Registration Statement."

B. Except as provided herein, the Registration Agreement shall remain in full force and effect and not otherwise be modified or affected by the provisions hereof. This Amendment to Registration Agreement may be executed in multiple counterparts.

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IN WITNESS WHEREOF, the undersigned have executed this Amendment to Registration Agreement as of the date first set forth above.

MASCO CORPORATION

By

Richard A. Manoogian
Chairman

TRIMAS CORPORATION

By /s/ Brian P. Campbell

Brian P. Campbell
President

MASCOTECH, INC.

By

Richard A. Manoogian
Chairman

TRIMAS OVERSIGHT COMMITTEE

By /s/ Herbert S. Amster

Herbert S. Amster

By

Helmut F. Stern

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IN WITNESS WHEREOF, the undersigned have executed this Amendment to Registration Agreement as of the date first set forth above.

MASCO CORPORATION

By /s/ Richard A. Manoogian

Richard A. Manoogian
Chairman

TRIMAS CORPORATION

By

Brian P. Campbell
President

MASCOTECH, INC.

By /s/ Richard A. Manoogian

Richard A. Manoogian
Chairman

TRIMAS OVERSIGHT COMMITTEE

By

Herbert S. Amster

By /s/ Helmut F. Stern

Helmut F. Stern

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AMENDMENT TO REGISTRATION AGREEMENT

This is an Amendment dated as of May 15, 1996 to a Registration Agreement dated as of December 27, 1988 and amended as of April 21, 1992, January 5, 1993 and May 26, 1994 (the "Registration Agreement") among TriMas Corporation, a Delaware corporation ("TriMas"), Masco Corporation, a Delaware corporation ("Masco"), and MascoTech, Inc. (formerly Masco Industries, Inc.), a Delaware corporation ("Industries").

WHEREAS, TriMas, Masco, and Industries wish to amend the Registration Agreement to alter the arrangements for registration of the Executive Shares owned by Richard A. Manoogian.

NOW, THEREFORE, the parties hereto agree as follows:

A. The second sentence of Paragraph l(b) of the Registration Agreement is hereby amended by deleting the year "1996" and by substituting therefor the year "1997".

B. Except as provided herein, the Registration Agreement shall remain in full force and effect and not otherwise be modified or affected by the provisions hereof. This Amendment to Registration Agreement may be executed in multiple counterparts.

IN WITNESS WHEREOF, the undersigned have executed this Amendment to Registration Agreement as of the date first set forth above.

MASCO CORPORATION

MASCOTECH, INC.

*By /s/ Richard A. Manoogian
Manoogian*

By /s/ Richard A.

*Richard A. Manoogian
Chairman*

*Richard A. Manoogian
Chairman*

TRIMAS CORPORATION

TRIMAS OVERSIGHT COMMITTEE

By /s/ Brian P. Campbell

By /s/ Herbert S. Amster

*Brian P. Campbell
President*

Herbert S. Amster

By /s/ Helmut F. Stern

Helmut F. Stern

ACKNOWLEDGMENT

I acknowledge that the Letter Agreements with each of Masco Corporation and MascoTech, Inc. dated as of June 29, 1989 are amended to conform with the Registration Agreement, as amended, and that the Letter Agreements shall otherwise continue in full force and effect.

/s/ Richard A. Manoogian

Richard A. Manoogian

EXHIBIT 10.s**CONFORMED****STOCK PURCHASE AGREEMENT**

THIS AGREEMENT is made as of this 23rd day of December, 1991 by and between Masco Corporation, a Delaware corporation ("Masco"), and Masco Industries, Inc., a Delaware corporation ("Industries").

Masco and Industries each own one share of the two issued and outstanding shares of Masco Capital Corporation, a Delaware corporation ("Masco Capital"), which has been jointly managed by Masco and Industries. Its most significant investment was the Junior Subordinated Discount Debentures of Payless Cashways, Inc. which were recently sold. Related bank loans and indebtedness to the shareholders have been fully repaid. Masco Capital has also made a distribution of its retained earnings.

Due to Masco Capital's reduced scope, Masco and Industries deem it appropriate to place the management of Masco Capital under the exclusive control of Masco. Further, Industries desires a return of its original capital investment and to be relieved of the responsibility to provide additional funds to satisfy its pro rata portion of Masco Capital's future funding obligations. Accordingly, Industries has agreed to sell and Masco has agreed to purchase Industries' 50% interest in Masco Capital. In light of the fact that Masco Capital's investments generally have no public market, their current value, which is believed to be in excess of the current book value, is uncertain. The parties anticipate that the uncertainty will significantly decrease over the next three years as the investments are liquidated. Therefore, the parties have structured this purchase and sale to pay Industries a small premium over its current carrying cost of Masco Capital and to provide that Industries will be in at least as favorable an after-tax financial position at the time of settlement of obligations as it would have been in if the Masco Capital investment portfolio were frozen as of December 20, 1991 and then liquidated over time and the proceeds of the liquidation distributed prior to December 31, 1994.

NOW, THEREFORE, in consideration of the above premises and the agreements set forth herein, the parties hereto agree as follows:

1. Conditions Precedent. The respective obligations of Masco and Industries to consummate the transactions contemplated by this Agreement are subject to (i) the approval on behalf of Masco by the Oversight Committee of the Masco Board of Directors and (ii) the approval on behalf of Industries by the Oversight Committee of the Industries Board of Directors.

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2. Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, Industries agrees to sell, transfer and convey all of its right, title and interest in and to one share of the capital stock, par value \$1.00 per share, of Masco Capital (the "Masco Capital Share") and Masco agrees to purchase the Masco Capital Share.

3. Delivery by Industries. At the Closing of the transactions contemplated hereby (the "Closing"), Industries shall deliver to Masco a certificate representing the Masco Capital Share registered in the name of Industries and endorsed to Masco Corporation. The Closing shall be held at the offices of Masco Capital in Taylor, Michigan on December 30, 1991 at 10:00 a.m. or at such other time or place as mutually agreed upon by the parties hereto.

4. Payment. The aggregate purchase price shall be equal to the sum of (i) the Closing Price (as hereinafter defined) and (ii) (A) one-half of the Incremental Value (as hereinafter defined) less (B) \$5,200,000, and less (C) interest on the Closing Price accrued and compounded annually at a rate equivalent to Masco's average after-tax cost of bank borrowing from the Closing to the date of payment of such one-half of the Incremental Value; provided, however, that if Masco has no bank borrowings at a time during the term hereof, the interest rate during such time shall be the equivalent of an after-tax cost of 1% under the Prime Rate of NBD Bank, N.A. The aggregate purchase price shall be payable as follows:

(a) The Closing Price shall be \$49,451,500 (representing 50% of the Net Book Value indicated on the balance sheet Masco Capital prepared as of December 20, 1991 and heretofore initialled by the parties plus \$5,200,000) and shall be paid upon the delivery of the Masco Capital Share as provided in Section 3. For purposes of this Agreement, the term Net Book Value shall mean Total Shareholders' Equity of Masco Capital without reflecting any write up or write down in the carrying value of the assets or liabilities of Masco Capital as a result of a change in the fair market value of such assets or liabilities.

(b) Subject to the provisions of Section 10 hereof, the amount determined under Section 4(ii) shall be paid at the earlier of (i) thirty days after the date on which the Valuation (as hereinafter defined) is completed but no later than December 31, 1994 and (ii) thirty days after the date on which the last of the Investments (as hereinafter defined) shall have been sold, liquidated or otherwise turned into cash.

(c) Investments shall mean the investments and assets of Masco Capital existing on December 20, 1991.

(d) Incremental Value shall mean the total of:

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(i) for Investments that are sold, liquidated or otherwise turned into cash, the aggregate of the gain or loss on each such Investment determined with reference to the carrying cost of each such Investment; plus or minus

(ii) for Investments which have not been sold, liquidated or otherwise turned into cash, and all non-cash proceeds (received or receivable) relating thereto, including, without limitation, dividends, interest, additional securities and securities derived from such Investments by way of reorganization, recapitalization or otherwise (the "Proceeds"), the aggregate gain or loss determined with reference to the carrying cost of each such Investment and based on a Valuation of such Investment (and Proceeds) on September 30, 1994; plus

(iii) the aggregate of Masco Capital's dividend and interest income from (x) the Investments, (y) the Proceeds thereof and (z) cash realized on sale, liquidation or otherwise turning into cash of Investments from December 20, 1991 until September 30, 1994; minus

(iv) all management and other fees relating to the Investments paid or payable to the investment advisors and managers of the partnerships which hold the Investments and all legal, accounting, management and other expenses reasonably incurred by Masco Capital relating to Investments, in each case from December 20, 1991 until September 30, 1994; minus

(v) all federal, state and local taxes paid or payable on the aggregate income from the Investments, including without limitation dividends, interest and the gain and loss of such Investments which have been sold, liquidated or otherwise turned into cash and an appropriate reserve (to be determined by Masco in its sole discretion) to cover all such taxes which may be due after September 30, 1994 based on the Valuation of all Investments which have not been sold, liquidated or otherwise turned into cash at such date.

(e) For purposes of this Agreement, Valuation shall mean the value placed on the Investments (and Proceeds), which have not been sold, liquidated or otherwise turned into cash on or before September 30, 1994, by the respective Oversight Committees of the Boards of Directors of Masco and Industries acting jointly. However, if such directors do not unanimously agree on such value, the value of the Investments (and Proceeds) shall be determined by the valuation department or group of Masco's independent public accountants (which, unless Masco informs Industries otherwise, shall be Coopers & Lybrand), and the persons performing the valuation (the "Valuation Group") shall take into account all relevant business and management considerations using customary valuation techniques. If at such time Masco's independent public

accountants do not have a valuation department or group, then Masco shall have the right to select another independent entity to serve as the "Valuation Group" which, in Masco's reasonable judgment, is experienced and reputable with respect to such matters. All determinations by the Valuation Group shall be final and binding.

(f) Masco and Industries acknowledge that the Net Book Value of \$88,503,000 is based on the best information contained in the books and records of Masco Capital at December 20, 1991. As soon as practicable after the Closing (but no later than February 1, 1992) Masco Capital shall prepare a final balance sheet as of December 20, 1991 based on the books and records of Masco Capital setting forth an exact Net Book Value and deliver such balance sheet to Masco and Industries. If Industries shall not have delivered a written objection to Masco within 10 business days of receipt of such balance sheet, such balance sheet will become final. If the Oversight Committee of the Industries Board of Directors does deliver a timely written objection with which Masco does not agree, the balance sheet will be delivered to Coopers & Lybrand for a final determination of the correct Net Book Value, which shall be made no later than March 15, 1992. Upon the final determination of the Net Book Value on such balance sheet, Masco and Industries shall adjust the Closing Price based thereon by, (A) if such Net Book Value has increased from \$88,503,000, paying one-half of such increase to Industries in cash within 3 business days of such determination and (B) if such Net Book Value has decreased, by deducting such decrease from the Incremental Value. Masco Capital shall also prepare a definitive list of Investments and the carrying cost thereof as of the Closing.

(g) In no event shall the purchase price hereunder be less than the Closing Price as finally determined pursuant to Section 4(f) hereof.

5. Subsequent Fundings by Masco. (a) If after December 20, 1991 Masco should provide any additional funds to Masco Capital, Industries shall not share in any gain or loss resulting from such funds or be paid any amount as interest, dividends or otherwise relating thereto and any interest expense on such additional funds shall be disregarded for all purposes hereunder.

(b) Notwithstanding the determination of Incremental Value in accordance with Section 4 hereof, if during the term hereof Masco Capital supplies funds to a partnership for an investment in an existing Investment and such additional investment has an impact on the value of the Investment which is disproportionate to the Investment (as valued by the Oversight Committees acting jointly at the time of such additional investment) and not reflected in the value of any security received by Masco in respect of such additional investment, the Valuation of such Investment (and Proceeds) at September 30, 1994 (or, in the case of an Investment previously sold, liquidated, or otherwise turned into cash, the amount of gain or loss realized and Proceeds thereof) shall be

equitably adjusted by action of the Committees or, if such Committees cannot reach unanimous agreement, by the Valuation Group provided in Section 4(e).

6. Termination of Fee Agreement. The Fee Agreement dated as of December 16, 1988 among Masco, Industries and Masco Capital is hereby terminated as of December 20, 1991 and no liability of any kind will arise to either party from prior performance or neglect of its terms other than payment of fees up to and including such date.

7. Payless Preferred Supplier Agreement. It is Masco's current intention, so long as Masco is a party to the Supply Agreement dated as of August 4, 1988 by and between Masco and Payless Cashways, Inc., that Masco shall continue to designate Industries and its subsidiaries "affiliated companies" under Article I thereof; provided, however, that Masco is under no obligation to keep the Supply Agreement in effect, and provided further that Masco may in its sole discretion terminate such designation at any time upon reasonable notice.

8. Management of Masco Capital. From the date hereof, Masco shall have the sole right to manage Masco Capital, make investment decisions and take all other acts which it may deem necessary or appropriate and Masco shall have no liability to Industries with respect to such management, investment decisions or any other matter involving Masco Capital based on action or inaction of Masco or recklessness, misfeasance, gross negligence or negligence of Masco or of any of its officers, directors, employees, shareholders or agents in the handling of Masco Capital's affairs; provided, however, that if Masco is requested or required by one of the partnerships managing an Investment to make a decision which may affect the value of such Investment, Masco will notify Industries before it makes such decision.

9. Funding Commitments. Masco and Masco Capital hereby release Industries from any and all current or future funding commitments of Masco Capital which Industries may have or have had with respect to the Investments or the partnerships holding the Investments or otherwise and Masco agrees to hold Industries harmless from any loss occasioned by an attempt by any entity to enforce any such funding commitment.

10. Termination and Distribution. (a) Notwithstanding anything in this Agreement to the contrary, if the Oversight Committees of the Boards of Directors of Masco and Industries jointly determine that it is inappropriate to pay all or part of the Incremental Value based on the Valuation as of September 30, 1994, or if they otherwise jointly determine to defer such Valuation or payment, then such Committees may in their sole discretion set such payment to occur in whole or in part after a Valuation on September 30, 1995 or September 30, 1996 and pay only such portion of the Incremental Value prior to December 31, 1994 as

such Committees shall jointly determine. In such case all references to September 30, 1994 in Section 4 or Section 5 hereof will be deemed to refer to such later valuation date.

(b) Notwithstanding anything in this Agreement to the contrary, the Oversight Committees of the Boards of Directors of Masco and Industries, acting jointly, may determine following the liquidation of one or more Investments that it is appropriate for Masco to make a cash payment to Industries prior to December 31, 1994 (or December 31, 1995 or 1996 as the case may be) as an advance against amounts that such Committees believe may subsequently be due to Industries hereunder. Such advances may be made on such terms (including a requirement that Industries agree to repay such advance if, after sale, liquidation or otherwise turning into cash of all Investments, the advance was not warranted) as such Committees may establish.

11. Liquidation of Masco Capital. Nothing in this Agreement shall preclude Masco from reorganizing, merging, combining or liquidating and winding up Masco Capital; provided, however, in the event of such a transaction or series of transactions Masco shall keep separate accounts to enable it to satisfy its obligations hereunder.

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

MASCO CORPORATION

By /s/ Richard A.
Manoogian

MASCO INDUSTRIES, INC.

By /s/ Timothy Wadhams

Masco Capital Corporation accepts and agrees to the provisions of this Agreement relating to it.

MASCO CAPITAL CORPORATION

By /s/ John R. Leekley

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EXHIBIT 10.t

CONFORMED COPY

PROMISSORY NOTE

\$151,375,000.00 October 31, 1996

FOR VALUE RECEIVED, MascoTech, Inc., a Delaware corporation with its principal offices located at 21001 Van Born Road, Taylor, Michigan 48180 ("MascoTech"), hereby promises to pay to the order of Masco Corporation, a Delaware corporation with its principal offices located at 21001 Van Born Road, Taylor, Michigan 48180 ("Payee"), in lawful money of the United States of America, the principal sum of One Hundred Fifty One Million Three Hundred Seventy Five Thousand Dollars (\$151,375,000.00) (the "Principal Amount"), together with interest, in accordance with the terms hereof.

This Note is referred to in, and issued pursuant to, that certain Stock Purchase Agreement, dated as of October 15, 1996, by and between MascoTech and Payee (the "Stock Purchase Agreement"). Capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Stock Purchase Agreement.

The Principal Amount shall be due and payable in one, lump-sum payment on September 30, 1997 (the "Maturity Date"). Interest from the date hereof on the unpaid Principal Amount shall accrue at the per annum rate of six and five-eighths percent (6-5/8%), and shall be payable in four installments on December 31, 1996, March 31, 1997, June 30, 1997 and September 30, 1997.

Notwithstanding the first paragraph of this Note, MascoTech may repay all or any portion of the Principal Amount and any accrued interest thereon by transferring any publicly-traded securities (debt or equity) of Emco Limited that MascoTech holds at the time of payment which were held on the date hereof. Any such Emco Limited securities shall be valued at an amount equal to 97% of the average of the closing prices for such securities on the Toronto Stock Exchange during the 20 trading days ending on the third day prior to the date of payment, expressed in U.S. Dollars at the prevailing exchange rate on the date of payment. Any such payment in Emco Limited securities shall be subject to applicable regulatory approvals, which MascoTech and Payee agree to diligently seek to obtain upon MascoTech's written notice to Payee of its intention to transfer to Payee any Emco Limited securities.

This Note may be prepaid in whole at any time or in part from time to time, with accrued interest, without penalty or premium.

MascoTech agrees to pay all costs of collection of any amounts due hereunder when incurred, including, without limitation, reasonable attorneys' fees and expenses, unless prohibited by law.

MascoTech hereby waives presentment for payment, demand, notice of dishonor, notice of protest and all other notices and demands in connection with the delivery, acceptance, performance or default of this Note and agrees that this Note may not be changed, modified or terminated orally, but only by an agreement in writing signed by MascoTech and Payee.

This Note shall become immediately due and payable upon notice by Payee to MascoTech if one or more of the following events shall have occurred and be continuing (except in the case of the events specified in clauses (e) and (f) in which event this Note shall become immediately due and payable without any such notice):

(a) any event or condition shall occur which results in the acceleration of the maturity of any indebtedness for borrowed money in excess of \$10,000,000 or enables (or, with the giving of notice or lapse of time or both, would enable) the holder of such indebtedness or any person acting on such holder's behalf to accelerate the maturity thereof;

(b) default in the payment of interest upon this Note when it becomes due and payable and continuance of such default for a period of 5 days; or

(c) default in the payment of all or any part of the principal of this Note as and when the same shall become due and payable;

(d) any representation or warranty of MascoTech in the Stock Purchase Agreement should prove to have been incorrect in any material respect when made or deemed made;

(e) MascoTech shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors;

(f) an involuntary case or other proceeding shall be commenced against MascoTech seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undischarged and unstayed for a period of 60 days; or an order for relief shall be entered against MascoTech under the federal bankruptcy laws as now or hereafter in effect;

(g) a judgment or order for the payment of money in excess of \$5,000,000 shall be rendered against MascoTech and such judgment or order shall continue unsatisfied and unstayed for a period of 20 days.

This Note shall be governed by, and construed in accordance with, the law of the State of Michigan.

Any notice or other communication under this Note shall be in writing and shall be considered given when mailed by certified or registered mail, return receipt requested, to the Chief Financial Officer of MascoTech or the Payee, as the case may be, at the address set forth in the first paragraph of this Note (or at such other address as either party may specify by notice to the other).

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed in its corporate name by a duly authorized officer, as of the date first written above.

MASCOTECH, INC.

By: /s/ Timothy Wadhams

Name: Timothy Wadhams
Title: Vice President

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EXHIBIT 10.u

THE SECURITY REPRESENTED BY THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE RESOLD OR TRANSFERRED, IN WHOLE OR IN PART, UNLESS REGISTERED OR EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ALL APPLICABLE STATE SECURITIES LAWS.

FURNISHINGS INTERNATIONAL INC.
12% Senior Note Due 2008

August 5, 1996 \$285,000,000.00 New York, New York No. 1

FOR VALUE RECEIVED, FURNISHINGS INTERNATIONAL INC., a Delaware corporation (the "Company"), promises to pay to Masco Corporation, a Delaware corporation ("Masco" or the "Lender"), or its registered assigns, the principal sum of TWO HUNDRED EIGHTY-FIVE MILLION DOLLARS (\$285,000,000.00), as such sum may be increased in accordance with the provisions of Section 3(a) below and decreased by prepayments made pursuant to Section 4 below, on August 5, 2008 (the "Maturity Date") in accordance with the provisions of this Note.

This Note is the promissory note required to be issued pursuant to Section 2(b) of the Acquisition Agreement dated as of March 29, 1996, among the Company and the Lender, as amended by Amendment No. 1 thereto dated as of June 21, 1996 and Amendment No. 2 thereto dated as of the Issue Date (as such Acquisition Agreement may be further amended, supplemented or otherwise modified from time to time, the "Acquisition Agreement"). This Note, any notes issued pursuant to Section 3 below, any Exchange Notes or Public Notes (in each case as defined in the Registration Rights Agreement) issued pursuant to Article II or Section 9.4 or 9.5 of the Registration Rights Agreement, any notes issued in payment of interest on this Note, on any note issued pursuant to Section 3 below or on any such Exchange Note or Public Note (or on any notes so issued in payment of interest), and any notes issued upon registration of transfer or exchange of this Note or any of the aforementioned Exchange Notes, Public Notes or other notes, are collectively referred to herein as the "Notes".

1. Interest; Default Interest. (a) Interest will accrue on the unpaid principal amount of this Note during the period from and including the date hereof to but excluding the Maturity Date at the rate of 12% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months). The Company will pay interest in arrears on June 15 and December 15 of each year, beginning December 15, 1996, and on the Maturity Date.

(b) If the Company shall default in the payment of any principal of or interest on this Note when due (whether upon the Maturity Date or any scheduled interest payment date, by acceleration or otherwise), the Company agrees to pay, to the extent permitted by law, interest on demand from time to time on such defaulted amount to but excluding the date of actual payment at the rate of 14% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months).

2. Method of Payment. (a) The Company will pay the interest on this Note provided for in Section 1 above (i) in the case of interest which accrues pursuant to Section 1(a) above, to the person who is the registered holder of this Note (the "Holder") at the close of business on June 1 or December 1 next preceding the applicable interest payment date, notwithstanding any cancellation of this Note after the record date and on or before such interest payment date, and (b) in the case of interest which accrues pursuant to Section 1(b) above, to the Holder as of the close of business on the date on which the payment of such interest is demanded. Subject to paragraph

(b) below, the Company will pay the principal of and interest on this Note, and all other amounts (if any) required to be paid by it under this Note, in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal, interest and any such other amount by check payable in such money and may mail an interest check to the Holder's registered address. If the outstanding principal amount of this Note is at least \$2,500,000 and the Holder so requests, the Company shall make all payments of principal of and interest on this Note, and all other payments (if any) required to be made by it under this Note, by wire transfer of immediately available funds to the account specified by the Holder in a written notice to the Company delivered at least three Business Days prior to the relevant payment date.

If the due date for any payment in respect of this Note is not a Business Day, such payment shall be made on the next succeeding Business Day and no interest shall accrue on such payment for the intervening period.

(b) The Company may and, to the extent that (i) the provisions of Section 7 below, or of any agreement or instrument evidencing or relating to any Senior Indebtedness, then prohibit (including by means of a financial or negative covenant) the payment of interest on the Notes in cash or (ii) the Relevant Subsidiaries are then prohibited (including by means of a financial or negative covenant) from paying cash dividends to the Company for the purpose of paying such interest by reason of the provisions of the agreements and instruments evidencing or relating to Indebtedness of such subsidiaries or by reason of any applicable law, rule, regulation, judgment, order or decree, the Company shall, on each interest payment date occurring prior to December 15, 2004, in lieu of the payment in whole or in part of interest in cash on this Note, pay interest on this Note through the issuance of additional Notes of like tenor (the "Secondary Notes") in an aggregate principal amount equal to the amount of interest that would be payable with respect to this Note if such interest were paid in cash. Notwithstanding the immediately preceding sentence, on each interest payment date occurring on or after December 15, 2001 but prior to December 15, 2004, to the extent that (x) the provisions of Section 7 below and the agreements and instruments evidencing or relating to any Senior Indebtedness do not then prohibit (including by means of a financial or negative covenant) the payment of interest on the Notes in cash and (y) the Relevant Subsidiaries are not then prohibited (including by means of a financial or negative covenant) from paying cash dividends to the Company for the purpose of paying such interest by reason of the provisions of the agreements and instruments evidencing or relating to Indebtedness of such subsidiaries or by reason of any applicable law, rule, regulation,

judgment, order or decree, the Company shall pay interest on the Notes in cash in the amount at least equal to the amount by which (A) the lesser of (I) the Excess Cash Flow for the fiscal year of the Company immediately preceding the fiscal year in which such interest payment date occurs and (II) if, as of the end of such immediately preceding fiscal year, any Bank Indebtedness (or commitment to extend credit constituting Bank Indebtedness) is outstanding, the amount, if any, by which (1) the "Excess Cash Flow" (as defined in the Credit Agreement or any successor agreement or instrument in effect on the date of the prepayment referred to in clause (2) below (or, if earlier, such interest payment date) evidencing or relating to Bank Indebtedness) for such immediately preceding fiscal year exceeds (2) the aggregate principal amount of Bank Indebtedness required to be prepaid during the fiscal year in which such interest payment date occurs in respect of such "Excess Cash Flow," exceeds (B) the aggregate amount of cash interest previously paid on the Notes during the fiscal year in which such interest payment date occurs. All interest on the Notes payable on or after December 15, 2004 shall be paid in cash.

(c) In the event that Secondary Notes are issued by the Company in lieu of interest paid in cash, the Company shall deliver to the Holder (or any prior registered holder of this Note entitled thereto under Section 2(a)), on the relevant interest payment date, Secondary Notes, dated the date of such interest payment date, in an aggregate principal amount equal to the amount of cash interest not paid on this Note on such interest payment date. In the event that, on any interest payment date, the Company pays in cash part (but less than all) of the interest then due on the Notes, the payment of such cash interest will be made pro rata among the registered holders of the Notes (or any prior registered holders of Notes entitled thereto under Section 2(a)) on the basis of the outstanding principal amount of the Notes held by each such holder (or prior holder) on the record date for the payment of such interest.

(d) In the case of each interest payment date occurring on or after December 15, 2001 but prior to December 15, 2004, the Company shall deliver to the registered holders of the Notes (or any prior registered holders of Notes entitled to receive interest on such

interest payment date pursuant to Section 2(a)), at least 10 Business Days prior to such interest payment date, a written notice setting forth the amount of interest that will be paid on the Notes in cash on such interest payment date. Such notice shall also set forth (i) a brief summary of the Company's calculation of the Annual Amount applicable to such interest payment date and (ii) the aggregate amount of cash interest previously paid on the Notes during the fiscal year in which such interest payment date occurs. Once delivered, such notice shall be irrevocable, unless the Company's Board of Directors determines that (x) an error has been made in the calculation of any amount set forth in such notice or (y) an event has occurred on or after the date of such notice which would reduce the amount of cash interest required to be paid by the Company pursuant to Section 2(b) on such interest payment date.

3. Increase in Principal Amount. (a) In the event that the aggregate outstanding principal amount of the Notes is required to be increased pursuant to Section 2(f)(ii) of the Acquisition Agreement, the Company will give written notice of such increase to the Holder (if other than the Lender or any of its Affiliates) within five Business Days after the date (the "Determination Date") on which Adjusted Net Investment and Advances (as defined in the Acquisition Agreement) is finally determined pursuant to Section 2(e) of the Acquisition Agreement. From and after the Determination Date, the portion of the aggregate principal amount of the Notes represented by such increase (the "Increased Amount") shall be deemed to have been outstanding effective as of the Issue Date for all purposes hereunder; provided, however, that the failure to pay interest in respect of the Increased Amount on any interest payment date occurring prior to the Determination Date shall not constitute a Default or an Event of Default hereunder, so long as such interest is paid, in any manner permitted by Section 2, within 10 Business Days after the Determination Date (it being understood that any Secondary Notes issued to pay interest due in respect of the Increased Amount on any such interest payment date shall be deemed to have been outstanding effective as of such interest payment date and shall be dated the date of such interest payment date). The Increased Amount shall be allocated solely to the Lender, regardless of whether the Lender is then a registered holder of Notes. Within 10 Business Days after the Determination Date, (i) if the Lender is a registered holder of Notes as of the Determination Date, such Notes shall be surrendered to the Company and cancelled in exchange for new Notes of like tenor issued by the Company reflecting the Increased Amount or (ii) if the Lender is not a registered holder of Notes as of the Determination Date, the Company shall issue to the Lender a new Note of like tenor, dated the Issue Date, in an original principal amount equal to the Increased Amount. Notwithstanding anything in the Notes to the contrary, Section 2(b) of the Notes shall apply to all interest payable in respect of the Increased Amount.

(b) In the event that from time to time the Company is obligated to issue a promissory note to the Lender pursuant to Section 12(r) of the Acquisition Agreement, then in satisfaction of such obligation (and whether or not the Lender is a registered holder of Notes on the date on which the obligation to issue such promissory note arises under such Section 12(r) (the "Indemnification Issue Date")), the Company shall issue to the Lender, within 10 Business

Days after the date on which the obligation to issue such promissory note is finally determined pursuant to such Section 12(r), a new Note of like tenor, dated the Indemnification Issue Date, in an original principal amount determined in accordance with such Section 12(r). From and after the date of such final determination, the Note issued in respect thereof shall be deemed to have been outstanding effective as of the related Indemnification Issue Date for all purposes hereunder; provided, however, that the failure to pay interest in respect of such Note on any relevant interest payment date occurring prior to the date of such final determination shall not constitute a Default or an Event of Default hereunder, so long as such interest is paid, in any manner permitted by Section 2, within 10 Business Days after the date of such final determination (it being understood that any Secondary Notes issued to pay interest due in respect of such Note on any such interest payment date shall be deemed to have been outstanding effective as of such interest payment date and shall be dated the date of such interest payment date).

4. Mandatory and Optional Prepayments; Change of Control Offer. (a) Mandatory Prepayments. On each of December 15, 2006 (or February 5, 2007, if any principal, interest or other amount payable in respect of the LFI Notes remains unpaid on December 15, 2006), June 15, 2007 and December 15, 2007, the Company shall prepay principal of the Notes in an amount equal to 25% of the outstanding aggregate principal amount of the Notes as of the close of business on December 14, 2006 (or, if any principal, interest or other amount payable in respect of the LFI Notes remains unpaid on December 15, 2006, as of the close of business on February 4, 2007); provided, however, that the aggregate principal amount of Notes which the Company is required to prepay on each such mandatory prepayment date shall be reduced pro rata by an aggregate amount equal to the amount of each prepayment or purchase of Notes made pursuant to Section 4(b) or 4(c) on or after the first such mandatory prepayment date. Each prepayment of Notes pursuant to this Section 4(a) shall be made at a price equal to 100% of the principal amount of the Notes being prepaid, plus accrued but unpaid interest thereon to (but excluding) the prepayment date.

(b) Optional Prepayments. The Company, at its option, may prepay all or a portion of the outstanding principal amount of the Notes at any time and from time to time, in each case at a purchase price equal to 100% of the principal amount of the Notes being prepaid plus accrued but unpaid interest thereon to (but excluding) the prepayment date.

(c) Change of Control Offer. (i) Upon the occurrence of a Change of Control, the Company shall, in accordance with paragraph (ii) below, notify the Holder and each other registered holder of Notes of the occurrence of such Change of Control, and accompanying such notice shall be an offer to purchase the Notes (a "Change of Control Offer") at a purchase price equal to 100% of the principal amount thereof, plus accrued but unpaid interest thereon to (but excluding) the date of purchase.

(ii) Within 30 days following any Change of Control, the Company shall mail a notice to the Holder and each other registered holder of Notes stating, among other things: (1) that a Change of Control has occurred and a Change of Control Offer is being made pursuant to this Section 4(c) and that all Notes (or portions thereof) timely tendered will be accepted for payment; (2) the purchase price and the purchase date (the "Change of Control Payment Date"), which shall be, subject to any contrary requirements of applicable law, no earlier than 30 days nor later than 60 days from the date such notice is mailed; (3) that any Note (or portion thereof) paid on the Change of Control Payment Date pursuant to the Change of Control Offer shall cease to accrue interest from and after the Change of Control Payment Date; (4) that any Note (or portion thereof) not tendered will continue to accrue interest; (5) a description of the transaction or transactions constituting the Change of Control; (6) that the Holder or any other registered holder of Notes accepting the offer to have its Notes purchased pursuant to the Change of Control Offer will be required to surrender such Notes (or portions thereof) to the Company prior to the close of business on the Business Day immediately preceding the Change of Control Payment Date; (7) that the Holder or any other registered holder of Notes will be entitled to withdraw its acceptance if the Company receives, not later than the close of business on the third Business Day preceding the Change of Control Payment Date, written notice setting forth the name of the Holder or such other holder, the principal amount of the Notes (or portions thereof) delivered for purchase by the Holder or such other holder, and a statement that the Holder or such other holder is withdrawing its election to have such Notes (or portions thereof) purchased; (8) that registered holders whose Notes are being purchased only in part will be issued new Notes equal in aggregate principal amount to the unpurchased portion of the Notes surrendered; and (9) any other procedures that the Holder and the other registered holders of Notes must follow to accept the Change of Control Offer or effect withdrawal of such acceptance.

(iii) On the Change of Control Payment Date, the Company shall accept for payment the Notes (or portions thereof) properly tendered (and not withdrawn) pursuant to the Change of Control Offer (which Notes (or the tendered portions thereof) shall become due and payable on the Change of Control Payment Date) and shall pay, to the Holder and each other registered holder of Notes entitled thereto, the purchase price of the Notes (or portions thereof) so tendered by the Holder or such other holder, plus accrued but unpaid interest thereon to (but excluding) the Change of Control Payment Date. The Holder and each other registered holder of Notes electing to have a Note (or portion thereof) purchased pursuant to the Change of Control Offer will be required to surrender such Note to the Company not later than the close of business on the Business Day immediately preceding the Change of Control Payment Date. The Holder and each other registered holder of Notes will be entitled to withdraw its election if the Company receives, not later than the close of business on the third Business Day preceding the Change of Control Payment Date, written notice setting forth the name of the Holder or such other holder, the principal amount of Notes (or portions thereof) delivered for purchase by the Holder or such other holder and a statement that the Holder or such other holder is withdrawing its election to have such Notes (or portions thereof) purchased.

(iv) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of Notes (or portions thereof) pursuant to this Section 4(c). To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section 4(c), the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4(c) by virtue thereof.

(d) Miscellaneous Provisions. In the event that the Company prepays less than all the outstanding principal amount of a Note pursuant to Section 4(a) or 4(b), or purchases a portion (but less than all) of a Note pursuant to a Change of Control Offer, the Company shall deliver to the registered holder thereof upon such prepayment or purchase a replacement Note of like tenor representing the remaining outstanding principal amount of such Note. Any prepayment of less than all of the outstanding principal amount of the Notes pursuant to Section 4(a) or 4(b) will be made pro rata among the registered holders of the Notes on the basis of the outstanding principal amount of the Notes then held by each such holder. From and after the date of any prepayment or purchase of this Note pursuant to this Section 4, interest shall cease to accrue on the portion of this Note so prepaid or purchased.

(e) Notice of Prepayment. Notice of any prepayment of this Note pursuant to Section 4(b) above will be delivered at least 15 days but not more than 60 days before the prepayment date to the Holder at the address specified in (or pursuant to) Section 16, and shall be irrevocable.

5. Repayment. The Company will repay this Note on the Maturity Date at 100% of the then outstanding principal amount of this Note plus accrued but unpaid interest thereon to (but excluding) such date.

6. Certain Covenants. The Company covenants and agrees with the Holder and each other registered holder of Notes from time to time that, until the outstanding principal of, and the accrued but unpaid interest on, each Note shall have been paid in full:

6.1 Indebtedness. The Company will not issue, assume, Guarantee, become liable for or otherwise incur any Indebtedness, other than:

(a) Indebtedness represented by Bank Indebtedness or Guarantees by the Company of Bank Indebtedness;

(b) Indebtedness represented by Guarantees by the Company of, or letters of credit or other credit support issued or provided in support of, Indebtedness of a subsidiary of the Company (other than Bank Indebtedness and Indebtedness of the Receivables Subsidiary); provided, however, that in the case of a Guarantee of, or letter of credit or other credit support relating to, Indebtedness of Simmons, the recourse

against the Company under such Guarantee, letter of credit or other credit support shall be limited to a pledge of all or any part of the Capital Stock of Simmons and the Class D Common Stock;

(c) Indebtedness of a Relevant Subsidiary assumed by the Company upon the consolidation or merger of such Relevant Subsidiary with or into the Company or the transfer of all or part of the properties and assets of such Relevant Subsidiary to the Company, provided that such Indebtedness was not incurred by such Relevant Subsidiary in anticipation of such consolidation, merger or transfer;

(d) Indebtedness represented by the Notes (including any Notes issued pursuant to Sections 2 and 3 above or pursuant to Article II and Sections 9.4 and 9.5 of the Registration Rights Agreement);

(e) Indebtedness represented by the Debentures and any Refinancing Indebtedness incurred in respect of Debentures in connection with any purchase or redemption of such Debentures permitted by clause (iv) of Section 6.2(b);

(f) Indebtedness consisting of Subordinated Obligations issued by the Company, in lieu of the payment of cash, to purchase or redeem shares of Capital Stock (or options or warrants in respect of such shares) of the Company or any Relevant Subsidiary (including related stock appreciation rights or similar securities) held by any current or former director, officer or employee of the Company or any subsidiary thereof (or permitted transferees of such current or former director, officer or employee) upon any such person's death, disability, retirement or termination of employment or pursuant to the terms of any agreements (including employment agreements) or plans (or amendments thereto), approved by the Company's or a Relevant Subsidiary's Board of Directors (as applicable), under which any such person may purchase and sell, or is granted options to purchase and sell, any of the securities referred to in this clause (f) (any such purchase or redemption by the Company, an "Employee Stock Redemption");

(g) Indebtedness of the Company owing to and held by any Wholly Owned Subsidiary; provided, however, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Wholly Owned Subsidiary ceasing to be a Wholly Owned Subsidiary or any subsequent transfer of any such Indebtedness (except to a Wholly Owned Subsidiary) will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company not permitted by this clause (g);

(h) Indebtedness of the Company (A) in respect of performance bonds, bankers' acceptances, letters of credit, surety or appeal bonds and similar obligations, in each case provided by the Company in the ordinary course of its business (including those incurred to secure health, safety and environmental obligations in the ordinary

course of business) but which do not secure other Indebtedness, and (B) in respect of interest rate protection agreements, foreign currency exchange agreements and any other interest or exchange rate hedging arrangements that are designed to protect the Company against fluctuations in interest rates or currency exchange rates and not for the purposes of speculation;

(i) Indebtedness of the Company, to the extent the net proceeds thereof are immediately used after the incurrence thereof to purchase Notes tendered in an offer to purchase made as a result of a Change of Control;

(j) Indebtedness of the Company arising from agreements (including the Acquisition Agreement) providing for indemnification, adjustment of purchase price or similar obligations, in any case (other than in the case of the Acquisition Agreement) incurred in connection with the disposition of any business or assets of the Company or any subsidiary thereof or the disposition of any Capital Stock of any subsidiary of the Company (in each case other than Guarantees of Indebtedness incurred by any person acquiring all or any portion of such business, assets or Capital Stock for the purpose of financing such acquisition), in a principal amount not to exceed the gross proceeds actually received by the Company or any subsidiary thereof in connection with such disposition;

(k) Indebtedness of the Company owed to (including obligations in respect of letters of credit for the benefit of) any person in connection with worker's compensation, health, disability, or other employee benefits or property, casualty or liability insurance provided by such person to the Company or any subsidiary thereof, pursuant to reimbursement or indemnification obligations to such person, in each case incurred in the ordinary course of business;

(l) any Refinancing Indebtedness incurred in respect of any Indebtedness under clauses (c), (d), (i) and (l) of this Section 6.1;

(m) Indebtedness of the Company in an aggregate principal amount at any time outstanding not in excess of \$20 million; and

(n) Indebtedness incurred pursuant to any Permitted Receivables Financing in respect of receivables sold by the Company to a Receivables Subsidiary.

provided, however, that the aggregate principal amount of Indebtedness incurred by the Company pursuant to clauses (c), (l) (but only in the case of any Refinancing Indebtedness incurred to refinance Indebtedness under clause (c) above) and (m) above shall not exceed \$20 million at any time outstanding.

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6.2 Restricted Payments. (a) The Company shall not (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Company) except dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company held by persons other than the Relevant Subsidiaries, (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Obligations (other than the purchase, repurchase or other acquisition of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition) or (iv) make any Investment (other than a Permitted Investment) in any person (any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Investment being herein referred to as a "Restricted Payment").

(b) The provisions of the foregoing paragraph (a) will not prohibit:

(i) any purchase or redemption of Capital Stock or Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Relevant Subsidiary or an employee stock ownership plan or other trust established by the Company or any of its subsidiaries to the extent the purchase by such plan or trust is financed by Indebtedness of such plan or trust and for which the Company or a Relevant Subsidiary is liable, directly or indirectly, as a guarantor or otherwise (including by the making of cash contributions to such plan or trust which are used to pay interest or principal on such Indebtedness));

(ii) any purchase or redemption of Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness incurred to refinance Indebtedness under clause (i) of Section 6.1;

(iii) the issuance of Debentures in exchange for shares of Restricted Preferred Securities in accordance with the Company's articles of incorporation;

(iv) upon the occurrence of a Change of Control and within 60 days after the completion of the related Change of Control Offer (including the purchase of all Notes properly tendered), any purchase or redemption of Subordinated Obligations required pursuant to the terms thereof as a result of such Change of Control;

(v) at any time and from time to time prior to the first anniversary of the Issue Date, any purchase, redemption or other acquisition for value of shares of the Company's Capital Stock pursuant to the terms of the Call Agreement as in effect on the Issue Date;

(vi) Employee Stock Redemptions, in each case regardless of whether the Company pays cash or issues notes in connection therewith, and any payment of principal or interest on, or any purchase or redemption of, any such notes; provided, however, that the aggregate amount (net of purchases of the Company's or any Relevant Subsidiary's Capital Stock by officers, directors and employees of the Company and its subsidiaries) of (A) Employee Stock Redemptions made in cash and (B) cash payments to pay principal of, or interest on, or to purchase or redeem, any such notes shall not exceed as of any date the product of (x) \$6.0 million and (y) the number of years (or fractions thereof) elapsed since the Issue Date; and

(vii) any dividend or distribution in respect of the Class D Common Stock, or any purchase or redemption of Class D Common Stock, that consists of or is directly funded by (x) a distribution in kind of the common stock of Simmons, (y) distributions (including distributions of assets) made in respect of the Capital Stock of Simmons held by the Company or (z) proceeds from the sale of Capital Stock or assets of Simmons.

6.3 Transactions with Affiliates. (a) The Company will not, and will not permit any Relevant Subsidiary to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company on terms (i) that are less favorable to the Company or such Relevant Subsidiary, as the case may be, than those that could be obtained at the time of such transaction in arm's-length dealings with a person who is not such an Affiliate and (ii) that, in the event such transaction involves an aggregate amount in excess of \$2.5 million, are not evidenced by a written agreement, instrument or other document and have not been approved by a majority of the members of the Company's Board of Directors having no personal economic stake in such transaction.

(b) The provisions of the foregoing paragraph (a) will not prohibit (i) any Restricted Payment (other than Permitted Investments) permitted to be made pursuant to Section 6.2, (ii) any Permitted Investment, other than Permitted Investments in Simmons, in 399 or in any Affiliate of 399, (iii) any Permitted Investment in Simmons described in clause (i) of the definition of "Permitted Investment" in Section 12.1, (iv) fees, compensation or employee benefits paid to, and any indemnity provided for the benefit of, current or former directors, officers or employees of the Company or any subsidiary of the Company in the ordinary course of business, (v) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Company's Board of Directors,

(vi) Employee Stock Redemptions, including any payment of principal of or interest on, or any purchase or redemption of, any note issued in connection therewith, (vii) transactions pursuant to agreements entered into or in effect on the Issue Date (including the Transitional Services Agreement between the Lender and the Company), together with amendments thereto entered into after the Issue Date, provided that the terms of any such amendment are not, in the aggregate, materially less favorable to the Company or such Relevant Subsidiary than the terms of such agreement

prior to such amendment, (viii) loans or advances to officers, directors or employees (of the Company or any subsidiary thereof) that are Affiliates of the Company made in the ordinary course of business, but in any event not to exceed \$2.5 million in the aggregate outstanding at any one time, or (ix) any transaction between the Company and a Relevant Subsidiary or between Relevant Subsidiaries (so long as the other stockholders of any participating Relevant Subsidiaries which are not direct or indirect wholly owned subsidiaries of the Company are not themselves Affiliates of the Company).

6.4 Liens. The Company will not, directly or indirectly, create or permit to exist any Lien on any of its property or assets (including Capital Stock), whether owned on the Issue Date or thereafter acquired, securing any Indebtedness of the Company other than Indebtedness permitted by Section 6.1 (excluding any such permitted Indebtedness incurred pursuant to clause (e), (f), (g) or (i) of Section 6.1 and Refinancing Indebtedness incurred in respect of the Notes or in respect of Indebtedness incurred pursuant to such clause (e), (f), (g) or (i)), unless contemporaneously therewith effective provision is made to secure the Notes equally and ratably with (or on a senior basis to, in the case of Indebtedness subordinated in right of payment to the Notes) such Indebtedness for so long as such Indebtedness is so secured.

6.5 Mergers, Consolidations, etc. The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any person, unless: (a) the resulting, surviving or transferee person (the "Successor Company") will be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company) will expressly assume, by a written instrument in form satisfactory to the registered holders of a majority of the then outstanding principal amount of the Notes, all the obligations of the Company under the Notes; (b) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company as a result of such transaction as having been incurred by the Successor Company at the time of such transaction), no Default will have occurred and be continuing; (c) immediately after giving effect to such transaction, the Successor Company shall have Consolidated Net Worth in an amount which is not less than the Consolidated Net Worth of the Company immediately prior to such transaction; and (d) the Company will have delivered to the Holder and each other registered holder of Notes an officers' certificate and an opinion of counsel, each stating that such transaction complies with this Section 6.5.

The foregoing paragraph will not prohibit the Company from conveying or transferring Capital Stock of Simmons. Notwithstanding the foregoing clauses (b), (c) and (d), any Relevant Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company.

The Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Notes, but the predecessor Company

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in the case of a conveyance, transfer or lease of all or substantially all its assets shall not be released from the obligation to pay the principal of and interest on the Notes.

6.6 Certain Amendments. The Company will not permit any amendment or other modification of the Credit Agreement (including Sections 2.13(c) and 6.08(b)(v) thereof) to the extent that the effect of such amendment or other modification is to prohibit the Company, in the absence of a default or event of default under the Credit Agreement, from prepaying Notes at its option with up to 60% of the Net Cash Proceeds (as defined in the Credit Agreement as in effect on the Issue Date) of any public offering of the Company's Common Stock.

6.7 Existence. Except as otherwise permitted by Section 6.5, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve or keep in full force and effect any such right or franchise if the Company's Board of Directors (or any duly authorized committee thereof) shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the holders of Notes.

6.8 Financial Statements and Other Reports. The Company will furnish to the Holder and to each other registered holder of Notes:

(a) within 90 days after the end of each fiscal year, its consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the consolidated financial condition of the Company and its consolidated subsidiaries as of the close of such fiscal year and the consolidated results of its operations and the operations of such subsidiaries during such year (and showing, on a comparative basis commencing with the fiscal year ending December 31, 1998, the corresponding figures for the preceding fiscal year), all audited by Ernst & Young LLP, Coopers and Lybrand LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of the Company and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its unaudited consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the consolidated financial condition of the Company and its consolidated subsidiaries as of the close of such fiscal quarter and the consolidated results of its operations and the operations of such subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year (and showing, on a comparative basis commencing with the fiscal quarter ending March 31, 1998, such information as of and for the corresponding dates and periods of the preceding fiscal year), all certified by the principal financial officer of the Company as fairly presenting in all material respects the financial

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condition and results of operations of the Company and its consolidated subsidiaries on a consolidated basis in accordance with GAAP (except for the absence of footnote disclosure) consistently applied, subject to year-end audit adjustments;

(c) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any of the Relevant Subsidiaries with the Securities and Exchange Commission, or with any national securities exchange, or distributed to its shareholders generally, as the case may be; and

(d) promptly after (and, in any event, no later than 10 Business Days after) the chief executive officer, the president or the principal financial officer of the Company obtains knowledge thereof, written notice of any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto.

6.9 Officers' Certificates as to Defaults. The Company will deliver to the Holder and each other registered holder of Notes, within 90 days after the end of each fiscal year of the Company ending after the date hereof, an officers' certificate (signed by the president, the principal financial officer or any vice president of the Company and by the secretary or any assistant secretary of the Company), stating whether or not to the knowledge of the signers thereof the Company is in default in the performance and observance of any of its covenants and agreements contained in the Notes (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults of which the signers have knowledge and the nature and status thereof.

7. Subordination.

7.1 Notes Subordinated to Senior Indebtedness. The Company, for itself and its successors, and the Lender, for itself and its successors and assigns by its acceptance of this Note, agree that the payment by the Company of the principal of and interest on the Notes and all other amounts owed in respect of the Notes, both before and after the commencement of a bankruptcy or similar proceeding (collectively, the "Note Obligations"), is subordinated, to the extent and in the manner provided in this Section 7, to the prior payment in full in cash of all amounts payable under or in respect of the Senior Indebtedness.

The provisions of this Section 7 are for the benefit of the holders of the Senior Indebtedness, and such holders are made beneficiaries of this Section 7 and may enforce its provisions.

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7.2 No Payment on Notes in Certain Circumstances.

(a) Subject to Section 7.9, prior to the payment in full in cash of all amounts payable under or in respect of the Senior Indebtedness, no payment (whether of cash, properties or securities) will be made by the Company on account of principal of or interest on the Notes or any other amount owed in respect of the Notes, or to redeem, retire, purchase, deposit moneys for defeasance of or otherwise acquire any Notes for value, and the Company shall not segregate and hold separate for the benefit of the Lender or any other holder of Notes, money for any such payment, if (i) there shall have occurred and be continuing (x) any default in the payment when due of any amount constituting Senior Indebtedness (whether principal, interest or otherwise, and whether due on the scheduled payment date, a date fixed for prepayment or otherwise) or (y) any other default under any agreement or instrument evidencing or relating to any Senior Indebtedness that has resulted in, or would permit the holders of any Senior Indebtedness to cause (subject to any applicable notice requirement or grace period), the acceleration of any Senior Indebtedness or (ii) immediately after giving effect thereto, such payment would result in a default described in clause (i) above.

(b) If any payment or distribution of assets of the Company is received by the Lender or any other holder of Notes in respect of principal of, interest on or any other amount owed in respect of the Notes at a time when the payment or distribution should not have been made because of paragraph (a) above, such payment or distribution (subject to the provisions of Section 7.9) will be received and held in trust for the benefit of, and will be paid over to, the holders of the Senior Indebtedness or their representatives (pro rata as to each of such holders on the basis of the respective unpaid amounts of Senior Indebtedness held by them) for application to the payment of the Senior Indebtedness until all Senior Indebtedness has been paid in full in cash, after giving effect to any concurrent payment to the holders of the Senior Indebtedness.

7.3 Notes Subordinated to Prior Payment of All Senior Indebtedness upon Dissolution, Liquidation or Reorganization. Subject to Section 7.9, in the event of (i) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization, adjustment, composition or other similar case or proceeding, relative to the Company or to its creditors, as such, or to its assets, (ii) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (iii) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company (collectively, "Bankruptcy Events"), then in any such event:

(a) the holders of the Senior Indebtedness will first be entitled to receive payment in full in cash of the principal and interest due on the Senior Indebtedness and all other amounts payable under or in respect of the Senior Indebtedness before the Lender and the other holders of Notes are entitled to receive any payment on account of the principal of or interest on, or any other amount owed in respect of, the Notes;

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(b) any payment or distribution of assets of the Company of any kind or character (whether in cash, property or securities) to which the Lender and the other holders of Notes would be entitled except for the provisions of this Section 7.3 will be paid by the person making such payment or distribution (whether a trustee in bankruptcy, a receiver, custodian or liquidating trustee or otherwise) directly to the holders of the Senior Indebtedness or their representatives to the extent necessary to make payment in full in cash of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment to the holders of the Senior Indebtedness; and

(c) if, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character (whether in cash, property or securities) is received by the Lender or any other holder of Notes on account of the principal of or interest on, or any other amount owed in respect of, the Notes before the Senior Indebtedness is paid in full in cash, such payment or distribution will be received and held in trust for the benefit of, and will be paid over to, the holders of the Senior Indebtedness or their representatives (pro rata as to each of such holders on the basis of the respective unpaid amounts of Senior Indebtedness held by them) for application to the payment of the Senior Indebtedness until all Senior Indebtedness has been paid in full in cash, after giving effect to any concurrent payment to the holders of the Senior Indebtedness.

The Company will give prompt written notice to the Holder and each other registered holder of Notes of any dissolution, winding up, liquidation or reorganization of the Company or any assignment for the benefit of the Company's creditors.

(d) Any holder of Senior Indebtedness shall have the right to request the Holder to file and, in the event the Holder fails to do so within 10 days, is hereby authorized to file a proper claim or proof of debt in the form required in any Bankruptcy Event for and on behalf of the Holder or any other holder of this Note, to accept and receive any payment or distribution which may be payable or deliverable at any time upon or in respect of the Note Obligations in an amount not in excess of the aggregate amount of Senior Indebtedness then unpaid, and to take such other action as may be reasonably necessary to effectuate the foregoing. The Holder and any other holder of this Note shall provide to such holder of Senior Indebtedness all information and documents reasonably necessary to present claims or seek enforcement as aforesaid. The Holder of this Note shall retain the right in respect of this Note to vote to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension; provided, however, that neither the Lender nor any other holder of this Note shall take any action or vote in any way so as to contest the enforceability of this Section 7, any Senior Indebtedness or any other agreement or instrument with or for the benefit of any holder of any Senior Indebtedness (in its capacity as such).

7.4 Acceleration of Payment of Notes. If an Event of Default (other than an Event of Default occurring pursuant to clause (i) (but only in the case of a failure to pay principal), (iv) or (v) of Section 11(a)) shall have occurred and be continuing at any time that any

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Senior Indebtedness is outstanding, the registered holders of the Notes electing to accelerate the Notes pursuant to Section 11(b) shall give the holders of the Senior Debt (or their representatives) at least 10 days' prior written notice before accelerating the Notes, which notice shall state that it is a "Notice of Intent to Accelerate." If payment of the Notes is accelerated because of an Event of Default, the Company shall promptly notify the holders of the Senior Indebtedness (or their representatives) of the acceleration.

Prior to the payment in full in cash of all amounts payable under or in respect of the Senior Indebtedness, any amount received by the Lender or any other holder of this Note in respect of any Note Obligation as a result of any acceleration of this Note or any other exercise of remedies in respect of this Note shall be paid to the holders of Senior Indebtedness in accordance with the provisions of this Section 7.

7.5 Holders to be Subrogated to Rights of Holders of Senior Indebtedness. Upon the payment in full in cash of all Senior Indebtedness, the Holder and the other registered holders of Notes will be subrogated to the rights of the holders of the Senior Indebtedness to receive payments and distributions of assets of the Company applicable to the Senior Indebtedness until all amounts owing in respect of the Notes have been paid in full, and for the purpose of such subrogation, no payments or distributions to the holders of the Senior Indebtedness by or on behalf of the Company or by or on behalf of the Lender or any other holder of Notes by virtue of this Section 7 which otherwise would have been made to the Holder or any other holder of Notes will, as between the Company, on the one hand, and the Holder and the other registered holders of Notes, on the other hand, be deemed to be payment by the Company to or on account of the Senior Indebtedness, it being understood that the provisions of this Section 7 are, and are intended to be, solely for the purpose of defining the relative rights of the Holder and the other holders of Notes, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

7.6 Obligations of the Company Unconditional. Nothing contained in this Note is intended to or will impair, as between the Company and the Holder, the obligations of the Company, which are absolute and unconditional, to pay to the Holder the principal of and interest on this Note as and when they become due and payable in accordance with the terms hereof, or is intended to or will affect the relative rights of the Holder and the other registered holders of Notes, on the one hand, and the other creditors of the Company (other than the holders of the Senior Indebtedness), on the other hand, nor, except as provided in this Section 7, will anything herein prevent the Holder and the other registered holders of Notes from exercising all remedies otherwise permitted by applicable law upon an Event of Default, subject to the rights, if any, under this Section 7 of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

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7.7 Subordination Rights Not Impaired by Acts or Omissions of the Company or Holders of Senior Indebtedness. No right of any present or future holders of any Senior Indebtedness to enforce subordination, as provided herein, will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act on the part of any such holder, or by any noncompliance by the Company with the terms of this Note, regardless of any knowledge thereof which any such holder may have or otherwise be charged with. The holders of the Senior Indebtedness may increase, extend, renew, amend, waive or otherwise modify the terms of the Senior Indebtedness or any security therefor and release, sell or exchange such security and otherwise deal freely with the Company, all without releasing or otherwise impairing the rights of such holders hereunder.

7.8 Reinstatement. The provisions of this Section 7 shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Indebtedness is rescinded or must otherwise be returned by any holder of Senior Indebtedness upon the occurrence of a Bankruptcy Event, all as though such payment had not been made.

7.9 Issuance of Additional Notes Not Prohibited. Notwithstanding anything in this Section 7 to the contrary, nothing in this Section 7 shall prohibit the Company from issuing, or the Lender, the Holder or any other registered holder of Notes (as applicable) from receiving and retaining, (a) Secondary Notes issued on any interest payment date to pay interest on the Notes in lieu of the payment in whole or in part of such interest in cash, (b) any Note issued pursuant to Section 3 or (c) any Exchange Note or Public Note (in each case as defined in the Registration Rights Agreement) issued in exchange for one or more other Notes pursuant to Article II or Section 9.4 or 9.5 of the Registration Rights Agreement; provided, however, that each such Secondary Note, Note, Exchange Note or Public Note (and, in the case of an Exchange Note or a Public Note, the indenture relating thereto) shall contain provisions substantially identical to this Section 7.

7.10 Amendment. Any amendment, waiver or other modification of the provisions of this Section 7 shall not be effective against any holder of Senior Indebtedness without such holder's consent.

7.11 Remedies. The holders of Senior Indebtedness shall be entitled to enforce their rights under this Section 7 specifically, to recover damages by reason of any breach of any provision of this Section 7 and to exercise all other rights existing in their favor. The Lender and each other holder of Notes acknowledges and agrees that money damages may not be an adequate remedy for any breach of the provisions of this Section 7 and that any holder of Senior Indebtedness may apply to any court of competent jurisdiction for specific performance and injunctive relief in order to enforce and prevent any violation of the provisions of this Section 7.

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8. Registered Holder Deemed Owner. The Company may treat the Holder as the owner of this Note for all purposes hereof.

9. Transfers; Note Register; Replacement of Notes.

9.1 Transfers. (a) This Note shall not be sold, assigned, pledged, hypothecated or otherwise transferred, in whole or in part, except as provided in paragraphs (b) and (c) below and except for transfers by will or applicable laws of descent.

(b) After the earlier of (i) a Qualifying Offering and (ii) August 5, 1998, the Holder may either (x) sell or assign this Note, in whole or in part, to any person, or (y) pledge this Note in a bona fide financing transaction to a commercial bank or other lending institution that agrees in writing to be bound by the provisions of this Section 9; provided, however, that the Holder shall not make any such sale, assignment or pledge unless (A) the ratio of (1) Consolidated EBITDA minus Capital Expenditures to (2) Consolidated Interest Expense, in each case for the four most recent fiscal quarters of the Relevant Subsidiaries ending at least 45 days prior to the date of such sale, assignment or pledge, is at least 2.5 to 1 and (B) the ratio of

(1) Total Debt as of the end of such four-quarter period to (2) Consolidated EBITDA for such four-quarter period is not more than 3.1 to 1.

For purposes of this Section 9.1(b), "Consolidated EBITDA," "Capital Expenditures" and "Total Debt" shall be calculated on a consolidated (or, if necessary to include all the Relevant Subsidiaries, a combined) basis solely with respect to the Relevant Subsidiaries, and shall not reflect any financial data to the extent pertaining solely to the Company.

(c) Prior to any sale, assignment or pledge of this Note pursuant to paragraph (b) above, the Holder shall give at least 15 days' prior written notice to the Company of the Holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer and (except in the case of any pledge pursuant to clause (y) of such paragraph (b)) shall indicate the exemption under the Securities Act pursuant to which the proposed transfer of this Note may be effected without registration under the Securities Act. Every Note surrendered for registration of transfer shall be duly endorsed, or shall be accompanied by a written instrument of transfer duly executed, by the registered holder of such Note. The Note issued upon such transfer shall bear the restrictive legend set forth in paragraph (d) below.

(d) Each Note that is not an Exchange Note or a Public Note (in each case as defined in the Registration Rights Agreement) will be stamped or otherwise imprinted with a legend in capital letters and otherwise in substantially the following form:

**"THE SECURITY REPRESENTED BY THIS NOTE HAS
NOT BEEN REGISTERED UNDER THE SECURITIES**

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**ACT OF 1933, AS AMENDED, OR UNDER ANY
STATE SECURITIES LAWS, AND MAY NOT BE
RESOLD OR TRANSFERRED, IN WHOLE OR IN
PART, UNLESS REGISTERED OR EXEMPT FROM
REGISTRATION UNDER THE SECURITIES ACT OF
1933, AS AMENDED, AND ALL APPLICABLE
STATE SECURITIES LAWS."**

9.2 Note Register; Replacement of Notes.

(a) The Company shall keep a register in which provisions shall be made for the registration of transfers and exchanges of Notes. The register shall be kept at the chief executive office of the Company. Upon surrender for registration of transfer of any Note at the chief executive office of the Company (and provided that such transfer is effected in compliance with Section 9.1), the Company shall execute and deliver, in the name of the designated transferee or transferees, one or more new Notes of like tenor for a like aggregate principal amount of Notes. At the option of any registered holder of Notes, its Notes may be exchanged for other Notes of like tenor of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at the chief executive office of the Company. Each new Note issued upon transfer or exchange shall be in a principal amount of at least \$500,000 and dated the date to which interest on the Notes surrendered shall have been paid. All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company evidencing the same respective obligations, and entitled to the same benefits, as the Notes surrendered upon such registration of transfer or exchange. The Company shall make a notation on each new Note of the amount of all payments of principal previously made on the old Notes with respect to which such new Note is issued and the date to which interest accrued on such old Note has been paid, and shall stamp or otherwise imprint on each new Note that is not an Exchange Note or a Public Note (in each case as defined in the Registration Rights Agreement) the restrictive legend set forth in Section 9.1(d).

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any Note and, in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement satisfactory to the Company, or in the case of any such mutilation, upon surrender of such Note (which surrendered Note shall be cancelled by the Company), the Company will, without charge, issue a new Note of like tenor in lieu of such lost, stolen, destroyed or mutilated Note as if the lost, stolen, destroyed or mutilated Note were then surrendered for exchange.

10. Amendments and Waivers. The terms of the Notes may not be amended by the Company without the consent of the registered holders of a majority of the then outstanding principal amount of the Notes, and any existing default may be waived only with the consent of the registered holders of a majority of the then outstanding principal amount of the

Notes; provided, however, that without the consent of the Holder, the interest rate on this Note may not be reduced, the principal amount of this Note may not be reduced, the Maturity Date may not be changed to a later date and Sections 4(a), 4(c), 4(d) and 7 and this Section 10 may not be amended.

11. Defaults and Remedies. (a) An "Event of Default" shall occur if:

- (1) the Company defaults in the payment of any principal of or interest on any Note when the same becomes due and payable (whether on the Maturity Date, a date fixed for the prepayment or repurchase of such Note pursuant to Section 4 or otherwise), and the default continues for a period of 10 days;
- (ii) there is a default in the performance, or a breach, of any covenant or agreement of the Company contained in the Notes (other than a default specified in clause (i) above) and continuance of such default or breach for a period of 80 days after there shall have been given, to the Company by the registered holders of at least 25% of the then outstanding principal amount of the Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default";
- (iii) there is a default under any Bank Indebtedness, the Indebtedness represented by the LFI Notes or any other Indebtedness for borrowed money of the Company or any Relevant Subsidiary, or under any agreement or instrument under which there may be issued or by which there may be secured or evidenced any such Indebtedness, which default shall have resulted in an aggregate outstanding principal amount greater than \$75 million of such Indebtedness becoming or being accelerated and declared due and payable prior to the date on which it would otherwise have become due and payable, or a failure to pay any such Indebtedness in an aggregate outstanding principal amount greater than \$75 million at maturity, in each case without such Indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days after there shall have been given, to the Company by the registered holders of at least 25% of the then outstanding principal amount of the Notes, a written notice specifying such default or failure and requiring the Company to cause such Indebtedness to be discharged or such acceleration to be rescinded or annulled, as the case may be, and stating that such notice is a "Notice of Default";
- (iv) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case;

(B) appoints a Custodian of the Company or for all or any substantial part of its property; or

(C) orders the liquidation of the Company; and, in each case, the order or decree remains unstayed and in effect for 60 days; or

(v) the Company, pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property; or

(D) makes a general assignment for the benefit of its creditors.

The term "Bankruptcy Law" means Title 11 of the United States Code and any similar federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

(b) If an Event of Default (other than an Event of Default specified in clause (iv) or (v) of Section 11(a)) occurs and is continuing, the registered holders of a majority of the then outstanding principal amount of the Notes, by five Business Days' prior written notice to the Company, may, subject to Section 7, declare the unpaid principal of and accrued interest on all the Notes to be due and payable. If such Event of Default is not cured or waived within such five Business Days, such acceleration shall become effective upon the expiration of such five-Business Day period, and such unpaid principal and interest shall, subject to Section 7 hereof, thereupon become and be immediately due and payable. If an Event of Default specified in clause (iv) or (v) of Section 11(a) occurs, the unpaid principal of and accrued interest on all the Notes shall, subject to Section 7 hereof, forthwith become and be immediately due and payable without any declaration or other act on the part of any registered holder of Notes. The registered holders of a majority of the then outstanding principal amount of the Notes may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and all existing Events of Default have been cured or waived except nonpayment of principal, interest or any other amount that has become due solely because of the acceleration.

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(c) In the case of an Event of Default resulting from the failure to pay any principal of or interest on any Note, or from a default in the performance, or breach, of any other agreement or covenant of the Company contained in the Notes, the Company agrees to pay to the registered holders of the Notes, in addition to any interest otherwise required pursuant to Section 1(b), such further amount as shall be required to cover any and all reasonable out-of-pocket costs and expenses of enforcement and collection, including reasonable attorneys' fees and expenses.

(d) Subject to any applicable requirement under Section 7.4 to give prior written notice before accelerating the Notes, if an Event of Default occurs and is continuing, the registered holders of a majority of the then outstanding principal amount of the Notes may pursue any available remedy to collect the unpaid principal of and interest on the Notes or to enforce the performance of any provision of the Notes. The holders of a majority of the then outstanding principal amount of the Notes may direct the time, method and place of conducting any proceeding for any remedy then available to any holder of Notes.

12. Definitions.

12.1 Defined Terms. As used in the Notes, the following terms shall have the respective meanings set forth below:

"Acquisition Agreement" has the meaning specified in the forepart of this Note.

"Additional Management Stockholder" means an Additional Stockholder who is an employee, officer or director of the Company or any of its subsidiaries.

"Additional Stockholder" means any person (other than any Institutional Stockholder, Masco Stockholder or Management Stockholder), to whom the Company issues Restricted Securities or Restricted Preferred Securities after the Issue Date, other than pursuant to a public offering registered under the Securities Act, in each case who has executed a joinder agreement as an Additional Stockholder pursuant to Section 6.2 of the Stockholders' Agreement (or any successor provision), and its direct and indirect Permitted Transferees, so long as any such person shall hold (directly or indirectly through the Voting Trust) Restricted Securities or Restricted Preferred Securities.

"Affiliate" means, with respect to any person, any other person that Controls, is Controlled by or is under common Control with such person. For purposes of the definition of the term "Permitted Transferees," employees, officers and directors of 399 and its Affiliates shall be "Affiliates" of 399.

"Associate" means, with respect to any person, (i) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as

trustee or in a similar fiduciary capacity and (ii) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person.

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (i) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or scheduled redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (ii) the sum of all such payments.

"Bank Indebtedness" means any and all amounts payable under or in respect of the Credit Agreement and any increase, extension, renewal, refinancing or replacement thereof or of any subsequent Bank Indebtedness, including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not a claim for post-filing interest is allowed in such proceeding), fees, charges, expenses, reimbursement obligations, guarantees and all other amounts payable thereunder or in respect thereof.

"Bankruptcy Events" has the meaning specified in Section 7.3.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in New York State are authorized or required by law to close.

"Call" means the right of the Company to purchase Restricted Securities and Restricted Preferred Securities from 399 Stockholders pursuant to the Call Agreement.

"Call Agreement" means the Call Agreement dated as of the Issue Date, between 399 and the Company, as the same may be amended, supplemented or otherwise modified from time to time.

"Capital Expenditures" means, for any period, without duplication, the sum of (a) the aggregate of all expenditures (whether paid in cash or other consideration) by the Company and

the Relevant Subsidiaries during such period that, in accordance with GAAP, are or should be included in "additions to property, plant or equipment" or similar items reflected in the consolidated statement of cash flows of the Company and the Relevant Subsidiaries for such period and (b) to the extent not covered by clause (a) above, the aggregate of all expenditures by the Company and the Relevant Subsidiaries to acquire by purchase or otherwise the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any person (it being understood that this clause (b) does not include any Investment in a person that is not a subsidiary at the time of such Investment and that will not become a subsidiary as a result of such Investment); provided, however, that Capital Expenditures shall not include (i) expenditures relating to the development, purchase or acquisition of sample fabric books, (ii) in the case of

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clause (b) above, the portion of such expenditures allocable in accordance with GAAP to net current assets, (iii) expenditures of proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or otherwise to acquire assets or properties useful in the business of the Company or any of the Relevant Subsidiaries within 12 months of receipt of such proceeds or (iv) with respect to any person, expenditures that are accounted for as capital expenditures of such person and that actually are paid for by a third party and for which neither such person nor any subsidiary of such person has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party.

"Capital Lease Obligation" of any person means an obligation of such person that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with GAAP, and the amount of such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" of any person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Change of Control" means the occurrence of

- (i) a sale in one or more transactions of more than 66 2/3% of the consolidated assets of the Company and its Control Subsidiaries,
- (ii) any transaction as a result of which the 399 Stockholders cease to own at least 10% of the HFG Common Stock on a Fully-Diluted Basis,
- (iii) any transaction as a result of which any person other than an Institutional Stockholder, a Masco Stockholder or a Management Stockholder (or any group consisting of such persons who (x) shall have agreed in writing (other than pursuant to the Stockholders' Agreement) to act as a group with respect to the acquisition or voting of securities of the Company or the power to designate and elect members of the Company's Board of Directors, with a copy of such agreement having been provided to the Company, (y) shall have advised the Company that such group is acting as a group with respect to the acquisition or voting of securities of the Company or the power to designate and elect members of the Company's Board of Directors, or (z) in connection with the purchase of securities of the Company, shall have filed or notified the Company that it will file, as a group, a Schedule 13D or 13G under the Exchange Act) has the power to designate and elect members of the Company's Board of Directors with weighted votes constituting a majority of the weighted votes on such Board (or, if no such weighting is then in effect,

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the power to designate and elect a majority of the members of such Board), excluding, however, any such person or group that would not have held such power if it had not acquired from a Masco Stockholder securities of the Company having rights and privileges conferring such power, other than by a transfer from a Masco Stockholder through the exercise of "Rights of Inclusion" under Article III of the Stockholders' Agreement in connection with a transfer by the 399 Stockholders, provided, that no Change of Control under the circumstances set forth in this clause (iii) shall be deemed to have occurred under any circumstances solely as a result of the acquisition by any such person or group of the right to designate and elect the Management Directors and the Masco Director, or

(iv) the 399 Stockholders (x) have sold in one or more transactions to persons other than their Permitted Transferees in excess of 66 2/3% of the HFG Common Stock, on a Fully-Diluted Basis (excluding HFG Common Stock which is subject to transfer by 399 Stockholders to the Company pursuant to the Call), owned by the 399 Stockholders on the Issue Date (subject to adjustment for any stock dividends, stock splits, combinations, reclassifications, mergers, consolidations and the like) and (y) following such sales, the percentage of HFG Common Stock on a Fully-Diluted Basis owned by the 399 Stockholders on the date of the last of such sales is less than the percentage thereof owned by the Masco Stockholders on the date of the last of such sales.

For purposes of this definition of Change of Control, the terms "399 Stockholders" and "Permitted Transferees" do not include any Permitted Transferee of a 399 Stockholder pursuant to clauses (iii)(C) and (iii)(D) of the definition of Permitted Transferee (unless such Permitted Transferee is, with respect to 399, a person described in clauses (iii)(A) and (iii)(B) of such definition).

"Change of Control Offer" has the meaning specified in Section 4(c).

"Change of Control Payment Date" has the meaning specified in Section 4(c).

"Class A Common" means the Company's Class A Common Stock, par value \$.01 per share, consisting of four series of Class A Common Stock, the Series A-1 Common Stock, the Series A-2 Common Stock, the Series A-3 Common Stock and the Series I Common Stock, and any securities into which such Class A Common shall have been changed or any securities resulting from any reclassification or recapitalization of such Class A Common.

"Class B Common" means the Company's Class B Common Stock, par value \$.01 per share, consisting of four series of Class B Common Stock, the Series B-1 Common Stock, the Series B-2 Common Stock, the Series B-3 Common Stock and the Series II Common Stock, and any securities into which such Class B Common shall have been changed or any securities resulting from any reclassification or recapitalization of such Class B Common.

"Class C Common" means the Company's Class C Common Stock, par value \$.01 per share, and any securities into which such Class C Common shall have been changed or any securities resulting from any reclassification or recapitalization of such Class C Common.

"Class D Common" means the Company's Class D Common Stock, par value \$.01 per share, and any securities into which such Class D Common shall have been changed or any securities resulting from any reclassification or recapitalization of such Class D Common.

"Class D Equity Equivalents" means securities exercisable, convertible or exchangeable for or into Class D Common.

"Common Stock" means the Class A Common, the Class B Common, the Class C Common and the Class D Common, any securities into which the Class A Common, the Class B Common, the Class C Common or the Class D Common shall have been changed, and all other securities of any class or classes (however designated) of the Company, the holders of which have the right, without limitation as to amount, after payment on any securities entitled to a preference on dividends or other distributions upon any dissolution, liquidation or winding-up, either to all or to a share of the balance of payments upon such dissolution, liquidation or winding-up.

"Company" has the meaning specified in the forepart of this Note.

"Consolidated Current Assets" means, at any date of determination, all assets (other than cash and cash-equivalents) that would, in accordance with GAAP, be classified on a consolidated balance sheet of the Company and the Relevant Subsidiaries as current assets at such date of determination.

"Consolidated Current Liabilities" means at any date of determination, all liabilities (other than the current portion of long-term Indebtedness) that would, in accordance with GAAP, be classified on a consolidated balance sheet of the Company and the Relevant Subsidiaries as current liabilities at such date of determination.

"Consolidated EBITDA" means, for any period, the Consolidated Net Income for such period, plus, without duplication, to the extent deducted in computing Consolidated Net Income, the sum of (a) income tax expense, (b) interest expense (including interest-equivalent costs associated with any Permitted Receivables Financing, whether accounted for as interest expense or loss on the sale of receivables), (c) depreciation and amortization expense, including amortization of sample fabric books, (d) any extraordinary losses, (e) any non-cash charges or non-cash losses and (f) cash restructuring charges minus, without duplication, to the extent added in computing such Consolidated Net Income, (i) interest income, (ii) any extraordinary gains and (iii) any non-cash income or non-cash gains, all as determined on a consolidated basis with respect to the Company and the Relevant Subsidiaries in accordance with GAAP.

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Notwithstanding anything in the Notes to the contrary, the aggregate amount of cash restructuring charges added back to Consolidated Net Income in the determination of Consolidated EBITDA for any twelve-month (or shorter) period shall not exceed \$3,500,000.

"Consolidated Interest Expense" means, for any period, the gross interest expense accrued or paid by the Relevant Subsidiaries during such period, as determined on a consolidated (or, if necessary to include all the Relevant Subsidiaries, a combined) basis in accordance with GAAP, plus interest-equivalent costs associated with any Permitted Receivables Financing for such period, whether accounted for as interest expense or loss on the sale of receivables; provided, however, that "Consolidated Interest Expense" shall not include (i) expenses relating to the transactions contemplated by the Credit Agreement or the Acquisition Agreement or amortization thereof and (ii) penalties and premiums associated with any prepayment of Indebtedness.

"Consolidated Net Income" means, for any period, net income or loss of the Company and the Relevant Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, provided that there shall be excluded (a) the net income (or loss) of any person in which any other person (other than the Company, any wholly owned Relevant Subsidiary or any director holding qualifying shares or any nominee holding shares for the indirect benefit of the Company in compliance with applicable law) has an equity interest, except that (i) the Company's or such Relevant Subsidiary's equity in the net income of any such person shall be included in determining Consolidated Net Income to the extent of the amount of dividends, other distributions or payments in respect of loans actually paid to the Company or any of the Relevant Subsidiaries, as the case may be, by such person during such period, provided that if the ownership of such equity interest by such other person is required by local ownership laws in any foreign country, the Company's or such Relevant Subsidiary's equity in the net income of any such person shall be included in determining Consolidated Net Income to the extent that cash could have been distributed by such person during such period to the Company or such Relevant Subsidiary, as the case may be, as a dividend, and (ii) the Company's or any Relevant Subsidiary's equity in a net loss of any such person for such period shall be included in determining Consolidated Net Income, (b) the net income (or loss) of any person for any period prior to the date it becomes a Relevant Subsidiary or is merged into or consolidated with the Company or any of the Relevant Subsidiaries or the date that person's assets are acquired by the Company or any of the Relevant Subsidiaries and (c) any after tax gains or losses attributable to sales of assets out of the ordinary course of business.

"Consolidated Net Worth" means the total of the amounts shown on the balance sheet of the Company and the Relevant Subsidiaries, determined on a consolidated basis, as of the end of the most recent fiscal quarter of the Company ending at least 45 days prior to the taking of any action for the purpose of which the determination is being made, as (i) the par or stated value of all outstanding Capital Stock of the Company plus (ii) paid-in capital or capital

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surplus relating to such Capital Stock plus (iii) any retained earnings or earned surplus minus (A) any accumulated deficit and (B) any amounts attributable to Disqualified Stock.

"Consolidated Working Capital" means, at any date of determination, Consolidated Current Assets at such date of determination minus Consolidated Current Liabilities at such date of determination.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative thereto.

"Control Subsidiary" means, with respect to any person, any corporation, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or Controlled, directly or indirectly, by that person or one or more of the other Control Subsidiaries of that person or a combination thereof, or (ii) if a partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or Controlled, directly or indirectly, by that person or one or more Control Subsidiaries of that person or a combination thereof. For purposes hereof, a person or persons shall be deemed to have a majority ownership interest in a partnership, association or other business entity if such person or persons shall be allocated a majority of partnership, association or other business entity gains or losses or shall be or Control the managing director or general partner of such partnership, association or other business entity.

"Credit Agreement" means the Credit Agreement dated as of August 5, 1996, among the Company, LFI and the other borrowers party thereto from time to time, the lenders party thereto from time to time and The Chase Manhattan Bank, a New York banking corporation, as administrative agent and collateral agent, and Chase Manhattan Bank Delaware, as issuing bank, as the same may be amended, supplemented or otherwise modified from time to time.

"Debentures" means the Company's Junior Subordinated Debentures issued from time to time after the Issue Date in exchange for shares of the Restricted Preferred Securities or in payment of interest on any such Junior Subordinated Debentures (including those so issued in payment of interest).

"Default" means any event or condition that, upon notice, lapse of time or both would constitute an Event of Default.

"Determination Date" has the meaning specified in Section 3(a).

"Disqualified Stock" means, with respect to any person, any capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible into or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part, in each case on or prior to 91 days after the Stated Maturity of the Notes. Disqualified Stock shall not include any Capital Stock that is not otherwise Disqualified Stock if by its terms the holders thereof have the right to require the issuer to repurchase such stock upon a Change of Control (or upon events substantially similar to a Change of Control).

"Employee Stock Redemption" has the meaning specified in Section 6.1.

"Equity Equivalents" means securities exercisable, convertible or exchangeable for or into HFG Common Stock, including without limitation the Series B Preferred and the Series C Preferred.

"Event of Default" has the meaning specified in Section 11(a).

"Excess Cash Flow" means, for any fiscal year, the Consolidated EBITDA of the Company and the Relevant Subsidiaries on a consolidated basis for such fiscal year, minus, without duplication, (a) cash interest paid during such fiscal year (including interest-equivalent costs during such fiscal year that are associated with any Permitted Receivables Financing, whether accounted for as interest expense or loss on the sale of receivables), (b) scheduled principal repayments of Total Debt made during such year, (c) voluntary prepayments of Total Debt of the Relevant Subsidiaries during such fiscal year, (d) Capital Expenditures by the Company and the Relevant Subsidiaries on a consolidated basis during such fiscal year that are paid in cash, except to the extent that such Capital Expenditures are prohibited by Section 6.2, (e) taxes paid in cash by the Company and the Relevant Subsidiaries on a consolidated basis during such fiscal year, (f) the portion (if any) of such Consolidated EBITDA which (in the reasonable judgment of the Company's Board of Directors) is required to be retained for use in the business of the Relevant Subsidiaries (including (i) to make Capital Expenditures and (ii) to pay interest on Indebtedness of any Relevant Subsidiary and to repay or prepay any outstanding Indebtedness of any Relevant Subsidiary), (g) cash payments made by the Company to Simmons pursuant to the Tax Sharing Agreement during such fiscal year, (h) an amount equal to any increase in Consolidated Working Capital during such fiscal year, (i) capital expenditures in cash relating to the development, purchase or acquisition of sample fabric books during such fiscal year, (j) restructuring charges paid in cash during such fiscal year to the extent included in determining Consolidated EBITDA, (k) any increase in Investments in customers, suppliers and Joint Ventures during such fiscal year and (l) to the extent included in Consolidated EBITDA, all non-cash payments received by the Company and the Relevant Subsidiaries on a consolidated basis during such fiscal year, plus, without duplication, (i) an amount equal to any decrease in

Consolidated Working Capital during such fiscal year, (ii) interest income received in cash during such fiscal year, (iii) any decrease in Investments in customers, suppliers and Joint Ventures during such fiscal year, (iv) the proceeds of any Capital Lease Obligations, purchase money Indebtedness and other Indebtedness (to the extent permitted under Section 6.1, in the case of Indebtedness of the Company), in each case to the extent used to finance Capital Expenditures during such fiscal year, (v) to the extent deducted in determining Consolidated EBITDA, all non-cash payments made by the Company and the Relevant Subsidiaries on a consolidated basis during such fiscal year and (vi) the portion (if any) of the Consolidated EBITDA for the immediately preceding fiscal year which has been subtracted pursuant to clause (f) above in determining Excess Cash Flow for such immediately preceding fiscal year.

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

"Fully-Diluted Basis" means, (A) with respect to the calculation of the number of shares of HFG Common Stock, (i) all shares of HFG Common Stock outstanding at the time of determination and (ii) all shares of HFG Common Stock issuable upon the exercise, conversion or exchange of Equity Equivalents and (B) with respect to the calculation of the number of shares of Class D Common, (i) all shares of Class D Common outstanding at the time of determination and (ii) all shares of Class D Common issuable upon the exercise, conversion or exchange of Class D Equity Equivalents.

"GAAP" means generally accepted accounting principles applied on a consistent basis. All accounting terms shall be interpreted, and all accounting determinations under the Notes shall be made, in accordance with Section 12.2.

"Guarantee" of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee of any guaranteeing person shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such

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Guarantee, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Company in good faith.

"Guaranty" means the Holdings Guarantee Agreement, dated the Issue Date, made by the Company in favor of the collateral agent for the lenders under the Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"HFG Common Stock" means the Common Stock, but excluding the Class D Common.

"HFG Restricted Securities" means the Restricted Securities, but excluding the Class D Common and Class D Equity Equivalents.

"Holder" has the meaning specified in Section 2(a).

"Increased Amount" has the meaning specified in Section 3(a).

"Indebtedness" of any person shall mean, without duplication,

(a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business), (d) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, provided that the amount of such Indebtedness of such person shall be the lesser of (i) the fair market value of such property on the date of determination and (ii) the outstanding principal amount of such Indebtedness of such other person on the date of determination, (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations of such person, (i) all obligations of such person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (j) all obligations of such person as an account party in respect of letters of credit and bankers' acceptances. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such person in respect thereof.

"Indemnification Issue Date" has the meaning specified in Section 3(b).

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"Institutional Directors" means any member of the Company's Board of Directors designated and elected pursuant to Section 5.1(a)(i) of the Stockholders' Agreement (or any successor provision).

"Institutional Stockholder Group Members" means, collectively, 399, Associated Madison Companies, Inc., a Delaware corporation, TRV Employees Fund, L.P., a Delaware limited partnership, Greenwich Street Capital, L.P., a Delaware limited partnership, GSCP Offshore Fund Ltd., a British Virgin Islands corporation, The Travelers Insurance Company, a Connecticut corporation, and The Travelers Life and Annuity Company, a Connecticut corporation.

"Institutional Stockholders" means each Institutional Stockholder Group Member and their respective direct and indirect Permitted Transferees, so long as any such person shall hold Restricted Securities or Restricted Preferred Securities.

"Investment" in any person means any advance or loan (other than advances or loans to customers or suppliers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the person making such advance or loan) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (including by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such person. "Issue Date" means August 5, 1996.

"Joint Venture" means any person of which securities or other ownership interests representing at least 20% but no greater than 50% of the equity or ordinary voting power are owned, Controlled or held by the Company or any Relevant Subsidiary.

"Lender" has the meaning specified in the forepart of this Note.

"LFI" means Lifestyle Furnishings International Ltd., a Delaware corporation, and its successors.

"LFI Notes" means the 10.875% Senior Subordinated Notes due 2006 issued by LFI on the Issue Date and shall include any substantially identical notes subsequently issued in exchange therefor pursuant to the terms of the indenture governing such Senior Subordinated Notes.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to

such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Management Director" means any member of the Company's Board of Directors designated and elected pursuant to Section 5.1(a)(ii) of the Stockholders' Agreement (or any successor provision).

"Management Group" means, collectively, the individuals whose names appear on the omnibus signature pages to the Stockholders' Agreement.

"Management Stockholders" means the Management Group and their respective direct and indirect Permitted Transferees, so long as any such person shall hold (directly or indirectly through the Voting Trust) Restricted Securities or Restricted Preferred Securities.

"Masco Director" means any member of the Company's Board of Directors designated and elected pursuant to Section 5.1(a)(iii) of the Stockholders' Agreement (or any successor provision).

"Masco Stockholders" means Masco and its direct and indirect Permitted Transferees, so long as any such person shall hold Restricted Securities, Restricted Preferred Securities or Debentures.

"Maturity Date" has the meaning specified in the forepart of this Note.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Note Obligations" has the meaning specified in Section 7.1.

"Notes" has the meaning specified in the forepart of this Note.

"Permitted Investment" means an Investment by the Company in: (i) Simmons, to the extent that such Investment is either (x) existing on the Issue Date or (y) directly funded by a contemporaneous capital contribution from a stockholder of the Company in connection with a purchase of Class D Common Stock by such stockholder; (ii) a Relevant Subsidiary or a person which will, upon the making of such Investment, become a Relevant Subsidiary; provided, however, that the primary business of such person is a Related Business; (iii) another person if as a result of such Investment such other person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Relevant Subsidiary; provided, however, that such person's primary business is a Related Business; (iv) Temporary Cash Investments; (v) receivables owing to the Company, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company

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deems reasonable under the circumstances; (vi) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business; (vii) loans or advances to employees made in the ordinary course of business and not exceeding \$6.0 million in the aggregate outstanding at any one time; (viii) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any subsidiary thereof or in satisfaction of judgments; (ix) Investments in property or assets to be used in (or in Relevant Subsidiaries and any entity that, as a result of such Investment, is a Relevant Subsidiary engaged in) a Related Business; (x) securities or other property received as consideration in sales of assets; (xi) Guarantees which are permitted to be incurred under Section 6.1; (xii) Investments existing and held by the Company on the Issue Date (after giving effect to the transactions contemplated by the Acquisition Agreement to occur on the Issue Date) and set forth on Schedule

6.04(l) to the Credit Agreement (as in effect on the Issue Date) and renewals, extensions and replacements thereof, provided that the amount of any such renewed, replaced or extended Investment shall not exceed the amount of the Investment being renewed, replaced or extended; or (xiii) other Investments of any type, provided that the outstanding amount of Investments made after the Issue Date in reliance on this clause (xiii) may not at any time exceed \$10 million in the aggregate.

"Permitted Receivables Financing" means (a) the Bridge Receivables Financing (as defined in the Credit Agreement) and (b) any subsequent financing secured substantially by receivables (and related assets) originated by the Company or any Relevant Subsidiary in any amount, provided that (i) any such subsequent receivables financing has a later or equal final maturity and a longer or equal weighted average life than the Bridge Receivables Financing, (ii) sales of receivables to any Receivables Subsidiary are made at fair market value (as determined in good faith by the Company's or LFI's Board of Directors), (iii) the interest rate applicable to such subsequent receivables financing shall be a market interest rate (as determined in good faith by the Company's or LFI's Board of Directors) as of the time such financing is entered into, (iv) such financing is non-recourse to the Company except to a limited extent customary for such financings and (v) the covenants, events of default and other provisions thereof, collectively, shall be market terms (as determined in good faith by the Company's or LFI's Board of Directors).

"Permitted Transferee" means:

(i) with respect to any Stockholder who is a natural person, the spouse or any lineal descendant (including by adoption and stepchildren) of such Stockholder, or any trust of which such Stockholder is the trustee and which is established solely for the benefit of any of the foregoing individuals and whose terms are not inconsistent with the terms of the Stockholders' Agreement, or any partnership, all of the general partner(s) and limited partner(s) (if any) of which are one or more persons identified in this clause (i) (or any other trust or

partnership established by any such Stockholder to the extent approved in writing by the Company (acting with the approval of the Company's Board of Directors, including the consent of the Masco Director and the Institutional Directors));

(ii) with respect to a Masco Stockholder, (x) any direct or indirect Control Subsidiary of Masco (including any such Control Subsidiary which ceases to be a Control Subsidiary of Masco after the Issue Date) unless such Control Subsidiary or former Control Subsidiary does not qualify as (A) a "Permitted Transferee" of Masco, under the more restrictive of the definitions of such term with respect to Masco ("Permitted Transferee Definitions"), under the Credit Agreement (as in effect on the Issue Date) and the indenture pertaining to the LFI Notes (as in effect on the Issue Date), or (B) in the event that the agreements referred to in clause (A) above are no longer in effect, a "Permitted Transferee" of Masco under the most restrictive Permitted Transferee Definition in any other material agreement or instrument evidencing indebtedness for borrowed money of the Company or any of its Significant Subsidiaries, which Permitted Transferee Definition is no more restrictive in scope with respect to "Permitted Transferees" of Masco than the more restrictive of the Permitted Transferee Definitions referred to in clause (A) above, and (y) subject to the prior written consent of the Institutional Stockholders (which consent shall be in their sole discretion), any corporation (I) in which Masco owns shares of capital stock representing at least 19% of the total ordinary voting power of such corporation and (II) which is "controlled" (within the meaning under Rule 12b-2 of the regulations under the Exchange Act) by Masco;

(iii) with respect to the Institutional Stockholders, (A) any Associate or Affiliate of any such Institutional Stockholder and any officer, director or employee of any Institutional Stockholder or of any such Associate or Affiliate, (B) any spouse or lineal descendant (including by adoption and stepchildren) of the officers, directors and employees referred to in clause (A) above, and any trust (where a majority in interest of the beneficiaries thereof are any of the persons described in this clause (B) and in clause (A) above), corporation or partnership (where a majority in interest of the stockholders or limited partners, or where the managing general partner, is one of more of the persons described in clause (A) above), (C) any other Institutional Stockholder or (D) if, after taking commercially reasonable steps, with the cooperation of the Company, such Institutional Stockholder is unable to restructure its ownership of the Company's securities in a manner which avoids a Regulatory Problem and which is not materially adverse to such Institutional Stockholder, upon the giving of notice to the Company and the Masco Stockholders that the Institutional Stockholders have determined that such Regulatory Problem may not be avoided, then to any third party to avoid such Regulatory Problem;

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(iv) with respect to any Additional Stockholder who is not a natural person, any Affiliate of such Additional Stockholder; and

(v) with respect to any Management Stockholder and any Additional Management Stockholder, the Voting Trust established pursuant to the Voting Trust Agreement.

"person" means an individual, partnership, corporation, trust, unincorporated organization, joint venture, government (or agency or political subdivision thereof) or any other entity of any kind.

"Preferred Stock," as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Qualifying Offering" means the consummation by the Company of an underwritten primary or secondary public offering of HFG Common Stock pursuant to an effective registration statement under the Securities Act, covering the offer and sale of the HFG Common Stock (a) which (taken together with all similar previous public offerings) raises at least \$100,000,000 of aggregate net proceeds to the Company (after underwriters' fees, commissions and discounts and offering expenses) and (ii) as a result of which, at that time, at least 25% of the HFG Common Stock on a Fully-Diluted Basis has been sold to the public.

"Receivables Subsidiary" means LFI Receivables Corporation or any successor thereto or other entity formed solely for purposes of a Permitted Receivables Financing.

"Refinancing Indebtedness" means Indebtedness that is incurred to refund, refinance, replace, renew, repay, purchase, redeem or extend (including pursuant to any defeasance or discharge mechanism) (collectively, "refinances," and "refinanced" and "refinancing" shall have a correlative meaning) any other Indebtedness, including Indebtedness that refinances Refinancing Indebtedness; provided, however, that (i) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced, (ii) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced, (iii) such Refinancing Indebtedness is incurred in an aggregate principal amount (or, if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or, if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced plus an amount necessary to pay any fees and expenses, including premiums, relating to such refinancing and (iv) if the Indebtedness being refinanced is subordinated in right of payment to the Notes, such Refinancing

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Indebtedness is subordinated in right of payment to the Notes to at least the same extent as the Indebtedness being refinanced.

"Registration Rights Agreement" has the meaning specified in Section 15.

"Regulatory Problem" means (i) the Institutional Stockholder's investment in the Common Stock exceeds any limitation to which it is subject, or is otherwise not permitted, under any law, rule or regulation of any governmental authority (including any position to that effect taken by such governmental authority), or (ii) restrictions are imposed on the Institutional Stockholder as a result of any law, regulation, rule or directive (whether or not having the force of law) of any governmental or regulatory authority which, in the reasonable judgment of the Institutional Stockholder, make it illegal or unduly burdensome for the Institutional Stockholder to continue to hold such Common Stock.

"Related Business" means any business of the Company and the Relevant Subsidiaries as conducted on the Issue Date and any business related, ancillary or complementary thereto.

"Relevant Subsidiary" means any subsidiary of the Company, other than Simmons.

"Restricted Payment" has the meaning specified in Section 6.2(a).

"Restricted Preferred Securities" means the Series A-1 Preferred and the Series A-2 Preferred.

"Restricted Securities" means the Common Stock, the Class D Equity Equivalents, the Equity Equivalents and any securities issued with respect thereto as a result of any stock dividend, stock split, reclassification, recapitalization, reorganization, merger, consolidation or similar event or upon the conversion, exchange or exercise thereof.

"S&P" means Standard and Poor's Ratings Group, a division of McGraw-Hill, Inc., and its successors.

"Secondary Notes" has the meaning specified in Section 2(b).

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Securities and Exchange Commission thereunder.

"Senior Indebtedness" of the Company means (i) the Bank Indebtedness, to the extent that any of the Bank Indebtedness is a direct obligation of the Company, and (ii) the "Obligations," as such term is defined in the Guaranty or in any other written Guarantee of Bank

Indebtedness (provided that the definition of "Obligations" in such other written Guarantee shall be substantially the same (without regard to amounts) as the definition of "Obligations" in the Guaranty) entered into by the Company on or after the Issue Date, in each case including any interest accruing thereon on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not a claim for post-filing interest is allowed in such proceeding; provided, however, that Senior Indebtedness shall not include any portion of the Bank Indebtedness (in the case of clause (i) above) or such "Obligations" (in the case of clause (ii) above) that, at or promptly following the time of the incurrence thereof, is not secured by a Lien on all or substantially all of the Company's properties and assets (including Capital Stock).

"Series A-1 Preferred" means the Company's Series A-1 Preferred Stock, par value \$.01 per share, and any securities (other than the Debentures) into which such Series A-1 Preferred shall have been changed or any securities resulting from any reclassification or recapitalization of such Series A-1 Preferred.

"Series A-2 Preferred" means the Company's Series A-2 Preferred Stock, par value \$.01 per share, and any securities (other than the Debentures) into which such Series A-2 Preferred shall have been changed or any securities resulting from any reclassification or recapitalization of such Series A-2 Preferred.

"Series B Preferred" means the Company's Series B Convertible Preferred Stock, par value \$.01 per share, and any securities into which such Series B Preferred shall have been changed or any securities resulting from any reclassification or recapitalization of such Series B Preferred.

"Series C Preferred" means the Company's Series C Convertible Preferred Stock, par value \$.01 per share, and any securities into which such Series C Preferred shall have been changed or any securities resulting from any reclassification or recapitalization of such Series C Preferred.

"Significant Subsidiaries" means those Control Subsidiaries of the Company which constitute a "Significant Subsidiary" as defined in Regulation S-X promulgated by the Securities and Exchange Commission under the Securities Act, as such Regulation is in effect on the Issue Date.

"Simmons" means Simmons Upholstered Furniture Corporation, a Delaware corporation, and its successors (other than a Relevant Subsidiary into which it merges or to which it transfers all or substantially all its assets) and subsidiaries.

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"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or redemption of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Stockholders" means each of the Institutional Stockholders, the Masco Stockholders, the Management Stockholders and the Additional Stockholders.

"Stockholders' Agreement" means the Stockholders' Agreement dated as of the Issue Date, among the Company, Masco, the Institutional Stockholders and the Management Stockholders, as such agreement may be amended, supplemented or otherwise modified from time to time.

"Subordinated Obligation" means any Indebtedness of the Company outstanding from time to time which is subordinate or junior in right of payment to the Notes pursuant to a written agreement or instrument entered into or accepted by the holders of such Indebtedness.

"subsidiary" means, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent, provided that the term "subsidiary," when used in respect of the Company or any of its subsidiaries, shall not include any foreign joint venture in which the Company or any Relevant Subsidiary owns less than or equal to 50% of the equity interest in such joint venture.

"Successor Company" has the meaning specified in Section 6.5.

"Tax Sharing Agreement" means the Tax Sharing Agreement dated as of the Issue Date, among the Company, LFI, the Receivables Subsidiary and Simmons, as the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time.

"Temporary Cash Investments" means any of the following: (i) any investment in direct obligations (x) of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof or (y) of any foreign country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's; (ii) investments in time deposit accounts, certificates of deposit and money market deposits maturing

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within 365 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital and surplus in excess of \$250.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized rating agency; (iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) above entered into with a bank or trust company meeting the qualifications described in clause (ii) above; (iv) investments in commercial paper, maturing not more than 365 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P; (v) investments in securities maturing within 365 days of the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A-1" by Moody's; (vi) any money market deposit accounts issued or offered by a domestic commercial bank or a commercial bank organized and located in a country recognized by the United States of America, in each case, having capital and surplus in excess of \$250.0 million (or the foreign currency equivalent thereof), or investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the Securities and Exchange Commission under the Investment Company Act of 1940, as amended; and (vii) similar investments approved by the Company's Board of Directors in the ordinary course of business.

"399" means 399 Venture Partners, Inc., a Delaware corporation.

"399 Stockholders" means 399 and each of its respective direct and indirect Permitted Transferees, so long as any such person shall hold Restricted Securities or Restricted Preferred Securities.

"Total Debt" means, at any time, all Indebtedness of the Company and the Relevant Subsidiaries of the type referred to in clauses (a), (b), (c), (e), (h) and (j) (provided that obligations in respect of letters of credit shall not be included in Total Debt, except to the extent of any unreimbursed drawings thereunder) of the definition of the term "Indebtedness."

"Voting Trust" means the Voting Trust created under the Voting Trust Agreement.

"Voting Trust Agreement" means the Voting Trust Agreement dated as of the Issue Date, by and among the Company, the Management Stockholders named therein and the trustee named therein, as such agreement may be amended, supplemented or otherwise modified from time to time.

"Wholly Owned Subsidiary" means a Relevant Subsidiary all the Capital Stock of which (other than directors' qualifying shares and, to the extent required by local ownership laws in foreign countries, shares owned by foreign shareholders) is owned by the Company or one or more other Wholly Owned Subsidiaries (including shares held of record by a nominee for the benefit of the Company or another Wholly Owned Subsidiary).

12.2 Terms Generally. The definitions in Section 12.1 shall apply equally to both the singular and plural forms of the terms defined. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time, provided, however, that for purposes of determining compliance with the covenants and agreements contained in Sections 2(b), 6.1, 6.2, 6.3, 6.4, 6.5 and 9.1(b), all accounting terms herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP as in effect on the Issue Date.

13. No Recourse Against Others. A director, officer, employee or stockholder of the Company, as such, shall not have any liability for any obligations of the Company under this Note or for any claim based on, in respect of or by reason of such obligations or their creation. The Lender and each other holder hereof, by accepting this Note, waives and releases all such liability. The waiver and release set forth in this Section 13 are part of the consideration for the issuance of this Note.

14. No Offset. Notwithstanding anything to the contrary in any Note or in the Acquisition Agreement, the Lender shall not be entitled to satisfy or otherwise discharge any of its payment obligations owed to the Company or any Relevant Subsidiary (whether arising under the Acquisition Agreement or otherwise) by means of an offset against the Company's obligations under any Note.

15. Registration Rights Agreement. The Company and the Lender have entered into a Registration Rights Agreement dated as of the Issue Date, relating to the Notes (as the same may be amended, supplemented or otherwise modified from time to time, the "Registration Rights Agreement"). The Holder, by its acceptance of this Note, agrees that it is subject to and bound by the terms and provisions of the Registration Rights Agreement as if it were a party thereto.

16. Notices. All notices and other communications delivered pursuant to the Notes shall be in writing and (together with all payments of interest on this Note made by the issuance of Secondary Notes and all payments of principal and interest on this Note made by check) shall be delivered by hand, by express courier service, by registered or certified mail, return receipt requested, postage prepaid, by first-class mail or by telecopy, addressed, (a) if to

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the Holder, at the following address or at such other address as the Holder shall have furnished to the Company in writing:

Masco Corporation 21001 Van Born Road Taylor, Michigan 48180 Facsimile No.: 313-374-6135 Attn: President

with a copy to:

Masco Corporation 21001 Van Born Road Taylor, Michigan 48180 Facsimile No.: 313-374-6135 Attn: General Counsel

or (b) if to the Company, at the following address or at such other address as the Company shall have furnished to the Holder in writing:

FURNISHINGS INTERNATIONAL INC.

1300 National Highway
Thomasville, North Carolina 27360
Facsimile No.: 910-476-4551
Attn: President

with copies to:

FURNISHINGS INTERNATIONAL INC.

1300 National Highway
Thomasville, North Carolina 27360
Facsimile No.: 910-476-4551
Attn: General Counsel

and

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
Facsimile No.: 212-309-6273
Attn: Philip H. Werner

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Any notice so addressed and mailed or delivered shall be deemed to be given (i) one Business Day after being consigned to an express courier service, (ii) five Business Days after being mailed by registered, certified or first-class mail, (iii) on the same Business Day, if delivered by hand and (iv) when received, if delivered by telecopy.

17. Headings; Certain Conventions. The headings of the various Sections of this Note are for convenience of reference only and shall not define, limit or otherwise affect any of the terms or provisions hereof. Unless the context otherwise expressly requires, all references herein to Sections are to Sections of this Note. The words "herein," "hereunder" and "hereof" and words of similar import refer to this Note as a whole and not to any particular Section or provision.

18. Governing Law. The construction, validity and interpretation of this Note shall be governed by and construed in accordance with the domestic laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first above written.

FURNISHINGS INTERNATIONAL INC.

By: /s/ Robert L. George

Name: Robert L. George

Title: Executive Vice

President

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EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

between

FURNISHINGS INTERNATIONAL INC.

and

MASCO CORPORATION

Dated as of August 5, 1996

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REGISTRATION RIGHTS AGREEMENT dated as August 5, 1996, between FURNISHINGS INTERNATIONAL INC., a Delaware corporation (the "Company") and Masco Corporation, a Delaware corporation ("Masco"), on its own behalf and on behalf of each subsequent registered holder of Notes (as defined below).

RECITALS

WHEREAS, the Company and Masco have entered into an Acquisition Agreement dated as of March 29, 1996, as amended by Amendment No 1 thereto dated as of June 21, 1996 and Amendment No. 2 thereto dated as of the date hereof (as such Acquisition Agreement may be further amended, supplemented or otherwise modified from time to time, the "Acquisition Agreement"), pursuant to which the Company is acquiring all of the issued and outstanding capital stock of the HFG Companies (as such term is defined in the Acquisition Agreement);

WHEREAS, the Acquisition Agreement provides that, in consideration for its acquisition of the capital stock of the HFG Companies, the Company will (among other things) issue to Masco a 12% Senior Note Due 2008 of the Company in an original principal amount equal to \$285,000,000 (such Note, any notes issued to Masco pursuant to Section 2(f)(ii) or 12(r) of the Acquisition Agreement, any notes issued in payment of interest on such Note (or on such other notes or any notes so issued in payment of interest), and any notes issued upon registration of transfer or exchange of such Note or any of the other aforementioned notes, being collectively referred to herein as the "Notes"); and

WHEREAS, the Acquisition Agreement contemplates that, at the closing thereunder, a registration rights agreement relating to the Notes will be executed by the Company and Masco (on its own behalf and on behalf of each subsequent registered holder of Notes).

NOW THEREFORE, in connection with the Acquisition Agreement and the Notes and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions.

As used in this Agreement, the following terms shall have the meanings set forth below (such definitions to be equally applicable to both singular and plural forms of the terms defined):

"Affiliate" means, with respect to any person, any other person that Controls, is Controlled by or is under common Control with such person.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in New York State are authorized or required by law to close.

"Commission" means the Securities and Exchange Commission and any other similar or successor agency of the federal government administering the Securities Act or the Exchange Act.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative thereto.

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

"Initial Public Offering" means the first time a registration statement filed under the Securities Act with the Commission respecting an offering, whether primary or secondary, of common stock of the Company (or securities convertible, exercisable or exchangeable for or into common stock of the Company or rights to acquire common stock of the Company or such securities), which is underwritten on a firmly committed basis, is declared effective and the securities so registered are issued and sold.

"person" means an individual, partnership, corporation, trust, unincorporated organization, joint venture, government (or agency or political subdivision thereof) or any other entity of any kind.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Commission thereunder.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended from time to time, and the rules and regulations of the Commission thereunder.

1.2 CROSS-REFERENCES.

The following defined terms, when used in this Agreement, shall have the respective meanings ascribed to them in the corresponding Sections of this Agreement listed below:

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"Acquisition Agreement"	-	Recitals
"Black-Out Notice"	-	Section 4.3
"Company"	-	Preamble
"Exchange Notes"	-	Section 2.2
"Exchange Offer Registration Period"	-	Section 2.2
"Exchange Offer Registration Statement"	-	Section 2.2
"Exchanging Dealer"	-	Section
2.4(a)		
"First Indenture Holders"	-	Section 9.2
"Indenture"	-	Section 9.1
"Masco"	-	Preamble
"Notes"	-	Recitals
"Other Provisions"	-	Section 9.2
"Public Notes"	-	Section 9.1
"Registered Exchange Offer"	-	Section 2.1
"Registrable Notes"	-	Section 3.1
"Registration Expenses"	-	Section 6.1
"Registrations"	-	Section 3.1
"Requesting Holders"	-	Section 3.1
"Special Counsel"	-	Section 9.2
"Trustee"	-	Section 9.1

ARTICLE II

REGISTERED EXCHANGE OFFER

2.1 Request for Exchange Offer.

If, at any time, (a) any persons (other than Masco and its Affiliates) then own (beneficially and of record) Notes, the aggregate outstanding principal amount of which is at least \$100,000,000, (b) a Registered Exchange Offer has not previously been effected, (c) the Company is not then engaged in attempting to effect a Registration requested pursuant to Section 3.1 and (d) at least 90 days have elapsed since the effective date of any underwritten Registration pursuant to Article III, then the registered holders (other than Masco or any Affiliate thereof) of Notes (other than Notes beneficially owned by Masco or any Affiliate thereof), the aggregate outstanding principle amount of which is at least \$100,000,000, may at such time request that the Company make a Registered Exchange Offer.

2.2 EXCHANGE OFFER REGISTRATION STATEMENT; ONE EXCHANGE OFFER.

Following its receipt of a request made in accordance with Section 2.1 for a Registered Exchange Offer, if the Company is then permitted to effect the Registered Exchange Offer, under the Securities Act and applicable interpretations thereof by the

Commission's staff, the Company shall (a) prepare and, not later than 60 days following its receipt of such request, file with the Commission a registration statement (the "Exchange Offer Registration Statement") on an appropriate form under the Securities act with respect to a proposed offer (the "Registered Exchange Offer") to the registered holders of Notes to issue and deliver to such registered holders, in exchange for the Notes, a like aggregate principal amount of new notes of the Company (the "Exchange Notes"), with terms identical in all material respects to, and except as contemplated in Section 2.3, having all the rights and privileges carried by, the Notes outstanding at the time of the exchange and (b) use all reasonable efforts to cause the Exchange Offer Registration Statement to become effective under the Securities Act within 120 days of its receipt of such request and to keep the Exchange Offer Registration Statement effective for a period of not less than 30 days (or longer, if required by applicable law) after the date notice of the Exchange Offer is mailed to the registered holders of Notes (such period being called the "Exchange Offer Registration Period").

Notwithstanding anything in this Agreement to the contrary, the Company will not have any obligation to effect more than one Registered Exchange Offer pursuant to this Article II. A Registered Exchange Offer shall be deemed to have been effected for purposes of this Article II if an Exchange Offer Registration Statement has become effective under the Securities Act and has been kept effective during the related Exchange Offer Registration Period.

2.3 EXCHANGE NOTES INDENTURE.

The Exchange Notes will be issued under an indenture that satisfies the applicable requirements of Article IX.

2.4 EXCHANGE OFFER PROCEDURES.

(a) Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each registered holder of Notes electing to exchange Notes for Exchange Notes (assuming that such registered holder is not an affiliate of the Company within the meaning of the Securities Act, acquires the Exchange Notes in the ordinary course of such registered holder's business and has no arrangements or understandings with any person to participate in the distribution of the Exchange Notes) to trade such Exchange Notes from and after their receipt without any limitation or restrictions under the Securities Act and without material restrictions under the securities laws of the several states of the United States. The Company acknowledges that, pursuant to current interpretations by the Commission's staff of Section 5 of the Securities Act, each registered holder of Notes that is a broker-dealer electing to exchange Notes, acquired for its own account as a result of market making activities or other trading activities, for Exchange Notes (an "Exchanging Dealer"), is required to deliver a prospectus containing the information set forth in Annexes A,B,C and D relating to the terms of the Exchange Notes, the procedures for the Registered

Exchange Offer, the purpose of the Registered Exchange Offer and the plan of distribution for Exchange Notes in connection with a sale of any such Exchange Notes received by such Exchanging Dealer pursuant to the Registered Exchange Offer.

(b) In connection with the Registered Exchange Offer, the Company shall:

(i) mail to each registered holder of Notes a copy of the prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(ii) keep the Registered Exchange Offer open for not less than 30 days after the date notice thereof is mailed to such registered holders (or longer if required by applicable law);

(iii) utilize the services of a depository for the Registered Exchange Offer with an address in the Borough of Manhattan, The City of New York;

(iv) permit such registered holders to withdraw tendered Notes at any time prior to the close of business, New York time, on the last business day on which the Registered Exchange Offer shall remain open; and

(v) otherwise comply in all material respects with all applicable laws applicable to the Registered Exchange Offer.

(c) As soon as practicable after the close of the Registered Exchange Offer, the Company shall:

(i) accept for exchange all Notes tendered and not validly withdrawn pursuant to the Registered Exchange Offer;

(ii) cancel all Notes so accepted for exchange; and

(iii) cause the Trustee promptly to authenticate and deliver to each registered holder of Notes so accepted for exchange, Exchange Notes equal in principal amount to the Notes of such registered holder so accepted for exchange.

(d) Interest on each Exchange Note issued pursuant to the Registered Exchange Offer will accrue from the last date on which interest was paid (whether in cash or in additional Notes) on the Notes surrendered in exchange therefor.

(e) Each registered holder of Notes participating in the Registered Exchange Offer shall be required to represent to the Company that at the time of the consummation of the Registered Exchange Offer (i) any Exchange Securities received by such registered holder

will be acquired in the ordinary course of business, (ii) such registered holder will have no arrangements or understanding with any person to participate in the distribution of the Notes or the Exchange Notes within the meaning of the Securities Act and (iii) such registered holder is not an affiliate of the Company within the meaning of the Securities Act.

2.5 EXCHANGE OFFER REGISTRATION PROCEDURES.

In connection with an Exchange Offer Registration Statement, the following provisions shall apply:

- (a) The Company shall include in the prospectus forming a part of the Exchange Offer Registration Statement the information set forth in Annex A on the cover, in Annex B in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C in the "Plan of Distribution" section, and shall include the information set forth in Annex D in the letter of transmittal delivered pursuant to clause (i) of Section 2.4(b).
- (b) The Company shall furnish to each Exchanging Dealer which so requests, without charge, at least one copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including financial statements and schedules included therein, and, if such Exchanging Dealer so requests in writing, all exhibits thereto (including those incorporated by reference).
- (c) During the Exchange Offer Registration Period, the Company will promptly deliver to each Exchanging Dealer, without charge, as many copies of the prospectus included in the Exchange Offer Registration Statement and any amendment or supplement thereto as such Exchanging Dealer may reasonably request for delivery by such Exchanging Dealer in connection with a sale of Exchange Notes received by it pursuant to the Registered Exchange Offer; and the Company consents to the use of such prospectus or any amendment or supplement thereto by any such Exchanging Dealer, but in each case only to the extent that such use is in accordance with this Article II.
- (d) The Company shall make available for a period of 180 days after the consummation of the Registered Exchange Offer, a copy of the prospectus forming part of the Exchange Offer Registration Statement to any broker-dealer (other than any Exchanging Dealer) for use in connection with any resale of any Exchange Notes.
- (e) The Company shall ensure that (i) the Exchange Offer Registration Statement and any amendment thereto and any prospectus forming part thereof and any amendment or supplement thereto complies in all material respects with the Securities Act, (ii) the Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances under which they were made, and (iii) the prospectus forming

part of the Exchange Offer Registration Statement and any supplement to such prospectus, does not, as of its date, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading, in light of the circumstances under which they were made.

(f) Upon the occurrence, during the period in which the Company is required to keep the Exchange Offer Registration Statement effective pursuant to Section 2.2, of any event known to the Company as a result of which the prospectus included in the Exchange Offer Registration Statement, as then in effect, contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, the Company shall promptly (i) notify any Exchanging Dealer or other broker-dealer known by it to be using such prospectus in connection with resales of Exchange Notes of the occurrence thereof and (ii) prepare and furnish to each such Exchanging Dealer or other broker-dealer a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to prospective purchasers of Exchange Notes, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made.

(g) The Company shall notify the registered holders of the Exchange Notes (or, if the relevant event occurs prior to the issuance of the Exchange Notes, the registered holders of Notes that requested the Registered Exchange Offer pursuant to Section 2.1):

(i) of the date on which the Exchange Offer Registration Statement or any amendment thereto has been filed with the Commission or on which the Exchange Offer Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission to amend or supplement the Exchange Offer Registration Statement or the prospectus included therein;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Exchange Offer Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Exchange Notes for sale in any jurisdiction or the initiation or (if known to the Company) threatening of any proceeding for such purpose; and

(v) of the occurrence of any event that requires notification to certain Exchanging Dealers and other broker-dealers pursuant to paragraph (f) above.

(h) The Company shall use all reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the Exchange Offer Registration Statement at the earliest possible time.

(i) The Company shall use its best efforts to register or qualify the Exchange Notes under such other securities or blue sky laws of such jurisdictions as any registered holder of Notes tendered pursuant to the Registered Exchange Offer shall reasonably request, to keep such registration or qualification in effect for so long as the Exchange Offer Registration Statement remains in effect and to do any and all other acts and things which may be reasonably necessary or advisable to enable the offer and sale in such jurisdictions of the Exchange Notes received by such registered holder pursuant to the Registered Offer; provided, however, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (i), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of the process in any such jurisdiction.

(j) Not later than the effective date of the Exchange Offer Registration Statement, the Company shall provide a CUSIP number for the Exchange Notes and provide the Trustee with printed certificates for the Exchange Notes in a form eligible for deposit with The Depository Trust Company.

(k) The Company shall use its reasonable efforts to cause the Exchange Notes issued in the Registered Exchange Offer to be listed on each securities exchange (if any) on which debt securities issued by the Company are then listed and shall enter into such customary agreements as may be required in furtherance thereof, including listing applications and indemnification agreements in customary form;

(l) The Company shall use all reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to its security holders, as soon as practicable, an earnings statement covering a period of at least twelve months, beginning with the first month after the effective date of the Exchange Offer Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act.

ARTICLE III

REGISTRATIONS UPON REQUEST

3.1 REQUESTS FOR REGISTRATION.

(a) if, at any time, (i) the sale or assignment of Notes is permitted by Section 9.1(b) of the Notes, (ii) the Company is not then engaged in attempting to effect a

Registered Exchange Offer requested pursuant to Section 2.1 and (iii) at least 90 days have elapsed since the later of (x) the effective date of any Exchange Offer Registration Statement and (y) the effective date of any prior underwritten Registration pursuant to this Article III, then the registered holders of a majority of the then outstanding principal amount of the Notes (the "Requesting Holders") may at such time request registration under the Securities Act of all or part of the Public Notes issuable to the Requesting Holders pursuant to Section 9.4 or 9.5 (the "Registrable Notes") in exchange for the outstanding Notes then held by them; provided, however, that notwithstanding anything in this Agreement to the contrary, (i) the registered holders of Notes shall not be entitled to request, and the Company shall not be obligated to effect, any such registration that does not involve at least \$100 million aggregate principal amount of Registrable Notes and (ii) the Company shall not be obligated to effect any such registration if, at any time prior to the effective date of the registration statement relating thereto, the sale or assignment of Notes is no longer permitted by Section 9.1(b) of the Notes. Within 10 days after its receipt of any such request, the Company will give written notice of such request to all other registered holders of Notes. Thereafter, the Company will use all reasonable efforts to effect the registration under the Securities Act requested by the Requesting Holders and will include in such registration all Registrable Notes with respect to which the Company has received written requests for inclusion therein by such other registered holders within 30 days after the receipt of the Company's notice, subject to the provisions of Section 3.4. All registrations requested pursuant to this Section 3.1 are referred to herein as "Registrations." Notwithstanding anything in this Agreement to the contrary, in the event that (x) a registered holder of Notes has previously exchanged its Notes for Exchange Notes pursuant to a Registered Exchange Offer and (y) as of the time when a Registration is requested pursuant to Section 3.1, there is a material risk (confirmed in writing by counsel reasonably satisfactory to the Company) that such registered holder is not eligible to sell the Exchange Notes then held by it under the exemption from registration set forth in Section 4(1) of the Securities Act, then, solely for purposes of such Registration and all matters relating thereto, such Exchange Notes shall be eligible for registration pursuant to this Article III and shall be deemed to constitute "Notes" under this Section 3.1 and all related Sections of this Agreement.

(b) In the event that the Requesting Holders request a Registration under this Article III, such Requesting Holders may, at any time prior to the effective date of the registration statement relating to such Registration, revoke such request by providing written notice to the Company; provided, however, that notwithstanding such revocation, such Registration shall be deemed to have been effected for purposes of Section 3.2 unless after consultation with the Company and any proposed underwriter, the Requesting Holders in good faith determine that the Registrable Notes which they have requested to be registered would not be sold pursuant to such Registration within a reasonable amount of time or at a price acceptable to such Requesting Holders.

(c) Any request for a Registration pursuant to this Article III shall specify the aggregate principal amount of Registrable Notes proposed to be sold by the Requesting Holders and the intended method of disposition thereof.

3.2 NUMBER OF REGISTRATIONS.

The Company will not have any obligation to effect more than two Registrations pursuant to this Article III. The Company will pay all Registration Expenses in connection with each such Registration.

3.3 EFFECTIVE REGISTRATION STATEMENT.

No registration shall be deemed to have been effected for purposes of Section 3.2:

- (i) unless a registration statement with respect thereto has become effective (other than in connection with a revocation notice delivered pursuant to Section 3.1(b));
- (ii) if after such registration statement has become effective, any stop order, injunction or other order or requirement affecting any of the Registrable Notes covered by such registration statement is issued or threatened by the Commission or any other governmental agency or court;
- (iii) if the Company delivers a Black-Out Notice with respect to such Registration;
- (iv) if the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such Registration are not satisfied by reason of a failure by or inability of the Company to satisfy any of such conditions, or the occurrence of an event outside the reasonable control of any Requesting Holder or other holder of Registrable Notes covered by such agreement;
- (v) if the Requesting Holders have made the determination contemplated by the proviso to Section 3.1(b) and have notified the Company of such determination in a revocation notice delivered in accordance with Section 3.1(b) with respect to such Registration; or
- (vi) if the Requesting Investors are not able to register and sell at least 90% of the amount of Registrable Notes which they requested to be included in such Registration;

provided that the Company will pay all Registration Expenses in connection with any

Registration if pursuant to this Section 3.3 the Registration is deemed not to have been effected.

3.4 Priority on Registrations.

(a) The Company will not include in any Registration any securities which are not Registrable Notes without the written consent of holders of Notes representing not less than $66 \frac{2}{3}\%$ of the aggregate principal amount of Registrable Notes requested to be included in such Registration in accordance with Section 3.1(a).

(b) If the Requesting Holders and other registered holders of Notes request Registrable Notes to be included in a Registration which is an underwritten offering and the managing underwriters advise the Company in writing that in their opinion the amount of Registrable Notes requested to be included exceeds the amount of Registrable Notes which can be sold in such offering within a price range acceptable to the holders of Notes representing not less than $66 \frac{2}{3}\%$ of the aggregate principal amount of Registrable Notes requested to be included in such Registration in accordance with Section 3.1(a), the Company will include any securities to be sold in such Registration in the following order: (i) first, the Registrable Notes owned by the Requesting Holders; (ii) second, the Registrable Notes requested to be included in such registration by such other registered holders of Notes in accordance with Section 3.1(a), provided, that if the managing underwriters determine in good faith that a lower number of Registrable Notes should be included, then only that lower number of Registrable Notes requested to be included by such other registered holders shall be included in such Registration, and such other registered holders shall participate in the registration pro rata based upon their relative ownership of the aggregate principal amount of Registrable Notes requested to be included in such Registration by such other registered holders in accordance with Section 3.1(a); (iii) third, subject to Section 3.4(a), any securities the Company proposes to sell and (iv) fourth, any securities other than Registrable Notes to be sold by persons other than the Company included pursuant to Section 3.4(a) hereof. Any person including any securities (other than Registrable Notes) in a Registration pursuant to Article III hereof must pay its share of the Registration Expenses allocable to such securities as provided in Article VI hereof.

3.5 Registration Statement Form.

Each Registration effected pursuant to this Article III shall be on such appropriate registration form of the Commission (a) as shall be selected by the Company and (b) as shall permit the disposition of the Registrable Notes covered thereby in accordance with the intended method of disposition specified in the request for such Registration by the Requesting Holders.

3.6 SELECTION OF UNDERWRITERS

The Requesting Holders will have the right to select the underwriters and the managing underwriter to administer any Registration (which underwriters and managing underwriter shall be reasonably acceptable to the Company).

ARTICLE IV

HOLDBACK AGREEMENTS

4.1 HOLDBACK.

Each registered holder of Notes agrees not to effect any public sale or distribution of Exchange Notes or Registrable Notes during the seven days prior to, and the 90-day period beginning on, the effective date of (a) an Initial Public Offering, (b) any underwritten Registration in which such registered holder had an opportunity to participate without cutback under Article III hereof (except as part of such underwritten Registration), or (c) any underwritten registration under the Securities Act of other debt securities of the Company, in each case unless the managing underwriters of the relevant registered public offering otherwise agree.

4.2 COMPANY HOLDBACK.

The Company agrees not to effect any public sale or distribution of its debt securities, or any securities convertible, exchangeable or exercisable for or into such debt securities, during the 14 days prior to, and during the 90-day period beginning on, the effective date of any Exchange Offer Registration Statement or any underwritten Registration pursuant to Article III, unless the registered holders of Notes that requested the Registered Exchange Offer or the managing underwriters of such underwritten Registration (as the case may be) otherwise agree.

4.3 BLACK-OUT RIGHTS AND POSTPONEMENT.

Notwithstanding anything in this Agreement to the contrary, the Company may, upon written notice (a "Black-Out Notice") to the registered holders of Notes requesting a Registered Exchange Offer or the Requesting Holders requesting a Registration, require such registered holders or Requesting Holders, as the case may be, to withdraw such request upon the good faith determination by the Company that postponement of such Registered Exchange Offer or Registration, as the case may be, is necessary (i) to avoid disclosure of material non-public information or (ii) as a result of a pending material financing or acquisition transaction, and in each case, each of the registered holders of the Notes may not request another Registered Exchange Offer or Registration for a period of up to 60 days, as specified by the

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Company in such Black-Out Notice. The Company may only give a Black-Out Notice where the giving of such notice has been specifically approved by the Company's Board of Directors. Upon receipt of a Black-Out Notice, the related Registered Exchange Offer or Registration shall be deemed to be rescinded and retracted and shall not be counted as a Registered Exchange Offer or a Registration, as the case may be, for any purpose. The Company may not deliver more than one Black-Out Notice in any 12-month period.

ARTICLE V

REGISTRATION PROCEDURES

Whenever the Requesting Holders and any other registered holders of Notes have requested that Registrable Notes be registered in accordance with Articles III and IV, the Company will use all reasonable efforts to effect the registration and the sale of such Registrable Notes in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company will as expeditiously as possible (or, in the case of clause (p) below, will not):

(a) prepare and file with the Commission a registration statement with respect to such Registrable Notes (such registration statement to include all information which the holders of Registrable Notes to be registered thereby shall reasonably request) and use all reasonable efforts to cause such registration statement to become effective, provided that as promptly as practicable before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will (i) furnish to counsel selected by the holders of a majority of the aggregate principal amount of Registrable Notes covered by such registration statement copies of all such documents proposed to be filed, and the Company shall not file any such documents to which such counsel shall have reasonably objected on the grounds that such document does not comply in all material respects with the requirements of the Securities Act, and (ii) notify each holder of Registrable Notes covered by such registration statement of (x) any request by the Commission to amend such registration statement or amend or supplement any prospectus, or (y) any stop order issued or threatened by the Commission, and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered;

(b) (i) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective during the period commencing on the effective date of such registration statement and ending on the earlier of (x) the 90th day after such effective date and (y) the first date as of which all Registrable Notes covered by such registration statement are sold in accordance with the intended plan of distribution for the Registrable Notes set forth in such registration statement and (ii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of

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disposition by the sellers thereof set forth in such registration statement;

(c) furnish to each seller of Registrable Notes covered by such registration statement, without charge, such number of conformed copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus and, in each case, including all exhibits thereto and documents incorporated by reference therein) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Notes owned by such seller;

(d) use its best efforts to register or qualify the Registrable Notes covered by such registration statement under such other securities or blue sky laws of such jurisdictions as any seller thereof shall reasonably request, to keep such registration or qualification in effect for so long as such registration statement remains in effect and to do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Notes owned by such seller, provided, however, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this clause (d), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction;

(e) furnish to each seller of Registrable Notes covered by such registration statement a signed copy, addressed to such seller (and the underwriters, if any) of an opinion of counsel for the Company or special counsel to the selling securityholders, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), reasonably satisfactory in form and substance to such seller, covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in opinions of issuer's counsel delivered to the underwriters in underwritten public offerings, and such other legal matters as the seller (or the underwriters, if any) may reasonably request;

(f) notify each seller of Registrable Notes covered by such registration statement, at a time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of any event known to the Company as a result of which the prospectus included in such registration statement, as then in effect, contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and, at the request of any such seller, the Company will prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Notes, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and in

the event the Company shall give such notice, the Company shall extend the period during which such registration statement shall be maintained effective by the number of days during the period from and including the date of the giving of such notice to such seller to the date when the Company made available to such seller an appropriately amended or supplemented prospectus;

(g) cause all Registrable Notes covered by such registration statement to be listed on each securities exchange (if any) on which debt securities issued by the Company are then listed and enter into such customary agreements as may be required in furtherance thereof, including without limitation listing applications and indemnification agreements in customary form;

(h) provide a transfer agent and registrar for all Registrable Notes covered by such registration statement not later than the effective date of such registration statement;

(i) enter into such customary arrangements and take all such other actions as the holders of a majority of the aggregate principal amount of Registrable Notes covered by such registration statement or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Notes;

(j) make available for inspection by any seller of Registrable Notes covered by such registration statement, any underwriter participating in any disposition of Registrable Notes pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(k) subject to other provisions hereof, use all reasonable efforts to cause the Registrable Notes covered by such registration statement to be registered with or approved by such other governmental agencies or authorities or self-regulatory organizations as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Notes;

(l) use all reasonable efforts to obtain a "comfort" letter, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), signed by the independent public accountants who have certified the Company's financial statements included in such registration statement, addressed to each seller of Registrable Notes covered by such registration statement and to the underwriters, if any, covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and with respect to events subsequent to the date of such financial statements, as are customarily covered in accountants' letters delivered to the underwriters in underwritten public offerings

of securities and such other financial matters as such seller (or the underwriters, if any) may reasonably request;

(m) otherwise use all reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to its security holders, as soon as practicable, an earnings statement covering a period of at least twelve months, beginning with the first month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(n) permit any holder of Registrable Notes covered by such registration statement, which holder, in the sole judgment, exercised in good faith, of such holder might be deemed to be a controlling person of the Company (within the meaning of the Securities Act or the Exchange Act) to participate in the preparation of such registration statement and to include therein material, furnished to the Company in writing, which in the reasonable judgment of such holder should be included and which is reasonably acceptable to the Company;

(o) use all reasonable efforts to obtain the withdrawal at the earliest possible time of any stop order suspending the effectiveness of such registration statement or of any order preventing or suspending the use of any preliminary prospectus included therein;

(p) at any time file or make any amendment to such registration statement, or any amendment of or supplement to the prospectus included therein (including amendments of the documents incorporated by reference into the prospectus), of which each seller of Registrable Notes covered by such registration statement or the managing underwriters, if any, shall not have previously been advised and furnished a copy or to which the sellers of a majority of the aggregate principal amount of such Registrable Securities, the managing underwriters, if any, or counsel for such sellers or for such underwriters shall reasonably object;

(q) make such representations and warranties (subject to appropriate disclosure schedule exceptions) to sellers of Registrable Notes covered by such registration statement and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters and selling holders, as the case may be, in underwritten public offerings of substantially the same type; and

(r) if such registration statement refers to any seller of Registrable Notes covered thereby by name or otherwise as the holder of any securities of the Company then (whether or not such seller is or might be deemed to be a controlling person of the Company), (i) at the request of such seller, insert therein language, in form and substance reasonably satisfactory to such seller, the Company and the managing underwriters, if any, to the effect that the holding by such seller of such securities is not to be construed as a recommendation by such seller of the investment quality of the Registrable Notes or the Company's other securities covered thereby and that such holding does not imply that such seller will assist in

meeting any future financial requirements of the Company, or (ii) in the event that such reference to such seller by name or otherwise is not required by the Securities Act, any similar Federal or state statute, or any rule or regulation of any other regulatory body having jurisdiction over the offering, at the request of such seller, delete the reference to such seller.

ARTICLE VI

REGISTRATION EXPENSES

6.1 FEES GENERALLY.

All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation internal expenses (including without limitation all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance, the expenses and fees for listing Exchange Notes or Registrable Notes on each securities exchange (if any) on which debt securities issued by the Company are then listed, all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including without limitation reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Exchange Notes or Registrable Notes), printing expenses, messenger and delivery expenses, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding underwriting fees, discounts and commissions) and other persons retained by the Company (all such expenses being herein called "Registration Expenses") shall be borne by the Company, except that each seller of Exchange Notes or Registrable Notes shall pay any underwriting fees, discounts or commissions attributable to the sale of its Exchange Notes or Registrable Notes.

6.2 COUNSEL FEES.

In connection with a Registered Exchange Offer, the Company will reimburse the registered holders of Notes that requested the Registered Exchange Offer for the reasonable fees and disbursements of one counsel chosen by such registered holders. In connection with each Registration, the Company will reimburse the Requesting Holders in such Registration for the reasonable fees and disbursements of one counsel chosen by such Requesting Holders.

ARTICLE VII

UNDERWRITTEN OFFERINGS

If requested by the underwriters for any underwritten offering of Registrable Notes pursuant to a Registration, the Company will enter into an underwriting agreement with such underwriters for such offering, such agreement to be satisfactory in substance and form to the holders of Notes representing a majority of the aggregate principal amount of Registrable Notes requested to be included in such Registration and the underwriters, and to contain such representations and warranties by the Company and such other terms as are generally included in agreements of such type, including without limitation indemnities customarily included in such agreements. The sellers of Registrable Notes to be distributed by such underwriters will cooperate in good faith with the Company in the negotiation of the underwriting agreement. The sellers of Registrable Notes to be distributed by such underwriters shall be parties to such underwriting agreement and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such sellers and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to the obligations of such sellers. The Company shall cooperate with any such seller of Registrable Notes in order to limit any representations or warranties to, or agreements with, the Company or the underwriters to be made by such seller only to representations, warranties or agreements regarding such seller, such seller's Registrable Notes, such seller's intended method of distribution, any other information required by law and supplied in writing by such seller to the Company or the underwriters specifically for use in the relevant registration statement and any other representation required by applicable law.

ARTICLE VIII

INDEMNIFICATION

8.1 INDEMNIFICATION BY THE COMPANY.

The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each of the holders of any Exchange Notes or Registrable Notes covered by a registration statement that has become effective under the Securities Act pursuant to this Agreement, each other person, if any, who controls such holder within the meaning of the Securities Act or the Exchange Act, and each of their respective directors, general partners and officers, as follows:

- (i) against any and all loss, liability, claim, damage or expense (other than amounts paid in settlement) incurred by them arising

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out of or based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement (or any amendment or supplement thereto), including all documents incorporated therein by reference, or in any preliminary prospectus or prospectus included therein (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances under which they were made;

(ii) against any and all loss, liability, claim, damage and expense incurred by them to the extent of the aggregate amount paid in settlement of any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense incurred by them in connection with investigating, preparing or defending against any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, to the extent that any such expense is not paid under clause

(i) or (ii) above;

provided, however, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of or based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company or the underwriters by or on behalf of such holder expressly for use in the preparation of such registration statement (or any amendment or supplement thereto), including all documents incorporated therein by reference, or in any preliminary prospectus or prospectus included therein (or any amendment or supplement thereto); and provided further, however, that the Company will not be liable to any holder of Exchange Notes or Registrable Notes (or any other indemnified person) under the indemnity agreement in this Section 8.1, with respect to any preliminary prospectus or the final prospectus or the final prospectus as amended or supplemented, as the case may be, to the extent that any such loss, liability, claim, damage or expense of such holder (or other indemnified person) results from the fact that such holder sold Exchange Notes or Registrable Notes to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final prospectus or of the final prospectus as then amended or supplemented, whichever is most recent, if the Company has previously and

timely furnished copies thereof to such holder. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such holder or any such director, officer, general partner, or other controlling person and shall survive the transfer of the relevant Exchange Notes or Registrable Notes by such holder.

8.2 INDEMNIFICATION BY A SELLING NOTEHOLDER.

In connection with any Registered Exchange Offer in which a holder of Notes is participating or any Registration in which a holder of Registrable Notes is participating, each such holder agrees to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 8.1 of this Agreement), to the extent permitted by law, the Company and its directors, officers and controlling persons, and their respective directors, officers and general partners, with respect to any statement or alleged statement in or omission or alleged omission from the related registration statement (including all documents incorporated therein by reference), any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto or to such preliminary prospectus or prospectus, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information that relates only to such holder or the plan of distribution that is expressly furnished to the Company or the underwriters by or on behalf of such holder for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company, or such holder, as the case may be, or any of their respective directors, officers, controlling persons or general partners and shall survive any transfer of Exchange Notes or Registrable Notes by such holder. With respect to each claim pursuant to this Section 8.2, each holder's maximum liability under this Section 8.2 shall be limited to an amount equal to the net proceeds actually received by such holder (after deducting any underwriting fees, discount and commissions) from the sale of the Exchange Notes or Registrable Notes being sold or exchanged pursuant to such registration statement or prospectus by such holder.

8.3 INDEMNIFICATION PROCEDURE.

Promptly after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding involving a claim referred to in Section 8.1 or Section 8.2, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under Section 8.1 or Section 8.2 except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action or proceeding is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof,

the indemnifying party will not be liable to such indemnified party for any legal fees and expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment an actual or potential conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, in which case the indemnifying party shall not be liable for the fees and expenses of (i) in the case of a claim referred to in Section 8.1, more than one counsel (in addition to any local counsel) for all indemnified persons selected by the holders of Exchange Notes or Registrable Notes (as the case may be) representing a majority in aggregate principal amount of the Exchange Notes or Registrable Notes (as the case may be) held by such indemnified persons, or (ii) in the case of a claim referred to in Section 8.2, more than one counsel (in addition to any local counsel) for the Company, in each case in connection with any one action or separate but similar or related actions. An indemnifying party who is not entitled to (pursuant to the immediately preceding sentence), or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel (in addition to any local counsel) for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party an actual or potential conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels as may be reasonable in light of such conflict. The indemnifying party will not, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not such indemnified party or any person who controls such indemnified party is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability arising out of such claim, action, suit or proceeding. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party will have the right to retain, at its own expense, counsel with respect to the defense of a claim.

8.4 UNDERWRITING AGREEMENT.

The Company, and each holder of Registrable Notes requesting registration of all or any part of such Notes pursuant to Article III, shall provide for the foregoing indemnity (with appropriate modifications) in any underwriting agreement entered into in connection with a Registration with respect to any required registration or other qualification of Registrable Notes under any Federal or state law or regulation of any governmental authority.

8.5 CONTRIBUTION.

If the indemnification provided for in Sections 8.1 or 8.2 is unavailable to hold harmless an indemnified party under such Section, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in Section 8.1 or Section 8.2, as the case may

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be, in such proportion as is appropriate to reflect the relative fault of such indemnifying party on the one hand, and the indemnified party on the other, in connection with statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations, including without limitation the relative benefits received by each party from the Registered Exchange Offer or the offering of the Registrable Notes and other securities covered by the relevant registration statement (as the case may be), the parties' relative knowledge and access to information concerning the matter with respect to which the relevant claim was asserted and the parties' relative opportunities to correct and prevent any relevant statement or omission. Without limiting the generality of the foregoing, the parties' relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to relevant information and opportunity to correct or prevent any such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 8.5 were to be determined by pro rata or per capita allocation (even if the underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the first and second sentences of this Section 8.5. The amount paid by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the first sentence of this Section 8.5 shall be deemed to include any legal or other expenses reasonably incurred by the indemnified party in connection with investigating or defending the relevant action or proceeding and shall be limited as provided in Section 8.3 if the indemnifying party has assumed the defense of the relevant action or proceeding in accordance with the provisions of this Section 8.5. Promptly after receipt by an indemnified party under this Section 8.5 of notice of the commencement of any action or proceeding against such party in respect of which a claim for contribution may be made against an indemnifying party under this Section 8.5, such indemnified party shall notify the indemnifying party in writing of the commencement thereof if the notice specified in Section 8.3 has not been given with respect to such action or proceeding; provided, however, that the omission to so notify the indemnifying party shall not relieve the indemnifying party from any liability which it may otherwise have to any indemnified party under this Section 8.5, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. The Company and each holder of Registrable Notes agrees with each other and the underwriters of any Registrable Notes, if requested by such underwriters, that (i) the underwriters' portion of such holder's contribution shall not exceed the total underwriting fees, discounts and commissions in connection with the relevant Registration and (ii) the amount of such holder's contribution shall not exceed an amount equal to the net proceeds actually received by such holder from the sale of Registrable Notes pursuant to the Registration to which the losses, liabilities, claims, damages or expenses of the indemnified parties relate. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

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8.6 PERIODIC PAYMENTS.

The indemnification required by this Article VIII shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

ARTICLE IX

INDENTURE

9.1 INDENTURE GENERALLY. As soon as reasonably possible after the Company's receipt of the first written request for a Registered Exchange Offer pursuant to Section 2.1 or a Registration pursuant to Section 3.1(a), the Company shall, subject to the other provisions of this Article IX, prepare and, simultaneously with the effectiveness of the registration statement relating to such Registered Exchange Offer or Registration, execute and deliver to a bank or trust company, as trustee (the "Trustee"), selected by the Company, having capital and surplus of at least \$100,000,000 and having its principal office either in Charlotte, North Carolina or in New York, New York, an Indenture (the "Indenture"), providing for the issuance, and shall authorize the issuance thereunder as hereinafter provided, of the Exchange Notes (in the case of a Registered Exchange Offer) or new notes (in the case of a Registration) (the "Public Notes") in exchange for the Notes, in each case with terms identical in all respects to the Notes and, except as contemplated in Section

9.2, having all the rights and privileges carried by, the Notes outstanding at the time of such authorization. In the event that an Indenture has previously been entered into pursuant to this Section 9.1, the Company shall cause any Exchange Notes or Public Notes issued in connection with a subsequent Registered Exchange Offer or Registration to be issued under such Indenture (or a successor Indenture satisfying the applicable requirements of this Article IX).

9.2 INDENTURE. The Indenture and the Exchange Notes and Public Notes to be issued thereunder shall, insofar as may be appropriate, respectively embody the substance of all covenants, events of default and other provisions of the Notes, together with such other provisions (not inconsistent with the provisions of the Notes) as are usually contained in indentures providing for obligations of comparable aggregate principal amount and maturity and having comparable substantive provisions, including without limitation a provision to the effect that during the continuance of an event of default the Trustee may, to the extent that the amount of Exchange Notes and Public Notes then outstanding under the Indenture is sufficient for the Trustee to do so, declare (and upon the written request of the holders of Exchange Notes and Public Notes representing a majority of the aggregate principal amount of the Notes, the Exchange Notes and the Public Notes at the time outstanding (taken together as a single class), shall declare) by notice in writing to the Company, the principal of all of the Notes, the Exchange Notes and the Public Notes at the time outstanding to be due and payable immediately (collectively, the "Other Provisions"); provided, however, that (a) the

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covenants, events of default and other provisions of the Indenture and the Exchange Notes and Public Notes issued thereunder (except for the Other Provisions) shall be no more restrictive to the Company than the covenants, conditions and provisions set forth in the Notes and (b) the Indenture, the Exchange Notes and the Public Notes will provide that, for all purposes thereunder (including, without limitation, the granting of any waiver, the exercise of any remedy or the taking of any other action by the holders of Exchange Notes and Public Notes or by the Trustee on their behalf), the Notes, the Exchange Notes and the Public Notes will be treated as a single class of debt securities. The Indenture and the Exchange Notes and Public Notes issued thereunder shall be, respectively, in such form and shall contain such procedural provisions as may be necessary to comply with any applicable statutes and with any rules or regulations thereunder and as may be necessary to register such Exchange Notes and Public Notes under the Securities Act and to render the Indenture eligible for qualification under the Trust Indenture Act. The Indenture shall be satisfactory in form and substance to the Company and to the registered holders of Notes who requested pursuant to Section 2.1 or

3.1(a) the first Registered Exchange Offer or Registration effected hereunder (the "First Indenture Holders") and their special counsel, who shall be selected by the First Indenture Holders (the "Special Counsel"), and shall permit the issuance of Public Notes only in exchange for Notes requested to be included in a Registration and otherwise exchanged in accordance with Section

9.4 or 9.5 (except in the case of (i) mutilated, lost, destroyed or stolen Public Notes, (ii) exchanges, transfers and reissues of Public Notes and (iii) issuances of Public Notes in payment of interest on other Public Notes).

9.3 OPINION. At the time an Indenture is first entered into pursuant to Section 9.1, Special Counsel shall furnish to the First Indenture Holders and to the Trustee under the Indenture an opinion to the effect that

(a) the Indenture and the Exchange Notes or Public Notes to be issued in connection with the related Registered Exchange Offer or Registration are in compliance as to form with this Agreement (or have otherwise been consented to by each of the First Indenture Holders and the Company), (b) the Indenture has been duly authorized, executed and delivered and is a legal, valid and binding instrument enforceable in accordance with its terms (subject, however, to qualification in respect of (i) any applicable bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the effect of certain laws and judicial decisions upon the enforceability of certain of the remedies provided in the Indenture without, however, in the opinion of such counsel, materially interfering with the practical realization of the benefits provided by the Indenture), and (c) such Exchange Notes or Public Notes, as the case may be, have been duly authorized, and, when executed, authenticated and delivered as provided in the Indenture, will constitute legal, valid and binding obligations of the Company enforceable in accordance with their terms and entitled to the benefits of the Indenture in accordance with the terms of the Indenture and such Exchange Notes or Public Notes (subject, however, to qualifications corresponding to those set forth in clauses (i) and (ii) above). The Company will bear all expenses incurred in connection with the preparation, execution and delivery of the Indenture and issuing Exchange Notes and Public Notes thereunder, including the reasonable fees and disbursements of Special Counsel in connection therewith.

9.4 EXCHANGES BY REQUESTING HOLDERS. From and after the execution and delivery of the Indenture, upon surrender of any Note by a Requesting Holder in connection with the first Registration effected pursuant to Article III, the Company will deliver to or upon the order of such Requesting Holder, in exchange therefor, Public Notes, in the same aggregate unpaid principal amount as the Note surrendered, in such authorized form and denomination as such holder may elect, and bearing interest from the last date on which interest was paid (whether in cash or in additional Notes) on the Note so surrendered, and the Company will effect such exchange without charge to such holder.

9.5 EXCHANGES BY OTHER HOLDERS. If an Indenture is entered into and any Public Notes of the Company are issued pursuant to this Article IX, each remaining registered holder of Notes shall be entitled to exchange any of the Notes held by it for Public Notes issued under such Indenture in accordance with the terms of this Article IX as if such holder were a Requesting Holder in the first Registration effected pursuant to Article III; provided, however, that such holder shall have requested registration of such Public Notes in accordance with Section 3.1.

ARTICLE X

RULE 144

If the Company shall have filed a registration statement pursuant to the requirements of Section 12 of the Exchange Act or a registration statement pursuant to the requirements of the Securities Act, the Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act (or, if the Company is not required to file such reports, it will, upon the request of any registered holder of Notes, Exchange Notes or Public Notes, make publicly available other information), and it will take such further action as any registered holder of Notes, Exchange Notes or Public Notes may reasonably request, all to the extent required from time to time to enable such holder to sell its Notes, Exchange Notes or Public Notes without registration under the Securities Act in compliance with (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any registered holder of Notes, Exchange Notes or Public Notes, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

ARTICLE XI

PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

No holder of Registrable Notes may participate in any underwritten registration

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hereunder unless such holder (i) agrees to sell such holder's securities on the basis provided in any underwriting arrangements approved by the person or persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, escrow agreements and other documents reasonably required under the terms of such underwriting arrangements and consistent with the provisions of this Agreement.

ARTICLE XII

MISCELLANEOUS

12.1 NO INCONSISTENT AGREEMENTS.

The Company will not hereafter enter into any agreement which is inconsistent with, or would otherwise restrict the performance by the Company of, its obligations hereunder.

12.2 SPECIFIC PERFORMANCE.

The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy that may be available to any of them at law or equity; provided, however, that each of the parties hereto agrees to provide the other parties hereto with written notice at least two business days prior to filing any motion or other pleading seeking a temporary restraining order, a temporary or permanent injunction, specific performance, or any other equitable remedy and to give the other parties hereto and their counsel a reasonable opportunity to attend and participate in any judicial or administrative hearing or other proceeding held to adjudicate or rule upon any such motion or pleading.

12.3 AMENDMENTS AND WAIVERS.

(a) Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement will be effective against the Company or any holder of Notes, Exchange Notes or Public Notes, unless such modification, amendment or waiver is approved in writing by the Company, or by either such holder or the registered holders of Notes, Exchange Notes and Public Notes representing a majority of the aggregate principal amount of Notes, Exchange Notes and Public Notes then outstanding, as the case may be. Each holder of any Notes, Exchange Notes or Public Notes at the time or thereafter outstanding shall be bound by each modification, amendment or waiver authorized pursuant to this Section 12.3, whether or not such Notes, Exchange Notes or Public Notes shall have been marked to indicate such modification, amendment or waiver.

(b) The failure of any party hereto to enforce any of the provisions of this Agreement will in no way be construed as a waiver of provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

12.4 NOMINEES FOR BENEFICIAL OWNERS.

In the event that any Notes, Exchange Notes or Public Notes are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its election by written notice to the Company effective upon receipt by the Company, be treated as the holder of such Notes, Exchange Notes or Public Notes for purposes of any request or other action by any holder or holders of Notes, Exchange Notes or Public Notes pursuant to this Agreement or any determination of any number or percentage of aggregate principal amount of Notes, Exchange Notes or Public Notes held by any holder or holders of Notes, Exchange Notes or Public Notes contemplated by this Agreement. If the beneficial owner of any Notes, Exchange Notes or Public Notes makes such election, the Company may require assurances reasonably satisfactory to it of such owner's beneficial ownership of such Notes, Exchange Notes or Public Notes. Prior to receipt by the Company of written notice contemplated hereby, any action taken by any such nominee shall be binding upon each related beneficial owner.

12.5 SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. In addition, and whether or not any express assignment shall have been made, the provisions of this Agreement which are binding upon or for the benefit of the parties hereto other than the Company shall also be binding upon, for the benefit of and enforceable by or against any subsequent holder of any Notes, Exchange Notes or Public Notes, as applicable, subject to all the provisions herein, including those respecting the minimum percentages of aggregate principal amount of notes required in order to be entitled to certain rights, or to take certain actions, provided for herein.

12.6 NOTICES.

All notices, requests and other communications hereunder shall be in writing and shall be delivered by hand, by express courier service, by registered or certified mail, return receipt requested, postage prepaid, by first-class mail or by telecopy, addressed, (a) if to any holder of Notes, Exchange Notes or Public Notes, at the following address or at such other address as such holder shall have furnished to the Company in writing:

Masco Corporation
21001 Van Born Road
Taylor, Michigan 48180
Facsimile No.: 313-374-6135 Attn: President

with a copy to:

Masco Corporation 21001 Van Born Road Taylor, Michigan 48180 Facsimile No.: 313-374-6135 Attn: General Counsel

or (b) to the Company, at the following address or at such other address as the Company shall have furnished to the registered holders of Notes and the Trustee (if any) in writing:

FURNISHINGS INTERNATIONAL INC.

1300 National Highway
Thomasville, North Carolina 27360
Facsimile No.: 910-476-4551
Attn: President

with copies to:

FURNISHINGS INTERNATIONAL INC.

1300 National Highway
Thomasville, North Carolina 27360
Facsimile No.: 910-476-4551
Attn: General Counsel

and

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
Facsimile No.: 212-309-6273
Attn: Philip H. Werner

Any notice so addressed and mailed or delivered shall be deemed to be given (i) one Business Day after being consigned to an express courier service, (ii) five Business Days after being mailed by registered, certified or first-class mail, (iii) on the same Business Day, if by hand and (iv) when received, if by telecopy.

12.7 HEADINGS; CERTAIN CONVENTIONS.

The headings of the various Articles and Sections of this Agreement are for convenience of reference only and shall not define, limit or otherwise affect any of the terms or provisions hereof. Unless the context otherwise expressly requires, all references herein to Articles, Sections and Annexes are to Articles, Sections and Annexes of this Agreement. The words "herein," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular Section or provision. The words "include," "includes"

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and "including" shall be deemed to be followed by the phrase "without limitation".

12.8 GENDER.

Whenever the pronouns "he" or "his" are used herein they shall also be deemed to mean "she" or "hers" or "it" or "its" whenever applicable. Words in the singular shall be read and construed as though in the plural and words in the plural shall be construed as though in the singular in all cases where they would so apply.

12.9 INVALID PROVISIONS.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

12.10 GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

12.11 CONSENT TO JURISDICTION AND SERVICE OF PROCESS.

EACH OF THE PARTIES HERETO CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF NEW YORK, STATE OF NEW YORK AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT MAY BE LITIGATED IN SUCH COURTS. EACH OF THE PARTIES HERETO ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH OF THE PARTIES HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR

CERTIFIED MAIL, POSTAGE PREPAID, TO THE PARTY AT THE ADDRESS SPECIFIED IN THIS AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE 15 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF ANY PARTY HERETO TO SERVE ANY SUCH LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR TO OBTAIN JURISDICTION OVER OR TO BRING ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE OTHER PARTIES HERETO IN SUCH OTHER JURISDICTIONS, AND IN SUCH OTHER MANNER, AS MAY BE PERMITTED BY ANY APPLICABLE LAW.

12.12 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. EACH OF THE PARTIES HERETO ALSO WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF ANY OTHER PARTY HERETO. THE SCOPE OF THIS WAIVE IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF THE PARTIES HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHT FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

12.13 COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

FURNISHINGS INTERNATIONAL INC.

By: Robert L. George

Name: Robert L. George Title: Executive Vice President

MASCO CORPORATION

By: John R. Leekley

Name: John R. Leekley Title: Vice President

ANNEX A

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Notes where such Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date (as defined herein), it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

ANNEX B

Each broker-dealer that receives Exchange Notes for its own account in exchange for Notes, where such Notes acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See "Plan of Distribution."

ANNEX C

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Notes where such Notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until [insert date], all dealers effecting transactions in the Exchange Notes may be required to deliver a prospectus.(1)

The Company will not receive any proceeds from any sale of Exchange Notes by broker-dealers. Exchange Notes received by broker-dealers for their own account pursuant to the Registered Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Registered Exchange Offer and any broker or dealer that participates in distribution of such Exchange Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the Expiration Date the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Registered Exchange Offer (including the expenses of one counsel for the registered holders of the Notes) other than commissions or concessions of any brokers or dealers and will indemnify the registered holders of the Notes (including any broker-dealer) against certain liabilities, including liabilities under the Securities Act.

(1) In addition, the legend required by Item 502(e) of Regulation S-K will appear on the back cover page of the Registered Exchange Offer prospectus.

ANNEX D

// CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: _____ Address: _____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

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EXHIBIT 11

MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF PRIMARY AND FULLY DILUTED PER SHARE EARNINGS (LOSS)

(INCLUDING EFFECT OF FULL DILUTION)

	(IN THOUSANDS EXCEPT AS INDICATED)		
	1996	1995	1994
	-----	-----	-----
Shares for computation of primary and fully diluted earnings per share:			
Weighted average number of shares outstanding.....	160,600	159,600	158,800
Common stock equivalents:			
Convertible debentures(1).....	4,200	--	4,200
Stock options(1).....	1,300	--	800
	-----	-----	-----
Total shares for primary earnings per share computation.....	166,100	159,600	163,800
	=====	=====	=====
Income from continuing operations.....	\$295,200	\$ 200,050	\$172,710
Add back of debenture interest, net(1).....	5,880	--	5,880
	-----	-----	-----
Earnings from continuing operations per common share, as adjusted.....	301,080	200,050	178,590
Discontinued operations:			
Income from operations.....	--	8,270	20,990
Loss on disposition, net.....	--	(650,000)	--
	-----	-----	-----
Earnings (loss) attributable to common stock....	\$301,080	\$(441,680)	\$199,580
	=====	=====	=====
Primary and fully diluted earnings (loss) per common share:			
Continuing operations.....	\$1.81	\$ 1.25	\$1.09
Discontinued operations:			
Income from operations.....	--	.05	.13
Loss on disposition, net.....	--	(4.07)	--
	-----	-----	-----
Primary and fully diluted earnings per share (in dollar amounts).....	\$1.81	\$(2.77)	\$1.22
	=====	=====	=====
Earnings per share as reported.....	\$1.84	\$(2.77)	\$1.22
	=====	=====	=====

(1) Common stock equivalents have an anti-dilutive effect in 1995 and dilutive influences are less than 3% in 1996 and 1994.

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EXHIBIT 12

MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	(THOUSANDS OF DOLLARS)				
	YEAR ENDED DECEMBER 31				
	1996	1995	1994	1993	1992
EARNINGS BEFORE INCOME TAXES AND FIXED CHARGES:					
Income from continuing operations before income taxes.....	\$502,700	\$351,790	\$292,830	\$349,190	\$296,020
Deduct/add equity in undistributed (earnings) loss of fifty-percent-or-less-owned companies.....	(12,310)	(17,770)	106,200	(13,750)	(13,210)
Add interest on indebtedness, net....	74,790	73,400	60,360	62,860	57,190
Add amortization of debt expense.....	1,400	1,930	2,220	2,650	2,710
Add estimated interest factor for rentals.....	6,150	4,970	4,220	3,190	3,290
Earnings before income taxes and fixed charges.....	\$572,730	\$414,320	\$465,830	\$404,140	\$346,000
FIXED CHARGES:					
Interest on indebtedness.....	\$ 77,250	\$ 76,460	\$ 63,220	\$ 63,600	\$ 69,890
Amortization of debt expense.....	1,400	1,930	2,220	2,650	2,710
Estimated interest factor for rentals.....	6,150	4,970	4,220	3,190	3,290
	\$ 84,800	\$ 83,360	\$ 69,660	\$ 69,440	\$ 75,890
Ratio of earnings to fixed charges.....	6.8	5.0	6.7	5.8	4.6

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Exhibit 21

MASCO CORPORATION
(A DELAWARE CORPORATION)

Subsidiaries as of March 15, 1997

of	Name	Jurisdiction Incorporation or Organization
	-----	-----
	Alsons Corporation	Michigan
	American Metal Products Company	Delaware
	A.M.P. Industrial Mexicana S.A. de C.V.	Mexico
	American Shower & Bath Corporation	Michigan
	Aqua Glass Corporation	Tennessee
	Aqua Glass West, Inc.	Delaware
	Tombigbee Transport Corporation	Tennessee
	Auto-Graph Computer Designing Systems, Inc.	Kentucky
	Baldwin Hardware Corporation	Pennsylvania
	Baldwin Decorative Coatings, Inc.	Delaware
	Baldwin Hardware Service Corp.	Delaware
	Brass-Craft Manufacturing Company	Michigan
	Brass-Craft Holding Company	Michigan
	Brass-Craft Canada, Ltd.	Canada
	Brass-Craft Western Company	Texas
	Plumbers Quality Tool Mfg. Co., Inc.	Michigan
	Tempered Products, Inc.	Taiwan
	Thomas Mfg. Company Inc. of Thomasville	North Carolina
	Brush Creek Ranch II, Inc.	Missouri
	Cal-Style Furniture Mfg. Co.	California
	Composite Products Inc.	Delaware

Organization	Name	Jurisdiction Incorporation or
-----	----	
Delta Faucet Services International, Inc.		Delaware
Epic Fine Arts Company		Delaware
Beacon Hill Fine Art Corporation		New York
Morning Star Gallery, Ltd.		New Mexico
Fieldstone Cabinetry, Inc.		Iowa
Fieldstone Transportation Company		Iowa
Flint & Walling Industries, Inc.		Delaware
Franklin Brass Manufacturing Co.		Delaware
Gale Industries, Inc.		Florida
Gamco Products Company		Delaware
Gibraltar Lock Co. Ltd.		Canada
Intro Europe, B.V.		Netherlands
KraftMaid Cabinetry, Inc.		Ohio
KraftMaid Trucking, Inc.		Ohio
Landex, Inc.		Michigan
Landex of Wisconsin, Inc.		Wisconsin
The Marvel Group, Inc.		Delaware
Masco Capital Corporation		Delaware
Masco Holdings Limited		Delaware
Masco Building Products Corp.		Delaware
Computerized Security Systems, Inc.		Michigan
Computerized Security Systems of Canada, Inc		Canada
Computerized Security Systems (Asia) Limited		Asia
Thermador Corporation		California
Weiser Lock Corporation		California
Winfield Locks, Inc.		California
Masco Corporation of Indiana		Indiana
Damixa A/S		Denmark
Damixa AB		Sweden
N.V. Damixa S.A.		Belgium
Mix-A-Mix A/S		Denmark

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of	Name	Jurisdiction
Organization	-----	Incorporation or
	DAMIXA Armaturen GmbH	Germany
	Delta Faucet Company of Tennessee	Delaware
	Delta International Services, Inc.	Delaware
	Delta Faucet of Oklahoma, Inc.	Delaware
	Hydrotech, Inc.	Michigan
	Studio Technico Sviluppo E. Recherche Srl	Italy
	Masco Canada Limited	Ontario
	3072002 Ontario Limited	Ontario
	Masco Corporation Limited	United Kingdom
	Berglen Furniture Limited	United Kingdom
	Berglen Group Limited	United Kingdom
	Cebu Limited	United Kingdom
	Damixa Ltd.	United Kingdom
	Kiloheat Limited	United Kingdom
Moore Group Limited		England
	George A. Moore & Co. Ltd.	England
	George A. Moore (Properties) Limited	England
	Moore Furniture Group Limited	England
	George A. Moore (Properties) Limited	England
	KBB Properties Limited	England
	KBB Limited	England
	Masterpiece Kitchens and Bathrooms Limited	England
	Moore International Limited	England
	Sheridan Home Improvement Products Limited	England
NewTeam Management Services Limited		Jersey
	NewTeam Electronics Ltd.	United Kingdom
	NewTeam Export (Jersey) Limited	Jersey
	NewTeam France SARL	France
	NewTeam Ltd.	United Kingdom
	NewTeam Plastics Ltd.	United Kingdom
	Chromeco Ltd.	United Kingdom

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of	Name	Jurisdiction
Organization	-----	Incorporation or
	Harplace Ltd.	United Kingdom
	Showerforce Ltd.	United Kingdom
	Weiser (U.K.) Ltd.	United Kingdom
	Masco GmbH - 98%	Germany
	Alfred Reinecke GmbH & Co. KG	Germany
	Alma Kuchen Aloys Meyer GmbH	Germany
	E Missel GmbH & Co.	Germany
	Gebhardt Aktiebolag 90%	Sweden
	Gebhardt Sarl	France
	Gebhardt Ventilatoren Gesellschaft mbh	Austria
	Gebhardt Ventilatoren GmbH & Co.	Germany
	Gebhardt Ventiladores Srl	Spain
	Hans Grohe GmbH & Co. KG - 27%	Germany
	HTH Haustechnische Handelsgesellschaft mbh	Germany
	Hueppe Belgium NV/SA	Belgium
	Hueppe Gesellschaft mbh	Austria
	Hueppe GmbH & Co.	Germany
	Hueppe Sarl	France
	Intermart Insaat Malzemeleri Sanayi ve Ticaret AS	Turkey
	Jung-Pumpen GmbH	Germany
	Jung-Pumpen Handelsgesellschaft mbh	Austria
	RESER Srl	Spain
	Teknomar Insaat Malzemeleri Sanayi ve Ticaret AS	Turkey
	Masco Europe, Inc.	Delaware
	N.V. Weiser Europe, S.A.	Belgium
	Rubinetterie Mariani S.A.	Italy
	Weiser, Inc. Columbia	British
	Masco de Puerto Rico, Inc.	Puerto Rico
	Masco Home Furnishings, Inc.	North Carolina
	Masco International Sales, Inc.	Barbados
	Masco International, Inc.	Delaware

of	Name	Jurisdiction
Organization	-----	Incorporation or
Masco IRC, Inc.		Delaware
Masco Philippines Inc.		Philippines
Masco of Russia		Russia
Masco Services, Inc.		Delaware
Masco Training Services, Inc.		Delaware
Mascomex S.A. de C.V.		Mexico
Melard Manufacturing Corp.		Delaware
Merillat Industries, Inc.		Michigan
Merillat Corporation		Delaware
Merillat Transportation Company		Delaware
Morgantown Plastics Company		Delaware
Norlok Hardware Ltd.		Canada
Outlet Corp.		Delaware
Peerless Faucet Sales Corporation		Delaware
Sherle Wagner Accessories, Inc.		New York
Sherle Wagner International, Inc.		New York
StarMark, Inc.		South Dakota
SMI Retail Corp.		Delaware
StarMark of Virginia, Inc.		Virginia
Vapor Technologies, Inc.		Delaware
Watkins Manufacturing Corporation		California
W/C Technology Corporation		Delaware
Zenith Products Corporation		Delaware

Directly owned subsidiaries appear at the left hand margin, first tier and second tier subsidiaries are indicated by single and double indentation, respectively, and are listed under the names of their respective parent companies. Unless otherwise indicated, all subsidiaries are wholly-owned. Certain of these companies may also use tradenames or other assumed names in the conduct of their business.

MASCOTECH, INC.
(A DELAWARE CORPORATION)

Subsidiaries as of March 15, 1997

OF	NAME	JURISDICTION
ORGANIZATION	-----	INCORPORATION OR

Arrow Specialty Company		Delaware
BLD Products, Ltd.		Michigan
Novo Products, Inc.		Florida
Hebco Products, Inc.		Ohio
International Brake Industries, Inc.		Delaware
Kendallville Foundry, Inc.		Delaware
Longman Enterprises, Inc.		Florida
Pylon Manufacturing Corp.		Delaware
W.C. McCurdy Co.		Michigan
Masco Industries International Sales, Inc.		Barbados
MASG Disposition, Inc.		Michigan
McGuane Industries, Inc.		Delaware
MascoTech Coatings, Inc.		Michigan
MascoTech Edison, Inc.		New Jersey
MascoTech Europe, Inc.		Delaware
MascoTech European Holdings, Inc.		Delaware
Glo SpA		Italy
MascoTech GmbH		Germany
H&B Hyprotec Technology OHG		Germany
Huber & Bauer GmbH 20%		Germany
Holzer GmbH & Co.		Germany

ORGANIZATION	NAME	JURISDICTION OF INCORPORATION OR
	Holzer Limited	United Kingdom
	Holzer Verwaltungs GmbH	Germany
	Neumeyer Fliesspressen GmbH	Germany
	MascoTech Forming Technologies - Fort Wayne, Inc.	Delaware
	MascoTech Holding Company	Delaware
	MascoTech Industrial Components, Inc.	Delaware
	Huron/St. Clair Manufacturing Company	Delaware
	MascoTech Services, Inc.	Delaware
	MascoTech Sintered Components, Inc.	Delaware
	MascoTech Tubular Products, Inc.	Michigan
	MASX Energy Services Group, Inc.	Delaware
	Mr. Bracket, Inc.	Delaware
	NI Industries, Inc.	Delaware
	NI Foreign Military Sales, Inc.	Delaware
	NI West, Inc.	California
	NI Wheel, Inc.	Ontario
	Norris Industries, Inc.	California
	Plastic Form, Inc.	Delaware

Directly owned subsidiaries appear at the left hand margin, first tier and second tier subsidiaries are indicated by single and double indentation, respectively, and are listed under the names of their respective parent companies. Unless otherwise indicated, all subsidiaries are wholly-owned. Certain of these companies may also use trade names or other assumed names in the conduct of their business.

EXHIBIT 23.A**CONSENT OF INDEPENDENT ACCOUNTANTS**

We consent to the incorporation by reference in the prospectuses included in the registration statements of Masco Corporation on Form S-3 (Registration Nos. 33-56043, 33,53330, 33-2374, 33-53959, 33-53985 and 33-60031) and Form S-8 (Registration Nos. 2-95969, 33-28142 and 33-42229) of our report dated February 18, 1997, on our audits of the consolidated financial statements and financial statement schedule of Masco Corporation and subsidiaries as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, which report is included in this Annual Report on Form 10-K. We also consent to the reference to our Firm under the caption "Experts" in such prospectuses.

COOPERS & LYBRAND, L.L.P.

Detroit, Michigan
March 26, 1997

EXHIBIT 23.B**CONSENT OF INDEPENDENT ACCOUNTANTS**

We consent to the incorporation by reference in the prospectuses included in the registration statements of Masco Corporation on Form S-3 (Registration Nos. 33-56043, 33,53330, 33-2374, 33-53959, 33-53985 and 33-60031) and Form S-8 (Registration Nos. 2-95969, 33-28142 and 33-42229) of our report dated February 28, 1997, on our audits of the consolidated financial statements and financial statement schedule of MascoTech, Inc. and subsidiaries as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, which report is included in this Annual Report on Form 10-K. We also consent to the reference to our Firm under the caption "Experts" in such prospectuses.

COOPERS & LYBRAND, L.L.P.

Detroit, Michigan
March 26, 1997

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MASCO CORPORATION'S DECEMBER 31, 1996 FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	DEC 31 1996
CASH	473,730
SECURITIES	0
RECEIVABLES	484,800
ALLOWANCES	17,900
INVENTORY	411,940
CURRENT ASSETS	1,429,770
PP&E	1,474,080
DEPRECIATION	533,490
TOTAL ASSETS	3,701,650
CURRENT LIABILITIES	518,440
BONDS	1,236,320
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	160,870
OTHER SE	1,678,940
TOTAL LIABILITY AND EQUITY	3,701,650
SALES	3,237,000
TOTAL REVENUES	3,237,000
CGS	2,048,070
TOTAL COSTS	2,048,070
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	74,680
INCOME PRETAX	502,700
INCOME TAX	207,500
INCOME CONTINUING	295,200
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	295,200
EPS PRIMARY	1.84
EPS DILUTED	1.81

End of Filing