

# 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, 1993 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<br>ON WHICH REGISTERED |
|--|--|
| COMMON STOCK, \$1.00 PAR VALUE<br>INC.                         | NEW YORK STOCK EXCHANGE,                     |
| 5 1/4% CONVERTIBLE SUBORDINATED<br>DEBENTURES DUE 2012<br>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 MARCH 15, 1994 (BASED ON THE CLOSING SALE PRICE OF \$34 1/2 OF THE REGISTRANT'S COMMON STOCK, AS REPORTED ON THE NEW YORK STOCK EXCHANGE COMPOSITE TAPE ON SUCH DATE) WAS APPROXIMATELY \$5,200,000,000.

**NUMBER OF SHARES OUTSTANDING OF THE REGISTRANT'S COMMON STOCK AT MARCH 15, 1994:**

**156,550,774 SHARES OF COMMON STOCK, PAR VALUE \$1.00 PER SHARE**

PORTIONS OF THE REGISTRANT'S DEFINITIVE PROXY STATEMENT TO BE FILED FOR ITS 1994 ANNUAL MEETING OF STOCKHOLDERS ARE INCORPORATED BY REFERENCE INTO PART III OF THIS REPORT.

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## PART I

### ITEM 1. BUSINESS.

Masco manufactures building, home improvement and home furnishings products for the home and family. Masco believes that it is the largest domestic manufacturer of faucets, plumbing supplies, kitchen and bath cabinets and furniture, and that it is a leading domestic producer of a number of other building, home improvement and home furnishings 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.

### INDUSTRY SEGMENTS

The following table sets forth for the three years ended December 31, 1993, the contribution of the Company's industry segments to net sales and operating profit:

|   | ( IN THOUSANDS )    |                    |                    |
|---|---------------------|--------------------|--------------------|
|   | NET SALES           |                    |                    |
|   | 1993                | 1992               | 1991               |
| Building and Home Improvement Products..... | \$2,188,000         | \$1,991,000        | \$1,711,000        |
| Home Furnishings Products.....              | 1,698,000           | 1,534,000          | 1,430,000          |
|   | <u>\$3,886,000</u>  | <u>\$3,525,000</u> | <u>\$3,141,000</u> |
|   | -----               | -----              | -----              |
|   | OPERATING PROFIT(1) |                    |                    |
|   | 1993                | 1992               | 1991               |
| Building and Home Improvement Products..... | \$ 412,000          | \$ 368,000         | \$ 273,000         |
| Home Furnishings Products.....              | 69,000              | 60,000             | 38,000             |
|   | <u>\$ 481,000</u>   | <u>\$ 428,000</u>  | <u>\$ 311,000</u>  |
|   | -----               | -----              | -----              |

(1) Amounts are before general corporate expense.

Additional financial information concerning the Company's operations by industry segment as of and for each of the three years ended December 31, 1993, is set forth in Item 8 of this Report in the Note to the Company's Consolidated Financial Statements captioned "Segment Information."

### BUILDING AND HOME IMPROVEMENT PRODUCTS

The Company is among the country's largest manufacturers of brand-name consumer products designed for the building and improvement of the home, including faucets, kitchen and bath cabinets, kitchen appliances, bath and shower enclosure units, spas, shower and plumbing specialties, door locks and other builders' hardware, air treatment products, venting and ventilating equipment and water pumps. These products are sold for the home improvement market to consumers who purchase materials for "do-it-yourself" installation or installation by contractors or professional tradespeople as well as for the new home construction market.

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 through manufacturers' representatives

to 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 EPIC(R), ARTISTIC BRASS(R) and SHERLE WAGNER(TM) faucets and accessories

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produced for the decorator markets and are sold through wholesalers, distributor showrooms and other outlets. In addition to its domestic manufacturing, the Company manufactures faucets in Denmark, Italy and Canada.

Sales of faucets approximated \$608 million in 1993, \$528 million in 1992 and \$457 million in 1991. The percentage of operating profit on faucets is somewhat higher than that on products within the Building and Home Improvement Products Segment as a whole. The Company believes that the simplicity, quality and reliability of its faucet mechanisms, 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 under a number of trademarks, including MERILLAT(R), KRAFTMAID(R), STARMARK(R) and FIELDSTONE(R), with sales in both the home improvement and new home construction markets. Sales of kitchen and bath cabinets were approximately \$570 million in 1993, \$515 million in 1992 and \$425 million in 1991.

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 BRASS-CRAFT(R) trademark and for the "do-it-yourself " market under the PLUMB SHOP(R) and HOME PLUMBER(R) trademarks and are also sold under private label.

In February, 1994 the Company acquired two leading manufacturers of bath accessories and other products. Zenith Products Corporation manufactures bath medicine cabinets, shower curtain rods and rings and other bath storage products for the home. Zenith's medicine cabinets are sold primarily to "do-it-yourself " retailers, while its other products are marketed to discount retailers and other mass merchandise stores. Melard Manufacturing Corporation manufactures bath hardware, accessories, plumbing specialty products, and other products. Melard's products are primarily sold for the "do-it-yourself " and residential remodeling markets, through mass merchandise stores, hardware stores, home centers and other retail outlets.

Other specialty kitchen and bath consumer products include THERMADOR(R) cooktops, ovens, ranges and related cooking equipment, which are marketed through appliance distributors and dealers. The Company's acrylic and gelcoat bath and shower units and whirlpools are sold under the AQUA GLASS(R) trademark primarily to wholesale plumbing distributors for use in the home improvement and new home construction markets. Luxury bath and shower enclosures are manufactured and sold by the Company under the HUPPE(R) trademark. The Company's spas are sold under the HOT SPRING SPA(R) and other trademarks directly to retailers for sale to residential customers.

Premium quality brass rim and mortise locks, knobs and trim and other builders' hardware are manufactured and sold under the BALDWIN(R) trademark for the home improvement and new home construction markets. WEISER(R) door locks and related hardware are sold through contractor supply outlets, hardware distributors and home center retailers. SAFLOK(TM) electronic locks and WINFIELD(TM) mechanical locks are sold primarily to the hospitality market.

## **HOME FURNISHINGS PRODUCTS**

The Company has become the leading domestic manufacturer of brand-name consumer products for the furnishing of the home, including furniture, upholstery and other fabrics, mirrors, lamps and other decorative accessories.

The Company manufactures a broad array of home furnishings products and utilizes a variety of distribution channels to market its products. A complete line of traditional, transitional and contemporary wood and upholstered furniture is sold under the HENREDON(R) trademark through Henredon galleries located in furniture stores, designer showrooms, furniture outlets and department stores. DREXEL(R) and HERITAGE(R) wood and upholstered furniture and home furnishings accessories are

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marketed through Drexel Heritage galleries located in furniture stores, through showcase stores which primarily feature Drexel Heritage furniture and also through independent furniture outlets. The Lexington Furniture Industries group produces youth-correlated furniture, moderately-priced bedroom and dining room groups, occasional and upholstered furniture and woven wicker and rattan products, which are sold through national and regional chains and independent furniture dealers, department stores and interior designers. Universal Furniture Limited manufactures dining room, bedroom, occasional wood and upholstered furniture, which is sold primarily through furniture retailers and department stores under UNIVERSAL(R), BENCHCRAFT(R) and other trademarks. The Company believes that Universal is the largest supplier in the United States of wood dining room furniture, much of which is shipped in unassembled form from the Far East to assembly and distribution centers in the United States. The Company's LINEAGE(R) line of wood and upholstered furniture and home furnishings accessories are sold through exclusive Lineage Pavilions located in retail furniture stores which also feature furniture accessories manufactured by other Company operations. The Company also manufactures and sells designer upholstered products and upholstered furniture under private label to furniture stores and other retailers. In addition, certain of the Company's furniture is sold to contract accounts primarily for use in the hospitality market and in commercial and government buildings. Sales of the Company's furniture products approximated \$1.34 billion in 1993, \$1.19 billion in 1992 and \$1.13 billion in 1991.

The Company's textile group includes Robert Allen Fabrics, Inc., Ametex Fabrics, Inc., Sunbury Textile Mills, Inc. and Ramm, Son & Crocker Limited. Robert Allen markets fabrics, which are used primarily for residential furnishings, through independent sales representatives to designers and retailers. Company-operated and independent showrooms have also been established to sell fabrics and display and sell many of the Company's other home furnishings products. Ametex designs and converts moderately-priced fabrics for use in commercial and residential furnishings, which are sold through independent sales representatives to furniture and other furnishings manufacturers, fabric jobbers and the hospitality market. Sunbury manufactures high-quality Jacquard woven fabrics which are sold through sales representatives primarily to furniture manufacturers and decorative jobbers for furniture and other decorative applications. Ramm, Son & Crocker is a United Kingdom supplier of high-quality printed fabrics to the furniture and decorative fabric markets.

## **GENERAL INFORMATION CONCERNING INDUSTRY SEGMENTS**

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 -- Receivables and Inventories," included in Item 7 of this Report. The Company does not consider backlog orders to be a material factor in its industry segments, 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 manufacturing plants in Belgium, Canada, the People's Republic of China, Denmark, France, Germany, Hong Kong, Italy, Malaysia, Mexico, the Philippines, Singapore, Sweden, Taiwan and the United Kingdom. Products manufactured by the Company outside of the United States include faucets and accessory products, bath and shower enclosures, furniture, decorative accessories, door locks and related hardware, ventilating fans and equipment and submersible water pumps.

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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 foreign and domestic operations, including the amounts of net sales, operating profit and assets employed which are attributable to the Company's operations in the United States and in foreign countries, as of and for the three years ended December 31, 1993, is set forth in Item 8 of this Report in the Note to the Company's Consolidated Financial Statements captioned "Segment Information." From 1991 through 1993, the Company's annual net export sales from the United States to other countries, as a percentage of consolidated annual net sales, approximated three percent.

## **EQUITY INVESTMENTS**

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. Masco currently owns approximately 42 percent of the outstanding common stock of MascoTech.

MascoTech is a diversified manufacturer of original equipment and aftermarket parts for the transportation industry and also manufactures commercial, institutional and residential building products for the construction industry as well as other diversified products principally for the defense industry. In 1993, MascoTech had sales from continuing operations of \$1.58 billion.

MascoTech manufactures a broad range of semi-finished components, sub-assemblies and assemblies for the transportation industry. Transportation-related products represented 76 percent of MascoTech's 1993 sales from continuing operations and primarily consist of original equipment products for the automotive and truck industries. Over half of MascoTech's products are used for engine and drivetrain applications (such as semi-finished transmission shafts, drive gears, engine connecting rods, wheel spindles and front wheel drive and exhaust system components) and for chassis and suspension functions (including electromechanical solenoids and relays and suspension components). Products manufactured for exterior body trim applications include automotive trim, luggage racks and accessories, and metal stampings. Aftermarket products include fuel and emission systems components, windshield wiper blades, constant-velocity joints, brake hardware repair kits, and luggage racks and accessories. In addition to its manufacturing activities, MascoTech provides engineering services primarily for the automotive and heavy-duty truck industries, and is engaged in specialty vehicle development and conversion programs. Products are manufactured using various metalworking technologies, including cold, warm and hot forming, powdered metal forming and stamping. During 1993, sales to various divisions and subsidiaries of Ford Motor Company, General Motors Corporation and Chrysler Corporation accounted for approximately 20 percent, 14 percent and 12 percent, respectively, of MascoTech's net sales from continuing operations.

Specialty products manufactured by MascoTech include a variety of architectural products for commercial, institutional and residential markets. Products include steel doors and frames; stainable and low maintenance steel doors; wood windows and aluminum-clad wood windows; leaded, etched and beveled glass for decorative windows and entryways; residential entry systems; garage doors; sectional and rolling doors; security grilles; and modular metal partitions. MascoTech's sales of architectural products in 1993 were \$289 million. MascoTech's other specialty products consist primarily of defense products, including large diameter cold formed cartridge cases, projectiles and casings for rocket motors and missiles for the United States government and its suppliers. MascoTech also markets waste-water treatment services to other industrial companies principally in southern California. MascoTech's sales in 1993 of these other specialty products were \$99 million.

MascoTech has undertaken the planned disposition of its energy-related business segment, which consisted of seven business units, as part of its long-term strategic plan to de-leverage its balance sheet and increase the focus on its core operating capabilities. As a result, MascoTech's financial statements have been reclassified to present such businesses as discontinued operations. These businesses

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manufactured specialized tools, equipment and other products for energy-related industries. Two of the businesses were sold in late 1993, including one business to TriMas Corporation, and MascoTech expects to divest the remaining businesses in 1994. MascoTech financial information contained in this Report has been reclassified for these discontinued operations.

MascoTech currently owns approximately 43 percent of the outstanding common stock of TriMas Corporation, and the Company currently owns approximately 5 percent of the outstanding common stock of TriMas. TriMas is a diversified proprietary products company with leadership positions in commercial, industrial and consumer niche markets including industrial container closures, pressurized gas cylinders, towing systems products, specialty fasteners, specialty products for fiberglass insulation, specialty tapes, specialty industrial gaskets and precision cutting tools.

## **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 trade names. As a manufacturer of brand-name consumer products, the Company views its trademarks as important, but does not believe that there is any reasonable likelihood of a loss of such rights which would have a material adverse effect on the Company's industry segments or its present business as a whole.

## **COMPETITION**

The major domestic and foreign markets for the Company's products in its industry segments are highly competitive. Competition is based primarily on performance, quality, style, 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, 1993, the Company employed approximately 45,000 people. Satisfactory relations have generally prevailed between the Company and its employees.

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## ITEM 2. PROPERTIES.

The following list includes the Company's principal manufacturing facilities by location and the industry segments utilizing such facilities:

|                     |  |
|---------------------|--|
| Arizona.....        | Tucson (1)   |
| California.....     | Carlsbad (1), City of Industry (2), Compton (2)(2), Corona (1),<br>Costa Mesa (1), Los Angeles (1)(1), Pico Rivera (1), Pomona (1),<br>Rosemead (2), South Gate (1), Vista (1) and Whittier (2)  |
| Georgia.....        | Atlanta (2)  |
| Illinois.....       | Alsip (2) and Chicago (2)  |
| Indiana.....        | Cumberland (1), Greensburg (1) and Kendallville (1)  |
| Iowa.....           | Northwood (1)  |
| Kentucky.....       | Henderson (1 and 2) and Morgantown (1)   |
| Massachusetts.....  | Framingham (2)   |
| Michigan.....       | Adrian (1), Hillsdale (1), Holland (2), Lapeer (1), Madison<br>Heights (1) and Riverview (1)   |
| Minnesota.....      | Lakeville (1)  |
| Mississippi.....    | Blue Mountain (2), New Albany (2), Olive Branch (1) and<br>Ripley (2)(2)(2)  |
| Nevada.....         | Las Vegas (1)  |
| New Jersey.....     | Passaic (1)  |
| North Carolina..... | Black Mountain (2), Drexel (2), Goldsboro (2), Hickory (2)(2),<br>High Point (2)(2)(2), Hildebran (2)(2), Lexington<br>(2)(2)(2)(2)(2), Linwood (2), Longview (2), Marion (2)(2),<br>Mocksville (2), Morganton (2)(2)(2)(2)(2), Mt. Airy (2), Shelby<br>(2), Spruce Pine (2), Thomasville (1) and Whittier (2) |
| Ohio.....           | Jackson (1), Loudonville (1) and Middlefield (1)(1)  |
| Oklahoma.....       | Chickasha (1)  |
| Oregon.....         | Klamath Falls (1)  |
| Pennsylvania.....   | Aston (1), Hazelton (1), Reading (1 and 2) and Sunbury (2)   |
| South Carolina..... | Kingstree (2)  |
| South Dakota.....   | Rapid City (1) and Sioux Falls (1)   |
| Tennessee.....      | Adamsville (1)(1), LaFollette (1) and Morristown (2)(2)  |
| Texas.....          | Lancaster (1)  |
| Virginia.....       | Atkins (1)(1), Culpeper (1), Lynchburg (1), Mt. Jackson (1) and<br>Portsmouth (2)  |
| Belgium.....        | Brussels (1)   |
| Canada.....         | Burnaby (1), British Columbia; Brantford (2), Cambridge (1),<br>London (1),<br>Mississauga (2) and St. Thomas (1), Ontario; Montreal (1),<br>Quebec  |
| China (P.R.C.)..... | Guangzhou (2) and Tianjin (2)(2)(2)  |
| Denmark.....        | Odense (1)   |
| France.....         | Seyres (1)   |
| Germany.....        | Bad Zwischenahn (1), Iserlohn (1), Steinhagen (1) Tangermunde (2)<br>and Waldenburg (1)  |
| Hong Kong.....      | (2)(2)   |

|                     |   |
|---------------------|---|
| Italy.....          | Zingonia (1)  |
| Malaysia.....       | Johor (2) and Kedah (2)(2)  |
| Mexico.....         | Mexicali (1)  |
| Philippines.....    | Cebu (2)(2)   |
| Singapore.....      | Kranji (2)(2)   |
| Sweden.....         | Goteborg (2)  |
| Taiwan.....         | Kaohsiung (2), Tao Yuan (2) and Tung Kang (2)                                       |
| United Kingdom..... | Silsden (2) and Warminster (2), England; Aberdare (2) and Merthyr Tydfil (2), Wales |

Note: Multiple footnotes within the same parenthesis indicate the facility is engaged in activities relating to both segments. Multiple footnotes to the same municipality denote separate facilities in that location. Industry segments in the preceding table are identified as follows: (1) Building and Home Improvement Products Segment, and (2) Home Furnishings Products Segment.

The home furnishings products manufacturing facilities are located primarily in North Carolina, with principal facilities ranging in size from 700,000 to 1,074,000 square feet. The two principal faucet manufacturing plants are located in Greensburg, Indiana and Chickasha, Oklahoma. The faucet manufacturing plants and the majority of the Company's other facilities range from approximately 20,000 to 700,000 square feet. The Company owns most of its manufacturing facilities and none of the properties is subject to significant encumbrances. The Company also maintains approximately 1.5 million square feet of designer and trade showroom space at various locations throughout the United States where it coordinates the display and sale of its home furnishings products and owns 725,000 square feet of showroom space in High Point, North Carolina utilized for furniture industry trade shows. 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 identifies the location of the principal manufacturing facilities of MascoTech and the industry segments utilizing such facilities:

|                 |  |
|-----------------|--|
| Arizona.....    | Chandler (2)   |
| California..... | Santa Fe Springs (4), Vernon (3) and Yuba City (1)   |
| Florida.....    | Auburndale (2), Deerfield Beach (1) and Orlando (2)  |
| Georgia.....    | Adel (1), Lawrenceville (1) and Valdosta (1)   |
| Indiana.....    | Kendallville (1)   |
| Iowa.....       | Dubuque (2)  |
| Kentucky.....   | Nicholasville (1)  |
| Michigan.....   | Auburn Hills (1)(1), Brighton (1), Burton (1), Hills<br>Coopersville (1), Detroit (1)(1)(1), Farmington<br>(1), Fraser (1), Green Oak Township (1 and 3),<br>Hamburg (1 and 3), Holland (1), Livonia (1), Mesick<br>(1), Mt. Clemens (1), Oxford (1)(1)(1), Port Huron<br>(1), Redford (1), Roseville (1), Royal Oak (1),<br>Shelby Township (1), St. Clair (1), St. Clair Shores<br>(1), Sterling Heights (1), Traverse City<br>(1)(1)(1)(1)(1), Troy (1)(1), Warren (1)(1), West<br>Branch (2) and Ypsilanti (1) |

Mississippi.....Nesbit (2)

New York.....Brooklyn (2) and Maspeth (2)

Ohio.....Blue Ash (2), Bluffton (1), Canal Fulton (1),  
Columbus  
(2), Lima (1), Minerva (1), Perrysburg (2), Port  
Clinton (1) and Upper Sandusky (1)

Oklahoma.....Tulsa (4)

Pennsylvania.....Ridgway (1)

Texas.....Bryan (4), Dallas (4), Greenville (4) and Houston  
(4)(4)(4)

Virginia.....Duffield (1)

Germany.....Riedstadt (2) and Zell am Harmersbach(1 and 3)

Italy.....Poggio Rusco (1)

United Kingdom.....Wednesfield, England (1)

Note: Multiple footnotes within the same parenthesis indicate the facility is engaged in significant activities relating to more than one segment. Multiple footnotes to the same municipality denote separate facilities in that location. Industry segments in the preceding table are identified as follows: (1) transportation-related products; (2) specialty products -- architectural; (3) specialty products -- other; and (4) discontinued operations.

MascoTech's largest manufacturing facility is located in Vernon, California and is a multi-plant facility of approximately 920,000 square feet. MascoTech owns the largest plant, comprising approximately 540,000 square feet, and operates the remaining portions of this facility under leases, the earliest of which expires at the end of 1994. Except for the foregoing facility and an additional manufacturing facility covering approximately 605,000 square feet, MascoTech's manufacturing facilities range in size from approximately 25,000 to 325,000 square feet, are owned by MascoTech or leased and are not subject to significant encumbrances. MascoTech's 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 production requirements.

### ITEM 3. LEGAL PROCEEDINGS.

Between 1982 and 1989, subsidiaries of the Company sold plastic plumbing fittings used to connect plastic pipes for water supply systems in residential construction. A small percentage of these fittings have experienced leaks which the Company believes are caused by deficiencies in the resin supplied to its subsidiaries by E.I. du Pont de Nemours and Company. The Company's policy has been to repair any leaks which have been reported and, as a result, the Company has not experienced litigation of any consequence arising from this situation. Based on the terms of a recent settlement of litigation previously instituted by the Company against du Pont, the Company does not believe that these matters will result in any future material adverse effect on the Company's financial position.

Civil suits were filed in December 1992 in a California state court by the California Attorney General, the Natural Resources Defense Council and the Environmental Law Foundation against a subsidiary of the Company and approximately 15 other manufacturers or distributors of faucets sold in that state. The suits principally allege that brass faucets unlawfully leach lead into tap water and that the defendants have failed to provide clear and reasonable warnings in violation of California law. The plaintiffs have requested, among other things, that the defendants be enjoined from selling products in California that leach lead into tap water, be ordered to offer restitution to California purchasers of defendants' products, and pay unspecified compensatory and punitive damages. Based upon the Company's present knowledge and subject to future legal and factual developments, the Company

does not believe that these suits will result in any material adverse effect on the Company's financial position.

The Company is subject to other 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 REGULATIONS S-K).

| NAME                       | POSITION  | AGE | OFFICER SINCE |
|----------------------------|---|-----|---------------|
| Alex Manoogian.....        | Chairman Emeritus                                 | 92  | 1929          |
| Richard A. Manoogian.....  | Chairman of the Board and Chief Executive Officer | 57  | 1962          |
| Wayne B. Lyon.....         | President and Chief Operating Officer             | 61  | 1972          |
| Gerald Bright.....         | Vice President and Assistant Secretary            | 71  | 1970          |
| David A. Doran.....        | Vice President -- Taxes                           | 52  | 1984          |
| Eugene A. Gargaro, Jr..... | Vice President and Secretary                      | 51  | 1993          |
| Ronald L. Jones.....       | President -- Home Furnishings Products            | 51  | 1989          |
| Raymond F. Kennedy.....    | President -- Building Products                    | 51  | 1989          |
| John R. Leekley.....       | Vice President and General Counsel                | 50  | 1979          |
| Richard G. Mosteller.....  | Senior Vice President -- Finance                  | 61  | 1962          |
| John C. Nicholls, Jr.....  | Treasurer   | 60  | 1967          |
| Robert B. Rosowski.....    | Vice President -- Controller                      | 53  | 1973          |
| Samuel Valenti, III.....   | Vice President -- Investments                     | 48  | 1971          |
| David G. Wesenberg.....    | Vice President -- Human Resources                 | 63  | 1980          |

Executive officers who are elected by the Board of Directors serve for a term of one year or less. Each executive officer has been employed in a managerial capacity with the Company for over five years except for Mr. Gargaro. Richard A. Manoogian, the Chairman of the Board and Chief Executive Officer of the Company, is the son of its Chairman Emeritus, Alex Manoogian.

Mr. Gargaro joined the Company as its Vice President and Secretary on October 1, 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 a director and Secretary of TriMas Corporation since 1989.

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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:

| DIVIDENDS   | QUARTER | MARKET PRICE |          | DECLARED |
|-------------|---------|--------------|----------|----------|
|             |         | HIGH         | LOW      |          |
| -----       |         |              |          |          |
| 1992        |         |              |          |          |
| First.....  |         | \$28 7/8     | \$22 7/8 | \$ .15   |
| Second..... |         | 29 7/8       | 24 1/8   | .15      |
| Third.....  |         | 27 5/8       | 24 3/8   | .16      |
| Fourth..... |         | 30           | 22       | .16      |
| -----       |         |              |          |          |
| Total.....  |         |              |          | \$ .62   |
| -----       |         |              |          |          |
| 1993        |         |              |          |          |
| First.....  |         | \$35 1/4     | \$ 29    | \$ .16   |
| Second..... |         | 34 3/4       | 28 5/8   | .16      |
| Third.....  |         | 32 1/4       | 25 1/2   | .17      |
| Fourth..... |         | 38 7/8       | 28 3/4   | .17      |
| -----       |         |              |          |          |
| Total.....  |         |              |          | \$ .66   |
| -----       |         |              |          |          |
| -----       |         |              |          |          |

On March 15, 1994, there were approximately 8,200 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 of the Company, for the years and dates indicated:

|                            | (IN THOUSANDS EXCEPT PER SHARE AMOUNTS) |             |             |             |             |
|----------------------------|---|-------------|-------------|-------------|-------------|
|                            | 1993                                    | 1992        | 1991        | 1990        | 1989        |
|                            | -----                                   | -----       | -----       | -----       | -----       |
| Net sales.....             | \$3,886,000                             | \$3,525,000 | \$3,141,000 | \$3,209,000 | \$3,150,500 |
| Net income.....            | \$ 221,100                              | \$ 183,100  | \$ 44,900   | \$ 138,800  | \$ 220,900  |
| Per share of common stock: |   |             |             |             |             |
| Net income.....            | \$1.45                                  | \$1.21      | \$.30       | \$.91       | \$1.42      |
| Dividends declared.....    | \$.66                                   | \$.62       | \$.58       | \$.55       | \$.51       |
| Dividends paid.....        | \$.65                                   | \$.61       | \$.57       | \$.54       | \$.50       |
| As at December 31:         |   |             |             |             |             |
| Total assets.....          | \$4,021,060                             | \$3,986,560 | \$3,785,810 | \$3,760,740 | \$3,640,780 |
| Long-term debt.....        | \$1,418,290                             | \$1,487,090 | \$1,369,290 | \$1,334,300 | \$1,153,190 |

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

### **CORPORATE DEVELOPMENT**

While no major acquisitions occurred in 1993, 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.

### **PROFIT MARGINS**

After-tax profit margins as a percent of net sales were 5.7 percent, 5.2 percent and 1.4 percent in 1993, 1992 and 1991, respectively. After-tax profit return on shareholders' equity was 11.7 percent, 10.2 percent and 2.5 percent in 1993, 1992 and 1991, respectively.

The increased profit margins for 1993, compared with the previous two years, were primarily the result of increased product sales resulting from improved market shares and the modest economic recovery, as well as increased income related to the Company's equity investments in MascoTech, Inc.

### **LIQUIDITY AND CAPITAL RESOURCES**

At year-end 1993, current assets were approximately 3.4 times current liabilities.

Over the years, the Company has funded its growth through a combination of cash provided by operations and long-term bank and other borrowings.

During 1993, cash was provided by \$261 million from operating activities, \$88 million from the sale of affiliate investments to MascoTech, \$100 million from the redemption of the MascoTech 10% exchangeable preferred stock and \$23 million from other net cash inflows; cash decreased by \$167 million for the purchase of property and equipment, \$131 million for a net decrease in debt and \$99 million for cash dividends paid. The aggregate of the preceding items represents a net cash inflow of \$75 million in 1993. Cash provided by operating activities totalled \$261 million, \$204 million and \$244 million in 1993, 1992 and 1991, respectively; the Company has generally reinvested a majority of these funds in its operations.

During 1993, the Company issued \$400 million of fixed rate debt securities, with the proceeds being used to eliminate floating-rate borrowings under its bank revolving-credit agreement.

The Company's anticipated internal cash flow is expected to provide sufficient liquidity 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 its internal cash flow and to the extent necessary in the financial markets.

### **RECEIVABLES AND INVENTORIES**

During 1993, the Company's receivables increased by \$43 million. This increase is primarily the result of increased sales in the fourth quarter of 1993 compared with the same period in 1992.

During 1993, the Company's inventories increased by \$39 million. 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.

### **CAPITAL EXPENDITURES**

Capital expenditures totalled \$167 million in 1993, compared with \$118 million in 1992. These amounts primarily pertain to expenditures for additional facilities related to increased demand as well as for new Masco products.

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The Company 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.

Depreciation expense and amortization expense were \$82.1 million and \$33.9 million, respectively, in 1993, compared with \$79.4 million and \$35.1 million, respectively, in 1992. This continued high level is primarily the result of acquisitions and the Company's capital expenditures programs. The major portion of amortization expense from the excess of cost over net assets acquired, relates to companies acquired in 1986 and 1987. These companies have been successful for many years in established markets not subject to rapid technological changes. 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 by primarily comparing current and projected sales, operating income and annual cash flows with the related annual amortization expense.

## **EQUITY AND OTHER INVESTMENTS IN AFFILIATES**

Equity earnings from affiliates were \$18.7 million in 1993 compared with equity earnings of \$17.3 million in 1992 and equity loss of \$12.6 million in 1991.

In March 1993, the Company and MascoTech, Inc., partially restructured their affiliate relationships through transactions that reduced the Company's common equity interest in MascoTech from 47 percent to approximately 35 percent and resulted in MascoTech's acquisition of the Company's investments in Emco Limited. The Company received \$87.5 million in cash, \$100 million of 10% exchangeable preferred stock and seven-year warrants to purchase 10 million common shares of MascoTech at \$13 per share. MascoTech received 10 million of its common shares, \$77.5 million of its 12% exchangeable preferred stock, the Company's investments in Emco Limited and a modified option expiring in 1997 to require the Company to purchase up to \$200 million aggregate amount of debt securities of MascoTech.

In November 1993, MascoTech redeemed for cash its \$100 million of 10% exchangeable preferred stock issued in March 1993. As a result of this redemption, the Company realized a \$28.3 million pre-tax gain.

In December 1993, following MascoTech's call for redemption, the Company converted the 6% debentures due 2011 into MascoTech common stock, thereby increasing the Company's common equity interest in MascoTech from approximately 35 percent to 42 percent.

## **CASH DIVIDENDS**

During 1993, the Company increased its dividend rate seven percent to \$.17 per share quarterly. This marks the 35th consecutive year in which dividends have been increased. Dividend payments over the last five years have increased at an eight percent average annual rate. Although the Company is aware of the greater interest in yield by many investors and has maintained an increased dividend payout in recent years, the Company continues to believe that its shareholders' long-term interests are best served by investing a significant portion of its earnings in the future growth of the Company.

## **RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS**

Statement of Financial Accounting Standards No. 112, Employers' Accounting for Postemployment Benefits, became effective in January 1994. This Standard specifies that the estimated cost of benefits provided by an employer to former or inactive employees after employment but before retirement be accounted for on an accrual basis. This Standard will not have a material impact on the Company's financial statements.

Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan, becomes effective in January 1995. This Standard addresses the accounting for impairment of a loan by specifying how allowances for credit losses should be determined. This Standard will not have a material impact on the Company's financial statements.

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Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities, became effective in January 1994. This Standard defines the accounting and reporting for all investments in debt securities and for investments in equity securities that have readily determinable fair values. This Standard will not have a material impact on the Company's financial statements.

## **GENERAL FINANCIAL ANALYSIS**

### **1993 VERSUS 1992**

Net sales in 1993 increased 10 percent to \$3,886 million. The sales increase was primarily due to increased shipments of kitchen, bath and home furnishings products. Cost of sales as a percentage of sales was 67.5 percent in both 1993 and 1992. Selling, general and administrative expenses as a percentage of sales decreased modestly to 22.1 percent in 1993 from 22.3 percent in 1992. Operating profit increased 13 percent in 1993 from 1992.

The Company's Building and Home Improvement Products sales in 1993 increased 10 percent to \$2,188 million while operating profit increased 12 percent to \$412 million.

Sales in 1993 of the Company's Home Furnishings Products increased 11 percent to \$1,698 million and operating profit increased 15 percent to \$69 million.

Included in other income and expense for 1993 are equity earnings from MascoTech, Inc. of \$23.2 million, prior to an approximate \$10 million after-tax fourth quarter charge which reflects the Company's equity share of MascoTech's loss provision for the disposition of its energy-related businesses and extraordinary loss on the early extinguishment of debt, as compared with \$12.6 million of equity earnings in 1992. MascoTech reported income from continuing operations of \$70.9 million and \$39 million in 1993 and 1992, respectively, and net income, after preferred stock dividends, of \$32.7 million for 1993 and \$29.1 million for 1992. The results of MascoTech were favorably impacted by internal cost reductions and from increased demand in its transportation industries, which more than offset its 1993 fourth quarter special charges of \$26 million after-tax.

Included in the fourth quarter of 1993 is a \$28.3 million pre-tax gain (approximately \$18 million after-tax) on the redemption of MascoTech's 10% exchangeable preferred stock. This gain was principally offset by the Company's approximate \$10 million after-tax equity share of MascoTech's above-mentioned fourth quarter special charges, as well as by charges related to certain restructurings of Company operations which should result in future cost savings.

The Company reported increases in net income and earnings per share of 21 percent and 20 percent, respectively, in 1993 as compared with 1992.

### **1992 VERSUS 1991**

Net sales in 1992 increased 12 percent to \$3,525 million. Cost of sales as a percentage of sales decreased to 67.5 percent in 1992 from 70.2 percent in 1991. Selling, general and administrative expenses as a percentage of sales increased to 22.3 percent in 1992 from 21.8 percent in 1991. The sales increase was primarily due to increased shipments of kitchen, bath and home furnishings products. The decrease in cost of sales as a percentage of sales resulted primarily from profit improvement programs implemented in prior years having a favorable impact on current earnings. The increase in selling, general and administrative expenses as a percentage of sales was primarily due to increased promotional and advertising costs. Operating profit increased 44 percent.

The Company's Building and Home Improvement Products sales in 1992 increased 16 percent while operating profit increased 35 percent.

Sales and operating profit in 1992 of the Company's Home Furnishings Products increased 7 percent and 58 percent, respectively.

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Included in other income and expense for 1992 are equity earnings from MascoTech, Inc. of \$12.6 million as compared with \$9.2 million of equity loss in 1991. MascoTech reported net income, after preferred stock dividends, of \$29.1 million for 1992, as compared with net loss, after preferred stock dividends, of \$18.6 million in 1991. The results of MascoTech were favorably impacted by internal cost reduction and restructuring initiatives and from modest improvement in the economy. Also, lower interest rates contributed to reduced interest expense for 1992.

Included in other income and expense for 1991 is approximately \$32 million pre-tax of non-operating charges attributable to write-downs of the Company's carrying value of investments in certain affiliated companies and other long-term investments.

The Company reported increases in net income and earnings per share of 308 percent and 303 percent, respectively, in 1992 as compared with 1991.

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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 sheet of Masco Corporation and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1993, and the financial statement schedules as listed in Item 14(a)(2)(i) of this Form 10-K. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted 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 Masco Corporation and subsidiaries as of December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

**COOPERS & LYBRAND**

Detroit, Michigan  
February 24, 1994

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**MASCO CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
**DECEMBER 31, 1993 AND 1992**

| ASSETS  | 1993                                 | 1992            |
|---|--------------------------------------|-----------------|
|   | -----                                | -----           |
| Current Assets:   |                                      |                 |
| Cash and cash investments.....  | \$ 119,980,000                       | \$ 45,350,000   |
| Marketable securities.....  | 4,890,000                            | 8,970,000       |
| Receivables.....  | 610,120,000                          | 547,840,000     |
| Inventories.....  | 824,130,000                          | 781,700,000     |
| Prepaid expenses.....   | 84,700,000                           | 81,680,000      |
|   | -----                                | -----           |
| Total current assets.....   | 1,643,820,000                        | 1,465,540,000   |
| Equity investments in MascoTech, Inc.....   | 294,700,000                          | 246,940,000     |
| Other investment in MascoTech, Inc.....   | --                                   | 130,000,000     |
| Equity investments in other affiliates.....   | 54,630,000                           | 85,740,000      |
| Property and equipment.....   | 1,095,170,000                        | 1,030,530,000   |
| Excess of cost over acquired net assets.....  | 605,170,000                          | 627,300,000     |
| Other assets.....   | 327,570,000                          | 400,510,000     |
|   | -----                                | -----           |
| Total assets.....   | \$4,021,060,000                      | \$3,986,560,000 |
|   | -----                                | -----           |
|   | LIABILITIES AND SHAREHOLDERS' EQUITY |                 |
| Current Liabilities:  |                                      |                 |
| Notes payable.....  | \$ 33,160,000                        | \$ 94,810,000   |
| Accounts payable.....   | 161,220,000                          | 133,210,000     |
| Accrued liabilities.....  | 296,060,000                          | 263,490,000     |
|   | -----                                | -----           |
| Total current liabilities.....  | 490,440,000                          | 491,510,000     |
| Long-term debt.....   | 1,418,290,000                        | 1,487,090,000   |
| Deferred income taxes and other.....  | 113,900,000                          | 121,080,000     |
|   | -----                                | -----           |
| Total liabilities.....  | 2,022,630,000                        | 2,099,680,000   |
|   | -----                                | -----           |
| Shareholders' Equity:   |                                      |                 |
| Common shares authorized: 400,000,000;<br>issued: 1993 -- 152,850,000; 1992 -- 152,470,000..... | 152,850,000                          | 152,470,000     |
| Preferred shares authorized: 1,000,000.....   | --                                   | --              |
| Paid-in capital.....  | 69,880,000                           | 61,370,000      |
| Retained earnings.....  | 1,805,170,000                        | 1,685,010,000   |
| Cumulative translation adjustments.....   | (29,470,000)                         | (11,970,000)    |
|   | -----                                | -----           |
| Total shareholders' equity.....   | 1,998,430,000                        | 1,886,880,000   |
|   | -----                                | -----           |
| Total liabilities and shareholders' equity.....   | \$4,021,060,000                      | \$3,986,560,000 |
|   | -----                                | -----           |

See notes to consolidated financial statements.

**MASCO CORPORATION**

**CONSOLIDATED STATEMENT OF INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991**

|   | 1993            | 1992            | 1991            |
|---|-----------------|-----------------|-----------------|
| Net sales.....                                  | \$3,886,000,000 | \$3,525,000,000 | \$3,141,000,000 |
| Cost of sales.....                              | 2,621,630,000   | 2,381,040,000   | 2,206,460,000   |
| Gross profit.....                               | 1,264,370,000   | 1,143,960,000   | 934,540,000     |
| Selling, general and administrative expenses... | 860,540,000     | 785,420,000     | 686,210,000     |
| Operating profit.....                           | 403,830,000     | 358,540,000     | 248,330,000     |
| Other income (expense), net:                    |                 |                 |                 |
| Re: MascoTech, Inc.:                            |                 |                 |                 |
| Equity earnings (loss).....                     | 13,160,000      | 12,570,000      | (9,170,000)     |
| Interest and dividend income.....               | 16,220,000      | 17,100,000      | 17,100,000      |
| Gain from redemption of preferred stock...      | 28,300,000      | --              | --              |
| Equity earnings (loss), other affiliates....    | 5,580,000       | 4,720,000       | (3,470,000)     |
| Other, net.....                                 | 1,330,000       | 12,510,000      | (28,610,000)    |
| Interest expense.....                           | (105,820,000)   | (100,640,000)   | (126,580,000)   |
|   | (41,230,000)    | (53,740,000)    | (150,730,000)   |
| Income before income taxes.....                 | 362,600,000     | 304,800,000     | 97,600,000      |
| Income taxes.....                               | 141,500,000     | 121,700,000     | 52,700,000      |
| Net income.....                                 | \$ 221,100,000  | \$ 183,100,000  | \$ 44,900,000   |
| Earnings per share.....                         | \$1.45          | \$1.21          | \$.30           |

See notes to consolidated financial statements.

**MASCO CORPORATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991**

|  | 1993           | 1992           | 1991          |
|--|----------------|----------------|---------------|
|  | -----          | -----          | -----         |
| CASH FLOWS FROM (FOR):   |                |                |               |
| Operating Activities:  |                |                |               |
| Net income.....  | \$ 221,100,000 | \$ 183,100,000 | \$ 44,900,000 |
| Depreciation and amortization.....   | 115,990,000    | 114,450,000    | 102,690,000   |
| Equity (earnings) loss, net.....   | (13,800,000)   | (13,190,000)   | 38,090,000    |
| Write-downs of long-term investments.....                                    | --             | --             | 31,800,000    |
| Deferred income taxes and other.....   | (8,500,000)    | 11,620,000     | (3,550,000)   |
| Gain from redemption of MascoTech preferred<br>stock, net of tax.....        | (17,550,000)   | --             | --            |
|  | -----          | -----          | -----         |
| Total from earnings.....   | 297,240,000    | 295,980,000    | 213,930,000   |
| (Increase) in receivables.....   | (42,520,000)   | (52,450,000)   | (13,180,000)  |
| (Increase) decrease in inventories.....                                      | (38,840,000)   | (35,100,000)   | 17,560,000    |
| Increase (decrease) in accounts payable and<br>accrued liabilities, net..... | 45,050,000     | (4,800,000)    | 25,310,000    |
|  | -----          | -----          | -----         |
| Net cash from operating activities.....                                      | 260,930,000    | 203,630,000    | 243,620,000   |
|  | -----          | -----          | -----         |
| Investing Activities:  |                |                |               |
| Capital expenditures.....  | (166,540,000)  | (117,690,000)  | (112,990,000) |
| Currency translation adjustments.....  | (17,500,000)   | (27,090,000)   | (15,820,000)  |
| Sale of affiliate investments to MascoTech....                               | 87,500,000     | --             | --            |
| Proceeds from redemption of MascoTech<br>preferred stock.....                | 100,000,000    | --             | --            |
| Acquisition of Masco Capital Corp.....                                       | --             | --             | (49,450,000)  |
| Other, net.....  | 40,700,000     | (63,380,000)   | (2,850,000)   |
|  | -----          | -----          | -----         |
| Net cash from (for) investing<br>activities.....                             | 44,160,000     | (208,160,000)  | (181,110,000) |
|  | -----          | -----          | -----         |
| Financing Activities:  |                |                |               |
| Issuance of notes.....   | 400,000,000    | 400,000,000    | --            |
| Retirement of notes.....   | (200,000,000)  | (300,000,000)  | --            |
| Issuance of Company common stock.....  | --             | --             | 63,600,000    |
| Increase in other debt.....  | 290,770,000    | 460,470,000    | 449,690,000   |
| Payment of other debt.....   | (622,230,000)  | (480,000,000)  | (479,660,000) |
| Cash dividends paid.....   | (99,000,000)   | (92,690,000)   | (85,150,000)  |
|  | -----          | -----          | -----         |
| Net cash (for) financing activities.....                                     | (230,460,000)  | (12,220,000)   | (51,520,000)  |
|  | -----          | -----          | -----         |
| Cash and Cash Investments:   |                |                |               |
| Increase (decrease) for the year.....  | 74,630,000     | (16,750,000)   | 10,990,000    |
| At January 1.....  | 45,350,000     | 62,100,000     | 51,110,000    |
|  | -----          | -----          | -----         |
| At December 31.....  | \$ 119,980,000 | \$ 45,350,000  | \$ 62,100,000 |
|  | -----          | -----          | -----         |

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.

**Average Shares Outstanding.** The average number of common shares outstanding in 1993, 1992 and 1991 approximated 152.7 million, 151.7 million and 149.9 million, respectively.

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

**Receivables.** Accounts and notes receivable are presented net of allowances for doubtful accounts of \$19.1 million at December 31, 1993 and \$16.3 million at December 31, 1992.

**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 income. 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 \$82.1 million, \$79.4 million and \$70.2 million in 1993, 1992 and 1991, 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, 1993 and 1992, such accumulated amortization totalled \$127.2 million and \$107.3 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 sales, operating income and annual cash flows with the related annual amortization expense. Purchase costs of patents are being amortized using the straight-line method over their remaining lives. Amortization of intangible assets was \$33.9 million, \$35.1 million and \$32.5 million in 1993, 1992 and 1991, 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 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 offered 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, 1993 was approximately \$230 million and \$1,471 million, as compared with the Company's carrying value of \$200 million and \$1,418 million, respectively. The aggregate market value of the Company's long-term investments and long-term debt at December 31, 1992 was approximately \$530 million and \$1,508 million, as compared with the Company's carrying value of \$537 million and \$1,487 million, respectively.

**Recently Issued Professional Accounting Standards.** Statement of Financial Accounting Standards (SFAS) No. 112, Employers' Accounting for Postemployment Benefits, SFAS No. 114, Accounting by Creditors for Impairment of a Loan and SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, which become effective in 1994 and 1995, will not have a material impact on the Company's financial statements.

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**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**INVENTORIES:**

| THOUSANDS )          | ( IN           |       |
|----------------------|----------------|-------|
| -----                | AT DECEMBER 31 |       |
| -----                | 1993           | 1992  |
| -----                | -----          | ----- |
| Finished goods.....  | \$312,470      |       |
| \$300,820            |                |       |
| Raw material.....    | 280,450        |       |
| 243,510              |                |       |
| Work in process..... | 231,210        |       |
| 237,370              |                |       |
| -----                | -----          |       |
| \$781,700            | \$824,130      |       |
| -----                | -----          |       |
| -----                | -----          |       |

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 equity and partnership interests:

| -----                                 | AT DECEMBER 31 |       |
|---------------------------------------|----------------|-------|
| 1991                                  | 1993           | 1992  |
| -----                                 | -----          | ----- |
| MascoTech, Inc.....                   | 42%            | 47%   |
| 47%                                   |                |       |
| Hans Grohe, a German partnership..... | 27%            | 27%   |
| 27%                                   |                |       |
| TriMas Corporation.....               | 5%             | 7%    |
| 8%                                    |                |       |
| Emco Limited, a Canadian company..... | --             | 44%   |
| 44%                                   |                |       |
| Mechanical Technology Inc.....        | --             | --    |
| 49%                                   |                |       |

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, 1993 (which may differ from the amounts that could then have been realized upon disposition), based upon quoted market prices at that date, was \$889 million, as compared with the Company's related aggregate carrying value of \$315 million.

The Company's carrying value in the common stock of MascoTech, Inc. (formerly Masco Industries, Inc.) exceeds its equity in the underlying

net book value by approximately \$63 million at December 31, 1993. This excess, substantially all of which resulted from repurchases by MascoTech of its common stock, is being amortized over a period not to exceed 40 years. The Company's carrying value in the common stock of TriMas Corporation exceeds its equity in the underlying net book value by approximately \$8 million at December 31, 1993. The Company's carrying value of its investment in Hans Grohe at December 31, 1993 approximates the Company's equity in the underlying net book value in this affiliate.

In March 1993, the Company and MascoTech partially restructured their affiliate relationships through transactions that reduced the Company's common equity interest in MascoTech from 47 percent to approximately 35 percent and resulted in MascoTech's acquisition of the Company's investments in Emco Limited. The Company received \$87.5 million in cash, \$100 million of 10% exchangeable preferred stock and seven-year warrants to purchase 10 million common shares of MascoTech at \$13 per share. MascoTech received 10 million of its common shares, \$77.5 million of its 12% exchangeable preferred stock, the Company's investments in Emco Limited and a modified option expiring in 1997 to require the Company to purchase up to \$200 million aggregate amount of debt securities in MascoTech.

In November 1993, MascoTech redeemed for cash its \$100 million of 10% exchangeable preferred stock issued in March 1993. As a result of this redemption, the Company realized a \$28.3 million pre-tax gain.

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**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**EQUITY INVESTMENTS IN AFFILIATES (CONTINUED):**

In December 1993, following MascoTech's call for redemption, the Company converted the 6% debentures due 2011 into MascoTech common stock, thereby increasing the Company's common equity interest in MascoTech from approximately 35 percent to 42 percent.

As part of the Company's efforts to de-emphasize equity investments, in addition to its disposition of its investments in Emco Limited, in July 1992 the Company sold its 49 percent equity interest in Mechanical Technology Inc. at approximate carrying value.

Approximate combined condensed financial data of the above companies, excluding data subsequent to 1991 of Emco Limited and Mechanical Technology Inc. as to which the equity method was discontinued as of January 1, 1992, are summarized in U.S. dollars as follows, in thousands:

|   | 1993         | 1992         | 1991         |
|---|--------------|--------------|--------------|
|   | -----        | -----        | -----        |
| At December 31:   |              |              |              |
| Current assets.....   | \$ 846,780   | \$ 881,200   | \$ 1,190,160 |
| Current liabilities.....                                    | (300,650)    | (371,350)    |              |
| (509,770)   |              |              |              |
| Working capital.....  | 546,130      | 509,850      | 680,390      |
| Property and equipment.....                                 | 720,290      | 755,290      | 882,530      |
| Other assets.....   | 882,550      | 737,660      | 816,340      |
| Long-term liabilities.....                                  | (1,213,940)  | (1,400,950)  |              |
| (1,810,060)   |              |              |              |
| Shareholders' equity.....                                   | \$ 935,030   | \$ 601,850   | \$ 569,200   |
| Net sales.....  | \$ 2,230,330 | \$ 2,051,730 | \$ 2,706,880 |
| Income (loss) from continuing operations.....               | \$ 119,380   | \$ 56,690    | \$           |
| (940)   |              |              |              |
| Net income (loss) attributable to common shareholders.....  | \$ 96,090    | \$ 50,340    | \$           |
| (2,070)   |              |              |              |
| The Company's net equity in above income (loss).....        | \$ 18,740    | \$ 17,290    | \$           |
| (12,640)  |              |              |              |
| Cash dividends received by the Company from affiliates..... | \$ 4,940     | \$ 4,100     | \$ 25,450    |

Certain amounts for 1992 and 1991 have been restated to reflect MascoTech's formal plan to divest its energy-related business segment.

Equity in undistributed earnings of affiliates of \$132 million at December 31, 1993, \$118 million at December 31, 1992 and \$105 million at December 31, 1991 are included in consolidated retained earnings.

**OTHER INVESTMENT IN MASCOTECH, INC.:**

| THOUSANDS )                               | ( IN           |      |
|---|----------------|------|
|   | AT DECEMBER 31 |      |
| -----                                     | 1993           | 1992 |
| -----                                     | -----          |      |
| Convertible debentures, 6%, due 2011..... | --             |      |
| \$130,000                                 | -----          |      |
| -----                                     | -----          |      |
| -----                                     |                |      |

In December 1993, following MascoTech's call for redemption, the Company converted the 6% debentures into MascoTech common stock at \$18 per share.

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**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**PROPERTY AND EQUIPMENT:**

| THOUSANDS)                         | ( IN           |       |
|------------------------------------|----------------|-------|
|                                    | AT DECEMBER 31 |       |
|                                    | 1993           | 1992  |
| -----                              | -----          | ----- |
| Land and improvements.....         | \$ 78,670      | \$    |
| 77,080                             |                |       |
| Buildings.....                     | 595,630        |       |
| 574,960                            |                |       |
| Machinery and equipment.....       | 1,009,060      |       |
| 901,960                            |                |       |
| -----                              | -----          |       |
| 1,554,000                          | 1,683,360      |       |
| Less accumulated depreciation..... | 588,190        |       |
| 523,470                            |                |       |
| -----                              | -----          |       |
| \$1,030,530                        | \$1,095,170    |       |
| -----                              | -----          |       |
| -----                              | -----          |       |

**ACCRUED LIABILITIES:**

THOUSANDS)

( IN  
AT DECEMBER 31

|  | 1993      | 1992 |
|--|-----------|------|
| Salaries, wages and commissions.....     | \$ 60,910 | \$   |
| 61,520                                   |           |      |
| Insurance.....                           | 35,180    |      |
| 31,010                                   |           |      |
| Advertising and sales promotion.....     | 32,370    |      |
| 26,260                                   |           |      |
| Dividends payable.....                   | 26,260    |      |
| 24,330                                   |           |      |
| Income taxes.....                        | 26,110    |      |
| 17,820                                   |           |      |
| Interest.....                            | 26,070    |      |
| 24,480                                   |           |      |
| Employee retirement plans and other..... | 89,160    |      |
| 78,070                                   |           |      |
|  |           |      |
|  | \$296,060 |      |
| \$263,490                                |           |      |
|  |           |      |
|  |           |      |

**LONG-TERM DEBT:**

| THOUSANDS)  | ( IN           |       |
|---|----------------|-------|
|   | AT DECEMBER 31 |       |
| -----   | 1993           | 1992  |
| -----   | -----          | ----- |
| Notes, 6.25%, due 1995.....<br>200,000                                  | \$ 200,000     | \$    |
| Notes, 8.75%, due 1996.....<br>200,000                                  | --             |       |
| Notes, 9%, due 1996.....<br>250,000                                     | 250,000        |       |
| Notes, 6.625%, due 1999.....<br>200,000                                 | 200,000        |       |
| Notes, 9%, due 2001.....<br>175,000                                     | 175,000        |       |
| Notes, 6.125%, due 2003.....  | 200,000        | --    |
| Notes, 7.125%, due 2013.....  | 200,000        | --    |
| Notes payable to banks.....<br>260,000                                  | --             |       |
| Convertible subordinated debentures, 5.25%, due<br>2012.....<br>177,930 | 177,930        |       |
| Other.....<br>28,750  | 23,980         |       |
| -----   | -----          |       |
|   | 1,426,910      |       |
| 1,491,680   |                |       |
| Less current portion.....<br>4,590                                      | 8,620          |       |
| -----   | -----          |       |
|   | \$1,418,290    |       |
| \$1,487,090   |                |       |
| -----   | -----          |       |
| -----   | -----          |       |

At December 31, 1993, all of the outstanding notes above are nonredeemable.

In March 1993, the \$200 million of 8.75% notes due 1996 were redeemed at par with borrowings under the Company's bank revolving-credit agreement.

**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**LONG-TERM DEBT (CONTINUED):**

In August 1993, the Company issued \$200 million of 7.125% notes due August 15, 2013. In September 1993, the Company issued \$200 million of 6.125% notes due September 15, 2003. The proceeds from these financings were used to eliminate floating-rate borrowings under the Company's bank revolving-credit agreement.

In June 1992, the Company issued \$200 million of 6.25% notes due June 15, 1995. In September 1992, the Company issued \$200 million of 6.625% notes due September 15, 1999. The proceeds from these financings were used to reduce outstanding bank indebtedness.

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

The notes payable to banks at December 31, 1992 relate to a \$750 million revolving-credit agreement, with any outstanding balance due and payable in November 1995. Interest is payable on borrowings under this agreement based upon various floating rates as selected by the Company.

Certain debt agreements contain limitations on additional borrowings and restrictions on cash dividend payments and common share repurchases. At December 31, 1993, the amount of retained earnings available for cash dividends and common share repurchases approximated \$242 million under the most restrictive of these provisions.

At December 31, 1993, the maturities of long-term debt during the next five years were approximately as follows: 1994-\$8.6 million; 1995-\$204.1 million; 1996-\$256.9 million; 1997-\$1.1 million; and 1998-\$1.0 million.

At December 31, 1993, the Company had shelf registration statements on file with the Securities and Exchange Commission for up to \$200 million of debt securities as well as up to 9.6 million shares of its common stock.

Interest paid was approximately \$104 million, \$121 million and \$127 million in 1993, 1992 and 1991, respectively.

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**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**SHAREHOLDERS' EQUITY:**

|                                    | (IN THOUSANDS) |             |             |
|------------------------------------|----------------|-------------|-------------|
|                                    | 1993           | 1992        | 1991        |
| Common Shares, \$1 Par Value       |                |             |             |
| Balance, January 1.....            | \$ 152,470     | \$ 153,210  | \$ 149,960  |
| Shares issued.....                 | 380            | 1,470       | 3,250       |
| Shares retired.....                | --             | (2,210)     | --          |
| Balance, December 31.....          | 152,850        | 152,470     | 153,210     |
| Paid-In Capital                    |                |             |             |
| Balance, January 1.....            | 61,370         | 64,950      | --          |
| Common shares issued.....          | 8,510          | 25,050      | 64,950      |
| Common shares retired.....         | --             | (28,630)    | --          |
| Balance, December 31.....          | 69,880         | 61,370      | 64,950      |
| Retained Earnings                  |                |             |             |
| Balance, January 1.....            | 1,685,010      | 1,596,180   | 1,638,390   |
| Net income.....                    | 221,100        | 183,100     | 44,900      |
| Cash dividends declared.....       | (100,940)      | (94,270)    | (87,110)    |
| Balance, December 31.....          | 1,805,170      | 1,685,010   | 1,596,180   |
| Cumulative Translation Adjustments |                |             |             |
| Balance, December 31.....          | (29,470)       | (11,970)    | 15,120      |
| Treasury Shares Related to Merger  |                |             |             |
| Balance, January 1.....            | --             | (30,550)    | (30,550)    |
| Shares repurchased.....            | --             | (290)       | --          |
| Shares retired.....                | --             | 30,840      | --          |
| Balance, December 31.....          | --             | --          | (30,550)    |
| Shareholders' Equity               |                |             |             |
| Balance, December 31.....          | \$1,998,430    | \$1,886,880 | \$1,798,910 |

In April 1991, the Company issued 3 million shares of its common stock for approximately \$64 million. The proceeds from this offering were used to reduce outstanding bank indebtedness.

On the basis of amounts paid (declared), cash dividends per share were \$.65 (\$.66) in 1993, \$.61 (\$.62) in 1992 and \$.57 (\$.58) in 1991.

**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**STOCK OPTIONS AND AWARDS:**

For the three years ended December 31, 1993, stock option data pertaining to stock option plans for key employees of the Company and affiliated companies are as follows:

|  | 1993      | 1992      | 1991 |
|--|-----------|-----------|------|
| -----  | -----     | -----     |      |
| Option shares outstanding, January 1.....<br>3,817,000   | 6,742,000 | 7,390,000 |      |
| Option shares granted.....<br>3,735,000                  | 298,000   | 1,212,000 |      |
| Option price.....<br>\$27-\$37                           | \$27-\$37 | \$25-\$30 |      |
| Option shares exercised.....<br>142,000                  | 1,210,000 | 1,860,000 |      |
| Option price.....<br>\$2-\$18                            | \$2-\$30  | \$2-\$21  |      |
| Option shares cancelled.....<br>20,000                   | 144,000   | --        |      |
| Option price.....<br>\$17-\$21                           | \$2-\$21  | --        |      |
| Option shares outstanding, December 31.....<br>7,390,000 | 5,686,000 | 6,742,000 |      |
| Option price.....<br>\$2-\$25                            | \$10-\$37 | \$2-\$30  |      |
| Option shares exercisable, December 31.....<br>2,076,000 | 1,457,000 | 1,326,000 |      |

Pursuant to restricted stock incentive plans, the Company granted long-term incentive awards, net, for 100,000, 267,000 and 36,000 shares of common stock during 1993, 1992 and 1991, respectively, to key employees of the Company and affiliated companies. The unamortized costs of unvested awards under these plans, aggregating approximately \$47 million at December 31, 1993, are being amortized over the ten-year vesting periods.

At December 31, 1993, a combined total of 10,595,000 shares of common stock was available for the granting of stock options and incentive awards under the above plans.

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 1993, 1992 or 1991. At December 31, 1993, there were 4,694,000 of such shares available for granting future awards under this plan.

**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**EMPLOYEE RETIREMENT PLANS:**

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 determined annually by the Directors. Aggregate charges to income under the pension and profit-sharing plans were \$19.2 million in 1993, \$16.9 million in 1992 and \$15.9 million in 1991. At December 31, 1993, the combined assets of the Company's defined-benefit pension plans exceed the combined accumulated benefit obligation.

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

|  | (IN THOUSANDS) |           |           |
|--|----------------|-----------|-----------|
|  | 1993           | 1992      | 1991      |
|  | -----          | -----     | -----     |
| Service cost -- benefits earned during the year..... | \$ 11,800      | \$ 10,850 | \$ 10,590 |
| Interest cost on projected benefit obligation...     | 17,240         | 15,280    | 14,820    |
| Actual return on assets.....<br>(25,470)             | (28,940)       | (12,190)  |           |
| Net amortization and deferral.....                   | 6,100          | (9,810)   | 6,080     |
|  | -----          | -----     | -----     |
| Net periodic pension cost.....                       | \$ 6,200       | \$ 4,130  | \$ 6,020  |
|  | -----          | -----     | -----     |

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

|   | 1993   | 1992  | 1991 |
|---|--------|-------|------|
|   | -----  | ----- |      |
| -----   |        |       |      |
| Discount rate for obligations.....<br>8.25%                     | 7.25%  | 8.0%  |      |
| Rate of increase in compensation levels.....<br>5.75%           | 5.0 %  | 6.0%  |      |
| Expected long-term rate of return on plan assets.....<br>12.75% | 13.0 % | 13.0% |      |

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

|  | 1993  |   | 1992  |   |
|--|---|---|---|---|
|  | ASSETS<br>EXCEED<br>ACCUMULATED<br>BENEFITS | ACCUMULATED<br>BENEFITS<br>EXCEED<br>ASSETS | ASSETS<br>EXCEED<br>ACCUMULATED<br>BENEFITS | ACCUMULATED<br>BENEFITS<br>EXCEED<br>ASSETS |
| Actuarial present value of benefit obligations:            |   |   |   |   |
| Vested benefit obligation.....                             | \$ 135,800                                  | \$ 54,130                                   | \$ 115,900                                  | \$33,890                                    |
| Accumulated benefit obligation.....                        | \$ 142,110                                  | \$ 62,660                                   | \$ 122,500                                  | \$38,450                                    |
| Projected benefit obligation.....                          | \$ 181,850                                  | \$ 68,420                                   | \$ 160,040                                  | \$41,960                                    |
| Assets at fair value.....                                  | 158,630                                     | 47,790                                      | 150,650                                     | 32,190                                      |
| Projected benefit obligation in excess of plan assets..... | (23,220)                                    | (20,630)                                    | (9,390)                                     | (9,770)                                     |
| Reconciling items:   |   |   |   |   |
| Unrecognized net loss.....                                 | 22,780                                      | 13,720                                      | 10,070                                      | 2,420                                       |
| Unrecognized prior service cost.....                       | 8,680                                       | 1,240                                       | 11,870                                      | 2,600                                       |
| Unrecognized net (asset) obligation at transition.....     | (12,800)                                    | 1,400                                       | (14,890)                                    | 2,300                                       |
| Requirement to recognize minimum liability.....            | --  | (11,170)                                    | --  | (5,060)                                     |
| Accrued pension cost.....                                  | \$ (4,560)                                  | \$ (15,440)                                 | \$ (2,340)                                  | \$ (7,510)                                  |

In January 1993, Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, became effective. 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, 1993, the aggregate present value of the accumulated postretirement benefit obligation approximated \$10 million pre-tax and is being amortized over 20 years.

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**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**SEGMENT INFORMATION:**

The Company's operations in the industry segments detailed below consisted of the manufacture and sale principally of the following products:

Building and home improvement -- faucets; plumbing fittings; kitchen and bath cabinets; showertubs, whirlpools and spas; kitchen appliances; builders' hardware; venting and ventilating equipment; and water pumps.

Home furnishings products -- quality furniture, fabrics and other home furnishings products.

Corporate assets consisted primarily of cash, real property 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 \$11 million in each of 1993, 1992 and 1991 and is included as a reduction of general corporate expense.

|   | NET SALES   |             |             | OPERATING PROFIT |           |            | (IN THOUSANDS)<br>ASSETS AT DECEMBER 31 |             |             |
|---|-------------|-------------|-------------|------------------|-----------|------------|---|-------------|-------------|
|   | 1993        | 1992        | 1991        | 1993             | 1992      | 1991       | 1993                                    | 1992        | 1991        |
| The Company's operations by segment were:         |             |             |             |                  |           |            |   |             |             |
| Building and home improvement...                  | \$2,188,000 | \$1,991,000 | \$1,711,000 | \$412,000        | \$368,000 | \$ 273,000 | \$1,297,000                             | \$1,262,000 | \$1,171,000 |
| Home furnishings products....                     | 1,698,000   | 1,534,000   | 1,430,000   | 69,000           | 60,000    | 38,000     | 1,886,000                               | 1,778,000   | 1,661,000   |
| Total.....  | \$3,886,000 | \$3,525,000 | \$3,141,000 | \$481,000        | \$428,000 | \$ 311,000 | \$3,183,000                             | \$3,040,000 | \$2,832,000 |
| The Company's operations by geographic area were: |             |             |             |                  |           |            |   |             |             |
| United States.....                                | \$3,194,000 | \$2,895,000 | \$2,610,000 | \$387,000        | \$334,000 | \$ 232,000 | \$2,638,000                             | \$2,522,000 | \$2,363,000 |
| European Community...                             | 375,000     | 378,000     | 327,000     | 60,000           | 64,000    | 48,000     | 240,000                                 | 245,000     | 242,000     |
| Other foreign countries...                        | 317,000     | 252,000     | 204,000     | 34,000           | 30,000    | 31,000     | 305,000                                 | 273,000     | 227,000     |
| Total, as above...                                | \$3,886,000 | \$3,525,000 | \$3,141,000 | 481,000          | 428,000   | 311,000    | 3,183,000                               | 3,040,000   | 2,832,000   |
| Other expense, net.....                           |             |             |             | (41,000)         | (54,000)  | (151,000)  |   |             |             |
| General corporate expense, net....                |             |             |             | (77,000)         | (69,000)  | (62,000)   |   |             |             |
| Income before income taxes(1).....                |             |             |             | \$363,000        | \$305,000 | \$ 98,000  |   |             |             |
| Equity and other investments in affiliates...     |             |             |             |                  |           |            | 349,000                                 | 463,000     | 448,000     |
| Corporate assets.....                             |             |             |             |                  |           |            | 489,000                                 | 484,000     | 506,000     |
| Total assets...                                   |             |             |             |                  |           |            | \$4,021,000                             | \$3,987,000 | \$3,786,000 |

|   | PROPERTY ADDITIONS |            |            | DEPRECIATION AND AMORTIZATION |           |           |
|---|--------------------|------------|------------|-------------------------------|-----------|-----------|
|   | 1993               | 1992       | 1991       | 1993                          | 1992      | 1991      |
| The Company's operations by segment were: |                    |            |            |                               |           |           |
| Building and home improvement...          | \$ 80,000          | \$ 80,000  | \$ 62,000  | \$ 48,000                     | \$ 48,000 | \$ 42,000 |
| Home furnishings products....             | 71,000             | 35,000     | 38,000     | 46,000                        | 45,000    | 43,000    |
| Total.....                                | \$ 151,000         | \$ 115,000 | \$ 100,000 | \$ 94,000                     | \$ 93,000 | \$ 85,000 |

(1) Income before income taxes and net income from foreign operations for 1993, 1992 and 1991 were \$92 million and \$55 million, \$88 million and \$54 million, and \$72 million and \$43 million, respectively.

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**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**OTHER INCOME (EXPENSE), NET:**

|   | (IN THOUSANDS) |             |        |
|---|----------------|-------------|--------|
|   | 1993           | 1992        | 1991   |
|   | -----          | -----       | -----  |
| Re: MascoTech, Inc.:                            |                |             |        |
| Equity earnings (loss).....                     | \$ 13,160      | \$ 12,570   | \$     |
| (9,170)   |                |             |        |
| Interest and dividend income.....               | 16,220         | 17,100      | 17,100 |
| Gain from redemption of preferred stock....     | 28,300         | --          | --     |
| Equity earnings (loss), other affiliates.....   | 5,580          | 4,720       |        |
| (3,470)   |                |             |        |
| Other, net:                                     |                |             |        |
| Income from cash and marketable securities..... | 3,250          | 4,330       | 4,100  |
| Other interest income.....                      | 9,800          | 11,640      | 14,390 |
| Other items.....                                | (11,720)       | (3,460)     |        |
| (47,100)  |                |             |        |
|   | 1,330          | 12,510      |        |
| (28,610)  |                |             |        |
| Interest expense.....                           | (105,820)      | (100,640)   |        |
| (126,580)                                       |                |             |        |
|   | \$ (41,230)    | \$ (53,740) |        |
| \$ (150,730)                                    |                |             |        |
|   | -----          | -----       | -----  |
|   | -----          | -----       | -----  |

Other items in 1991 include write-downs aggregating approximately \$32 million pre-tax in the Company's long-term investments.

**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**INCOME TAXES:**

|  | (IN THOUSANDS) |           |           |
|--|----------------|-----------|-----------|
|  | 1993           | 1992      | 1991      |
|  | -----          | -----     | -----     |
| Income before income taxes:  |                |           |           |
| Domestic.....  | \$270,930      | \$216,460 | \$ 25,910 |
| Foreign.....   | 91,670         | 88,340    | 71,690    |
|  | -----          | -----     | -----     |
|  | \$362,600      | \$304,800 | \$ 97,600 |
|  | -----          | -----     | -----     |
| Provision for income taxes:  |                |           |           |
| Currently payable:   |                |           |           |
| Federal.....   | \$ 96,830      | \$ 62,360 | \$ 25,690 |
| State and local.....   | 13,530         | 12,500    | 8,660     |
| Foreign.....   | 39,640         | 35,220    | 25,800    |
| Deferred:  |                |           |           |
| Federal, net.....  | (5,570)        | 12,090    |           |
| (10,740)   |                |           |           |
| Foreign.....   | (2,930)        | (470)     | 3,290     |
|  | -----          | -----     | -----     |
|  | \$141,500      | \$121,700 | \$ 52,700 |
|  | -----          | -----     | -----     |
| Deferred tax assets at December 31:  |                |           |           |
| Inventories.....   | \$ 12,080      |           |           |
| Earlier recognition of expenses for financial reporting purposes.....              | 44,570         |           |           |
| Other.....   | 1,550          |           |           |
|  | -----          |           |           |
|  | 58,200         |           |           |
|  | -----          |           |           |
| Deferred tax liabilities at December 31:   |                |           |           |
| Property and equipment.....  | 145,880        |           |           |
| Other.....   | 9,240          |           |           |
|  | -----          |           |           |
|  | 155,120        |           |           |
|  | -----          |           |           |
| Net deferred tax liability at December 31.....                                     | \$ 96,920      |           |           |
|  | -----          |           |           |
| Provision for deferred income taxes for temporary differences:                     |                |           |           |
| Accelerated tax deductions, including depreciation.....                            | \$ 900         | \$ 3,990  | \$ 8,760  |
| Earlier recognition of gains and losses, net for financial reporting purposes..... | (9,400)        | 7,630     |           |
| (16,210)   |                |           |           |
|  | -----          | -----     | -----     |
|  | \$ (8,500)     | \$ 11,620 | \$        |
| (7,450)  |                |           |           |
|  | -----          | -----     | -----     |
|  | -----          | -----     | -----     |

The effective tax rate differs from the United States federal statutory rate principally due to: equity earnings (1 percent in 1992 and -7 percent in 1991), higher tax rate applicable to foreign earnings (-1 percent in 1993, -2 percent in 1992 and -5 percent in 1991), amortization in excess of tax, net (-1 percent in 1993, -2 percent in 1992 and -6 percent in 1991), dividends-received deduction (1 percent in 1993 and 1992 and 2 percent in 1991), state income tax and other (-2 percent in 1993 and -4 percent in 1992 and 1991), and -1 percent in 1993 to record the effect



on deferred tax liabilities caused by the increase in the tax rate from 34 percent to 35 percent.

Income taxes paid were approximately \$135 million, \$97 million and \$54 million in 1993, 1992 and 1991, respectively.

Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, which requires the use of an asset and liability method of accounting for income taxes, became effective in January 1993. Deferred income taxes result from temporary differences between the tax basis of assets

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**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**INCOME TAXES (CONTINUED):**

and liabilities and the related basis as reported in the consolidated financial statements. Prior to 1993, the Company followed the requirements of Statement of Financial Accounting Standards No. 96, Accounting for Income Taxes.

**COMBINED FINANCIAL STATEMENTS (UNAUDITED):**

The following presents the combined financial statements of the Company, MascoTech, Inc. (formerly Masco Industries, Inc.), and TriMas Corporation as one entity, with Masco Corporation as the parent company. Certain amounts for 1992 and 1991 have been restated to reflect MascoTech's formal plan to divest its energy-related business segment. Intercompany transactions have been eliminated. Amounts, except earnings per share, are in thousands.

| -----  | 1993        | 1992  |
|--|-------------|-------|
| -----  | -----       | ----- |
| COMBINED BALANCE SHEET                       |             |       |
| Assets                                       |             |       |
| Current assets:                              |             |       |
| Cash and cash investments.....               | \$ 272,950  | \$    |
| 186,120                                      |             |       |
| Marketable securities.....                   | 32,680      |       |
| 42,190                                       |             |       |
| Receivables.....                             | 906,500     |       |
| 857,550                                      |             |       |
| Prepaid expenses.....                        | 118,700     |       |
| 104,720                                      |             |       |
| Deferred income taxes.....                   | 41,780      |       |
| 13,990                                       |             |       |
| Inventories:                                 |             |       |
| Finished goods.....                          | 393,820     |       |
| 414,270                                      |             |       |
| Raw material.....                            | 365,370     |       |
| 351,570                                      |             |       |
| Work in process.....                         | 281,680     |       |
| 298,940                                      |             |       |
|  | -----       |       |
|  | 1,040,870   |       |
| 1,064,780                                    |             |       |
|  | -----       |       |
| Total current assets.....                    | 2,413,480   |       |
| 2,269,350                                    |             |       |
| Equity investments in affiliates.....        | 163,970     |       |
| 124,570                                      |             |       |
| Property and equipment.....                  | 1,747,590   |       |
| 1,712,840                                    |             |       |
| Excess of cost over acquired net assets..... | 1,114,740   |       |
| 1,217,010                                    |             |       |
| Net assets of discontinued operations.....   | 67,510      |       |
| --   |             |       |
| Other assets.....                            | 428,390     |       |
| 537,420                                      |             |       |
|  | -----       |       |
| Total assets.....                            | \$5,935,680 |       |
| \$5,861,190                                  |             |       |
|  | -----       |       |
|  | -----       |       |
| Liabilities and Shareholders' Equity         |             |       |
| Current liabilities:                         |             |       |
| Notes payable.....                           | \$ 36,310   | \$    |
| 159,350                                      |             |       |
| Accounts payable.....                        | 277,070     |       |
| 253,680                                      |             |       |
| Accrued liabilities.....                     | 428,720     |       |
| 403,510                                      |             |       |
|  | -----       |       |
| Total current liabilities.....               | 742,100     |       |
| 816,540                                      |             |       |
| Long-term debt.....                          | 2,445,540   |       |
| 2,600,970                                    |             |       |
| Deferred income taxes and other.....         | 275,400     |       |
| 315,300                                      |             |       |
| Other interests in combi                     | 474,210     |       |
| 241,500                                      |             |       |
|  | -----       |       |
|  | -----       |       |



**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

|   | YEARS ENDED DECEMBER 31 |              |              |
|---|-------------------------|--------------|--------------|
|   | 1993                    | 1992         | 1991         |
| <b>COMBINED STATEMENT OF INCOME</b>                               |                         |              |              |
| Net sales.....  | \$ 5,901,060            | \$ 5,360,330 | \$ 4,741,240 |
| Cost of sales.....<br>(3,486,760)                                 | (4,169,190)             | (3,797,980)  |              |
| Selling, general and administrative<br>expenses.....<br>(916,670) | (1,112,300)             | (1,033,350)  |              |
| Operating profit.....   | 619,570                 | 529,000      | 337,810      |
| Other income (expense), net:                                      |                         |              |              |
| Interest expense.....<br>(259,520)                                | (189,610)               | (188,230)    |              |
| Other, net.....   | 45,360                  | 45,040       | 31,150       |
|   | (144,250)               | (143,190)    |              |
| (228,370)   |                         |              |              |
| Income before income taxes and<br>other interests.....            | 475,320                 | 385,810      | 109,440      |
| Income taxes.....   | 208,930                 | 172,610      | 68,870       |
| Other interests in combined<br>affiliates.....<br>(4,330)         | 45,290                  | 30,100       |              |
| Net income.....   | \$ 221,100              | \$ 183,100   | \$ 44,900    |
| Earnings per share.....   | \$1.45                  | \$1.21       | \$.30        |

**MASCO CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

## YEARS ENDED DECEMBER 31

|   | 1993        | 1992       | 1991       |
|---|-------------|------------|------------|
| COMBINED STATEMENT OF CASH FLOWS  |             |            |            |
| Cash Flows From (For) Operating Activities:   |             |            |            |
| Net income.....   | \$ 221,100  | \$ 183,100 | \$ 44,900  |
| Depreciation and amortization.....  | 194,270     | 191,290    | 175,740    |
| Equity (earnings) loss, net of<br>dividends.....                                    | (4,840)     | (1,140)    | 18,530     |
| Gain from change in investment.....   | (9,490)     | (16,700)   | --         |
| Write-downs of long-term investments.....   | --          | --         | 31,800     |
| Deferred income taxes and other.....  | 7,590       | 15,860     | 1,980      |
| Gain on sales of assets, net.....<br>(21,500)                                       | --          | --         | --         |
| Other interests in net income (loss) of<br>combined affiliates, net.....<br>(4,330) | 45,290      | 30,100     | --         |
| Total from earnings.....  | 453,920     | 402,510    | 247,120    |
| (Increase) in receivables.....<br>(5,330)   | (52,670)    | (75,340)   | --         |
| (Increase) decrease in inventories.....   | (49,950)    | (36,550)   | 44,780     |
| Increase (decrease) in accounts payable<br>and accrued liabilities, net.....        | 37,230      | (9,690)    | 31,330     |
| Discontinued operations, net.....<br>(3,340)  | 16,700      | 830        | --         |
| Net cash from operating<br>activities.....  | 405,230     | 281,760    | 314,560    |
| Cash Flows From (For) Investing Activities:   |             |            |            |
| Capital expenditures.....<br>(176,950)  | (252,360)   | (198,170)  | --         |
| Currency translation adjustments.....<br>(15,820)                                   | (17,500)    | (27,090)   | --         |
| Acquisitions.....<br>(50,190)   | --          | --         | --         |
| Proceeds from sale of subsidiaries.....   | 33,170      | --         | 52,110     |
| Other, net.....   | 39,730      | (45,810)   | 40,750     |
| Net cash (for) investing<br>activities.....<br>(150,100)                            | (196,960)   | (271,070)  | --         |
| Cash Flows From (For) Financing Activities:   |             |            |            |
| Increase in debt.....   | 862,800     | 872,140    | 514,410    |
| Payment of debt.....<br>(602,250)   | (1,087,400) | (915,630)  | --         |
| Issuance of common shares.....  | --          | 85,150     | 63,600     |
| Issuance of preferred stock.....  | 209,520     | --         | --         |
| Cash dividends paid.....<br>(85,150)  | (106,360)   | (93,410)   | --         |
| Net cash (for) financing<br>activities.....<br>(109,390)                            | (121,440)   | (51,750)   | --         |
| Cash and Cash Investments:  |             |            |            |
| Increase (decrease) for the year.....   | 86,830      | (41,060)   | 55,070     |
| At January 1.....   | 186,120     | 227,180    | 172,110    |
| At December 31.....   | \$ 272,950  | \$ 186,120 | \$ 227,180 |





MASCO CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONCLUDED)

INTERIM FINANCIAL INFORMATION (UNAUDITED):

| QUARTERS<br>ENDED | (IN THOUSANDS EXCEPT PER SHARE AMOUNTS) |                 |               |                       |
|-------------------|---|-----------------|---------------|-----------------------|
|                   | NET<br>SALES                            | GROSS<br>PROFIT | NET<br>INCOME | EARNINGS<br>PER SHARE |
| -----             |   |                 |               |                       |
| 1993              |   |                 |               |                       |
| December 31.....  | \$1,010,000                             | \$ 322,070      | \$ 57,600     | \$ .38                |
| September 30..... | 982,000                                 | 319,900         | 55,700        | .36                   |
| June 30.....      | 948,000                                 | 309,500         | 53,300        | .35                   |
| March 31.....     | 946,000                                 | 312,900         | 54,500        | .36                   |
|                   | -----                                   | -----           | -----         | -----                 |
|                   | \$3,886,000                             | \$1,264,370     | \$221,100     | \$1.45                |
|                   | -----                                   | -----           | -----         | -----                 |
| 1992              |   |                 |               |                       |
| December 31.....  | \$ 908,000                              | \$ 291,360      | \$ 43,000     | \$ .29                |
| September 30..... | 899,000                                 | 293,500         | 50,800        | .33                   |
| June 30.....      | 867,000                                 | 285,300         | 48,500        | .32                   |
| March 31.....     | 851,000                                 | 273,800         | 40,800        | .27                   |
|                   | -----                                   | -----           | -----         | -----                 |
|                   | \$3,525,000                             | \$1,143,960     | \$183,100     | \$1.21                |
|                   | -----                                   | -----           | -----         | -----                 |

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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 1994 Annual Meeting of Stockholders, to be filed on or before April 30, 1994, 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 1994 Annual Meeting of Stockholders, to be filed on or before April 30, 1994, 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 1994 Annual Meeting of Stockholders, to be filed on or before April 30, 1994, 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 1994 Annual Meeting of Stockholders, to be filed on or before April 30, 1994, 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, 1993 and 1992, and for the years ended December 31, 1993, 1992 and 1991, consist of the following:

**Consolidated Balance Sheet**

**Consolidated Statement of Income**

**Consolidated Statement of Cash Flows**

**Notes to Consolidated Financial Statements**

(2) Financial Statement Schedules.

(i) Financial Statement Schedules of the Company appended hereto, as required at December 31, 1993, and for the years ended December 31, 1993, 1992 and 1991, consist of the following:

I. Marketable Securities -- Other Investments II. Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other than Related Parties V. Property, Plant and Equipment VI. Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment VIII. Valuation and Qualifying Accounts IX. Short-Term Borrowings X. Supplementary Income Statement Information

(ii) (A) MascoTech, Inc. and Subsidiaries Consolidated Financial Statements appended hereto, as required at December 31, 1993 and 1992, and for the years ended December 31, 1993, 1992 and 1991, consist of the following:

**Consolidated Balance Sheet**

**Consolidated Statement of Income**

**Consolidated Statement of Cash Flows**

**Notes to Consolidated Financial Statements**

(ii) (B) MascoTech, Inc. and Subsidiaries Financial Statement Schedules appended hereto, as required for the years ended December 31, 1993, 1992 and 1991, consist of the following:

II. Amount Receivable from Related Parties and Underwriters, Promoters, and Employees Other than Related Parties V. Property, Plant and Equipment VI. Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment VIII. Valuation and Qualifying Accounts X. Supplementary Income Statement Information

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(3) Exhibits.

- 3.i Restated Certificate of Incorporation of Masco Corporation and amendments thereto.(2)
- 3.ii Bylaws of Masco Corporation, as amended.
- 4.a Indenture dated as of December 1, 1982 between Masco Corporation and Morgan Guaranty Trust Company of New York, as Trustee(2), and Directors' resolutions establishing Masco Corporation's: (i) 9% Notes Due April 15, 1996,(3), (ii) 9% Notes Due October 1, 2001,(2), (iii) 6 1/4% Notes Due June 15, 1995,(2) (iv) 6 5/8% Notes Due September 15, 1999,(2) 6 1/8% Notes Due September 15, 2003(1), and (vi) 7 1/8% Debentures Due August 15, 2013(1).
- 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.(3)
- 4.c \$750,000,000 Credit Agreement dated as of November 7, 1991 among Masco Corporation, the banks signatory thereto and Morgan Guaranty Trust Company of New York, as agent(3), and Amendment No. 1 thereto dated March 18, 1992.(2)
- 4.d 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.
- 4.e Indenture dated as of February 1, 1987 between Masco Industries, Inc. (now known as MascoTech, Inc.) and Chemical Bank (successor by merger to Manufacturers Hanover Trust Company), as Trustee, and Directors' resolutions establishing Masco Industries, Inc.'s 10% Senior Subordinated Notes Due 1995.(2)
- 4.f Credit Agreement dated as of September 2, 1993 by and among MascoTech, Inc., the banks party thereto, and NBD Bank, N.A., as Agent, and Comerica Bank, The Bank of New York, The First National Bank of Chicago, Morgan Guaranty Trust Company of New York and NationsBank of North Carolina, N.A., 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.)(4)
- 10.b Corporate Services Agreement dated as of January 1, 1987 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(2)
- 10.c Corporate Opportunities Agreement dated as of May 1, 1984 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)(4)
- 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 forfeiture letter dated September 20, 1985, Amendment to Stock Repurchase Agreement dated as of December 20, 1990(3) and Agreement



|           |  |
|-----------|--|
|           | dated as of November 23, 1993 including an amendment to Stock Repurchase Agreement.  |
| 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.(3)  |
| 10.f      | Masco Corporation 1988 Restricted Stock Incentive Plan (Restated September 11, 1990).(4)   |
| 10.g      | Masco Corporation 1988 Stock Option Plan (Restated September 11, 1990).(4)   |
| 10.h      | Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated September 11, 1990).(4)  |
| 10.i      | Masco Corporation 1984 Stock Option Plan (Restated September 11, 1990).(4)   |
| 10.j      | Masco Corporation Restricted Stock Incentive Plan (Restated September 11, 1990).(4)  |
| 10.k      | Masco Corporation Non-Qualified Stock Option Plan 1975 (Restated September 11, 1990).(4)   |
| 10.l      | MascoTech, Inc. 1991 Long-Term Stock Incentive Plan (Restated September 14, 1993).   |
| 10.m      | MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated September 14, 1993).  |
| 10.n      | MascoTech, Inc. 1984 Stock Option Plan (Restated September 14, 1993).  |
| 10.o      | Masco Corporation Supplemental Executive Retirement and Disability Plan.   |
| 10.p      | Form of Agreement dated June 29, 1989 between Masco Corporation and certain of its officers.   |
| 10.q      | Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 between Masco Corporation and MascoTech, Inc., including form of Note.  |
| 10.r      | Registration Agreement dated as of March 31, 1993 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)  |
| 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).(3)                 |
| 11        | Computation of Primary and Fully Diluted Per Share Earnings.   |
| 12        | Computation of Ratio of Earnings to Fixed Charges.   |
| 21        | List of Subsidiaries.  |
| 23.a      | Consent of Coopers & Lybrand relating to Masco Corporation's   |
| Financial | Statements and Financial Statement Schedules.  |
| 23.b      | Consent of Coopers & Lybrand relating to MascoTech, Inc.'s Financial Statements and Financial Statement Schedules.   |

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

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

(3) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1991.

(4) Incorporated by reference to the Exhibits filed with Masco Corporation's Annual Report on Form 10-K for the year ended December 31, 1990.

(B) REPORTS ON FORM 8-K.

The following Current Report on Form 8-K was filed by Masco Corporation in the calendar quarter ended March 31, 1994:

Report on Form 8-K dated March 2, 1994 reporting under Item 5, "Other Events," the 1993 year end financial results of the Company. The following financial statements were filed with such Report:

(1) Audited consolidated balance sheet of Masco Corporation and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1993; and

(2) Audited consolidated balance sheet of MascoTech, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1993.

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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                   RICHARD G. MOSTELLER  
                      RICHARD G. MOSTELLER  
                      Senior Vice President --  
Finance

March 24, 1994

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:

RICHARD A. MANOOGIAN                   Chairman of the Board  
RICHARD A. MANOOGIAN                   and Chief Executive Officer

PRINCIPAL FINANCIAL OFFICER:

RICHARD G. MOSTELLER                   Senior Vice President -- Finance  
RICHARD G. MOSTELLER

PRINCIPAL ACCOUNTING OFFICER:

ROBERT B. ROSOWSKI                   Vice President -- Controller  
ROBERT B. ROSOWSKI

WAYNE B. LYON                         President and Director  
WAYNE B. LYON

LILLIAN BAUDER                         Director  
LILLIAN BAUDER

March 24, 1994

ERWIN L. KONING                        Director  
ERWIN L. KONING

JOHN A. MORGAN                         Director  
JOHN A. MORGAN

ARMAN SIMONE                          Director  
ARMAN SIMONE

PETER W. STROH                         Director  
PETER W. STROH

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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, at December 31, 1993 and 1992 and for the years ended December 31, 1993, 1992 and 1991:

|   | PAGE  |
|---|-------|
|   | ----- |
| I. Marketable Securities -- Other Investments.....  | F-2   |
| II. Amounts Receivable from Related Parties and Underwriters, Promoters,<br>and Employees Other than Related Parties..... | F-3   |
| V. Property, Plant and Equipment.....   | F-4   |
| VI. Accumulated Depreciation, Depletion and Amortization of Property, Plant and<br>Equipment.....                         | F-5   |
| VIII. Valuation and Qualifying Accounts.....  | F-6   |
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| MascoTech, Inc. and Subsidiaries Consolidated Financial Statements and Financial<br>Statement Schedules.....              | F-9   |

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MASCO CORPORATION

SCHEDULE I. MARKETABLE SECURITIES -- OTHER INVESTMENTS

DECEMBER 31, 1993

| COLUMN A                               | COLUMN B   | COLUMN C           | COLUMN D   | COLUMN E  |
|--|--|--------------------|--|---|
| NAME OF ISSUER AND TITLE OF EACH ISSUE | NUMBER OF SHARES OR UNITS -- PRINCIPAL AMOUNT OF BONDS & NOTES | COST OF EACH ISSUE | MARKET VALUE OF EACH ISSUE AT BALANCE SHEET DATE | AMOUNT AT WHICH EACH ISSUE CARRIED IN THE BALANCE SHEET |
| <b>MARKETABLE SECURITIES</b>           |  |                    |  |   |
| Current Assets:                        |  |                    |  |   |
| Common Stocks.....                     | --   | \$ 4,890,000       | \$ 5,560,000                                     | \$ 4,890,000  |
| Long-Term Assets:                      |  |                    |  |   |
| Common Stocks:                         |  |                    |  |   |
| Home Furnishings.....                  | --   | \$ 6,830,000       | \$ 12,520,000                                    | \$ 6,830,000  |
| Other Consumer Products.....           | --   | 2,120,000          | 1,500,000  | 2,120,000   |
| Total Common Stocks...                 | --   | \$ 8,950,000       | \$ 14,020,000                                    | \$ 8,950,000  |
| <b>OTHER INVESTMENTS</b>               |  |                    |  |   |
| Equity Investments in                  |  |                    |  |   |
| MascoTech, Inc.....                    | 25,170,000   | \$294,700,000      | \$ 842,310,000                                   | \$ 294,700,000  |
| Investments, Other.....                | --   | 181,710,000        | 232,420,000                                      | 181,710,000   |
|  |  | \$476,410,000      | \$1,074,730,000                                  | \$ 476,410,000  |

MASCO CORPORATION

SCHEDULE II. AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS,  
PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A                                     | COLUMN B                         | COLUMN C    | COLUMN D             |                        | COLUMN E                        |             |
|--|----------------------------------|-------------|----------------------|------------------------|---------------------------------|-------------|
| NAME OF DEBTOR                               | BALANCE AT<br>JANUARY 1,<br>1993 | ADDITIONS   | DEDUCTIONS           |                        | BALANCE AT<br>DECEMBER 31, 1993 |             |
|  |                                  |             | AMOUNTS<br>COLLECTED | AMOUNTS<br>WRITTEN OFF | CURRENT                         | NON CURRENT |
|  | (A)                              |             |                      |                        | (A)                             |             |
| Gerald Bright.....                           | \$ 225,000                       |             | \$ 225,000           |                        | --                              |             |
| David A. Doran.....                          | 1,350,000                        |             | 381,000              |                        | \$ 969,000                      |             |
| Ronald L. Jones.....                         | 900,000                          |             | --                   |                        | 900,000                         |             |
| Raymond F. Kennedy.....                      | 1,350,000                        |             | --                   |                        | 1,350,000                       |             |
| John R. Leekley.....                         | 1,350,000                        |             | 1,350,000            |                        | --                              |             |
| Wayne B. Lyon.....                           | 2,250,000                        |             | --                   |                        | 2,250,000                       |             |
| Richard A. Manoogian.....                    | 7,200,000                        |             | --                   |                        | 7,200,000                       |             |
| Richard G. Mosteller.....                    | 2,250,000                        |             | 1,595,000            |                        | 655,000                         |             |
| John C. Nicholls, Jr. ....                   | 900,000                          |             | --                   |                        | 900,000                         |             |
| Peter J. Pirsch.....                         | 450,000                          |             | --                   |                        | 450,000                         |             |
| Robert B. Rosowski.....                      | 450,000                          |             | --                   |                        | 450,000                         |             |
| John F. Ullrich.....                         | 900,000                          |             | 262,000              |                        | 638,000                         |             |
| Samuel Valenti, III.....                     | 2,250,000                        |             | --                   |                        | 2,250,000                       |             |
| David G. Wesenberg.....                      | 225,000                          |             | 225,000              |                        | --                              |             |
|  | 22,050,000                       | --          | 4,038,000            | --                     | 18,012,000                      | --          |
| Accrued Interest on Notes<br>Receivable..... | 5,402,000                        | \$1,428,000 | 1,156,000            | --                     | 5,674,000                       | --          |
| Discount on Notes<br>Receivable(B).....      | (1,409,000)                      | 977,000     | --                   | --                     | (432,000)                       | --          |
|  | \$26,043,000                     | \$2,405,000 | \$5,194,000          | --                     | \$23,254,000                    | --          |

All amounts receivable are related to an incentive program of the Company that has been disclosed in previous proxy statements of the Company and that will be described in the Company's definitive Proxy Statement for its 1994 Annual Meeting of Stockholders to be filed on or before April 30, 1994.

Notes:

(A) Amounts receivable from employees are due June 30, 1994. The stated rate of interest is 7%.

(B) Represents the discount pertaining to the difference between the stated rate of interest of 7% and the effective rate of interest of approximately 9%.

Activity for 1992 includes interest income of \$1,555,000, discount amortization of \$681,000 and, in consideration for return to the Company of assets of approximate equal value, cancellation of the receivable balances of \$1,592,000 for two former employees.

Activity for 1991 includes interest income of \$1,733,000 and discount amortization of \$545,000.

MASCO CORPORATION

SCHEDULE V. PROPERTY, PLANT AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A                                | COLUMN B                             | COLUMN C             | COLUMN D      | COLUMN E                            | COLUMN F                    |
|---|--------------------------------------|----------------------|---------------|-------------------------------------|-----------------------------|
| -----                                   | -----                                | -----                | -----         | -----                               | -----                       |
| DESCRIPTION                             | BALANCE AT<br>BEGINNING<br>OF PERIOD | ADDITIONS<br>AT COST | RETIREMENTS   | OTHER<br>CHANGES<br>ADD<br>(DEDUCT) | BALANCE AT<br>END OF PERIOD |
| -----                                   | -----                                | (A)                  | -----         | (B)                                 | -----                       |
| 1993:                                   |                                      |                      |               |                                     |                             |
| Land and land improvements.....         | \$ 77,080,000                        | \$ 3,580,000         | \$ 1,580,000  | \$ (410,000)                        | \$ 78,670,000               |
| Buildings.....                          | 574,960,000                          | 22,000,000           | 7,180,000     | 5,850,000                           | 595,630,000                 |
| Machinery and equipment.....            | 692,490,000                          | 45,180,000           | 15,110,000    | 21,280,000                          | 743,840,000                 |
| Office, delivery and other equipment... | 178,920,000                          | 24,110,000           | 10,400,000    | 4,110,000                           | 196,740,000                 |
| Construction in progress.....           | 30,550,000                           | 71,670,000           | 1,930,000     | (31,810,000)                        | 68,480,000                  |
|   | \$1,554,000,000                      | \$166,540,000        | \$ 36,200,000 | \$ (980,000)                        | \$1,683,360,000             |
| 1992:                                   |                                      |                      |               |                                     |                             |
| Land and land improvements.....         | \$ 75,420,000                        | \$ 1,560,000         | \$ 680,000    | \$ 780,000                          | \$ 77,080,000               |
| Buildings.....                          | 556,520,000                          | 19,540,000           | 4,460,000     | 3,360,000                           | 574,960,000                 |
| Machinery and equipment.....            | 634,310,000                          | 47,300,000           | 6,020,000     | 16,900,000                          | 692,490,000                 |
| Office, delivery and other equipment... | 166,450,000                          | 18,990,000           | 9,350,000     | 2,830,000                           | 178,920,000                 |
| Construction in progress.....           | 27,460,000                           | 35,780,000           | 2,050,000     | (30,640,000)                        | 30,550,000                  |
|   | \$1,460,160,000                      | \$123,170,000        | \$ 22,560,000 | \$ (6,770,000)                      | \$1,554,000,000             |
| 1991:                                   |                                      |                      |               |                                     |                             |
| Land and land improvements.....         | \$ 73,460,000                        | \$ 2,780,000         | \$ 980,000    | \$ 160,000                          | \$ 75,420,000               |
| Buildings.....                          | 476,570,000                          | 18,740,000           | 3,880,000     | 65,090,000                          | 556,520,000                 |
| Machinery and equipment.....            | 581,910,000                          | 46,140,000           | 16,720,000    | 22,980,000                          | 634,310,000                 |
| Office, delivery and other equipment... | 150,900,000                          | 18,500,000           | 6,270,000     | 3,320,000                           | 166,450,000                 |
| Construction in progress.....           | 92,150,000                           | 32,350,000           | 280,000       | (96,760,000)                        | 27,460,000                  |
|   | \$1,374,990,000                      | \$118,510,000        | \$ 28,130,000 | \$ (5,210,000)                      | \$1,460,160,000             |

Notes:

(A) Including fixed asset additions of \$5,480,000 in 1992 and \$5,520,000 in 1991 obtained through the purchase of companies.

(B) Adjustments and reclassifications between noncurrent asset accounts and the effect of foreign currency translation.

**MASCO CORPORATION**

**SCHEDULE VI. ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION  
OF PROPERTY, PLANT AND EQUIPMENT**

**FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991**

| COLUMN A<br>-----<br>DESCRIPTION<br>----- | COLUMN B<br>-----<br>BALANCE AT<br>BEGINNING<br>OF PERIOD<br>----- | COLUMN C<br>-----<br>ADDITIONS<br>CHARGED TO<br>COSTS AND<br>EXPENSES<br>----- | COLUMN D<br>-----<br>RETIREMENTS<br>----- | COLUMN E<br>-----<br>OTHER<br>CHANGES<br>ADD<br>(DEDUCT)<br>-----<br>(A) | COLUMN F<br>-----<br>BALANCE AT<br>END OF<br>PERIOD<br>----- |
|---|--|--|---|--|--|
| 1993:                                     |  |  |   |  |  |
| Land improvements.....                    | \$ 7,350,000   | \$ 890,000   | --  | \$ (90,000)  | \$ 8,150,000   |
| Buildings.....                            | 121,130,000  | 17,310,000   | \$4,430,000                               | (1,640,000)  | 132,370,000  |
| Machinery and equipment.....              | 297,350,000  | 43,690,000   | 8,300,000                                 | 2,920,000  | 335,660,000  |
| Office, delivery and other equipment..... | 97,640,000   | 20,210,000   | 8,100,000                                 | 2,260,000  | 112,010,000  |
|   | \$523,470,000  | \$82,100,000   | \$20,830,000                              | \$ 3,450,000   | \$588,190,000  |
| 1992:                                     |  |  |   |  |  |
| Land improvements.....                    | \$ 6,360,000   | \$ 880,000   | \$ 30,000                                 | \$ 140,000   | \$ 7,350,000   |
| Buildings.....                            | 105,020,000  | 17,160,000   | 1,560,000                                 | 510,000  | 121,130,000  |
| Machinery and equipment.....              | 267,480,000  | 41,960,000   | 4,250,000                                 | (7,840,000)  | 297,350,000  |
| Office, delivery and other equipment..... | 81,230,000   | 19,350,000   | 7,000,000                                 | 4,060,000  | 97,640,000   |
|   | \$460,090,000  | \$79,350,000   | \$12,840,000                              | \$(3,130,000)  | \$523,470,000  |
| 1991:                                     |  |  |   |  |  |
| Land improvements.....                    | \$ 5,380,000   | \$ 1,020,000   | \$ 130,000                                | \$ 90,000  | \$ 6,360,000   |
| Buildings.....                            | 90,110,000   | 14,630,000   | 900,000                                   | 1,180,000  | 105,020,000  |
| Machinery and equipment.....              | 238,050,000  | 37,610,000   | 6,840,000                                 | (1,340,000)  | 267,480,000  |
| Office, delivery and other equipment..... | 71,310,000   | 16,930,000   | 4,300,000                                 | (2,710,000)  | 81,230,000   |
|   | \$404,850,000  | \$70,190,000   | \$12,170,000                              | \$(2,780,000)  | \$460,090,000  |

**NOTE:**  
(A) Adjustments and reclassifications between noncurrent asset accounts and the effect of foreign currency translation.

MASCO CORPORATION

SCHEDULE VIII. VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A   | COLUMN B                             | COLUMN C                            |                                 | COLUMN D     | COLUMN E                    |
|--|--------------------------------------|-------------------------------------|---------------------------------|--------------|-----------------------------|
| -----  | -----                                | -----                               |                                 | -----        | -----                       |
| DESCRIPTION  | BALANCE AT<br>BEGINNING<br>OF PERIOD | ADDITIONS                           |                                 | DEDUCTIONS   | BALANCE AT<br>END OF PERIOD |
|  |                                      | CHARGED<br>TO COSTS<br>AND EXPENSES | CHARGED<br>TO OTHER<br>ACCOUNTS |              |                             |
|  |                                      |                                     | (A)                             |              |                             |
| -----  | -----                                | -----                               | -----                           | -----        | -----                       |
| Allowance for doubtful accounts,<br>deducted from accounts receivable in<br>the balance sheet: |                                      |                                     |                                 |              |                             |
| 1993.....  | \$16,340,000                         | \$12,900,000                        | \$(130,000)                     | \$10,040,000 | \$19,070,000                |
| 1992.....  | \$13,680,000                         | \$15,460,000                        | --                              | \$12,800,000 | \$16,340,000                |
| 1991.....  | \$13,010,000                         | \$14,300,000                        | --                              | \$13,630,000 | \$13,680,000                |
| -----  | -----                                | -----                               | -----                           | -----        | -----                       |

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.

MASCO CORPORATION

SCHEDULE IX. SHORT-TERM BORROWINGS

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A                                      | COLUMN B                       | COLUMN C                                | COLUMN D   | COLUMN E   | COLUMN F   |
|---|--------------------------------|---|--|--|--|
| CATEGORY OF AGGREGATE<br>SHORT-TERM BORROWING | BALANCE AT<br>END OF<br>PERIOD | WEIGHTED<br>AVERAGE<br>INTEREST<br>RATE | MAXIMUM<br>AMOUNT<br>OUTSTANDING<br>DURING THE<br>PERIOD | AVERAGE<br>AMOUNT<br>OUTSTANDING<br>DURING THE<br>PERIOD | WEIGHTED<br>AVERAGE<br>INTEREST RATE<br>DURING THE<br>PERIOD |
|   |                                |   |  | (A)  | (A)  |
| 1993:   |                                |   |  |  |  |
| Payable to banks (various<br>due dates).....  | \$ 30,300,000                  | 5.5%                                    | \$126,640,000  | \$ 95,050,000  | 4.4%   |
| Other (various due dates)...                  | 2,860,000                      | 8.3%                                    | 2,860,000  | 2,340,000  | 8.9%   |
|   | \$ 33,160,000                  |   |  |  |  |
| 1992:   |                                |   |  |  |  |
| Payable to banks (various<br>due dates).....  | \$ 93,040,000                  | 5.5%                                    | \$148,090,000  | \$122,600,000  | 6.1%   |
| Other (various due dates)...                  | 1,770,000                      | 9.8%                                    | 7,970,000  | 3,520,000  | 8.4%   |
|   | \$ 94,810,000                  |   |  |  |  |
| 1991:   |                                |   |  |  |  |
| Payable to banks (various<br>due dates).....  | \$127,990,000                  | 8.3%                                    | \$186,030,000  | \$163,400,000  | 8.3%   |
| Other (various due dates)...                  | 4,060,000                      | 6.9%                                    | 13,750,000   | 10,360,000   | 7.3%   |
|   | \$132,050,000                  |   |  |  |  |

Note:

(A) Computed primarily using the average daily balances or interest rates.

MASCO CORPORATION

SCHEDULE X. SUPPLEMENTARY INCOME STATEMENT INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| ITEM | DESCRIPTION                  | COLUMN B<br>CHARGED TO COSTS AND EXPENSES |                |                |
|------|------------------------------|---|----------------|----------------|
|      |                              | 1993                                      | 1992           | 1991           |
| 1.   | Maintenance and repairs..... | \$ 67,470,000                             | \$ 63,660,000  | \$ 58,190,000  |
| 5.   | Advertising costs.....       | \$ 166,770,000                            | \$ 143,750,000 | \$ 127,500,000 |

Other captions provided for under this schedule are excluded as the amounts related to such captions are not material.



# MASCOTECH, INC. AND SUBSIDIARIES

## 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 (formerly Masco Industries, Inc.) as of December 31, 1993 and 1992, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1993, and the financial statement schedules as listed in Item 14(a)(2)(ii) of this Form 10-K. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted 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, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

### COOPERS & LYBRAND

Detroit, Michigan  
February 24, 1994

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MASCOTECH, INC.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1993 AND 1992

|   | 1993            | 1992            |
|---|-----------------|-----------------|
|   | -----           | -----           |
| ASSETS  |                 |                 |
| Current assets:   |                 |                 |
| Cash and cash investments.....  | \$ 83,200,000   | \$ 76,000,000   |
| Receivables.....  | 238,820,000     | 272,920,000     |
| Inventories.....  | 140,040,000     | 222,280,000     |
| Deferred and refundable income taxes.....   | 41,780,000      | 13,990,000      |
| Prepaid expenses and other assets.....  | 52,000,000      | 47,250,000      |
|   | -----           | -----           |
| Total current assets.....   | 555,840,000     | 632,440,000     |
| Equity and other investments in affiliates.....   | 170,510,000     | 81,460,000      |
| Property and equipment, net.....  | 490,190,000     | 537,420,000     |
| Excess of cost over net assets of acquired companies.....   | 439,760,000     | 479,400,000     |
| Notes receivable and other assets.....  | 66,100,000      | 76,590,000      |
| Net assets of discontinued operations.....  | 67,510,000      | --              |
|   | -----           | -----           |
| Total assets.....   | \$1,789,910,000 | \$1,807,310,000 |
|   | -----           | -----           |
| LIABILITIES AND SHAREHOLDERS' EQUITY  |                 |                 |
| Current liabilities:  |                 |                 |
| Accounts payable.....   | \$ 95,520,000   | \$ 103,620,000  |
| Accrued liabilities.....  | 103,260,000     | 117,430,000     |
| Current portion of long-term debt.....  | 2,830,000       | 64,430,000      |
|   | -----           | -----           |
| Total current liabilities.....  | 201,610,000     | 285,480,000     |
| Long-term debt.....   | 788,360,000     | 1,065,390,000   |
| Deferred income taxes and other long-term liabilities.....  | 132,310,000     | 103,040,000     |
|   | -----           | -----           |
| Total liabilities.....  | 1,122,280,000   | 1,453,910,000   |
|   | -----           | -----           |
| Shareholders' equity:   |                 |                 |
| Preferred stock, \$1 par: Authorized: 25,000,000;<br>Outstanding: 10.8 million in 1993 (liquidation value-\$216<br>million) and .8 million in 1992 (liquidation value-\$77.5<br>million)..... | 10,800,000      | 780,000         |
| Common stock, \$1 par: Authorized: 250,000,000; Outstanding:<br>60,510,000 and 59,520,000.....  | 60,510,000      | 59,520,000      |
| Paid-in capital.....  | 367,290,000     | 84,390,000      |
| Retained earnings.....  | 232,120,000     | 202,660,000     |
| Cumulative translation adjustments.....   | (3,090,000)     | 6,050,000       |
|   | -----           | -----           |
| Total shareholders' equity.....   | 667,630,000     | 353,400,000     |
|   | -----           | -----           |
| Total liabilities and shareholders' equity.....   | \$1,789,910,000 | \$1,807,310,000 |
|   | -----           | -----           |

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

MASCOTECH, INC.

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

|   | 1993             | 1992             | 1991             |
|---|------------------|------------------|------------------|
| Net sales.....  | \$ 1,582,880,000 | \$ 1,455,320,000 | \$ 1,266,210,000 |
| Cost of sales.....  | (1,257,480,000)  | (1,159,050,000)  | (1,054,520,000)  |
| Gross profit.....   | 325,400,000      | 296,270,000      | 211,690,000      |
| Selling, general and administrative expenses.....   | (179,680,000)    | (184,430,000)    | (168,100,000)    |
| Operating profit.....   | 145,720,000      | 111,840,000      | 43,590,000       |
| Other income (expense), net:  |                  |                  |                  |
| Interest expense, Masco Corporation.....  | (6,990,000)      | (7,800,000)      | (7,800,000)      |
| Other interest expense.....   | (74,370,000)     | (78,190,000)     | (104,680,000)    |
| Equity and interest income from affiliates.....   | 21,000,000       | 15,750,000       | 29,390,000       |
| Gain from change in investment of equity affiliates.....  | 9,490,000        | 16,700,000       | --               |
| Gain from disposition of operations.....  | --               | --               | 21,500,000       |
| Other, net.....   | 26,330,000       | 9,950,000        | 5,530,000        |
|   | (24,540,000)     | (43,590,000)     | (56,060,000)     |
| Income (loss) from continuing operations before income taxes (credit) and extraordinary loss..... | 121,180,000      | 68,250,000       | (12,470,000)     |
| Income taxes (credit).....  | 50,290,000       | 29,210,000       | (2,120,000)      |
| Income (loss) from continuing operations before extraordinary loss.....                           | 70,890,000       | 39,040,000       | (10,350,000)     |
| Discontinued operations (net of income taxes):  |                  |                  |                  |
| Income (loss) from operations of discontinued segment.....  | 2,630,000        | (610,000)        | 1,380,000        |
| Loss on disposition.....  | (22,270,000)     | --               | --               |
| Income (loss) before extraordinary loss.....  | 51,250,000       | 38,430,000       | (8,970,000)      |
| Extraordinary loss (net of income taxes)....  | (3,650,000)      | --               | --               |
| Net income (loss).....  | \$ 47,600,000    | \$ 38,430,000    | \$ (8,970,000)   |
| Preferred stock dividends.....  | \$ 14,930,000    | \$ 9,300,000     | \$ 9,600,000     |
| Earnings (loss) attributable to common stock.....   | \$ 32,670,000    | \$ 29,130,000    | \$ (18,570,000)  |

|   | 1993    |                              |                 |                 |
|---|---------|------------------------------|-----------------|-----------------|
|   | PRIMARY | ASSUMING<br>FULL<br>DILUTION | 1992<br>PRIMARY | 1991<br>PRIMARY |
| Earnings (loss) per common and common equivalent share:       |         |                              |                 |                 |
| Continuing operations.....                                    | \$ .97  | \$ .91                       | \$ .49          | \$ (.33)        |
| Discontinued operations:                                      |         |                              |                 |                 |
| Income (loss) from operations of discontinued<br>segment..... | .05     | .04                          | (.01)           | .02             |
| Loss on disposition.....                                      | (.39)   | *                            | --              | --              |
| Income (loss) before extraordinary loss.....                  | .63     | .63                          | .48             | (.31)           |
| Extraordinary loss.....                                       | (.06)   | *                            | --              | --              |
| Earnings (loss) attributable to common stock.....             | \$ .57  | \$ .57                       | \$ .48          | \$ (.31)        |

\* Anti-dilutive

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

MASCOTECH, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

|  | 1993          | 1992          | 1991           |
|--|---------------|---------------|----------------|
|  | -----         | -----         | -----          |
| CASH FROM (USED FOR):  |               |               |                |
| OPERATIONS:  |               |               |                |
| Net income (loss).....   | \$ 47,600,000 | \$ 38,430,000 | \$ (8,970,000) |
| Gain, sale of assets.....  | --            | --            | (21,500,000)   |
| Gain from change in investment.....                                  | (9,490,000)   | (16,700,000)  | --             |
| Depreciation and amortization.....                                   | 59,810,000    | 59,920,000    | 59,040,000     |
| Equity earnings, net of dividends.....                               | (12,000,000)  | (5,250,000)   | (4,460,000)    |
| Deferred taxes.....  | 15,590,000    | 3,130,000     | 3,270,000      |
| (Decrease) in valuation allowance for marketable securities.....     | --            | --            | (13,730,000)   |
| (Increase) decrease in receivables.....                              | (5,900,000)   | (23,930,000)  | 9,780,000      |
| (Increase) decrease in inventories.....                              | (2,990,000)   | (2,920,000)   | 25,120,000     |
| (Increase) decrease in prepaid expenses.....                         | (11,650,000)  | 4,010,000     | (4,470,000)    |
| Decrease in accounts payable and accrued liabilities.....            | (5,900,000)   | (12,930,000)  | (530,000)      |
| Other, net, including extraordinary loss.....                        | 8,180,000     | 13,540,000    | 2,950,000      |
| Discontinued operations, net.....                                    | 16,700,000    | 830,000       | (3,340,000)    |
|  | -----         | -----         | -----          |
| Net cash from operating activities.....                              | 99,950,000    | 58,130,000    | 43,160,000     |
|  | -----         | -----         | -----          |
| FINANCING:   |               |               |                |
| Increase in debt.....  | --            | 11,670,000    | 14,720,000     |
| Payment or repurchase of debt.....                                   | (150,020,000) | (135,490,000) | (122,430,000)  |
| Issuance of preferred stock.....                                     | 209,520,000   | --            | --             |
| Retirement of preferred stock.....                                   | (100,000,000) | --            | --             |
| Payment of dividends.....  | (16,020,000)  | (9,300,000)   | (7,280,000)    |
| Other, net.....  | 3,770,000     | (2,240,000)   | --             |
|  | -----         | -----         | -----          |
| Net cash used for financing activities.....                          | (52,750,000)  | (135,360,000) | (114,990,000)  |
|  | -----         | -----         | -----          |
| INVESTMENTS:   |               |               |                |
| Cash received from redemption of TriMas subordinated debentures..... | --            | 88,000,000    | 40,000,000     |
| Cash paid Masco Corporation.....                                     | (87,500,000)  | --            | --             |
| Cash received from dispositions:                                     |               |               |                |
| Energy-related segment.....  | 93,450,000    | --            | --             |
| Masco Capital.....   | --            | --            | 49,450,000     |
| Other operations.....  | --            | --            | 52,110,000     |
| Masco Capital distributions, net.....                                | --            | --            | 21,220,000     |
| Capital expenditures.....  | (59,540,000)  | (60,000,000)  | (48,630,000)   |
| Decrease in marketable securities, net.....                          | 2,980,000     | 3,150,000     | 26,190,000     |
| Other, net.....  | 10,610,000    | 4,130,000     | 7,050,000      |
|  | -----         | -----         | -----          |
| Net cash (used for) from investing activities.....                   | (40,000,000)  | 35,280,000    | 147,390,000    |
|  | -----         | -----         | -----          |
| CASH AND CASH INVESTMENTS:   |               |               |                |
| Increase (decrease) for the year.....                                | 7,200,000     | (41,950,000)  | 75,560,000     |
| At January 1.....  | 76,000,000    | 117,950,000   | 42,390,000     |
|  | -----         | -----         | -----          |
| At December 31.....  | \$ 83,200,000 | \$ 76,000,000 | \$ 117,950,000 |
|  | -----         | -----         | -----          |

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

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. Capital transactions by equity affiliates at amounts differing from the Company's carrying amount are reflected in other income or expense and the investment in affiliates account.

Certain amounts for the years ended December 31, 1992 and 1991 have been reclassified to conform to the presentation adopted in 1993. The statements of income and cash flows for 1993, 1992 and 1991 and related notes have been reclassified to present the Energy-related segment as discontinued operations. In addition, the balance sheet as of December 31, 1993 reflects the Energy-related segment as discontinued operations (see "Discontinued Operations" note). The balance sheet as of December 31, 1992 has not been reclassified for discontinued operations. Effective June 23, 1993 the Company changed its name to MascoTech, Inc. from Masco Industries, Inc.

The Company has a corporate services agreement with Masco Corporation, which at December 31, 1993 owned approximately 42 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, including net sales related to discontinued operations, aggregated approximately \$11 million in each of 1993, 1992 and 1991.

**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. At December 31, 1993, the Company has \$33 million on deposit with a German bank that is subject to currency exchange rate fluctuations.

**Receivables.** Receivables are presented net of allowances for doubtful accounts of \$5.1 million and \$7.2 million at December 31, 1993 and 1992, respectively.

**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 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 excess of cost over net assets of acquired companies at December 31, 1993.

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

At December 31, 1993 and 1992, accumulated amortization of the excess of cost over net assets of acquired companies and patents was \$98.4 million and \$105.1 million, respectively. Amortization expense was \$22.2 million, \$22.8 million and \$21.2 million in 1993, 1992 and 1991, respectively, including amortization expense of approximately \$1.6 million in each year related to discontinued operations.

**Income Taxes.** In January, 1993, the Company adopted 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. Previously, the Company used the SFAS No. 96 asset and liability approach that gave no recognition to future events other than the recovery of assets and settlement of liabilities at their carrying amounts. There was no income statement impact from the adoption of SFAS No. 109 and the required balance sheet reclassification was immaterial. Provision is made for U.S. income taxes on the undistributed earnings of foreign subsidiaries unless such earnings are considered permanently reinvested.

**Earnings (Loss) Per Common Share.** Primary earnings (loss) per common share are based on the weighted average number of shares of common stock and common stock equivalents outstanding (including the dilutive effect of options and warrants, utilizing the treasury stock method) of 57.4 million, 60.9 million and 59.7 million in 1993, 1992 and 1991, respectively, and earnings (loss) after deducting preferred stock dividends of \$14.9 million, \$9.3 million and \$9.6 million in 1993, 1992 and 1991, respectively.

Fully diluted earnings (loss) per common share are only presented when the assumed conversion of convertible debentures is dilutive. Fully diluted earnings per share in 1993 were calculated based on 68.8 million weighted average common shares outstanding. Convertible securities did not have a dilutive effect on earnings (loss) in 1992 or 1991. The shares of Dividend Enhanced Convertible Stock DECSSM (the "DECS") issued in 1993 (see "Shareholders' Equity" note) are common stock equivalents, but are not included in the calculation of primary or fully diluted shares outstanding as such inclusion would be anti-dilutive.

In late 1993, approximately 10.4 million shares were issued as a result of the conversion of the 6% Convertible Subordinated Debentures (see "Shareholders' Equity" note). If such conversion had taken place at the beginning of 1993, the primary earnings per common and common equivalent share amounts would have approximated the amounts presented for earnings per common and common equivalent share, assuming full dilution, for the year ended December 31, 1993.

**Adoption of Statements of Financial Accounting Standards.** The Company expects that the adoption of Statements of Financial Accounting Standards ("SFAS") No. 112 "Employers' Accounting for Postemployment Benefits", SFAS No. 114 "Accounting by Creditors for Impairment of a Loan" and SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" will not have a material impact on the financial position or the results of operations of the Company when adopted in 1994 and 1995.

**SUPPLEMENTARY CASH FLOWS INFORMATION:**

Significant transactions not affecting cash were: in 1993: in addition to the payment by the Company of \$87.5 million, the non-cash portion of the issuance of Company Preferred Stock and warrants in exchange for Company Common Stock, Company Preferred Stock and Masco Corporation's holdings of Emco Limited common stock and convertible debentures (see "Shareholders' Equity" note); conversion of \$187 million of convertible debentures into Company Common Stock

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**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

(see "Shareholders' Equity" note); and conversion of the Company's TriMas Corporation ("TriMas") convertible preferred stock holdings into TriMas common stock (see "Equity and Other Investments in Affiliates" note); and in 1991: an exchange of certain operating assets (see "Dispositions of Other Operations" note); and the assumption of liabilities of \$18 million in partial exchange for the acquisition of Creative Industries Group (see "Equity and Other Investments in Affiliates" note).

Income taxes paid were \$32 million in 1993 and \$23 million in 1992. Income tax refunds of \$8 million were received in 1991. Interest paid was \$82 million, \$91 million and \$115 million in 1993, 1992 and 1991, respectively.

**DISCONTINUED OPERATIONS:**

In late November, 1993, the Company adopted a formal plan to divest its Energy-related business segment, which consisted of seven business units. Accordingly, the consolidated statements of income and cash flows and related notes have been reclassified to present such Energy-related segment as discontinued operations. During 1993, two such business units were sold for approximately \$93 million, including the sale of one business unit to the Company's equity affiliate, TriMas for \$60 million cash. The expected loss from the planned disposition of the Company's Energy-related segment resulted in a fourth quarter 1993 pre-tax charge of approximately \$41 million (approximately \$22 million after-tax), including a provision for the businesses not yet sold and the deferral of a portion of the gain (approximately \$6 million after-tax) related to the sale of the business to TriMas. The Company expects to sell the remaining business units in privately negotiated transactions in 1994.

Selected financial information for discontinued operations is as follows as at December 31, 1993 and for the period up to the decision to discontinue in 1993 and for the years ended December 31, 1992 and 1991:

| THOUSANDS)                                    | ( IN      |           |           |
|---|-----------|-----------|-----------|
|   | 1993      | 1992      | 1991      |
| Net sales.....                                | \$191,930 | \$201,520 | \$200,780 |
| Operating income.....                         | \$ 5,540  | \$ 3,050  | \$ 1,070  |
| Other income (expense).....                   | (480)     | (960)     | 910       |
| Pre-tax income.....                           | 5,060     | 2,090     | 1,980     |
| Income taxes.....                             | 2,430     | 2,700     | 600       |
| Income (loss) from discontinued operations... | \$ 2,630  | \$ (610)  | \$ 1,380  |



|  | AT<br>DECEMBER<br>1993 |
|--|------------------------|
| 31,  |                        |
| -----  |                        |
| Receivables.....   | \$ 34,890              |
| Inventories.....   | 39,320                 |
| Non-current assets.....                                    | 40,690                 |
| Current liabilities.....                                   | (14,550)               |
| Other, principally provision for disposition<br>costs..... | (32,840)               |
| -----  |                        |
| Net assets of discontinued operations.....                 | \$ 67,510              |
| -----  |                        |
| -----  |                        |

The unusual relationship of income taxes to pre-tax income in 1992 results principally from foreign losses for which no tax benefit was recorded. Operating and pre-tax income include charges of \$6 million in 1991, principally related to the discontinuance of product lines and the cost of restructuring several businesses.

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**DISPOSITIONS OF OTHER OPERATIONS:**

In separate transactions from late 1989 to early 1991, the Company divested itself of three subsidiaries and received consideration of approximately \$160 million, of which \$108 million was received in 1990. The remaining \$52 million was received in 1991. In addition, in 1991 the Company disposed of certain equity affiliates, and exchanged operating assets aggregating approximately \$27 million.

These transactions, including the disposition of Masco Capital Corporation (see "Equity and Other Investments in Affiliates" note), resulted in an approximate \$22 million pre-tax gain in 1991.

**INVENTORIES:**

| THOUSANDS )          | ( IN<br>AT DECEMBER 31 |      |
|----------------------|------------------------|------|
|                      | 1993                   | 1992 |
| -----                |                        |      |
| -----                |                        |      |
| Finished goods.....  | \$ 39,400              | \$   |
| 80,220               |                        |      |
| Work in process..... | 38,240                 |      |
| 49,970               |                        |      |
| Raw material.....    | 62,400                 |      |
| 92,090               |                        |      |
| -----                |                        |      |
|                      | \$140,040              |      |
| \$222,280            |                        |      |
| -----                |                        |      |
| -----                |                        |      |
| -----                |                        |      |

**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 |      |
|--------------------------------------|----------------|------|
|                                      | 1993           | 1992 |
| 1991                                 |                |      |
| -----                                |                |      |
| TriMas Corporation.....              | 43%            | 28%  |
| 41%                                  |                |      |
| Emco Limited.....                    | 43%            | --   |
| Titan Wheel International, Inc. .... | 21%            | 47%  |
| 20%                                  |                | --   |

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

The carrying amount of investments in affiliates at December 31, 1993 and 1992 and quoted market values at December 31, 1993 for publicly traded affiliates (which may differ from the amounts that could have been realized upon disposition) are as follows:

| THOUSANDS)                                     | ( IN                              |                            |                |
|--|-----------------------------------|----------------------------|----------------|
| CARRYING                                       | 1993<br>QUOTED<br>MARKET<br>VALUE | 1993<br>CARRYING<br>AMOUNT | 1992<br>AMOUNT |
|  | -----                             | -----                      |                |
| -----  |                                   |                            |                |
| Common stock:                                  |                                   |                            |                |
| TriMas Corporation.....                        | \$387,830                         | \$ 40,550                  | \$             |
| 42,630   |                                   |                            |                |
| Emco Limited.....                              | 65,190                            | 50,470                     | --             |
| Titan Wheel International, Inc. ....           | 37,580                            | 15,500                     |                |
| 4,130  |                                   |                            |                |
| -----  |                                   |                            |                |
| Common stock holdings.....                     | 490,600                           | 106,520                    |                |
| 46,760   |                                   |                            |                |
| -----  |                                   |                            |                |
| Convertible debt:                              |                                   |                            |                |
| Emco Limited.....                              | 33,520                            | 30,700                     | --             |
| -----  |                                   |                            |                |
| Convertible debt holdings.....                 | 33,520                            | 30,700                     | --             |
| -----  |                                   |                            |                |
| Investments in publicly traded affiliates..... | \$524,120                         | 137,220                    |                |
| 46,760   |                                   |                            |                |
| -----  |                                   |                            |                |
| Other non public affiliates.....               |                                   | 33,290                     |                |
| 34,700   |                                   |                            |                |
| -----  |                                   |                            |                |
| Total.....                                     |                                   | \$170,510                  | \$             |
| 81,460   |                                   |                            |                |
| -----  |                                   |                            |                |
| -----  |                                   |                            |                |

In 1988, the Company transferred several businesses to TriMas, a publicly traded, diversified manufacturer of commercial, industrial and consumer products. In exchange, the Company received \$128 million principal amount of 14% Subordinated Debentures (which were subsequently redeemed resulting in prepayment premium income to the Company of \$9 million in 1992 and \$4 million in 1991), \$70 million (liquidation value) of 10% Convertible Participating Preferred Stock and 9.3 million shares of TriMas common stock.

During the second quarter of 1992, TriMas sold 9.2 million shares of newly issued common stock at \$9.75 per share in a public offering, which reduced the Company's common equity ownership interest in TriMas to 28 percent from 41 percent. As a result, the Company recognized a pre-tax gain of \$16.7 million from the change in the Company's common equity ownership interest in TriMas. In late 1993, the TriMas 10% Convertible Participating Preferred Stock held by the Company was converted at a conversion price of \$9 per share into 7.8 million shares of TriMas common stock, increasing the Company's common equity ownership interest in TriMas to 43 percent.

In 1993, the Company sold a business unit to TriMas for \$60 million cash (see "Discontinued Operations" note).

Included in notes receivable are approximately \$10.7 million of notes which resulted from the sale by the Company of one million shares of its TriMas common stock holdings to members of the Company's executive management group in mid-1989. The notes have an effective interest rate of nine percent, payable at maturity in mid-1994. Ownership and resale of certain of such shares is restricted and subject to the continuing employment of these executives.

TriMas' Board of Directors declared a 100 percent stock distribution (one additional share for every share held) to its shareholders effective July 19, 1993. TriMas share amounts and per share prices have been restated to reflect this distribution.

The Company's holdings in Emco Limited ("Emco") were acquired from Masco Corporation in 1993 (see "Shareholders' Equity" note). Emco is a major, publicly traded, Canadian based

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**MASCOTECH, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) manufacturer and distributor of building and other industrial products with annual sales of approximately \$800 million.

At December 31, 1992, the Company had an approximate 47 percent common equity ownership interest in Titan Wheel International, Inc. ("Titan"), a manufacturer of wheels and other products for agricultural, construction and other off-highway equipment markets. In May, 1993, Titan completed an initial public offering of three million shares of common stock at \$15 per share (including 292,000 shares held by the Company), reducing the Company's common equity ownership interest in Titan to 24 percent. The Company's ownership interest was further reduced in late 1993 to 21 percent as a result of the issuance of additional common shares by Titan in connection with an acquisition by Titan. These transactions resulted in 1993 gains aggregating approximately \$12.8 million pre-tax (principally in the second quarter) as a result of the sale of shares held by the Company and from the change in the Company's common equity ownership interest in Titan.

During the second quarter of 1991, the Company acquired the remaining 50 percent equity ownership interest of Creative Industries Group, which had sales in 1990 of approximately \$150 million.

In 1991, Masco Capital Corporation ("Masco Capital") sold its principal asset and used the proceeds to repay its outstanding bank borrowings and to make loan repayments and distributions to its shareholders, whereby the Company received approximately \$65 million (including repayment of \$44 million advanced during 1991). In addition, the Company subsequently sold its 50 percent equity ownership interest in Masco Capital to the other shareholder, Masco Corporation, for approximately \$50 million (which resulted in a pre-tax gain of approximately \$5 million) and contingent amounts based on the future value of certain assets held by Masco Capital.

In addition to its equity and other investments in publicly traded affiliates, the Company retains interests in privately held manufacturers of automotive components, including the Company's 50 percent common equity ownership interests in Autostyle, Inc., a manufacturer of reaction injection molded automotive components, and Elbi-Hi Ram, Inc., a manufacturer of electrical and electronic automotive components.

Approximate combined condensed financial data of the Company's equity affiliates (including Emco after date of investment, Creative Industries Group through date of acquisition (second quarter 1991) and Masco Capital through date of disposition) are as follows:

|   | (IN THOUSANDS)<br>AT DECEMBER 31 |            |
|---|----------------------------------|------------|
|   | 1993                             | 1992       |
| Current assets.....   | \$ 657,680                       | \$ 261,730 |
| Current liabilities.....<br>(128,300)                                     | (222,580)                        |            |
| Working capital.....  | 435,100                          | 133,430    |
| Property and equipment, net.....  | 349,740                          | 214,760    |
| Excess of cost over net assets of acquired companies...                   | 170,760                          | 113,660    |
| Other assets.....   | 69,540                           | 33,210     |
| Long-term debt.....<br>(271,220)  | (628,520)                        |            |
| Deferred income taxes and other long-term<br>liabilities.....<br>(24,900) | (34,950)                         |            |
| Shareholders' equity.....   | \$ 361,670                       | \$ 198,940 |

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

FOR THE YEARS ENDED DECEMBER 31

|  | 1993        | 1992      | 1991 |
|--|-------------|-----------|------|
| -----  | -----       | -----     |      |
| Net sales.....<br>\$684,990                              | \$1,412,620 | \$655,120 |      |
| -----  | -----       | -----     |      |
| Operating profit.....<br>82,000                          | \$ 119,780  | \$ 77,860 | \$   |
| -----  | -----       | -----     |      |
| Net income before preferred stock dividends...<br>24,300 | \$ 57,280   | \$ 30,200 | \$   |
| -----  | -----       | -----     |      |
| -----  | -----       | -----     |      |

Equity and interest income from affiliates consists of the following:

(IN THOUSANDS)  
FOR THE YEARS ENDED DECEMBER 31

|   | 1993      | 1992      | 1991 |
|---|-----------|-----------|------|
| -----   | -----     | -----     |      |
| The Company's equity in affiliates' earnings<br>available for common shareholders.....<br>4,470 | \$ 12,890 | \$ 5,250  | \$   |
| Dividends on TriMas preferred stock.....<br>7,000   | 5,250     | 7,000     |      |
| Interest income.....<br>17,920  | 2,860     | 3,500     |      |
| -----   | -----     | -----     |      |
| Equity and interest income from affiliates....<br>29,390  | \$ 21,000 | \$ 15,750 | \$   |
| -----   | -----     | -----     |      |
| -----   | -----     | -----     |      |

**PROPERTY AND EQUIPMENT, NET:**

(IN THOUSANDS)  
AT DECEMBER 31

|                                    | 1993      | 1992 |
|------------------------------------|-----------|------|
| -----                              | -----     |      |
| -----                              |           |      |
| Cost:                              |           |      |
| Land and land improvements.....    | \$ 33,720 | \$   |
| 39,740                             |           |      |
| Buildings.....                     | 158,750   |      |
| 182,460                            |           |      |
| Machinery and equipment.....       | 605,600   |      |
| 669,800                            |           |      |
| -----                              | -----     |      |
|                                    | 798,070   |      |
| 892,000                            |           |      |
| Less accumulated depreciation..... | 307,880   |      |
| 354,580                            |           |      |
| -----                              | -----     |      |
|                                    | \$490,190 |      |
| \$537,420                          |           |      |
| -----                              | -----     |      |
| -----                              | -----     |      |

Depreciation expense totalled \$48 million, \$46 million and \$47 million in 1993, 1992 and 1991, respectively. These amounts include depreciation expense of approximately \$8 million in each year related to discontinued operations.

**ACCRUED LIABILITIES:**

(IN THOUSANDS)  
AT DECEMBER 31

|  | 1993      | 1992 |
|--|-----------|------|
| Salaries, wages and commissions.....   | \$ 22,970 | \$   |
| 23,800                                 |           |      |
| Income taxes.....                      | 5,930     |      |
| 5,370                                  |           |      |
| Interest.....                          | 20,420    |      |
| 20,760                                 |           |      |
| Insurance.....                         | 11,010    |      |
| 12,150                                 |           |      |
| Property, payroll and other taxes..... | 9,360     |      |
| 10,340                                 |           |      |
| Other.....                             | 33,570    |      |
| 45,010                                 |           |      |
|  |           |      |
|  | \$103,260 |      |
| \$117,430                              |           |      |
|  |           |      |
|  |           |      |

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**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**LONG-TERM DEBT:**

|   | (IN THOUSANDS) |      |
|---|----------------|------|
|   | AT DECEMBER 31 |      |
|   | 1993           | 1992 |
| Held by Masco Corporation:                            |                |      |
| 6% Convertible Subordinated Debentures, due 2011..... | --             | \$   |
| 130,000   |                |      |
| Held by Banks and Others:                             |                |      |
| Bank revolving credit agreement, due 1997.....        | \$295,000      |      |
| 410,000   |                |      |
| 10% Senior Subordinated Notes, due                    |                |      |
| March, 1995 (noncallable).....                        | 233,150        |      |
| 233,150   |                |      |
| 10 1/4% Senior Subordinated Notes, due 1997.....      | 250,000        |      |
| 250,000   |                |      |
| 6% Convertible Subordinated Debentures, due 2011..... | --             |      |
| 56,890  |                |      |
| Bank term loan, due 1996.....                         | --             |      |
| 31,090  |                |      |
| Other.....  | 13,040         |      |
| 18,690  |                |      |
|   |                |      |
|   | 791,190        |      |
| 1,129,820   |                |      |
| Less current portion of long-term debt.....           | 2,830          |      |
| 64,430  |                |      |
|   |                |      |
| Long-term debt.....                                   | \$788,360      |      |
| \$1,065,390   |                |      |
|   |                |      |
|   |                |      |

In 1993, the Company entered into a new \$675 million revolving credit agreement with a group of banks, replacing its prior bank credit agreement (which had consisted of a revolving credit facility and a bank term loan at December 31, 1992). Amounts outstanding under the revolving credit agreement are due in January, 1997; however, under certain circumstances, the due date may be extended to July, 1998. The interest rates applicable to the revolving credit agreement are principally at alternative floating rates provided for in the agreement (approximately four percent at December 31, 1993).

The revolving credit agreement requires the maintenance of a specified level of shareholders' equity, with limitations on the ratio of senior debt to earnings, long-term debt (at December 31, 1993 additional borrowing capacity of approximately \$380 million was available under this agreement), intangible assets and the acquisition of Company Capital Stock. Under the most restrictive of these provisions, \$120 million of retained earnings was available at December 31, 1993 for the payment of cash dividends and the acquisition of Company Capital Stock.

The 6% Convertible Subordinated Debentures were converted into Company Common Stock in late 1993 (see "Shareholders' Equity" note).

The senior subordinated notes contain limitations on the payment of cash dividends and the acquisition of Company Capital Stock. In late 1993, the Company called for redemption, on February 1, 1994, the \$250 million of 10 1/4% Senior Subordinated Notes. During 1992, the Company repurchased, in open-market transactions, approximately \$67 million of its 10% Senior Subordinated Notes at prices approximating face value.

In early 1994, the Company issued, in a public offering, \$345 million of 4 1/2% Convertible Subordinated Debentures due December 15, 2003. These debentures are convertible into Company Common Stock at \$31 per share. The net proceeds were used to redeem the \$250 million of 10 1/4% Subordinated Notes (called in late 1993 for redemption on February 1, 1994) and to reduce other indebtedness. In the fourth quarter of 1993, the Company recognized a \$5.8 million pre-tax extraordinary charge (\$3.7 million after-tax) related to the call premium (1.25%) and unamortized prepaid debenture expense associated with the call for early extinguishment of the \$250 million of 10 1/4% Subordinated Notes. The 10 1/4% Subordinated Notes are classified as non-current as the Company had the intent and the ability to maintain these borrowings on a long-term basis (due to the issuance of the

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**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

4 1/2% Convertible Subordinated Debentures). The maturities of long-term debt during the next five years are as follows (in millions): 1994 -- \$3; 1995 -- \$234; 1996 -- \$1; 1997 -- \$303; and 1998 -- \$0.

**SHAREHOLDERS' EQUITY:**

|   | PREFERRED<br>STOCK | COMMON<br>STOCK | PAID-IN<br>CAPITAL | RETAINED<br>EARNINGS | CUMULATIVE<br>TRANSLATION<br>ADJUSTMENTS | (IN THOUSANDS)<br>SHAREHOLDERS'<br>EQUITY |
|---|--------------------|-----------------|--------------------|----------------------|--|---|
|   | -----              | -----           | -----              | -----                | -----                                    | -----                                     |
| Balance, January 1, 1991.....                           | \$ 780             | \$ 59,450       | \$ 83,800          | \$192,100            | \$19,880                                 | \$ 356,010                                |
| Net (loss).....   | --                 | --              | --                 | (8,970)              | --                                       | (8,970)                                   |
| Preferred stock dividends...                            | --                 | --              | --                 | (9,600)              | --                                       | (9,600)                                   |
| Adjustment related to sale<br>of foreign operations.... | --                 | --              | --                 | --                   | (5,130)                                  | (5,130)                                   |
| Translation adjustments,<br>net.....                    | --                 | --              | --                 | --                   | (5,620)                                  | (5,620)                                   |
|   | -----              | -----           | -----              | -----                | -----                                    | -----                                     |
| Balance, December 31, 1991....                          | 780                | 59,450          | 83,800             | 173,530              | 9,130                                    | 326,690                                   |
| Net income.....   | --                 | --              | --                 | 38,430               | --                                       | 38,430                                    |
| Preferred stock dividends...                            | --                 | --              | --                 | (9,300)              | --                                       | (9,300)                                   |
| Translation adjustments,<br>net.....                    | --                 | --              | --                 | --                   | (3,080)                                  | (3,080)                                   |
| Exercise of stock options...                            | --                 | 70              | 590                | --                   | --                                       | 660                                       |
|   | -----              | -----           | -----              | -----                | -----                                    | -----                                     |
| Balance, December 31, 1992....                          | 780                | 59,520          | 84,390             | 202,660              | 6,050                                    | 353,400                                   |
| Net income.....   | --                 | --              | --                 | 47,600               | --                                       | 47,600                                    |
| Preferred stock dividends...                            | --                 | --              | --                 | (14,930)             | --                                       | (14,930)                                  |
| Common stock dividends.....                             | --                 | --              | --                 | (3,210)              | --                                       | (3,210)                                   |
| Retirement of 12%<br>Preferred.....                     | (780)              | --              | (76,720)           | --                   | --                                       | (77,500)                                  |
| Issuance of 10% Preferred...                            | 1,000              | --              | 99,000             | --                   | --                                       | 100,000                                   |
| Issuance of warrants.....                               | --                 | --              | 70,800             | --                   | --                                       | 70,800                                    |
| Issuance of DECS.....                                   | 10,800             | --              | 198,720            | --                   | --                                       | 209,520                                   |
| Retirement of common<br>stock.....                      | --                 | (10,000)        | (90,000)           | --                   | --                                       | (100,000)                                 |
| Retirement of 10%<br>Preferred.....                     | (1,000)            | --              | (99,000)           | --                   | --                                       | (100,000)                                 |
| Conversion of convertible<br>debentures.....            | --                 | 10,370          | 174,120            | --                   | --                                       | 184,490                                   |
| Translation adjustments,<br>net.....                    | --                 | --              | --                 | --                   | (9,140)                                  | (9,140)                                   |
| Exercise of stock options...                            | --                 | 620             | 5,980              | --                   | --                                       | 6,600                                     |
|   | -----              | -----           | -----              | -----                | -----                                    | -----                                     |
| Balance, December 31, 1993....                          | \$10,800           | \$ 60,510       | \$367,290          | \$232,120            | \$(3,090)                                | \$ 667,630                                |
|   | -----              | -----           | -----              | -----                | -----                                    | -----                                     |

On March 31, 1993, the Company acquired from Masco Corporation 10 million shares of Company Common Stock, recorded at \$100 million, \$77.5 million of the Company's previously outstanding 12% Exchangeable Preferred Stock, and Masco Corporation's holdings of Emco Limited common stock and convertible debentures, recorded at \$80.8 million. In exchange, Masco Corporation received \$100 million (liquidation value) of the Company's 10% Exchangeable Preferred Stock, seven-year warrants to purchase 10 million shares of Company Common Stock at \$13 per share, recorded at \$70.8 million, and \$87.5 million in cash. The transferable warrants are not exercisable by Masco Corporation if an exercise would increase Masco Corporation's common equity ownership interest in the Company above 35 percent. The cash portion of this transaction is included in the accompanying statement of cash flows as cash used for investing activities of \$87.5 million. As part of this transaction, as modified in late 1993, Masco Corporation agreed to purchase from the Company, at the Company's option

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

through March, 1997, up to \$200 million of subordinated debentures. In late 1993, the Company redeemed the 10% Exchangeable Preferred Stock for its \$100 million liquidation value.

In July, 1993, the Company issued 10.8 million shares of 6% Dividend Enhanced Convertible Stock (DECS) at \$20 per share (\$216 million aggregate liquidation amount) in a public offering (classified as Convertible Preferred Stock). The net proceeds from this issuance were used to reduce the Company's indebtedness. 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.

Beginning July 1, 1996, 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).

The Company's 6% Convertible Subordinated Debentures were called for redemption in late 1993. Substantially all holders, including Masco Corporation, exercised their right to convert these debentures into Company Common Stock (at a conversion price of \$18 per share), resulting in the issuance of approximately 10.4 million shares of Company Common Stock.

The Company's consideration for a 1987 acquisition included two million shares of Company Common Stock which were subject to a stock value guarantee agreement. During the second quarter of 1993, the Company's stock value guarantee obligation was settled, resulting in no material financial impact to the Company.

The Company commenced paying cash dividends on its Common Stock in August, 1993 and declared three and paid two quarterly dividends in 1993, each in the amount of \$.02 per common share.

**STOCK OPTIONS AND AWARDS:**

For the three years ended December 31, 1993, stock option data pertaining to stock option plans for key employees of the Company and affiliated companies are as follows:

|                                       | ( IN THOUSANDS EXCEPT PER SHARE AMOUNTS ) |                |               |
|---------------------------------------|---|----------------|---------------|
|                                       | 1993                                      | 1992           | 1991          |
|                                       | -----                                     | -----          | -----         |
| Options outstanding, January 1.....   | 4,540                                     | 3,770          | 2,220         |
| Options granted.....                  | 30  | 900            | 1,730         |
| Option price per share.....           | \$13-26                                   | \$6 1/8-10 3/4 | \$4 1/2       |
| Options cancelled.....                | --  | 60             | 180           |
| Option price per share.....           | --  | \$4 1/2        | \$4 1/2-9 1/8 |
| Options exercised.....                | 760                                       | 70             | --            |
| Option price per share.....           | \$4 1/2-9 1/8                             | \$9 1/8        | --            |
|                                       | -----                                     | -----          | -----         |
| Options outstanding, December 31..... | 3,810                                     | 4,540          | 3,770         |
|                                       | -----                                     | -----          | -----         |
| Options exercisable, December 31..... | 680                                       | 880            | 740           |
|                                       | -----                                     | -----          | -----         |

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

As of December 31, 1993, 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.

Pursuant to restricted stock incentive plans, the Company granted long-term incentive awards, net, for 202,000, 251,000 and 675,000 shares of Company Common Stock during 1993, 1992 and 1991, respectively, to key employees of the Company and affiliated companies. The unamortized costs of incentive awards, aggregating approximately \$20 million at December 31, 1993, are being amortized over the ten-year vesting periods.

At December 31, 1993 and 1992, a combined total of 5,631,000 and 5,759,000 shares, respectively, of Company Common Stock were available for the granting of options and incentive awards under the above plans.

**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 \$10.9 million in 1993, \$10.3 million in 1992 and \$8.3 million in 1991, including approximately \$.9 million in each year related to discontinued operations.

Net periodic pension cost for the Company's defined-benefit pension plans includes the following components for the three years ended December 31, 1993:

|   | ( IN THOUSANDS ) |          |          |
|---|------------------|----------|----------|
|   | 1993             | 1992     | 1991     |
|   | -----            | -----    | -----    |
| Service cost -- benefits earned during the year.... | \$ 4,110         | \$ 4,150 | \$ 4,140 |
| Interest cost on projected benefit obligations..... | 5,540            | 5,090    | 4,590    |
| Actual return on assets.....                        | (7,730)          | (3,820)  |          |
| (5,450)   |                  |          |          |
| Net amortization and deferral.....                  | 1,600            | (1,800)  | 430      |
|   | -----            | -----    | -----    |
| Net periodic pension cost.....                      | \$ 3,520         | \$ 3,620 | \$ 3,710 |
|   | -----            | -----    | -----    |

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

|   | 1993  | 1992   | 1991 |
|---|-------|--------|------|
|   | ----- | -----  |      |
| -----   |       |        |      |
| Discount rate for obligations.....                    | 7.0%  | 8.25%  |      |
| 8.25%   |       |        |      |
| Rate of increase in compensation levels.....          | 5.0%  | 6.0 %  | 6.0  |
| %   |       |        |      |
| Expected long-term rate of return on plan assets..... | 13.0% | 13.0 % | 13.0 |
| %   |       |        |      |

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

The funded status of the Company's defined-benefit pension plans at December 31, 1993 and 1992 is as follows:

| RECONCILIATION OF FUNDED STATUS                            | 1993  |   | (IN THOUSANDS)<br>1992                      |   |
|--|---|---|---|---|
|  | ASSETS<br>EXCEED<br>ACCUMULATED<br>BENEFITS | ACCUMULATED<br>BENEFITS<br>EXCEED<br>ASSETS | ASSETS<br>EXCEED<br>ACCUMULATED<br>BENEFITS | ACCUMULATED<br>BENEFITS<br>EXCEED<br>ASSETS |
| Actuarial present value of benefit obligations:            |   |   |   |   |
| Vested benefit obligation.....                             | \$23,040                                    | \$ 34,280                                   | \$20,780                                    | \$24,160                                    |
| Accumulated benefit obligation.....                        | \$24,450                                    | \$ 38,650                                   | \$22,120                                    | \$31,200                                    |
| Projected benefit obligation.....                          | \$35,270                                    | \$ 39,920                                   | \$32,020                                    | \$33,030                                    |
| Assets at fair value.....                                  | 29,550                                      | 26,560                                      | 27,530                                      | 23,570                                      |
| Projected benefit obligation in excess of plan assets..... | (5,720)                                     | (13,360)                                    | (4,490)                                     | (9,460)                                     |
| Reconciling items:   |   |   |   |   |
| Unrecognized net loss.....                                 | 7,140                                       | 8,810                                       | 5,920                                       | 5,140                                       |
| Unrecognized prior service cost.....                       | 460   | 3,250                                       | 1,240                                       | 3,400                                       |
| Unrecognized net (asset) obligation at transition.....     | (1,340)                                     | (160)                                       | (1,940)                                     | 70  |
| Adjustment required to recognize minimum liability.....    | --  | (10,840)                                    | --  | (6,900)                                     |
| (Accrued) prepaid pension cost.....                        | \$ 540                                      | \$ (12,300)                                 | \$ 730                                      | \$ (7,750)                                  |

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

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106") for its postretirement benefit plans. 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 the adoption of SFAS 106, the Company elected to recognize the transition obligation on a prospective basis and accordingly, the net transition obligation is being amortized over 20 years. Net periodic postretirement benefit cost includes the following components for the year ended December 31, 1993:

|   | (IN THOUSANDS)<br>1993 |
|---|------------------------|
| Service cost.....                             | \$ 300                 |
| Interest cost.....                            | 1,900                  |
| Net amortization.....                         | 1,200                  |
| Net periodic postretirement benefit cost..... | \$3,400                |

The incremental cost in 1993 of accounting for postretirement health care and life insurance benefits under SFAS 106 amounted to

approximately \$1.7 million.

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**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Postretirement benefit obligations, none of which are funded, are summarized as follows for the year ended December 31:

|  | (IN THOUSANDS)<br>1993 |
|--|------------------------|
| Accumulated postretirement benefit obligations:          |                        |
| Retirees.....  | \$ 19,400              |
| Fully eligible active plan participants.....             | 1,400                  |
| Other active participants.....                           | 6,400                  |
| Total accumulated postretirement benefit obligation..... | 27,200                 |
| Unrecognized net loss.....                               | (2,900)                |
| Unamortized transition obligation.....                   | (22,500)               |
| Accrued postretirement benefits.....                     | \$ 1,800               |

The discount rate used in determining the accumulated postretirement benefit obligation was seven percent. The assumed health care cost trend rate in 1993 was 12 percent, decreasing to an ultimate rate in the year 2000 of seven percent. If the assumed medical cost trend rates were increased by one percent, the accumulated postretirement benefit obligation would increase by \$2.6 million and the aggregate of the service and interest cost components of net periodic postretirement benefit cost would increase by \$.2 million.

**SEGMENT INFORMATION:**

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

**Transportation-Related Products:**

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

**Specialty Products:**

Architectural -- Doors, windows, security grilles and office panels and partitions for commercial and residential markets.

Other -- Products manufactured principally for the defense industry.

Amounts related to the Company's Energy-related segment have been presented as discontinued operations.

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



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

|   | NET SALES   |             |             | OPERATING PROFIT (B) |           |            | (IN THOUSANDS)<br>ASSETS EMPLOYED<br>AT DECEMBER 31 |             |             |
|---|-------------|-------------|-------------|----------------------|-----------|------------|---|-------------|-------------|
|   | 1993        | 1992        | 1991        | 1993                 | 1992      | 1991       | 1993  | 1992        | 1991        |
|   | -----       |             |             | -----                |           |            | -----   |             |             |
| The Company's operations by industry segment are:   |             |             |             |                      |           |            |   |             |             |
| Transportation-Related Products (A).....  | \$1,195,000 | \$1,058,000 | \$ 874,000  | \$160,000            | \$124,000 | \$ 74,000  | \$ 883,000  | \$ 851,000  | \$ 808,000  |
| Specialty Products:   |             |             |             |                      |           |            |   |             |             |
| Architectural.....  | 289,000     | 291,000     | 273,000     | (4,000)              | 2,000     | (16,000)   | 313,000   | 321,000     | 322,000     |
| Other.....  | 99,000      | 106,000     | 119,000     | 5,000                | 3,000     | 1,000      | 104,000   | 109,000     | 114,000     |
| Total.....  | \$1,583,000 | \$1,455,000 | \$1,266,000 | 161,000              | 129,000   | 59,000     | 1,300,000   | 1,281,000   | 1,244,000   |
| Other expense, net.....   |             |             |             | (25,000)             | (44,000)  | (56,000)   |   |             |             |
| General corporate expense.....  |             |             |             | (15,000)             | (17,000)  | (15,000)   |   |             |             |
| Income (loss) from continuing operations before income taxes (credit) and extraordinary loss..... |             |             |             | \$121,000            | \$ 68,000 | \$(12,000) |   |             |             |
| Corporate assets.....   |             |             |             |                      |           |            | 422,000   | 318,000     | 449,000     |
| Discontinued operations...  |             |             |             |                      |           |            | 68,000  | 208,000     | 210,000     |
| Total assets.....   |             |             |             |                      |           |            | \$1,790,000   | \$1,807,000 | \$1,903,000 |

|   | PROPERTY ADDITIONS |          |          | DEPRECIATION AND AMORTIZATION |          |          |
|---|--------------------|----------|----------|-------------------------------|----------|----------|
|   | 1993               | 1992     | 1991     | 1993                          | 1992     | 1991     |
|   | -----              |          |          | -----                         |          |          |
| The Company's operations by industry segment are: |                    |          |          |                               |          |          |
| Transportation-Related Products.....              | \$52,000           | \$47,000 | \$37,000 | \$42,000                      | \$42,000 | \$41,000 |
| Specialty Products:                               |                    |          |          |                               |          |          |
| Architectural.....                                | 5,000              | 8,000    | 8,000    | 12,000                        | 13,000   | 12,000   |
| Other.....  | 3,000              | 5,000    | 4,000    | 6,000                         | 5,000    | 6,000    |
| Total.....  | \$60,000           | \$60,000 | \$49,000 | \$60,000                      | \$60,000 | \$59,000 |

(A) Included within this segment are sales to one customer of \$324 million, \$268 million and \$217 million in 1993, 1992 and 1991, respectively; sales to another customer of \$222 million, \$216 million and \$201 million in 1993, 1992 and 1991, respectively; and sales to a third customer of \$186 million, \$184 million and \$126 million in 1993, 1992 and 1991, respectively.

(B) Included in 1991 operating profit (principally Transportation-Related Products and Architectural Products) are charges of \$27 million to reflect the expenses related to the discontinuance of product lines, and the costs of restructuring several businesses. Other expense, net in 1992 and 1991, includes approximately \$15 million and \$14 million, respectively, to reflect disposition costs related to idle facilities and other long-term assets.

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

**OTHER INCOME (EXPENSE), NET:**

|   | (IN THOUSANDS) |          |           |
|---|----------------|----------|-----------|
|   | 1993           | 1992     | 1991      |
|   | -----          | -----    | -----     |
| Other, net:   |                |          |           |
| Gains from sales of marketable securities<br>(including the effect of valuation<br>allowances)..... | \$11,550       | \$ 4,020 | \$ 12,010 |
| Interest income.....  | 9,570          | 9,260    | 7,890     |
| Dividend income.....  | 3,150          | 1,750    | 1,910     |
| Other, net.....   | 2,060          | (5,080)  |           |
| (16,280)  |                |          |           |
|   | -----          | -----    | -----     |
|   | \$26,330       | \$ 9,950 | \$ 5,530  |
|   | -----          | -----    | -----     |
|   | -----          | -----    | -----     |

Gains realized from sales of marketable securities are determined on a specific identification basis at the time of sale.

**INCOME TAXES:**

|  | (IN THOUSANDS) |           |        |
|--|----------------|-----------|--------|
|  | 1993           | 1992      | 1991   |
|  | -----          | -----     | -----  |
| Income (loss) from continuing operations before<br>income taxes (credit) and extraordinary loss:                                 |                |           |        |
| Domestic.....  | \$105,470      | \$ 57,880 |        |
| Foreign.....   | 15,710         | 10,370    | 22,310 |
| \$(34,780)   |                |           |        |
|  | -----          | -----     | -----  |
|  | \$121,180      | \$ 68,250 |        |
| \$(12,470)   |                |           |        |
|  | -----          | -----     | -----  |
| Provision for income taxes:  |                |           |        |
| Federal, current.....  | \$ 17,940      | \$ 12,750 |        |
| State and local.....   | 8,350          | 5,170     | 4,560  |
| Foreign.....   | 8,410          | 8,160     | 9,460  |
| Deferred, principally federal.....   | 15,590         | 3,130     | 3,270  |
| \$(19,410)   |                |           |        |
|  | -----          | -----     | -----  |
| Income taxes (credit) on income (loss) from<br>continuing operations before income taxes<br>(credit) and extraordinary loss..... | \$ 50,290      | \$ 29,210 | \$     |
| (2,120)  |                |           |        |
|  | -----          | -----     | -----  |
|  | -----          | -----     | -----  |

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

The components of the net deferred taxes as at December 31, 1993 were as follows:

| THOUSANDS)   | (IN | 1993    |
|--|-----|---------|
|  |     | -----   |
| Deferred tax assets:   |     |         |
| Charges for restructuring and other costs, net.....  | \$  | 7,450   |
| Inventory.....   |     | 8,430   |
| Other, principally deductions reported in different periods for<br>financial reporting and tax purposes..... |     | 18,330  |
|  |     | -----   |
|  |     | 34,210  |
|  |     | -----   |
| Deferred tax liabilities:  |     |         |
| Depreciation and amortization.....   |     | 90,350  |
| Other, principally equity in undistributed earnings of<br>affiliates.....                                    |     | 18,450  |
|  |     | -----   |
|  |     | 108,800 |
|  |     | -----   |
| Net deferred tax liability.....  | \$  | 74,590  |
|  |     | -----   |
|  |     | -----   |

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) and extraordinary loss:

|  | (IN THOUSANDS) |          |       |
|--|----------------|----------|-------|
|  | 1993           | 1992     | 1991  |
|  | -----          | -----    | ----- |
| U.S. federal statutory rate.....   | 35%            | 34%      | 34%   |
| Tax (credit) at U.S. federal statutory rate.....   | \$42,410       | \$23,210 |       |
| \$(4,240)  |                |          |       |
| State and local taxes, net of federal tax<br>benefit.....  | 5,430          | 3,390    | 3,030 |
| Higher effective foreign tax rate.....   | 2,910          | 4,670    | 1,870 |
| U.S. tax benefit relating to foreign operations....<br>(2,000)   | (90)           | (190)    |       |
| Dividends-received deduction.....<br>(2,360)   | (2,290)        | (2,320)  |       |
| Amortization in excess of tax, net.....  | 3,820          | 4,780    | 4,210 |
| Other, net.....<br>(2,630)   | (1,900)        | (4,330)  |       |
|  | -----          | -----    | ----- |
| Income taxes (credit) on income (loss) from<br>continuing operations before income taxes<br>(credit) and extraordinary loss..... | \$50,290       | \$29,210 |       |
| \$(2,120)  | -----          | -----    | ----- |
|  | -----          | -----    | ----- |

Provisions for deferred income taxes by temporary difference components for the years ended December 31, 1992 and 1991 were as follows:

|  | (IN THOUSANDS) |          |
|--|----------------|----------|
|  | 1992           | 1991     |
|  | -----          | -----    |
| Accelerated depreciation and amortization.....         | \$ 4,060       | \$ 550   |
| Marketable securities valuation.....                   | (970)          | 4,660    |
| Charges for restructuring and other costs, net.....    | (2,350)        |          |
| (1,300)  |                |          |
| Deductions reported in different periods for financial |                |          |
| reporting and tax purposes.....                        | 60             |          |
| (5,770)  |                |          |
| Alternative minimum tax.....                           | 680            | 5,180    |
| Other, net.....  | 1,650          |          |
| (50)   |                |          |
|  | -----          | -----    |
|  | \$ 3,130       | \$ 3,270 |
|  | -----          | -----    |

**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:

Notes Receivable and Other Assets. Fair values of financial instruments included in 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, 1993 and 1992 are as follows:

| THOUSANDS )                            | ( IN               |               |                    |               |
|--|--------------------|---------------|--------------------|---------------|
|  | 1993               |               | 1992               |               |
|  | CARRYING<br>AMOUNT | FAIR<br>VALUE | CARRYING<br>AMOUNT | FAIR<br>VALUE |
| Cash and cash investments.....         | \$ 83,200          | \$ 83,200     | \$ 76,000          | \$            |
| 76,000                                 |                    |               |                    |               |
| Notes receivable and other assets..... | \$ 72,650          | \$ 80,220     | \$ 60,150          | \$            |
| 68,050                                 |                    |               |                    |               |
| Long-term debt:                        |                    |               |                    |               |
| Bank debt.....                         | \$295,000          | \$295,000     | \$441,090          |               |
| \$441,090                              |                    |               |                    |               |
| 6% Convertible Subordinated            | --                 | --            | \$186,890          |               |
| \$160,730                              |                    |               |                    |               |
| Debentures.....                        |                    |               |                    |               |
| 10% Senior Subordinated Notes.....     | \$233,150          | \$243,640     | \$233,150          |               |
| \$237,230                              |                    |               |                    |               |
| 10 1/4% Senior Subordinated Notes...   | \$250,000          | \$254,380     | \$250,000          |               |
| \$251,880                              |                    |               |                    |               |
| Other long-term debt.....              | \$ 9,120           | \$ 9,150      | \$ 10,780          | \$            |
| 10,780                                 |                    |               |                    |               |

**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 |
|--|---------------|----------------|------------|------------|
| 1993:  |               |                |            |            |
| ----   |               |                |            |            |
| Net sales.....   | \$ 392,600    | \$373,680      | \$ 412,530 | \$404,070  |
| Gross profit.....  | \$ 76,440     | \$ 78,600      | \$ 85,610  | \$ 84,750  |
| Income from continuing operations before extraordinary loss: |               |                |            |            |
| Income.....  | \$ 18,510     | \$ 15,000      | \$ 21,310  | \$ 16,070  |
| Per common and common equivalent share:                      |               |                |            |            |
| Primary.....   | \$.23         | \$.17          | \$.34      | \$.22      |
| Assuming full dilution...                                    | \$.22         | \$.17          | \$.31      | \$.22      |
| Net income (loss):   |               |                |            |            |
| Income (loss).....   | \$ (6,980)    | \$ 15,320      | \$ 21,740  | \$ 17,520  |
| Income (loss) attributable to common stock.....              | \$ (11,660)   | \$ 9,900       | \$ 19,240  | \$ 15,190  |
| Per common and common equivalent share:                      |               |                |            |            |
| Primary.....   | \$ (.20)      | \$.18          | \$.35      | \$.25      |
| Assuming full dilution...                                    | \$ (.15)      | \$.18          | \$.32      | \$.24      |
| Market price per common share:                               |               |                |            |            |
| High.....  | \$28 1/8      | \$22 5/8       | \$21       | \$17 1/4   |
| Low.....   | \$18 3/4      | \$19 1/2       | \$15 3/4   | \$11 3/8   |
| 1992:  |               |                |            |            |
| ----   |               |                |            |            |
| Net sales.....   | \$ 377,790    | \$358,240      | \$ 381,470 | \$337,820  |
| Gross profit.....  | \$ 70,560     | \$ 76,320      | \$ 79,340  | \$ 70,050  |
| Income from continuing operations:                           |               |                |            |            |
| Income.....  | \$ 7,190      | \$ 10,300      | \$ 13,510  | \$ 8,040   |
| Per common and common equivalent share.....                  | \$.08         | \$.13          | \$.18      | \$.10      |
| Net income:  |               |                |            |            |
| Income.....  | \$ 8,480      | \$ 9,640       | \$ 12,020  | \$ 8,290   |
| Income attributable to common stock.....                     | \$ 6,160      | \$ 7,310       | \$ 9,700   | \$ 5,960   |
| Per common and common equivalent share.....                  | \$.10         | \$.12          | \$.16      | \$.10      |
| Market price per common share:                               |               |                |            |            |
| High.....  | \$12 1/8      | \$13 5/8       | \$13 7/8   | \$11       |
| Low.....   | \$8 3/8       | \$10 3/8       | \$8 5/8    | \$4 3/4    |

**MASCOTECH, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)**

Certain amounts presented above have been reclassified to present a segment of the Company's business as discontinued operations (see "Discontinued Operations" note).

Results for the second quarters of 1993 and 1992 include pre-tax income of approximately \$9 million and \$25 million, respectively, as a result of gains associated with the sale of common stock through public offerings by equity affiliates and, in 1992, a prepayment premium related to the redemption of debentures held by the Company. This income was largely offset by costs and expenses related to cost reduction initiatives, the restructuring of certain operations and product lines, adjustments to the carrying value of certain long-term assets, and other costs and expenses.

Results for the third quarter of 1993 were reduced by a charge of approximately \$.04 per common share reflecting the recently increased 1993 federal corporate income tax rate.

The fourth quarter of 1993 net loss includes the effect of a \$5.8 million pre-tax extraordinary charge (\$3.7 million after-tax or \$.06 per common share) related to the early extinguishment of subordinated debt (see "Long-Term Debt" note). The fourth quarter of 1993 net loss also includes an after-tax charge of approximately \$22 million (\$.38 per common share) related to the disposition of a segment of the Company's business (see "Discontinued Operations" note).

The 1993 results include the benefit of approximately \$11.5 million pre-tax income (\$6.7 million after-tax or \$.12 per common share), primarily in the third and fourth quarters, resulting from net gains from sales of marketable securities.

The 1992 results include the benefit of approximately \$4 million pre-tax income (\$2 million after-tax or \$.04 per common share), primarily in the fourth quarter, resulting from net gains from sales of marketable securities.

The 1993 income (loss) per common share amounts for the quarters do not total to the full year amounts due to the changes in the number of common shares outstanding during the year and the dilutive effect of first, second and third quarter 1993 results.

The calculation of earnings per common and common equivalent share for the fourth quarter of 1993 results in dilution for income from continuing operations, assuming full dilution. Therefore, the fully diluted earnings per share computation is used for all computations, even though the result is anti-dilutive for one of the per share amounts.

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MASCOTECH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONCLUDED)

The following supplemental unaudited financial data combine the Company with Masco Capital Corporation (through date of disposition) and TriMas and have been presented for analytical purposes. The Company had a common equity ownership interest in TriMas of approximately 43 percent at December 31, 1993 and 28 percent at December 31, 1992. 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 |            |
|  | 1993           | 1992       |
| Current assets.....  | \$ 770,810     | \$ 813,570 |
| Current liabilities.....<br>(334,790)                                      | (252,810)      |            |
| Working capital.....   | 518,000        | 478,780    |
| Property and equipment, net.....   | 652,420        | 682,310    |
| Excess of cost over net assets of acquired<br>companies.....               | 526,260        | 591,330    |
| Other assets.....  | 298,290        | 145,710    |
| Bank and other debt.....<br>(1,243,880)                                    | (1,027,250)    |            |
| Deferred income taxes and other long-term<br>liabilities.....<br>(196,420) | (161,500)      |            |
| Equity of other shareholders of TriMas.....<br>(104,430)                   | (138,590)      |            |
| Equity of shareholders of MascoTech.....                                   | \$ 667,630     | \$ 353,400 |

|  | FOR THE YEARS ENDED DECEMBER 31 |              |              |
|--|---------------------------------|--------------|--------------|
|  | 1993                            | 1992         | 1991         |
| Net sales.....   | \$2,022,240                     | \$ 1,841,570 | \$ 1,604,180 |
| Operating profit.....  | \$ 215,740                      | \$ 170,460   | \$ 86,260    |
| Income (loss) from continuing operations<br>before extraordinary loss.....<br>(10,350) | \$ 70,890                       | \$ 39,040    | \$           |



**MASCOTECH, INC.**

**FINANCIAL STATEMENT SCHEDULES**

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

**ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION**

**FOR THE YEAR ENDED DECEMBER 31, 1993**

**MASCOTECH, INC.**

**FINANCIAL STATEMENT SCHEDULES**

Schedules, as required for the years ended December 31, 1993, 1992 and 1991:

|       |  |      |
|-------|--|------|
| II.   | Amounts Receivable From Related Parties and Underwriters, Promoters, and Employees Other than Related Parties..... | F-34 |
| V.    | Property, Plant and Equipment.....   | F-35 |
| VI.   | Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment.....                         | F-36 |
| VIII. | Valuation and Qualifying Accounts.....   | F-37 |
| X.    | Supplementary Income Statement Information.....  | F-38 |

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**MASCOTECH, INC.**  
**SCHEDULE II. AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS,**  
**PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES**  
**FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991**

| COLUMN A                                | COLUMN B                             | COLUMN C    | COLUMN D             |                        | COLUMN E                 |             |
|---|--------------------------------------|-------------|----------------------|------------------------|--------------------------|-------------|
| NAME OF DEBTOR                          | BALANCE AT<br>BEGINNING OF<br>PERIOD | ADDITIONS   | AMOUNTS<br>COLLECTED | AMOUNTS<br>WRITTEN OFF | BALANCE AT END OF PERIOD |             |
|   |                                      | (A)         |                      |                        | (B)                      | NOT CURRENT |
| Erwin H. Billig.....                    | \$ 2,800,000                         | \$ 160,000  | \$ 900,000           | --                     | \$ 2,060,000             | --          |
| Lee M. Gardner.....                     | 840,000                              | 50,000      | 890,000              | --                     | --                       | --          |
| James W. Hook.....                      | 280,000                              | 20,000      | --                   | --                     | 300,000                  | --          |
| Richard A. Manoogian...                 | 11,210,000                           | 630,000     | --                   | --                     | 11,840,000               | --          |
| Timothy Wadhams.....                    | 1,680,000                            | 90,000      | 1,770,000            | --                     | --                       | --          |
|   | 16,810,000                           | 950,000     | 3,560,000            | --                     | 14,200,000               | --          |
| Discount on Notes<br>Receivable(C)..... | (890,000)                            | 750,000     | --                   | --                     | (140,000)                | --          |
|   | \$ 15,920,000                        | \$1,700,000 | \$3,560,000          | --                     | \$14,060,000             | --          |

All amounts receivable are related to an incentive program of the Company that has been disclosed in previous proxy statements of the Company and that will be described in the Company's definitive Proxy Statement for its 1994 Annual Meeting of Stockholders to be filed on or before April 30, 1994.

**NOTES:**

(A) Represents accrual of interest.

(B) Amounts receivable (including interest of \$3,400,000) from employees are due June 30, 1994. The stated rate of interest is 7%.

(C) Represents the discount pertaining to the difference between the stated rate of interest of 7% and the effective rate of interest of approximately 9%. Activity in 1992 includes discount amortization of \$550,000 interest of \$710,000 and the cancellation of the receivable balance of \$1,350,000 for an exempt employee. Activity in 1991 includes discount amortization of \$340,000 and interest of \$1,040,000.

MASCOTECH, INC.

SCHEDULE V. PROPERTY, PLANT AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A                                  | COLUMN B                       | COLUMN C          | COLUMN D      | COLUMN E                   | COLUMN F                 |
|---|--------------------------------|-------------------|---------------|----------------------------|--------------------------|
| CLASSIFICATION                            | BALANCE AT BEGINNING OF PERIOD | ADDITIONS AT COST | RETIREMENTS   | OTHER CHARGES ADD (DEDUCT) | BALANCE AT END OF PERIOD |
|   |                                | (A)               | (B)           | (C)                        |                          |
| 1993:                                     |                                |                   |               |                            |                          |
| Land and land improvements.....           | \$ 39,740,000                  | \$ 250,000        | \$ 1,830,000  | \$ (4,440,000)             | \$ 33,720,000            |
| Buildings.....                            | 182,460,000                    | 4,690,000         | 4,170,000     | (24,220,000)               | 158,760,000              |
| Machinery and equipment.....              | 580,030,000                    | 12,460,000        | 13,590,000    | (67,800,000)               | 511,100,000              |
| Office, delivery and other equipment..... | 57,200,000                     | 2,890,000         | 2,650,000     | (12,390,000)               | 45,050,000               |
| Construction in progress.....             | 32,570,000                     | 39,250,000        | 420,000       | (21,960,000)               | 49,440,000               |
|   | \$892,000,000                  | \$59,540,000      | \$ 22,660,000 | \$(130,810,000)            | \$798,070,000            |
| 1992:                                     |                                |                   |               |                            |                          |
| Land and land improvements.....           | \$ 39,470,000                  | \$ 250,000        | \$ 80,000     | \$ 100,000                 | \$ 39,740,000            |
| Buildings.....                            | 180,580,000                    | 3,170,000         | 1,380,000     | 90,000                     | 182,460,000              |
| Machinery and equipment.....              | 557,620,000                    | 26,140,000        | 17,610,000    | 13,880,000                 | 580,030,000              |
| Office, delivery and other equipment..... | 54,160,000                     | 5,150,000         | 4,700,000     | 2,590,000                  | 57,200,000               |
| Construction in progress.....             | 21,170,000                     | 33,750,000        | 600,000       | (21,750,000)               | 32,570,000               |
|   | \$853,000,000                  | \$68,460,000      | \$ 24,370,000 | \$ (5,090,000)             | \$892,000,000            |
| 1991:                                     |                                |                   |               |                            |                          |
| Land and land improvements.....           | \$ 41,190,000                  | \$ 460,000        | \$ 5,470,000  | \$ 3,290,000               | \$ 39,470,000            |
| Buildings.....                            | 189,250,000                    | 11,140,000        | 25,360,000    | 5,550,000                  | 180,580,000              |
| Machinery and equipment.....              | 560,550,000                    | 46,360,000        | 69,770,000    | 20,480,000                 | 557,620,000              |
| Office, delivery and other equipment..... | 55,860,000                     | 7,310,000         | 8,920,000     | (90,000)                   | 54,160,000               |
| Construction in progress.....             | 24,560,000                     | 19,370,000        | 1,540,000     | (21,220,000)               | 21,170,000               |
|   | \$871,410,000                  | \$84,640,000      | \$111,060,000 | \$ 8,010,000               | \$853,000,000            |

NOTES:

(A) Includes property, plant and equipment additions of \$20 million in 1991 obtained through the acquisition of companies.

(B) Includes property, plant and equipment from the disposition of certain operations in 1991.

(C) Adjustments and reclassifications to present the Energy-related segment as discontinued operations in 1993, and the effect of foreign currency translation.

MASCOTECH, INC.

SCHEDULE VI. ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY,  
PLANT AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A<br>-----<br>CLASSIFICATION<br>----- | COLUMN B<br>-----<br>BALANCE AT<br>BEGINNING<br>OF PERIOD<br>----- | COLUMN C<br>-----<br>ADDITIONS<br>CHARGED TO<br>COSTS AND<br>EXPENSES<br>----- | COLUMN D<br>-----<br>RETIREMENTS<br>(A)<br>----- | COLUMN E<br>-----<br>OTHER<br>CHANGES<br>ADD (DEDUCT)<br>(B)<br>----- | COLUMN F<br>-----<br>BALANCE<br>AT END<br>OF PERIOD<br>----- |
|--|--|--|--|---|--|
| 1993:  |  |  |  |   |  |
| Land improvements.....                       | \$ 2,520,000   | \$ 250,000   | \$ 10,000  | \$ (200,000)  | \$ 2,560,000   |
| Buildings.....                               | 43,970,000   | 4,620,000  | 940,000  | (9,230,000)   | 38,420,000   |
| Machinery and equipment.....                 | 275,960,000  | 29,450,000   | 8,440,000  | (56,500,000)  | 240,470,000  |
| Office, delivery and other<br>equipment..... | 32,130,000   | 4,990,000  | 2,140,000  | (8,550,000)   | 26,430,000   |
|  | \$354,580,000  | \$39,310,000   | \$11,530,000                                     | \$ (74,480,000)   | \$307,880,000  |
| 1992:  |  |  |  |   |  |
| Land improvements.....                       | \$ 2,310,000   | \$ 250,000   | \$ 20,000  | \$ (20,000)   | \$ 2,520,000   |
| Buildings.....                               | 39,280,000   | 5,490,000  | 150,000  | (650,000)   | 43,970,000   |
| Machinery and equipment.....                 | 255,500,000  | 34,810,000   | 11,100,000                                       | (3,250,000)   | 275,960,000  |
| Office, delivery and other<br>equipment..... | 29,680,000   | 5,770,000  | 4,170,000  | 850,000   | 32,130,000   |
|  | \$326,770,000  | \$46,320,000   | \$15,440,000                                     | \$ (3,070,000)  | \$354,580,000  |
| 1991:  |  |  |  |   |  |
| Land improvements.....                       | \$ 2,430,000   | \$ 280,000   | \$ 350,000                                       | \$ (50,000)   | \$ 2,310,000   |
| Buildings.....                               | 38,410,000   | 4,890,000  | 6,910,000  | 2,890,000   | 39,280,000   |
| Machinery and equipment.....                 | 246,200,000  | 35,090,000   | 32,350,000                                       | 6,560,000   | 255,500,000  |
| Office, delivery and other<br>equipment..... | 28,370,000   | 7,210,000  | 6,170,000  | 270,000   | 29,680,000   |
|  | \$315,410,000  | \$47,470,000   | \$45,780,000                                     | \$ 9,670,000  | \$326,770,000  |

Notes:

(A) Includes accumulated depreciation of property, plant and equipment from the disposition of operations in 1991.

(B) Adjustments and reclassifications to present the Energy-related segment as discontinued operations in 1993, and the effect of foreign currency translation.

MASCOTECH, INC.

SCHEDULE VIII. VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A  | COLUMN B                             | COLUMN C                            |   | COLUMN D    | COLUMN E                    |
|---|--------------------------------------|-------------------------------------|---|-------------|-----------------------------|
| DESCRIPTION   | BALANCE AT<br>BEGINNING<br>OF PERIOD | ADDITIONS                           |   | DEDUCTIONS  | BALANCE AT<br>END OF PERIOD |
|   |                                      | CHARGED TO<br>COSTS AND<br>EXPENSES | CHARGED<br>(CREDITED)<br>TO OTHER<br>ACCOUNTS |             |                             |
|   |                                      |                                     | (A)   | (B)         |                             |
| Allowance for doubtful accounts,<br>deducted from accounts<br>receivable in the balance<br>sheet: |                                      |                                     |   |             |                             |
| 1993.....   | \$7,190,000                          | \$2,470,000                         | \$(1,820,000)                                 | \$2,710,000 | \$ 5,130,000                |
| 1992.....   | \$7,810,000                          | \$3,040,000                         | --  | \$3,660,000 | \$ 7,190,000                |
| 1991.....   | \$8,220,000                          | \$7,730,000                         | \$(2,800,000)                                 | \$5,340,000 | \$ 7,810,000                |

Notes:

(A) Allowance of companies reclassified for discontinuance of Energy-related segment in 1993, and other adjustments, net in 1991.

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

MASCOTECH, INC.

SCHEDULE X. SUPPLEMENTARY INCOME STATEMENT INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

| COLUMN A<br>ITEM   | COLUMN B<br>CHARGED TO COSTS AND EXPENSES |              |              |
|--|---|--------------|--------------|
|  | 1993                                      | 1992         | 1991         |
| Maintenance and repairs.....   | \$46,070,000                              | \$44,000,000 | \$41,100,000 |
| Depreciation and amortization of intangible assets,<br>preoperating costs and similar deferrals: |   |              |              |
| Amortization of patents.....   | \$ 180,000                                | \$ 180,000   | \$ 260,000   |
| Amortization of deferred charges.....  | \$ 5,880,000                              | \$ 6,730,000 | \$ 4,880,000 |
| Amortization of excess of cost over net assets of<br>acquired companies.....                     | \$14,540,000                              | \$14,260,000 | \$14,500,000 |

**Notes:**

Other captions provided for under this schedule are excluded, as the amounts related to such captions are not material.

Amounts reflect the reclassification of the Company's Energy-related segment as discontinued operations.

EXHIBIT  
NUMBER

EXHIBIT INDEX

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|       |   |
|-------|---|
| 3.ii  | Bylaws of Masco Corporation, as amended.  |
| 4.d   | 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.   |
| 4.f   | Credit Agreement dated as of September 2, 1993 by and among MascoTech, Inc., the banks party thereto, and NBD Bank, N.A., as Agent, and Comerica Bank, The Bank of New York, The First National Bank of Chicago, Morgan Guaranty Trust Company of New York and NationsBank of North Carolina, N.A., 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.d  | Agreement between Masco Corporation and MascoTech, Inc. dated as of November 23, 1993 including an amendment to Stock Repurchase Agreement.   |
| 10.l  | MascoTech, Inc. 1991 Long-Term Stock Incentive Plan (Restated September 14, 1993).  |
| 10.m  | MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated September 14, 1993).   |
| 10.n  | MascoTech, Inc. 1984 Stock Option Plan (Restated September 14, 1993).   |
| 10.o  | Masco Corporation Supplemental Executive Retirement and Disability Plan.  |
| 10.p  | Form of Agreement dated June 29, 1989 between Masco Corporation and certain of its officers.  |
| 10.q  | Amended and Restated Securities Purchase Agreement dated as of November 23, 1993 between Masco Corporation and MascoTech, Inc., including form of Note.   |
| 10.r  | Registration Agreement dated as of March 31, 1993 between Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.)   |
| 11    | Computation of Primary and Fully Diluted Per Share Earnings.  |
| 12    | Computation of Ratio of Earnings to Fixed Charges.  |
| 21    | List of Subsidiaries.   |
| 23.a  | Consent of Coopers & Lybrand relating to Masco Corporation's Financial Statements and Financial Statement Schedules.  |
| 23.b  | Consent of Coopers & Lybrand relating to MascoTech, Inc.'s Financial Statements and Financial Statement Schedules.  |

**Exhibit 3.ii**

**BYLAWS  
OF  
MASCO CORPORATION**  
(a Delaware corporation)  
(As Amended May 19, 1993)

**ARTICLE I  
Meetings of Stockholders**

Section 1.01. Annual Meetings. The annual meeting of stockholders for the election of Directors and for the transaction of such other proper business, notice of which was given in the notice of the meeting, shall be held on a date (other than a legal holiday) in May or June of each year which shall be designated by the Board of Directors, or on such other date to which a meeting may be adjourned or re-scheduled, at such time and place within or without the State of Delaware as shall be designated in the notice of such meeting.

Section 1.02. Special Meetings. 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. Special meetings shall be held at such place within or without the State of Delaware and at such hour as may be designated in the notice of such meeting and the business transacted shall be confined to the object stated in the notice of the meeting.

Section 1.03. Re-scheduling and Adjournment of Meetings. Notwithstanding Sections 1.01 and 1.02 of this Article, the Board of Directors may postpone and re-schedule any previously scheduled annual or special meeting of stockholders. The person presiding at any meeting is empowered to adjourn the meeting at any time after it has been convened.

Section 1.04. Notice of Stockholders' Meetings. The notice of all meetings of stockholders shall be in writing and shall state the place, date and hour of the meeting. The notice of an annual meeting shall state that the meeting is called for the election of the Directors to be elected at such meeting and for the transaction of such other business as is stated in the notice of the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called and shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. If, at any meeting, action is proposed to be taken which would, if taken, entitle stockholders fulfilling the requirements of the General Corporation Law to receive payment for



their shares, the notice of such meeting shall include a statement to that effect.

A copy of the notice of each meeting of stockholders shall be given, personally or by mail, not less than ten days nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting at his record address or at such other address as he may have furnished by request in writing to the Secretary of the Corporation. If a meeting is adjourned to another time or place, and, if any announcement of the adjourned time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the adjournment is for more than thirty days or the Directors, after adjournment, fix a new record date for the adjourned meeting.

Notice of a meeting need not be given to any stockholder who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of a stockholder at a meeting, in person or by proxy, without protesting prior to the meeting the lack of notice of such meeting shall constitute a waiver of notice of the meeting.

Section 1.05. Business to be Considered. Only those matters stated to be considered in the notice of the meeting, or of which written notice has been given to the Corporation either by personal delivery to the Chairman of the Board or the Secretary or by U.S. mail, postage prepaid, of a stockholder's intent to bring the matter before the meeting, may be considered at the Annual Meeting of Stockholders. Such notice shall be received no later than 120 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.

Only that business brought before a special meeting pursuant to the notice of the meeting may be conducted or considered at such meeting.

Only such business brought before an annual or special meeting of stockholders pursuant to these bylaws shall be eligible to be conducted or considered at such meetings.

Section 1.06. Quorum. Except as otherwise required by law, by the Certificate of Incorporation or by these bylaws, the presence, in person or by proxy, of stockholders holding a majority of the stock of the Corporation entitled to vote shall constitute a quorum at all meetings of the stockholders. In case a quorum shall not be present at any meeting, a majority in interest of the stockholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of stock entitled to vote shall be present. At any such adjourned meeting at which the requisite amount of stock

entitled to vote shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed; but only those stockholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof.

Directors shall be elected by a plurality of the votes cast at a meeting of stockholders by the holders of shares entitled to vote in the election. Whenever any corporate action, other than the election of Directors, is to be taken by vote of the stockholders, except as otherwise required by the General Corporation Law, the Certificate of Incorporation or these bylaws, it shall be authorized by a majority of the votes cast on the proposal by the holders of shares entitled to vote thereon at a meeting of stockholders.

Section 1.07. Inspectors at Stockholders' Meetings. The Board of Directors, in advance of any stockholders' meeting, shall appoint one or more inspectors to act at the meeting or any adjournment thereof and to make a written report thereof. In case any inspector or alternate appointed is unable to act, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

The inspectors shall determine the number of shares outstanding and the voting power of each, and shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote the fairness to all stockholders. On request of the person presiding at the meeting or any stockholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them.

Section 1.08. Presiding Officer at Stockholders' Meetings. The Chairman, or the President, shall preside at Stockholders' Meetings as more particularly provided in Article III hereof. In the event that both the Chairman and the President shall be absent or otherwise unable to preside, then a majority of the Directors present at the meeting shall appoint one of the Directors or some other appropriate person to preside.

## **ARTICLE II**

### **Directors**

Section 2.01. Qualifications and Number; Term; Vacancies. A Director need not be a stockholder, a citizen of the United States, or a resident of the State of Delaware. The number of Directors constituting the entire Board shall be not less than five nor more than twelve, 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. Directors shall be nominated and serve for such terms, and vacancies shall be filled, as provided in the Certificate of Incorporation. Directors may be removed only for cause.

Section 2.02. Place and Time of Meetings of the Board. Regular and special meetings of the Board shall be held at such places (within or without the State of Delaware) and at such times as may be fixed by the Board or upon call of the Chairman of the Board or of the executive committee or of any two Directors, provided that the Board of Directors shall hold at least four meetings a year.

Section 2.03. Quorum and Manner of Acting. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business, but if there shall be less than a quorum at any meeting of the Board, a majority of those present (or if only one be present, then that one) may adjourn the meeting from time to time and the meeting may be held as adjourned without further notice. Except as provided to the contrary by the General Corporation Law, by the Certificate of Incorporation or by these bylaws, at all meetings of Directors, a quorum being present, all matters shall be decided by the vote of a majority of the Directors present at the time of the vote.

Section 2.04. Remuneration of Directors. In addition to reimbursement for his reasonable expenses incurred in attending meetings or otherwise in connection with his attention to the affairs of the Corporation, each Director as such, and as a member of any committee of the Board, shall be entitled to receive such remuneration as may be fixed from time to time by the Board.

Section 2.05. Notice of Meetings of the Board. Regular meetings of the Board may be held without notice if the time and place of such meetings are fixed by the Board. All regular meetings of the Board, the time and place of which have not been fixed by the Board, and all special meetings of the Board shall be held upon twenty-four hours' notice to the Directors given by

letter or telegraph. No notice need specify the purpose of the meeting. Any requirement of notice shall be effectively waived by any Director who signs a waiver of notice before or after the meeting or who attends the meeting without protesting (prior thereto or at its commencement) the lack of notice to him; provided, however, that a regular meeting of the Board may be held without notice immediately following the annual meeting of the stockholders at the same place as such meeting was held, for the purpose of electing officers and a Chairman of the Board for the ensuing year.

Section 2.06. Executive Committee and Other Committees. The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive Committee and other committees to serve at the pleasure of the Board. Each Committee shall consist of such number of Directors as shall be specified by the Board in the resolution designating the Committee. Except as set forth below, the Executive Committee shall have all of the authority of the Board of Directors. Each other committee shall be empowered to perform such functions, as may, by resolution, be delegated to it by the Board.

The Board of Directors may designate one or more Directors as alternate members of any such committee, who may replace any absent member or members at any meetings of such committee. Vacancies in any committee, whether caused by resignation or by increase in the number of members constituting said committee, shall be filled by a majority of the entire Board of Directors. The Executive Committee may fix its own quorum and elect its own Chairman. In the absence or disqualification of any member of any such committee, the member or members thereof present at any meeting and not disqualified from voting whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 2.07. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board, or of such committee as the case may be, and such written consent if filed with the minutes of proceedings of the Board or committee.

### **ARTICLE III** **Officers**

Section 3.01. Officers. The Board of Directors, at its first meeting held after the annual meeting of stockholders in each year shall elect a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and a Controller, and may, in

its discretion, also appoint from time to time, such other officers or agents as it may deem proper. The Chairman shall be elected from among the members of the Board of Directors.

Any two or more offices may be held by the same person.

Unless otherwise provided in the resolution of election or appointment, each officer shall hold office until the meeting of the Board of Directors following the next annual meeting of stockholders and until his successor has been elected and qualified; provided, however, that the Board of Directors may remove any officer for cause or without cause at any time.

Section 3.02. Chairman of the Board. The Chairman shall preside, unless he designates another to act in his stead, at all meetings of the Stockholders, the Board of Directors, and the Executive Committee and shall be a member ex officio of all committees appointed by the Board of Directors, except that the Board may, at his request, excuse him from membership on a committee. The Chairman shall be the chief executive officer of the Corporation and shall have the power on behalf of the Corporation to enter into, execute and deliver all contracts, instruments, conveyances or documents and to affix the corporate seal thereto. The Chairman shall do and perform all acts and duties herein specified or which may be assigned to him from time to time by the Board of Directors.

Section 3.03. Chairman Emeritus. If the Board shall elect a Chairman Emeritus, he or she shall, at the request of the Chairman of the Board or in his absence or inability to act if the Board shall not designate another member, preside at the meetings of the Board. The Chairman Emeritus shall also perform such duties which may be assigned to him by the Chairman of the Board.

Section 3.04. President. At the request of the Chairman of the Board or in his absence or inability to act, the President shall preside at meetings of the Stockholders. The President shall be the chief operating officer of the Corporation and as such, subject to the direction of the Chairman of the Board, be responsible for the operations of the Corporation and shall also perform such other duties as may be prescribed by the Board of Directors or the Executive Committee or the Chairman of the Board. The President shall have the power on behalf of the Corporation to enter into, execute, or deliver all contracts, instruments, conveyances or documents and to affix the corporate seal thereto.

Section 3.05. Secretary. The Secretary shall keep minutes of the proceedings taken and the resolutions adopted at all meetings of the stockholders, the Board of Directors and the Executive Committee, and shall give due notice of the meetings of the stockholders, the Board of Directors and the Executive Committee. He shall have charge of the seal and all books and papers of the

corporation, and shall perform all duties incident to his office. In case of the absence or disability of the Secretary, his duties and powers may be exercised by such person as may be appointed by the Board of Directors or the Executive Committee.

Section 3.06. Treasurer. The Treasurer shall receive all the monies belonging to the Corporation, and shall forthwith deposit the same to the credit of the Corporation in such financial institution as may be selected by the Board of Directors or the Executive Committee. He shall keep books of account and vouchers for all monies disbursed. He shall also perform such other duties as may be prescribed by the Board of Directors or Executive Committee or the President and in case of the absence or disability of the Treasurer, his duties and powers may be exercised by such person as may be appointed by the Board of Directors or Executive Committee.

Section 3.07. Controller. The Controller shall have custody of the financial records of the Corporation and shall keep full and accurate books and records of the financial transactions of the Corporation. He shall determine the methods of accounting and reporting for all entities comprising the Corporation and shall be responsible for assuring adequate systems of internal control.

The Controller shall render to the Chairman of the Board of Directors, the President, and the Board of Directors, whenever they may request it, a report on the financial condition of the Corporation and on the results of its operations.

#### **ARTICLE IV Capital Stock**

Section 4.01. Share Certificates. Each certificate representing shares of the Corporation shall be in such form as may be approved by the Board of Directors, and, when issued, shall contain upon the face or back thereof the statements prescribed by the General Corporation Law and by any other applicable provision of law. Each such certificate shall be signed by the Chairman of the Board or the President or a Vice President and by the Secretary or Treasurer or an Assistant Secretary or Assistant Treasurer. The signatures of said officers upon a certificate may be facsimile if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of issue.

Section 4.02. Lost, Destroyed or Stolen Certificates. No certificate representing shares shall be issued in place of any

certificate alleged to have been lost, destroyed or stolen, except on production of evidence of such loss, destruction or theft and on delivery to the Corporation, if the Board of Directors shall so require, of a bond of indemnity in such amount, upon such terms and secured by such surety as the Board of Directors may in its discretion require.

Section 4.03. Transfer of Shares. The shares of stock of the Corporation shall be transferable or assignable on the books of the Corporation only by the person to whom they have been issued or his legal representative, in person or by attorney, and only upon surrender of the certificate or certificates representing such shares properly assigned. The person in whose name shares of stock shall stand on the record of stockholders of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

Section 4.04. Record Dates. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other action, the Board may fix, in advance, a date as the record date of any such determination of stockholders. Such date shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

## **ARTICLE V**

### **Miscellaneous**

Section 5.01. Signing of Instruments. All checks, drafts, notes, acceptances, bills of exchange, and orders for the payment of money shall be signed in such manner as may be provided and by such person or persons as may be authorized from time to time by resolution of the Board of Directors or the Executive Committee or these bylaws.

Section 5.02. Corporate Seal. The seal of the Corporation shall consist of a metal disc having engraved thereon the words "Masco Corporation, Delaware."

Section 5.03. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January of each year and shall end on the thirty-first day of December following.

**ARTICLE VI**  
**Amendments of Bylaws**

Section 6.01. Amendments. Except as provided to the contrary by the General Corporation Law, by the Certificate of Incorporation or by these bylaws, these bylaws may be amended or repealed at a meeting, (1) by vote of a majority of the whole Board of Directors, provided that notices of the proposed amendments shall have been sent to all the Directors not less than three days before the meeting at which they are to be acted upon, or at any regular meeting of the Directors by the unanimous vote of all the Directors present, or (2) by the affirmative vote of the holders of at least 80% of the stock of the Corporation generally entitled to vote, voting together as a single class.

- 9 -



[CONFORMED COPY]

MASCO INDUSTRIES, INC.

AND

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

TRUSTEE

INDENTURE

Dated as of November 1, 1986

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\*This table of contents shall not, for any purpose, be deemed to be part of the Indenture.

## TIE-SHEET\*

of provisions of Trust Indenture Act of 1939 with Indenture dated as of November 1, 1986 between Masco Industries, Inc. and Morgan Guaranty Trust Company of New York, Trustee:

| Section of Act<br>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)                      |                           |
| 310(c)                      | and (d)<br>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 November 1, 1986, between MASCO INDUSTRIES, INC., a Delaware corporation (hereinafter sometimes called the "Company"), and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 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 means specified in this Section 1.01. all others 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 Industries, Inc., 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 consolidate 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 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 of 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, means any officer of the Trustee authorized to administer its corporate trust matters.

**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 reconvertible 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 is 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' acceptance, 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 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 of 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.

**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, 11.04 or 16.03);
- (3) the date or dates on which the principal of an 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 registrar 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, 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 an in additional 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 last business day preceding 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 such 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 be 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 distribution of stock or issuance or 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 hereafter shall, to the extent and in the manner hereinafter in this Article set forth, be subordinate and junior in the 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, 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.

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 subrogate 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, an 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 to 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 Corporate Trust 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 an, or interest on any Security), the Trustee shall have not 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 an 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 MORGAN GUARANTY TRUST COMPANY OF NEW YORK 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 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 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. (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

(b) If the Company shall act as its own paying agent, it will, on or not more than seven days 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 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, 1987), 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 as 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, 1987, and on or before June 15 in every year thereafter, so long as any Securities are outstanding for which the Trustee is appointed 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 obligator 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 or (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 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 installments 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 installments 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 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 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 provide 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 installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments 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 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 installment of interest over any other installment 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 reasonably 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, suite 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 suite 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 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 trust 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 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.

**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 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), 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 any 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 work "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 obligations 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 holders 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 other 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 other 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 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 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 case, 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 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 the 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.

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

By  
as Authenticating Agent  
for the Trustee

By  
Authorized Officer

**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 a Responsible Officer 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 person; 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 not 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 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 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 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 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 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 the 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 and 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 Industries, Inc. 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 to 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 as a 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 Industries Inc., 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, New York 10015, 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 no way modify or restrict any of the terms of 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 address 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.

Not more than seven days 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 or 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 not more than seven days 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 not more than seven days before each sinking fund payment date, the Company shall pay to the Trustee or to one or more paying agents in cash 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

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 INDUSTRIES, INC.**  
**Company**

By /s/JAMES J.  
SIGOUIN  
Vice President

[CORPORATE SEAL]

Attest:

/s/TIMOTHY WADHAMS  
Assistant  
Secretary

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

*By /s/J. N.  
CREAN  
Trust Officer*

**[CORPORATE SEAL]**

**Attest:**

*/s/G. J. CASTELLANO  
Assistant Trust  
Officer*

State of Michigan)

) ss.:

County of Wayne )

On the 2nd of February, 1987, before me personally came JAMES J. SIGOUIN, to me known, who, being by me duly sworn, did depose and say that he resides at 570 Oxford, Grosse Pointe Woods, MI; that he is Vice President of MASCO INDUSTRIES, INC., 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.

*/s/DIANE G. KIRKENDALL  
Notary Public*

*DIANE G. KIRKENDALL  
Notary Public, Wayne County,  
MI  
My Commission Expires  
7-15-90*

**[NOTARIAL SEAL]**

State of New York)

) ss.:

County of Kings )

On the 4th day of February, 1987, before me personally came J. N. CREAN, to me known, who, being by me duly sworn, did depose and say that he resides at Allendale, N. J. 07401; that he is 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.

*Notary Public*

*York*

*1987*

*/s/WILLIAM P. MIFSUD, JR.*

*WILLIAM P. MIFSUD, JR.  
Notary Public, State of New*

*No. 4785483  
Qualified in Kings County  
Commission Expires Mar. 30,*

**[NOTARIAL SEAL]**

**RESOLUTIONS  
OF THE  
PRICING COMMITTEE  
OF THE  
BOARD OF DIRECTORS  
OF MASCOTECH, INC.**

January 13, 1994

WHEREAS, the Company has filed a Registration Statement on Form S-3 (file no. 33-59222) with the Securities and Exchange Commission, which currently remains in effect.

WHEREAS, the Company desires to create and make provision for a series of securities under the Indenture dated as of November 1, 1986 (the "Indenture") with Morgan Guaranty Trust Company of New York, as trustee (the "Trustee"), which was filed as an exhibit to the Registration Statement, providing for the issuance from time to time of convertible or non-convertible unsecured subordinated debentures, notes or other evidences of indebtedness of the 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;

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 "4-1/2% Convertible Subordinated Debentures Due 2003" of the Company.
2. The aggregate principal amount of Securities of such series which may be authenticated and delivered under the Indenture is limited to Three Hundred Forty-Five Million Dollars (\$345,000,000), 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 December 15, 2003.

4. The Securities of such series shall bear interest from January 21, 1994, at the annual rate of 4-1/2 percent, payable semi-annually on June 15 and December 15 of each year commencing on June 15, 1994 (calculated on a standard 360 day year of 12 thirty-day months) until the principal thereof is paid or made available for payment. The June 1 or December 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 the 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 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 registry books of the Company.

6. The Securities of such series shall be subject to redemption at any time on or after December 22, 1996, in whole or in part, at the option of the Company, at a redemption price equal to the percentage of the principal amount set forth below if redeemed during the twelve-month period beginning December 15 in each of the following years, in each case together with interest accrued to the date fixed for redemption (subject to the right, if any, of the registered holder on the record date for an interest payment to receive such interest):

| Year           | Percentage |
|----------------|------------|
| 1996 . . . . . | 103.00%    |
| 1997 . . . . . | 102.50%    |
| 1998 . . . . . | 102.00%    |
| 1999 . . . . . | 101.50%    |
| 2000 . . . . . | 101.00%    |
| 2001 . . . . . | 100.50%    |
| 2002 . . . . . | 100.00%    |

7. The Company shall have the right to discharge or limit the Indenture as to the Securities of such series prior to maturity pursuant to the provisions of Section 13.01 of the Indenture.

8. The Securities of such series shall be convertible at any time on or after March 22, 1994 and prior to maturity, unless previously redeemed, into an aggregate maximum amount



of 11,129,032 fully paid and non-assessable shares of Company Common Stock, par value \$1.00 per share, at a conversion price of \$31.00 per share, such number of shares of Common Stock and conversion price being subject to adjustment as provided in the Indenture.

9. 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) and so long as the Securities of such series are outstanding, the Company shall not create or incur "indebtedness of the Company for money borrowed" or "indebtedness of the Company incurred in connection with the acquisition of property" that is subordinate and junior in right of payment to the prior payment of Senior Indebtedness, except such indebtedness that ranks pari passu with, or is subordinate and junior in right of payment to, the Securities of such series.

10. The Securities of such series shall be issuable in denominations of One Thousand Dollars (\$1,000) and any integral multiple thereof.

11. The Company shall receive 97.75 percent of the price of such Securities sold to the public after discount of 2.25 percent.

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, the President or any Vice President and the Secretary or any Assistant Secretary is authorized in the name and on behalf of the Company and under its corporate seal (which may be in the form of a facsimile of the seal of the Company) to execute \$345,000,000 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 an exhibit to the Company's Registration Statement, 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 evidenced 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 the Company as provided in the Indenture;

FURTHER RESOLVED, that the signatures of the officers of the 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 Shearson Inc., PaineWebber Incorporated, Prudential Securities Incorporated and Salomon Brothers Inc are appointed as 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 name and on behalf of the Company, to execute and deliver an Underwriting Agreement, substantially in the form heretofore approved by the Board of Directors of the Company, with such underwriters and 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 Morgan Guaranty Trust Company of New York, the Trustee under the Indenture, is appointed trustee for Securities of such series, and as Agent of the 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 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, exchange and conversion and where notices and demands to or upon the Company in respect of the Securities of such series and of the Indenture may be served;

FURTHER RESOLVED, that Morgan Guaranty Trust Company of New York, is appointed Paying Agent of the 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 Morgan Guaranty Trust Company of New York, is designated, pursuant to the Indenture, as the office or agency of the Company where such Securities may be presented for payment; and

FURTHER RESOLVED, that each of the officers of the Company is authorized and directed in the name and on behalf of the Company 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 the 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, 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) and the listing of the Securities on The New York Stock Exchange.

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**Exhibit 4.f**

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### SCHEDULES

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(iv)

**MASCOTECH, INC.**

\$675,000,000

**CREDIT AGREEMENT**

dated as of September 2, 1993

**NBD BANK, N.A., as Agent**

and

**COMERICA BANK,  
THE BANK OF NEW YORK,  
THE FIRST NATIONAL BANK OF CHICAGO,  
MORGAN GUARANTY TRUST COMPANY OF NEW YORK and  
NATIONSBANK OF NORTH CAROLINA, N.A.,  
as Co-Agents**

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## CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of September 2, 1993 (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 banks party hereto from time to time (collectively, the "Banks" and individually, a "Bank"), NBD BANK, N.A., a national banking association formerly named National Bank of Detroit, as agent (in such capacity, the "Agent") for the Banks, and COMERICA BANK, a Michigan banking association, THE BANK OF NEW YORK, a New York banking corporation, THE FIRST NATIONAL BANK OF CHICAGO, a national banking association, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York banking association, and NATIONSBANK OF NORTH CAROLINA, N.A., a national banking association, 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 \$750,000,000, which revolving credit facility has converted to a term credit facility as provided in the Existing Credit Agreement. The principal sum of \$711,650,000 in Existing Loans (as hereinafter defined) is currently outstanding under the Existing Credit Agreement.

B. The Company now desires to replace the existing term 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 \$675,000,000, including standby letters of credit in an aggregate amount not exceeding \$20,000,000, in order to provide funds for its general corporate purposes. The Company desires such new facility to expire January 31, 1997, subject to a possible one-time extension to July 31, 1998; provided that if such extension is not to occur, the maximum aggregate principal amount of the revolving credit facility shall reduce on January 31, 1996 to the Dollar Equivalent of \$625,000,000.

C. The Banks are willing to provide such a replacement revolving credit facility on the terms and conditions set forth in this Agreement, and the Existing Banks that are parties hereto (such Existing Banks being more than the "Required Banks" as such term is defined in the Existing Credit Agreement) desire to amend the Existing Credit Agreement in connection therewith as 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).

"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.

"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.

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"Applicable Margin" means, with respect to any Application Period, the percentage found in the 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, assuming that the relevant Determination Date is not a December 31, the Applicable Margin during the Application Period shall be 0.625%. 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, and (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. For purposes of determining the Applicable Margin,

(i) if the proceeds resulting from all Stock Issuances, net of the cost of all redemptions, purchases, retirements and other acquisitions by the Company of any of its capital stock (other than any issuance or redemption, purchase, retirement or other acquisition in connection with the Company's employee stock award programs), 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 redemptions, purchases, retirements or other acquisitions by the Company of any of its capital stock (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 thereof within such 45-day period; and

(ii) if the proceeds resulting from all Stock Issuances, net of the cost of redemptions, purchases, retirements and other acquisitions by the Company of any of its capital stock (other than any issuance or redemption, purchase, retirement or other acquisition in connection with the Company's employee stock awards programs), 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 redemption, purchase, retirement or other acquisition by the Company of any of its capital stock (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 thereof had occurred on the first day of such Determination Period.

"Application Period" shall have the meaning ascribed thereto in the definition of the term "Applicable Margin".

"Available Masco Corporation Funding Commitment" means, as of any date, the unused and available portion of the "Commitment" of Masco Corporation under, and as defined in, the Securities Purchase Agreement.

"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 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.

"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:

(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 NBD Bank, N.A. 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 3.1, 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.

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"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 Liabilities" means, at any time, the current liabilities of the Company and its Consolidated Subsidiaries, determined as to amount and classification on a consolidated basis in accordance with generally accepted accounting principles; provided that Current Liabilities shall not include any portion of Funded Debt or any of the Loans made or Letters of Credit issued at any time hereunder.

"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 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.

"Current Ratio" means, as of any date, the ratio of (a) Current Assets to  
(b) Current Liabilities.

"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 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 \$70,000,000 as of March 31, 1993 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.

"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, Interest Charges for such period and income and other taxes.

"EBITDA Minus Capital Expenditures" means, for any period, the amount determined by subtracting (a) Capital Expenditures for such period, from (b) the sum of EBIT for such period 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

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purposes of Section 7.8(a), and not Section 7.8(b), 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 four 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 manufacturing, 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.

"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 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.

"Eurodollar Reference Bank" means the principal London office of each of NBD Bank, N.A. 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, N.A., a national banking association, in its capacity as agent for the Existing Banks.

"Existing Banks" means the banks that are parties to the Existing Credit Agreement.

"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 and Amendment to Existing Credit Agreement, dated as of September 1, 1989, 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 "Term Loans" (as defined in the Existing Credit Agreement) outstanding on the Closing Date.

"Existing Loans Prepayment Date" shall have the meaning ascribed thereto in Section 2.1.

"Existing Notes" means the promissory notes of the Company issued under the Existing Credit Agreement to evidence the Existing Loans.

"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:

(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) and all Existing Loans.

"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 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.

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"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 Corporation Stake Reduction Anniversary" means the first Business Day after the first anniversary of the date on which both of the following occur: (a) Masco Corporation and its Substantially-Owned Consolidated Subsidiaries own less than 15% of the securities of the Company having ordinary voting power for the election of directors, and (b) the sum of (i) the Available Masco Corporation Funding Commitment plus (ii) the aggregate amount of the Investments in the Company held by Masco Corporation and its Substantially-Owned Consolidated Subsidiaries for their own account (valued at the amount at which such Investments are carried on the books of Masco Corporation and its Substantially-Owned Consolidated Subsidiaries, provided that such amount with respect to any securities comprising such Investments shall be adjusted at the time any of such securities are exchanged for other securities, such adjustment to be to the market value of the new securities received), is less than \$250,000,000.

"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 June 30, 1993 for Investments 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 made since June 30, 1993 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 made on or prior to June 30, 1993 (other than 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 Dollar Equivalent of the Cash and Cash Equivalents of any such single excluded Investment is less than \$250,000 and of all such excluded Investments in the aggregate is less than \$1,000,000.

"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 Proceeds of New Equity" means, for any period, the greater of (a) \$0, and (b) 75% of the difference, if any, of

(i) the increase in Net Worth resulting from all Stock Issuances during such period, minus

(ii) the sum of

(A) the decrease in Net Worth resulting from all redemptions, purchases, retirements and other acquisitions of capital stock of the Company within 90 days before or after (including any such days after the end of the subject period) such Stock Issuances, plus

(B) without duplication of (A), the principal amount of Subordinated Debt issued on exchange of the Company's 10% Exchangeable Preferred Stock or issued on exchange of preferred stock issued by the Company pursuant to the Securities Purchase Agreement, whether such exchange occurs before or after the end of such period provided that it occurs after July 1, 1993.

"Net Worth" means, as of any date, (a) the amount of any capital stock (excluding treasury stock), paid in capital and similar equity accounts plus (or minus in the case of a deficit) the capital surplus and retained earnings of the Company and its Consolidated Subsidiaries on such date, determined on a consolidated basis in accordance with generally accepted accounting principles, plus (b) 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.

"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, 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, N.A. 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, N.A. 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".

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"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, provided, however, that any Borrowing (other than the initial Borrowing under this Agreement) the entire proceeds of which are used by the Company to repay Existing Loans shall be deemed a Refunding Borrowing.

"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 60% of the aggregate amount of the Commitments or, if the Commitments have terminated, Banks holding Notes evidencing not less than 60% of the aggregate unpaid principal amount of the Loans.

"Restricted Transfer" has the meaning ascribed thereto in Section 7.11(b).

"Scheduled Expiration Date" means January 31, 1997; provided that if, and only if, the requirements of Section 3.10 are satisfied, the "Scheduled Expiration Date" shall be extended to July 31, 1998.

"Securities Purchase Agreement" means the Securities Purchase Agreement dated as of March 31, 1993 between the Company and Masco Corporation, as in effect on the Closing Date in the form attached hereto as Exhibit J, and as amended, supplemented or otherwise modified from time to time (a) with the consent of the Required Banks, or (b) without the consent of any of the Banks or the Agent if such amendment, supplement or other modification (i) does not limit the obligations of Masco Corporation thereunder and is not otherwise adverse to the interest of the Banks, as reasonably determined by the Agent, or (ii) relates solely to any increase or extension of the obligations of Masco Corporation thereunder or to a decrease in the costs of the Company thereunder.

"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

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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 for the period of such fiscal quarter and the immediately preceding three fiscal quarters.

"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.

"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 holders of the Notes than the provisions set forth on Exhibit O; (b) Debt evidenced by the Company's 6% Convertible Subordinated Debentures due December 15, 2011, in the original principal amount of \$330,000,000; (c) Debt evidenced by the Company's 10-1/4% Senior Subordinated Notes due February 1, 1997, in the original principal amount of \$250,000,000; (d) Debt evidenced by the Company's 10% Senior Subordinated Notes due March 15, 1995, in the original principal amount of \$300,000,000; and (e) Debt issued on exchange of preferred stock heretofore issued by the Company, or hereafter issued by the Company 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; and provided further, however, that any of such Debt referred to in clauses (b), (c) and (d) of this definition shall cease to be "Subordinated Debt" upon any amendment or other modification to the Debentures referred to in such clause (b) or to the respective Senior Subordinated Notes referred to in such clauses (c) and (d) evidencing such Debt,

relating to the subordination thereof, unless, in any such case, the provisions of such Debentures or Senior Subordinated Notes, as the case may be, 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 after July 31, 1998, plus (d) the Available Masco Corporation Funding Commitment, plus (e) an amount equal to the lesser of (i) \$150,000,000 and (ii) the outstanding principal of the Debt



evidenced by the Company's 10-1/4% Senior Subordinated Notes due February 1, 1997, in the original principal amount of \$250,000,000, minus (f) 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.

"Termination Date" means the earliest to occur of (a) the Scheduled Expiration Date, (b) the Masco Corporation Stake Reduction Anniversary and (c) 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.

"Unconsolidated Subsidiary" means at any date any Subsidiary of the Company that is not a Consolidated Subsidiary.

"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. 77.

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 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.

## **ARTICLE II.**

### **PHASE-OUT OF EXISTING CREDIT AGREEMENT**

2.1 Prepayment of Existing Loans. Notwithstanding anything in the Existing Credit Agreement or the Existing Notes, the Existing Loans shall be due and payable and the Company shall prepay the Existing Loans such that the aggregate principal amount of the Existing Loans is permanently reduced in increments to not more than the respective aggregate principal amount set forth in the following schedule for each date set forth therein (each such date an "Existing Loans Prepayment Date"):

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| Loans        | Date               | Aggregate Existing |
|--------------|--------------------|--------------------|
| Closing Date |                    | \$435,000,000      |
|              | September 7, 1993  | 215,000,000        |
|              | September 14, 1993 | 140,000,000        |
|              | September 21, 1993 | 75,000,000         |
|              | September 30, 1993 | \$ - 0 -           |

2.2 Amendment of Existing Credit Agreement. Concurrently with the effectiveness of this Agreement on the Closing Date, (a) Articles VII and IX of the Existing Credit Agreement shall be amended to read in full as set forth in Articles VII and IX, respectively, of this Agreement, (b) the definitions of all capitalized terms (other than the terms "Loan" and "Note") used but not defined in such Articles VII and IX of this Agreement (and the definitions of all capitalized terms used in such definitions, and so on) shall be incorporated into the Existing Credit Agreement and made a part thereof, and

(c) the definitions of any identical terms to those so incorporated presently used in the Existing Credit Agreement shall be deleted from the Existing Credit Agreement; provided that for purposes of such Article IX as incorporated into the Existing Credit Agreement, the references therein to the Existing Credit Agreement, the Existing Loans and the Existing Note shall be ignored. The provisions of the Existing Credit Agreement which are not hereby amended shall remain in full force and effect without modification, subject to termination in accordance with the terms of the Existing Credit Agreement.

2.3 Miscellaneous Transition Provisions. The Existing Loans to be prepaid on each Existing Loans Prepayment Date shall be paid with the proceeds of a Syndicated Borrowing under Article III of this Agreement or otherwise. On each Existing Loans Prepayment Date, the Company shall pay, together with the principal of Existing Loans to be prepaid on such date, all accrued and unpaid interest thereon and, promptly upon being invoiced therefor, shall pay all amounts owing under Section 5.5 of the Existing Credit Agreement in connection with such prepayment. Until it is paid in full, each Existing Loan shall be governed by the provisions of the Existing Credit Agreement and the Existing Note evidencing such Existing Loan, which will remain in effect except as provided in Sections 2.1 and 2.2. The Existing Banks party hereto hereby waive any notice of prepayment of the Existing Loans required under the Existing Credit Agreement. 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.

### 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

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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; and provided, further, that such Bank's Commitment shall be activated in the increments on the dates set forth in the schedule below in accordance with its Commitment Percentage of the aggregate activated Commitments for each such date:

| Date<br>Commitments | Aggregate<br>Activated |
|---------------------|------------------------|
| Closing Date        | \$240,000,000          |
| September 7, 1993   | 460,000,000            |
| September 14, 1993  | 535,000,000            |
| September 21, 1993  | 600,000,000            |
| September 30, 1993  | \$675,000,000          |

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 9:15 a.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:

(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 and including 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

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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, 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 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");

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- (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 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 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 from 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 and 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 (a) the excess of (i) the aggregate amount of the Commitments over (ii) the sum of (A) the aggregate outstanding principal amount of Syndicated Loans plus (B) the Letter of Credit Obligations Amount, or (b) 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 at any time 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 one currency in any Bid-Option Quote Request and may not make more than five Bid-Option Borrowings during any month. No Bid-Option Quote Request for offers to make Dollar Bid-Option Loans may be made at any time when the Applicable Margin is equal to or greater than one percent (1%).

(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 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

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(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.

(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.

(b) Each Bank, not later than 11:00 a.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.

### 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. The Company will pay to the Agent for the account of the Banks a commitment fee, for each calendar quarter or portion thereof from the Closing Date to but not including the Termination Date, on the daily average amount, if any, by which the aggregate amount of the Commitments exceeds the sum of (i) the Dollar Equivalent of the aggregate principal amount of all Loans outstanding during such calendar quarter or portion thereof, plus

(ii) the Letter of Credit Obligations Amount during such calendar quarter or portion thereof, at a rate equal to (y) 0.175% per annum, for each such day during which the Applicable Margin is equal to or greater than 1%, and (z) 0.1% per annum, for each such day during which the Applicable Margin is less than 1%. All accrued commitment 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 commitment fees for any calendar quarter or portion thereof, the Agent shall distribute such commitment fees to the Banks ratably in accordance with their respective Commitment Percentages. For purposes of calculating the Dollar Equivalent of the aggregate principal amount of any Bank's

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Loans outstanding during any calendar quarter or portion thereof under this

Section 3.7(a), but only this Section 3.7(a), the Dollar Equivalent of each Foreign Currency Bid-Option Loan shall be determined by the Agent with respect to all times during such period based upon the Agent's spot rate of exchange that the Agent reasonably determines would have been applicable at the time such Loan was made.

(b) Facility Fee. The Company will further 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 during such period, at a rate equal to (i) 0.2% per annum, for each such day during which the Applicable Margin is equal to or greater than 0.875%, and (ii) 0.15% per annum, for each such day during which the Applicable Margin is less than 0.875%. 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 a closing fee equal to (i) with respect to each Bank other than the Banks that are the Agent and the Co-Agents (A) if the amount of the portion of the credit facility established hereunder that such Bank agreed to provide in its commitment letter to the Agent was equal to or greater than \$40,000,000, 0.3% of the Commitment amount set forth opposite the name of such Bank on the signature pages hereof, and (B) if such amount that such Bank agreed to provide was less than \$40,000,000, 0.25% of the Commitment amount set forth opposite the name of such Bank on the signature pages hereof, and (ii) with respect to each Bank that is the Agent or a Co-Agent, such amount as may be agreed upon between the Company and each such Bank. 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.

### 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

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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 commitment fees and 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) Mandatory Reduction. If the Scheduled Expiration Date is not extended to July 31, 1998 in accordance with Section 3.10, then notwithstanding any provision of this Agreement or the Commitment amounts set forth on the signature pages hereof, effective January 31, 1996 the aggregate amount of the Commitments shall permanently reduce to \$625,000,000, and the amount of each Bank's Commitment shall reduce to the amount equal to its Commitment Percentage of \$625,000,000, unless the aggregate amount of the Commitments has previously been reduced to that amount or less.

(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. The Company may request that the Banks extend the Scheduled Expiration Date from January 31, 1997 to July 31, 1998. No such request shall be effective unless it is made in writing by the Company during the period from and including August 15, 1995 to and including October 15, 1995. Upon receipt of any such written request, the Agent shall promptly distribute a copy thereof to each Bank. Each Bank shall have 45 calendar days after the date such request is given to the Agent 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

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so to extend the Scheduled Expiration Date. Notwithstanding any provision hereof to the contrary, the Scheduled Expiration Date shall be extended only if such extension is requested by the Company in accordance with this Section 3.10 and is agreed to in accordance with this Section 3.10 by each Bank or, in the case of any such Bank, one or more Additional Banks for such Bank that are designated by the Company and become parties to this Agreement (in substitution for such Bank) in accordance with Section 11.13 on or before the 105th calendar day after the date the Company gives the Agent a request to extend the Scheduled Expiration Date in accordance with this Section 3.10.

#### **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.

(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.

(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 commitment fees, 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 teletype of the receipt of such payment, which notice shall be substantially in the form attached hereto as Exhibit I. 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

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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 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

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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. Commitment 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.

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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 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 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

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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 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, 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

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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.

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, 1992, 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 three-month period ended on March 31, 1993, 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 (subject, in the case of interim statements, to year-end audit adjustments). 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, 1992.

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 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, Existing Loans and reimbursement 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 45 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

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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 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 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 7.4, 7.5, 7.6, 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.

(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 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.

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. The Company will not permit or suffer the Current Ratio to be less than 2.0 to 1.0 at any time.

7.5 Total Leverage Ratio. The Company will not permit or suffer the Total Leverage Ratio to be greater than (a) 3.25 to 1.00 as of the last day of any fiscal quarter of the Company during the period from the Closing Date through December 30, 1993, (b) 3.00 to 1.00 as of December 31, 1993, (c) 3.25 to

1.00 as of the last day of any fiscal quarter of the Company during the period from January 1, 1994 through December 30, 1994, (d) 2.50 to 1.00 as of December 31, 1994, (e) 2.75 to 1.00 as of the last day of any fiscal quarter of the Company during the period from January 1, 1995 through December 30, 1995,

(f) 2.50 to 1.00 as of December 31, 1995, (g) 2.75 to 1.00 as of the last day of any fiscal quarter of the Company during the period from January 1, 1996 through December 30, 1996, (h) 2.00 to 1.00 as of December 31, 1996, (i) 2.25 to 1.00 as of the last day of any fiscal quarter of the Company during the period from January 1, 1997 through December 30, 1997, (j) 1.25 to 1.00 as of December 31, 1997, and (k) 1.50 to 1.00 as of the last day of any fiscal quarter of the Company thereafter.

7.6 Net Worth. The Company will not permit or suffer Net Worth at any time to be less than the sum of (a) \$320,000,000 plus (b) the amount equal to the greater of (i) \$10,000,000 multiplied by the number of fiscal year ends of the Company that have occurred since the Closing Date and (ii) the sum of (A) the sum for all fiscal years of the Company during the period from and including January 1, 1993 through the then latest fiscal year end of the Company of 50% of Net Income Minus Preferred Dividends for each such fiscal year, plus (B) the Net Proceeds of New Equity for the period from and including July 1, 1993 through the then latest fiscal year end of the Company. For purposes of this Section 7.6, all cash received by the Company from Masco Corporation for the purchase of

preferred stock pursuant to the Securities Purchase Agreement within forty-five days after the date this covenant is to be tested shall be deemed received as of the date this covenant is to be tested, and during such forty-five day period no Default shall be deemed to have occurred due to noncompliance with this Section 7.6.

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) \$425,000,000 plus (b) the sum for all fiscal years of the Company during the period from January 1, 1993 through the then latest fiscal year end of the Company of 66-2/3% of Net Income Minus Preferred Dividends for each such fiscal year; 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 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) 4.25 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 December 30, 1993, (ii) 4.00 to 1.00 on the Relevant Day immediately following December 31, 1993, (iii) 4.25 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending during the period from January 1, 1994 through December 30, 1994, (iv) 3.50 to 1.00 on the Relevant Day immediately following December 31, 1994,

(v) 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 January 1, 1995 through December 30, 1995, (vi) 3.50 to 1.00 on the Relevant Day immediately following December 31, 1995, (vii) 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 January 1, 1996 through December 30, 1996, (viii) 3.25 to 1.00 on the Relevant Day immediately following each of December 31, 1996 and December 31, 1997, and (ix) 3.50 to 1.00 on the Relevant Day immediately following the last day of any fiscal quarter of the Company ending after January 1, 1997, other than the fiscal quarter ending December 31, 1997. 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.

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 \$40,000,000;

(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 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. 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.

(a) The Company will not 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 if (i) at the time of any such transfer, conveyance, assignment or delivery there shall exist and be continuing, or if immediately after giving effect thereto (or, with respect to Subordinated Debt of a series that has not been registered for public sale pursuant to the Securities Act of 1933, as a reasonably foreseeable result thereof) there would exist, an Event of 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.

(b) The Company will not make any transfer, conveyance, assignment or delivery to any holder of any Subordinated Debt of a series that has not been registered for public sale pursuant to the Securities Act of 1933, or make any optional transfer, conveyance, assignment or delivery to any holder of Subordinated Debt of a series that has been registered for public sale pursuant to the Securities Act of 1933 (or enter into any amendment of any such then outstanding Subordinated Debt of a series so registered to make any optional transfer, conveyance, assignment or delivery mandatory), or to any trustee, paying agent or other fiduciary for the benefit of the holder of any such Subordinated Debt (including any defeasance), of 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 such Subordinated Debt, if at the time of any such transfer, conveyance, assignment or delivery there shall exist and be continuing, or if immediately after giving effect thereto (or with respect to Subordinated Debt of a series that has not been so registered, as a reasonably foreseeable result thereof) there would exist, a Default that is known to the Company.

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.

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

(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. Prior to the Closing Date, the Company shall pay to the Existing Agent (for distribution in accordance with the Existing Credit Agreement) all fees (including, without limitation, commitment fees), if any, which have accrued under the Existing Credit Agreement through the Closing Date and have not then been paid, 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 M 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; and

(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 June 30, 1993 and the Interest Coverage Ratio for the period of four consecutive fiscal quarters of the Company ending June 30, 1993, 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.

## 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 Existing Note or shall fail to pay within five days of the due date thereof any interest on any Note or Existing Note or any commitment fee, facility fee, closing fee, Letter of Credit fee, or Agent's fee 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 (i) this Agreement (other than those covered by clauses (a) and (b) above), or (ii) prior to the payment in full of principal and interest on each Existing Note and any other amounts owing under the Existing Credit Agreement, the Existing Credit Agreement (other than those covered by subparagraphs (a) and (b) of Section 9.1 of the Existing Agreement, as amended pursuant to Section 2.2), in each case, for thirty (30) days after written notice thereof has been given to the Company by any Bank or the Agent; or

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(d) Any representation or warranty of the Company or any officer of the Company to the Banks contained herein (or, with respect to any Existing Loan outstanding, if any, in the Existing Credit Agreement) 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 or Existing 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 U unless the Board of Governors of the Federal Reserve System or its staff advises the Agent in writing that the existence of this subsection (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 Regulation U), 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 Schedule 2 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

(j) The Securities Purchase Agreement shall terminate or be terminated, or the "Commitment" of Masco Corporation thereunder (and as defined therein) shall otherwise expire, prior to the time set forth in the form of Securities Purchase Agreement attached hereto as Exhibit J, or the Securities Purchase Agreement shall be amended, supplemented or otherwise modified without the consent of the Required Banks, except as permitted under the definition of the term "Securities Purchase Agreement";

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 and Existing 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.

## **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.

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 wilful 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 wilful 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 wilful 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 wilful misconduct) and cease, or not commence, to take any action until such additional indemnity is furnished.

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

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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 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

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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 11.6 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.

(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 3.8, requests for Loans and Letter of Credit Issuances pursuant to Section 3.2, 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.

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 wilful 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

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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 wrongful 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 (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 wilful 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 wilful 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 wilful 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

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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.

(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), 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 Exhibit K 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

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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.

(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 confidence by such Bank and disclosed only to those officers, employees and agents of such Bank or of any Person controlling 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; 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.

#### 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 commitment fees and 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, and (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. 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

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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 (together with the Existing Credit Agreement, as amended hereby) 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 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.

**[THIS SPACE INTENTIONALLY LEFT BLANK.]**

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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, N.A.**

*By: /S/ John H. Wert,  
Jr.  
John H. Wert, Jr.  
Its Vice President*

611 Woodward Avenue Detroit, Michigan 48226

Attention: Michigan Banking Division

Telex: 230729 Fax: (313) 225-1761

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"Co-Agents":

**COMERICA BANK**

*By:/S/ James R.  
Grossett  
James R. Grossett  
Its Vice President*

**THE BANK OF NEW YORK**

*By:/S/ Douglas A.  
Ober  
Douglas A. Ober  
Its Vice  
President*

**THE FIRST NATIONAL BANK OF CHICAGO**

*By:/S/ William R.  
Madden  
William R. Madden  
Its Vice President*

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK**

*By:/S/ Laura Reim  
Laura Reim  
Its Vice  
President*

**NATIONSBANK OF NORTH CAROLINA, N.A.**

*By:/S/ William A. Bowen,  
Jr.*

*William A. Bowen, Jr.  
Its Vice President*

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"COMMITMENT" :

"Banks" :

\$90,000,000

NBD BANK, N.A.

By: /S/ John H. Wert, Jr.  
John H. Wert, Jr.  
Its Vice President

Domestic and Eurodollar  
Lending Offices  
611 Woodward Avenue  
Detroit, Michigan 48226

Division

Attention: Michigan Banking

Telex: 230729  
Fax: (313) 225-1761

\$70,000,000

COMERICA BANK

By: /S/ James R. Grossett  
James R. Grossett  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
500 Woodward Avenue  
Detroit, Michigan 48226

Attention: Donna Pierzynowski

Telex: 170363  
Fax: (313) 222-9514

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\$60,000,000

THE BANK OF NEW YORK

By: /S/ Douglas A. Ober  
Douglas A. Ober  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
One Wall Street  
New York, New York 10286

Attention: Tabitha Moran

Telex: TRT177363  
Fax: (212) 635-6434

\$45,000,000  
CHICAGO

THE FIRST NATIONAL BANK OF

By: /S/ William R. Madden  
William R. Madden  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
One First National Plaza  
Suite 0088  
Chicago, Illinois 60670

Attention: Dennis Degan

Telex: 4330253  
Fax: (312) 732-2715

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PAGE

\$45,000,000  
YORK

MORGAN GUARANTY TRUST COMPANY OF NEW

By: /S/ Laura Reim  
Laura Reim  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
60 Wall Street  
New York, New York 10260-0060

Attention: Loan Department

Telex: 177615 or 620106  
Fax: (212) 648-5336

\$45,000,000  
N.A.

NATIONSBANK OF NORTH CAROLINA,

By: /S/ William A. Bowen, Jr.  
William A. Bowen, Jr.  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
NationsBank Plaza  
NC1-002-17-21  
Charlotte, North Carolina 28255

Attention: Cathy Pumpower

Fax: (704) 386-8694

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\$40,000,000

CONTINENTAL BANK, N.A.

By:/S/ Philip C. Adams  
Philip C. Adams  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
231 South LaSalle Street  
Chicago, Illinois 60697

Attention: Denise Christy

Fax: (312) 987-5500 or  
(312) 828-4203

\$40,000,000

PNC BANK, NATIONAL ASSOCIATION

By:/S/ Jack Broeren  
Jack Broeren  
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: National Corporate  
Administration

Banking

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\$35,000,000  
AND

BANK OF AMERICA NATIONAL TRUST  
SAVINGS ASSOCIATION

By:/S/ Arlene S. Pedovitch  
Arlene S. Pedovitch  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
1850 Gateway Boulevard  
Concord, California 94520

Attention: Heather Martinez

Telex: 67652  
Fax: (510) 675-7531

\$35,000,000

MICHIGAN NATIONAL BANK

By:/S/ Joseph M. Redoutey  
Joseph M. Redoutey  
Its Second Vice President

Domestic and Eurodollar  
Lending Office:  
1533 N. Woodward Avenue  
Suite 200  
Bloomfield Hills, Michigan 48304

Attention: Joseph M. Redoutey

Fax: (313) 433-2925

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PAGE

\$30,000,000

THE ROYAL BANK OF CANADA

By: /S/ Raymond Boland  
Raymond Boland  
Its Senior Manager

Domestic and Eurodollar  
Lending Office:  
Grand Cayman (North America No. 1)

Branch

Royal Bank of Canada  
c/o New York Operations Center  
Pierrepont Plaza  
300 Cadman Plaza West  
Brooklyn, New York 11201-2701

Attention: Manager, Loans Administration

Telex: 420464 (RBOCUI Royal Bank)  
Fax: (718) 522-6292/3

with a copy to:

Royal Bank of Canada  
33 North Dearborn Street, Suite 2300  
Chicago, Illinois 60602  
Attention: Mr. R.A.M. Boland,  
Senior Manager

Fax: (312) 782-3429

\$25,000,000

FIRST BANK NATIONAL ASSOCIATION

By: /S/ Robert C. Peterson  
Robert C. Peterson  
Its Vice President

Domestic and Eurodollar  
Lending Office:  
601 Second Avenue South  
Minneapolis, Minnesota 55402

Attention: Robert C. Peterson

Fax: (612) 973-0825

\$25,000,000

NATIONAL CITY BANK

By:/S/ Brian H. Bucher  
Brian H. Bucher  
Its Vice President

Eurodollar

Domestic and

Lending Office:  
1900 E. Ninth Street  
Cleveland, Ohio 44114

Attention: Multinational

Telex: 212537 Fax: (216) 575-9396

\$22,500,000

CIBC INC.

By:/S/ Kent Davis  
Kent Davis  
Its Vice President

Domestic and Eurodollar  
Lending Office (Borrowing

Notices):

Atlanta Agency  
Two Paces Ferry West  
2727 Paces Ferry Road, Suite 1200  
Atlanta, Georgia 30339

Attention: Leonard Hilty, III

Fax: (404) 319-4950

Other Notices:  
200 W. Madison - Suite 2300  
Chicago, Illinois 60606

Attention: Kent Davis

Fax: (312) 726-8884

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\$22,500,000

CITIBANK, N.A.

By: /S/ Barbara A. Cohen  
Barbara A. Cohen

Its: Vice President

Domestic and Eurodollar  
Lending Office:  
200 S. Wacker Drive - 31st  
Chicago, Illinois 60606

Attention: Steven Niceforo

Telex: 433042  
Fax: (312) 993-6706

Floor

\$22,500,000

THE FUJI BANK, LIMITED

By: /S/ Peter L. Chinnici  
Peter L. Chinnici  
Its: Joint General Manager

Domestic and Eurodollar  
Lending Office:  
225 W. Wacker Drive  
Chicago, Illinois 60606

Attention: Cely Tanghal

Telex: 253114  
Fax: (312) 621-0539

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\$22,500,000  
N.A.

WACHOVIA BANK OF GEORGIA,

By: /S/ Thomas E. Pruden  
Thomas E. Pruden  
Its: Senior Vice President

Domestic and Eurodollar  
Lending Office:  
191 Peachtree Street  
Atlanta, Georgia 30303

Attention: R. Burton Harvey

Telex: 4611015  
Fax: (404) 332-6898

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**SCHEDULE 1**

| APPLICABLE | Interest Coverage Ratio                        | Interest Coverage Ratio                                    | Interest Coverage Ratio                                    | Interest Coverage Ratio            |
|------------|--|--|--|------------------------------------|
| MARGIN     | greater than 1.50:1.00 and less than 1.50:1.00 | equal to or greater than 1.50:1.00 and less than 2.25:1.00 | equal to or greater than 2.25:1.00 and less than 3.00:1.00 | equal to or greater than 3.00:1.00 |
| CHART      | 1.50:1.00                                      | 2.25:1.00  | 3.00:1.00  | 3.00:1.00                          |

Senior Leverage Ratio

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| (a) as of any December 31, greater than 1.10:1.00, or          | 1.375% | 1.250% | 1.125% | 1.000% |
| (b) as of any other Determination Date, greater than 1.15:1.00 |        |        |        |        |

Senior Leverage Ratio

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| (a) as of any December 31, equal to or less than 1.10:1.00 and greater than 0.85:1.00, or          | 1.250% | 1.125% | 1.000% | 0.875% |
| (b) as of any other Determination Date, equal to or less than 1.15:1.00 and greater than 0.90:1.00 |        |        |        |        |

Senior Leverage Ratio

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| (a) as of any December 31, equal to or less than 0.85:1.00 and greater than 0.60:1.00, or          | 1.125% | 1.000% | 0.875% | 0.750% |
| (b) as of any other Determination Date, equal to or less than 0.90:1.00 and greater than 0.65:1.00 |        |        |        |        |

Senior Leverage Ratio

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| (a) as of any December 31 equal to or less than 0.60:1.00 and greater than 0.50:1.00, or           | 1.000% | 0.875% | 0.750% | 0.625% |
| (b) as of any other Determination Date, equal to or less than 0.65:1.00 and greater than 0.55:1.00 |        |        |        |        |

Senior Leverage Ratio

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| (a) as of any December 31, equal to or less than 0.50:1.00, or | 0.875% | 0.750% | 0.625% | 0.500% |
|--|--------|--------|--------|--------|





## SCHEDULE 2

City of Nicholasville Industrial Building Revenue Bonds, Series 1979 (Norris Industries Project)

City of Nicholasville Industrial Building Revenue Bonds, Series 1979-Second Issue (Norris Industries Project)

Newberry County, South Carolina, Industrial Development Revenue Bonds, Series 1982 (Norris-NI Industries, Inc. Project)

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**PAGE**

**EXHIBIT A**

**SYNDICATED NOTE**

September 2, 1993

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 September 2, 1993, 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, N.A., as Agent, and Comerica Bank, The Bank of New York, The First National Bank of Chicago, Morgan Guaranty Trust Company of New York and NationsBank of North Carolina, N.A., 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: \_\_\_\_\_

**WPWPS\_00007\_2421\_EXHIBIT\_A.SECOND  
PAGE**

Schedule to Syndicated Note, dated September 2, 1993, payable by MascoTech, Inc. to the order of \_\_\_\_\_

Principal Principal Principal Trans- Amount of Type of Amount Balance Notation action Syndicated Syndicated Interest Interest Paid Or Out-  
Made Date Loan Loan\* Rate Period Prepaid standing By

\*CD - CD Rate

E - Eurodollar Rate

F - Floating Rate

**EXHIBIT B**

**BID-OPTION NOTE**

September 2, 1993

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 September 2, 1993, 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, N.A., as Agent, and Comerica Bank, The Bank of New York, The First National Bank of Chicago, Morgan Guaranty Trust Company of New York and NationsBank of North Carolina, N.A., 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: \_\_\_\_\_

**WPWPS\_00007\_2421\_EXHIBIT\_B.SECOND  
PAGE**

Schedule to Bid-Option Note, dated September 2, 1993, payable by MASCOTECH, INC. to the order of \_\_\_\_\_

| Trans-<br>action<br>Date | Principal<br>Amount of<br>Bid-Option<br>Loan | Currency and<br>Type of<br>Bid-Option<br>Loan* | Interest<br>Rate | Principal<br>Amount<br>Interest<br>Period | Principal<br>Paid Or<br>Prepaid | Balance<br>Outstanding | Made<br>By |
|--------------------------|--|--|------------------|---|---------------------------------|------------------------|------------|
|--------------------------|--|--|------------------|---|---------------------------------|------------------------|------------|

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\* If Dollar Bid-Option Loan: A - Absolute Rate  
E - Eurodollar Rate

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**EXHIBIT C**

**NOTICE OF SYNDICATED BORROWING**

[Date]

To each Bank party to the  
referenced Credit Agreement  
c/o NBD Bank, N.A.,  
as Agent for the Banks  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

MASCOTECH, INC., a Delaware corporation (the "Company"), hereby requests a Syndicated Borrowing pursuant to Section 3.2 of the Credit Agreement, dated as of September 2, 1993, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among the Company, the Banks and Co-Agents party thereto, and NBD Bank, N.A., 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: \_\_\_\_\_

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PAGE**

**EXHIBIT D**

**REQUEST FOR LETTER OF CREDIT ISSUANCE**

[Date]

To each Bank party to the  
referenced Credit Agreement  
c/o NBD Bank, N.A.,  
as Agent for the Banks  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

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 September 2, 1993, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among the Company, the Banks and Co-Agents party thereto, and NBD Bank, N.A., 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: \_\_\_\_\_

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\*Specify the Company or identify a Consolidated Subsidiary

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**EXHIBIT E**

**BID-OPTION QUOTE REQUEST**

[Date]

NBD Bank, N.A.,  
as Agent for the Banks  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

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 September 2, 1993, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among the Company, the Banks and Co-Agents party thereto, and NBD Bank, N.A., 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 September 2, 1993, 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, N.A., 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, N.A., 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<br>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, N.A., 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.

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**EXHIBIT G**  
**BID-OPTION QUOTE**

[Date]

NBD Bank, N.A., as Agent  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

Reference is made to the Credit Agreement, dated as of September 2, 1993, 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, N.A., as Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit 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\_\_\_\_\*

3. Quotes:

| Type of Bid-Option<br>Loans: Absolute Rate<br>Dollar, Eurodollar<br>Rate Dollar or Foreign<br>Currency (also specify<br>the foreign currency)** | Principal<br>Amount*** | Bid-Option Absolute<br>Rate or Bid-Option<br>Eurodollar Rate<br>Margin**** | Interest<br>Period |
|---|------------------------|--|--------------------|
| *****   |                        |  |                    |
| (a) _____   | _____                  | _____  | _____              |
| (b) _____   | _____                  | _____  | _____              |
| (c) _____   | _____                  | _____  | _____              |

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: \_\_\_\_\_

\* As specified in the related Invitation for Bid-Option Quotes.

\*\* As specified in the related Invitation for Bid-Option Quotes.

\*\*\* 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.

\*\*\*\* 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.

\*\*\*\*\* As specified in the related Invitation for Bid-Option Quotes.

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**PAGE**

**EXHIBIT H**

**NOTICE OF DISBURSEMENT OF  
FOREIGN CURRENCY BID-OPTION LOAN**

[Date]

NBD Bank, N.A., as Agent  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

Reference is made to the Credit Agreement, dated as of September 2, 1993, 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, N.A., 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.

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**PAGE**

**EXHIBIT I**

**NOTICE OF RECEIPT OF  
FOREIGN CURRENCY BID-OPTION LOAN PAYMENT**

[Date]

NBD Bank, N.A., as Agent  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

Reference is made to the Credit Agreement, dated as of September 2, 1993, 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, N.A., 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.

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## EXHIBIT J

### SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT dated as of March 31, 1993 between Masco Industries, Inc., a Delaware corporation (the "Company"), and Masco Corporation, a Delaware corporation ("Masco").

WHEREAS, the Company desires to have the right to sell to Masco, and Masco is willing to purchase from the Company at its request, from time to time, debt or equity securities for an aggregate purchase price of up to \$200 million upon the terms and conditions hereinafter set forth;

WHEREAS, this Securities Purchase Agreement is the Securities Purchase Agreement referred to in the Agreement, dated as of February 1, 1993 between the Company and Masco (the "Master Agreement").

NOW, THEREFORE, the parties agree as follows:

1. Authorization of Issues of Securities. The Company has authorized the issuance and delivery of separate series of (i) exchangeable preferred stock (the "Preferred Stock"), such Preferred Stock to have substantially the same terms and provisions as the Company's 10% Exchangeable Preferred Stock except as provided in Exhibit A hereto, and (ii) subordinated debt securities (such debt securities, including subordinated debentures issuable upon any redemption and exchange of the Preferred Stock, are referred to herein as the "Subordinated Debentures"), such Subordinated Debentures to have substantially the same terms and provisions as the Company's subordinated debentures issuable upon redemption and exchange of the Company's 10% Exchangeable Preferred Stock except as provided in Exhibit B hereto. The Preferred Stock and the Subordinated Debentures are collectively referred to herein as the "Securities".

2. Obligation to Purchase. (a) Subject to the terms and conditions set forth herein, Masco agrees to purchase at any time or from time to time to the second anniversary hereof, upon the Company's written notice, Securities for an aggregate purchase price of up to \$200 million, provided that not more than \$100 million of such purchase price shall be for shares of Preferred Stock. As used herein the term "purchase price" shall refer to (i) in the case of Subordinated Debentures, the principal amount thereof, and (ii) in the case of Preferred Stock, the number of shares of such Preferred Stock multiplied by the \$100 per share liquidation value thereof. The Company's written notice shall specify the type or types of Securities Masco is required to purchase, the purchase price thereof, which for each respective issuance of Preferred Stock or Subordinated Debentures shall be \$10

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million or any larger multiple of \$1 million, and the dividend rate or interest rate, as the case may be. The dividend rate or interest rate shall be determined by the Company in accordance with the provisions of Paragraph 1 above (including Exhibits A and B hereto). Such determination shall be final and binding in the absence of manifest error.

(b) Subject to the terms and conditions contained herein, Masco may be required to purchase Securities having an aggregate purchase price of \$200 million or such lesser amount specified by the Company (the "Commitment"). The Commitment is not revolving in nature, and any Securities repurchased, redeemed or otherwise acquired by the Company shall not restore the Commitment. The Company may reduce or terminate the unused portion of the Commitment at any time by written notice to Masco. Subordinated Debentures issued upon redemption and exchange of Preferred Stock shall not be deemed purchased by Masco pursuant to the Commitment.

3. Closing. (a) Any closing of a sale of Securities to Masco hereunder shall occur at the Company's offices on the tenth Business Day after the Company gives Masco the written notice referred to in Paragraph 2. The term "Business Day" shall mean any day, except a Saturday, Sunday or other day on which commercial banks in New York City are authorized by law to close, on which commercial banks are open for international business (including dealings in dollar deposits) in London.

(b) At each closing, provided the Company has paid all commitment fees then due and payable under Paragraph 4 and provided the Company's representations set forth in Paragraphs 6(b) through 6(e) and 6(g) shall then be true and correct, Masco shall deliver to the Company immediately available funds in an amount equal to the aggregate purchase price of the Securities being purchased.

(c) At each closing, the Company shall deliver to Masco:

(i) one or more certificates for the Securities being issued, registered in the name of Masco (or such other person as Masco may designate prior to the closing) with any such legend that may be appropriate and, in the case of Subordinated Debentures, in such denominations of \$1,000 and any multiple thereof as Masco may specify prior to the closing; and

(ii) if Preferred Stock is being issued to Masco, a copy of the Company's Certificate of Designation relating to such series of Preferred Stock certified by the Delaware Secretary of State.

The Company's delivery of the certificates representing the Securities being purchased shall automatically be deemed to be a representation by the Company that all of the representations set



forth in Paragraphs 6(b) through (e) and 6(g) hereof are true and correct as of the date of closing and, in the case of an issuance of a series of Preferred Stock, a representation by the Company that the Board of Directors or a committee thereof has duly established the specific terms thereof. The accuracy of such representations shall be a condition to Masco's obligation to purchase such Securities.

4. Commitment Fee. (a) The Company shall pay Masco a commitment fee for Masco's Commitment hereunder at the rate of 0.125% per annum on the daily average amount by which the Commitment exceeds the purchase price of the Securities purchased by Masco hereunder.

(b) The commitment fee shall accrue from and including the date hereof to but excluding the date on which the aggregate purchase price of Securities purchased by Masco hereunder equals the Commitment. Such fee shall be computed for the actual number of days elapsed and shall be payable quarterly on the last day of each calendar quarter, commencing June 30, 1993, and upon fulfillment of the Commitment in its entirety or the earlier termination of the Commitment.

5. Representations of Masco. Masco represents and warrants to the Company that:

(a) Masco is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is authorized by its certificate of incorporation to carry on its business as now conducted.

(b) The execution, delivery and performance by Masco of this Agreement and the consummation by Masco of the transactions contemplated hereby are within the corporate powers of Masco and have been duly authorized by all necessary corporate action on the part of Masco. This Agreement constitutes a valid and binding agreement of Masco.

(c) As of the date of the Master Agreement, the execution, delivery and performance of this Agreement would not have resulted in any violation by Masco of any indenture, mortgage or other agreement or instrument by which Masco or any of its Subsidiaries was bound.

(d) No authorization, consent or approval of, or registration or filing with, any governmental or public body or regulatory authority is required on the part of Masco which has not been obtained for the purchase by Masco of the Securities contemplated by this Agreement, and such a purchase on the date hereof would not result in any violation by Masco of any of the terms or provisions of its certificate of incorporation or by-laws.

(e) Masco has received such information from the Company as it deems necessary and sufficient in order to make an informed investment decision regarding any purchase of the Securities hereunder. Masco is a sophisticated investor, with such knowledge and experience in financial matters that it is capable of evaluating the risks and merits of an investment in the Securities, and is receiving such Securities for its own account for investment and (subject, to the extent necessary, to the disposition of its property being at all times within its control) not with a view to any distribution or other disposition thereof, and is proceeding on the assumption that it must bear the economic risk of the investment for an indefinite period since such Securities may not be sold except as set forth below. If Masco decides to dispose of any of the Securities acquired pursuant to this Agreement or any securities issued in exchange or substitution therefor (which it does not presently contemplate), it will not offer, sell or deliver any such securities, directly or indirectly, except in compliance with the Securities Act of 1933.

6. Representations of the Company. The Company represents and warrants to Masco that:

(a) (i) As of the date of the Master Agreement, the Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary, except for those jurisdictions where failure to be so qualified would not have a Material Adverse Effect (as hereinafter defined).

(ii) As of the date of the Master Agreement, each of the Company's Subsidiaries (as hereinafter defined) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all corporate powers and all material governmental licenses, authorization, consents and approvals required to carry on its business as now conducted. Each of the Company's Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary, except for those jurisdictions where failure to be so qualified would not have a Material Adverse Effect. All of the outstanding shares of capital stock of each such Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable and are owned directly or indirectly by the Company (except for directors' qualifying shares of certain such Subsidiaries

and equity interests in Subsidiaries owned by Persons (as hereinafter defined) other than the Company which individually or in the aggregate are not material to the Company and its Subsidiaries taken as a whole) free and clear of all Liens (as hereinafter defined), except Liens not material to the Company and its Subsidiaries taken as a whole.

(iii) The following terms, as used herein, have the following meanings:

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

"Material Adverse Effect" means a material adverse effect on the results of operations or financial condition of the Company and its Subsidiaries taken as a whole.

"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.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the capital stock 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 directly or indirectly owned by such Person.

(b) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and have been duly authorized by all necessary corporate action on the part of the Company, subject to the establishment by the Board of Directors or a committee thereof of specific terms for each separate series of Preferred Stock as provided herein. This Agreement constitutes a valid and binding agreement of the Company.

(c) The Preferred Stock issuable from time to time pursuant to this Agreement has been duly authorized by all necessary corporate action on the part of the Company subject to the establishment by the Board of Directors or a committee thereof of specific terms for each separate series of the Preferred Stock as provided herein and, if and when issued and delivered to Masco pursuant to this Agreement, will have been validly issued and will be fully paid and nonassessable and free from any statutory or contractual shareholder preemptive rights.

(d) The Subordinated Debentures issuable from time to time pursuant to this Agreement and issuable from time to time upon exchange of the Preferred Stock have been duly authorized by all

necessary corporate action on the part of the Company and, if and when such Subordinated Debentures are issued pursuant to this Agreement or such Preferred Stock is redeemed and exchanged for Subordinated Debentures in accordance with the exchange provisions of the Certificate of Designation relating to the Preferred Stock, such Subordinated Debentures will constitute valid and binding obligations of the Company.

(e) Assuming the truth and accuracy of Masco's representations and warranties set forth in Paragraph 5(e), no authorization, consent or approval of, or registration or filing with, any governmental or public body or regulatory authority is required on the part of the Company for the issuance of the Securities pursuant to this Agreement prior to entering into this Agreement or prior to the issuance of Securities hereunder, except for the filing of Certificates of Designation with the Delaware Secretary of State with respect to the issuance of a series of Preferred Stock, and such issuance does not and will not result in any violation by the Company of any of the terms or provisions of the certificate of incorporation or bylaws of the Company.

(f) As of the date of the Master Agreement, the execution, delivery and performance by the Company of this Agreement and the issuance of Securities pursuant to this Agreement would not have resulted in any violation by the Company of any of the terms or provisions of any indenture, mortgage or other agreement or instrument by which the Company or any of its Subsidiaries was then bound.

(g) The Company is not and, after giving effect to any proposed sale of Securities for which the Company has given written notice, will not be in default with respect to any of the Securities or any other of the Company's securities acquired from the Company by Masco or any of its Subsidiaries; and there is no event which, with the giving of notice or passage of time, would constitute a default with respect to any of the Securities or any other of the Company's securities acquired from the Company by Masco or any of its Subsidiaries.

7. Opinions of Counsel. Concurrently with the execution hereof,

(a) Masco is delivering to the Company an opinion of John R. Leekley, counsel to Masco, dated the date hereof, to the effect specified in Paragraphs 5(b) and (d).

(b) The Company is delivering to Masco an opinion of Dykema Gossett, counsel to the Company, dated the date hereof, to the effect specified in Paragraphs 6(b), (c), (d) and (e).

8. Miscellaneous. All notices, requests and other communications to either party hereunder shall be in writing (including

telex, telecopy or similar writing) and shall be delivered by hand and receipted for by the party to whom such communication shall have been directed or mailed by certified mail return receipt requested to the following address (or to such other address as the party receiving such communication has theretofore advised the other party in the manner provided for herein):

(a) If to Masco, to:

21001 Van Born Road  
Taylor, Michigan 48180  
Telecopy: (313) 374-6430  
Attention: President

with a copy to:

John R. Leekley  
Vice President and  
General Counsel  
Masco Corporation  
21001 Van Born Road  
Taylor, Michigan 48180  
Telecopy: (313) 374-6430

except in the case of notices required under Paragraph 2, in which case each such notice shall be deemed delivered only upon actual receipt, directed to:

Robert B. Rosowski  
Vice President - Controller Masco Corporation  
21001 Van Born Road  
Taylor, Michigan 48180  
Telecopy: (313) 374-6430

(b) If to the Company, to:

21001 Van Born Road  
Taylor, Michigan 48180  
Telecopy: (313) 374-6136  
Attention: President

with a copy to:

Edward C. Hanpeter  
Dykema Gossett  
400 Renaissance Center  
Detroit, Michigan 48243  
Telecopy: (313) 568-6915

9. Amendments; No Waivers. This Agreement may not be amended or terminated, nor any condition or term hereof be waived orally,

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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. No failure or delay by either party in exercising any right, power or privilege hereunder 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.

10. Expenses. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

11. Successors and Assigns. 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 neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto, except that Masco may transfer or assign, in whole or from time to time in part, to one or more of its affiliates, its obligation to purchase all or a portion of the Securities, but no such transfer or assignment will relieve Masco of its obligations hereunder.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan.

13. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

14. Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

IN WITNESS WHEREOF, the parties hereto here caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**MASCO CORPORATION**

By \_\_\_\_\_

**MASCO INDUSTRIES, INC.**

By \_\_\_\_\_

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## Exhibit A

### Term Sheet for Preferred Stock

Title: \_\_\_\_\_% Preferred Stock, Series \_\_\_\_\_

Number of Shares: Up to 1 million shares

Dividend Rate: The Preferred Stock shall be issued in separate series with the dividend rate on each such series being a rate per annum that is 300 basis points over the Treasury Rate (as hereinafter defined) for the week preceding the week in which the notice of purchase is given to Masco. "Treasury Rate" means, the rate for direct obligations of the United States ("Treasury Bonds") having a remaining maturity of 20 years, as published in the Federal Reserve Statistical Release H.15(519) (or any successor publication provided by the Board of Governors of the Federal Reserve System) under the heading "Treasury Constant Maturities." If a rate for Treasury Bonds having a remaining maturity of 20 years is not published or reported for the prior week as provided above by 1:00 P.M., New York City time, on the third business day preceding the day such notice is given to Masco, then the Treasury Rate shall be calculated by the Company and shall be a yield to maturity (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 1:30 P.M., New York City time, on the date of such notice of redemption and exchange, of three leading primary United States government securities dealers selected by the Company for the purchase of Treasury Bonds with a remaining maturity of 20 years.

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**Exhibit B**

**Term Sheet for Subordinated Debentures**

Title: \_\_\_\_\_% Subordinated Debentures Due \_\_\_\_\_, Series \_\_\_\_\_

Principal Amount: Up to \$200 million aggregate principal amount

Maturity: The earlier of 10 years from the date of issuance or March 31, 2008

Interest Rate: The Subordinated Debentures shall be issued in separate series with the interest rate on each such series being a rate per annum that is 400 basis points over the Treasury Rate (as hereinafter defined) for the week preceding the week in which the notice of purchase is given to Masco. "Treasury Rate" means, the rate for direct obligations of the United States ("Treasury Notes") having a remaining maturity of 10 years, as published in the Federal Reserve Statistical Release H.15(519) (or any successor publication provided by the Board of Governors of the Federal Reserve System) under the heading "Treasury Constant Maturities." If a rate for Treasury Notes having a remaining maturity of 10 years is not published or reported for the prior week as provided above by 1:00 P.M., New York City time, on the third business day preceding the day such notice is given to Masco, then the Treasury Rate shall be calculated by the Company and shall be a yield to maturity (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 1:30 P.M., New York City time, on the date of such notice, of three leading primary United States government securities dealers selected by the Company for the purchase of Treasury Notes with a remaining maturity of 10 years.

Subordination: All series of Subordinated Debentures shall rank pari passu

inter sese and with the subordinated debentures issuable upon redemption and exchange of the Company's 10% Exchangeable Preferred Stock.

Issuance in Series:

redeemed

of

Each issuance of Subordinated Debentures shall constitute a separate and discrete series of securities and may be

pursuant to Section 5.1 of the form of Subordinated Debenture without regard to the redemption of Subordinated Debentures

any other series.

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## EXHIBIT K

### ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement, dated as of September 2, 1993 (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, N.A., 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 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 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

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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\_k2.fourth

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**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  
day  
accepted this \_\_\_ day  
of \_\_\_\_\_, 19\_\_  
NBD Bank, N.A., as Agent

Consented to this \_\_\_\_  
of \_\_\_\_\_, 19\_\_  
MascoTech, Inc.

By: \_\_\_\_\_  
\_\_\_\_\_  
Its: \_\_\_\_\_  
Its: \_\_\_\_\_

By:

exhibit\_k2.fourth  
**PAGE**

**EXHIBIT L**

**NOTICE OF SUBSTITUTION OF BANKS**

[Date]

NBD Bank, N.A., as Agent  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

[Terminated Bank]

Attention: \_\_\_\_\_

Reference is made to the Credit Agreement, dated as of September 2, 1993, 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, N.A., 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 commitment and 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

September 2, 1993

To the Banks, Co-Agents and Agent  
party to the Credit Agreement described  
herein, in care of  
NBD Bank, N.A., as Agent  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of September 2, 1993 (the "Credit Agreement"), by and among MASCO TECH, INC., a Delaware corporation, the banks ("the Banks") and the co-agents (the "Co-Agents") party thereto, and NBD Bank, N.A., as agent (in such capacity, the "Agent") for the Banks. I am the General 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 and Senior Subordinated Notes referred to in the definition of the term "Subordinated Debt" in the Credit Agreement and the indentures governing the issuance of such Convertible Subordinated Debentures and Senior Subordinated Notes (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 PAGE

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.

Very truly yours,

John R. Leekley General Counsel MascoTech, Inc.

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**EXHIBIT N**

September 2, 1993

To the Banks, Co-Agents and Agent  
party to the Credit Agreement described  
herein, in care of  
NBD Bank, N.A., as Agent  
611 Woodward Avenue  
Detroit, Michigan 48226

Attention: John H. Wert, Jr.

RE: MascoTech, Inc. Credit Agreement dated as of September 2, 1993

Ladies and Gentlemen:

We have acted as special counsel for the Agent (as defined below) in connection with the Credit Agreement, dated as of September 2, 1993 (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, N.A., 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 \$675,000,000. 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 \_\_\_\_\_, 1993 by the Secretary of State of Delaware and to \_\_\_\_\_, 1993 by an officer of the Company, (b) a copy of the Bylaws of the Company certified to \_\_\_\_\_, 1993 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, \_\_\_\_\_, 1993 and \_\_\_\_\_, 1993, (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. John R. Leekley, General Counsel of the Company, dated September 2, 1993, 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 or of any other matters.

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To the Banks, Co-Agents and Agent

September 2, 1993

Page 2

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. Leekley 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,

wpwps\_00007\_2421\_EXH\_AB0\_06.Exhibit\_N

**PAGE**

## EXHIBIT O

### TERMS OF SUBORDINATION

These terms of subordination refer to the Credit Agreement dated as of September 2, 1993 by and among MascoTech, Inc., the banks party thereto, the co-agents referred to therein and NBD Bank, N.A., as agent.

In addition to Debt of the Company which qualifies as Subordinated Debt pursuant to clauses (b), (c), (d) and (e) 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, 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

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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 September 2, 1993, by and among the Company, the banks party thereto, the co-agents referred to therein and NBD Bank, N.A., 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) or (b) hereof, 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.

"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 acceptance 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)

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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.

"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".

"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 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 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 herein, 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

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(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.

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#### 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 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

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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, 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.

#### 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

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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.

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## EXHIBIT 10.d

### AGREEMENT

This Agreement is dated as of November 23, 1993 between MascoTech, Inc., a Delaware corporation (the "Company"), and Masco Corporation, a Delaware corporation ("Masco").

WHEREAS, in addition to certain shares of Company common stock, par value \$1.00 per share (the "Common Stock"), and warrants to purchase Common Stock, Masco holds (i) \$130 million (the "Masco Debentures") of the Company's 6% Convertible Subordinated Debentures Due 2011 (the "Debentures"), which are redeemable at any time by the Company and convertible at any time into Common Stock at \$18 per share of Common Stock, and (ii) the one million outstanding shares of the Company's 10% Exchangeable Preferred Stock (the "Preferred Stock").

WHEREAS, the Company has been contemplating calling for redemption all of the Debentures (including the Masco Debentures), and Masco is willing to refrain from selling or otherwise disposing of Common Stock or other Company securities for a period of time in order to facilitate the call for redemption of all of the Debentures.

WHEREAS, it is in the interest of the Company to repurchase the Preferred Stock for cash in order to reduce its financing costs and such repurchase is not inconsistent with Masco's previously stated intention to reduce its investment in the Company.

WHEREAS, the Company and Masco have entered into a Securities Purchase Agreement dated as of March 31, 1993 (the "Securities Purchase Agreement") pursuant to which Masco has agreed to purchase from the Company at its request on or before March 31, 1995 additional preferred stock or subordinated debt securities for an aggregate purchase price of up to \$200 million, and the parties desire to amend and restate the Securities Purchase Agreement in certain respects.

WHEREAS, the Company and Masco have entered into a Stock Repurchase Agreement dated as of May 1, 1984, as amended (the "Stock Repurchase Agreement"), pursuant to which the Company has agreed to repurchase from Masco, until May 1, 1994, such number of shares of Common Stock as may be necessary to prevent Masco's Common Stock ownership interest in the Company from exceeding 49%, and the parties are agreeable to extending the term thereof.

NOW, THEREFORE, the parties agree as follows:

1. Conversion of Debentures. Masco agrees that (a) on or before December 31, 1993 it will surrender for conversion the Masco Debentures, and (b) it will not sell or otherwise dispose of any Common Stock, warrants to purchase Common Stock or Debentures (whether now held or acquired on conversion) on or before December

31, 1993. If Masco surrenders the Masco Debentures for conversion prior to December 15, 1993, the Company will pay Masco an amount equal to the interest accrued on the Masco Debentures from the last regular semi-annual interest payment date to the date of conversion.

2. Repurchase of Preferred Stock. The Company shall repurchase the Preferred Stock for \$100 per share, plus an amount equal to accrued and unpaid dividends from October 1, 1993 to the date of repurchase, payable in cash on the date of such repurchase. Such repurchase shall occur as soon as practicable after the execution of this Agreement.

3. Amendment to Securities Purchase Agreement. Concurrently herewith the parties are entering into an Amended and Restated Securities Purchase Agreement. The parties hereby confirm that all securities issuable pursuant to the Amended and Restated Securities Purchase Agreement will be "Registrable Securities" under the Registration Agreement between them dated as of March 31, 1993.

4. Amendment to Stock Repurchase Agreement. The parties hereby amend Paragraph 1 of the Stock Repurchase Agreement by deleting the date "May 1, 1994" and substituting therefor the date "May 1, 2004". Except as otherwise specifically set forth herein, the Stock Repurchase Agreement shall continue in full force and effect.

5. Representations and Warranties. (a) Each party represents and warrants to the other that the following statements are true and correct as of the date hereof and will be true and correct at the time Masco surrenders the Masco Debentures for conversion and at the time of the repurchase of the Preferred Stock:

(i) It is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is authorized by its certificate of incorporation to carry on its business as now conducted.

(ii) The execution, delivery and performance of this Agreement by such party and the consummation by such party of the transactions contemplated hereby are within the corporate powers of such party and have been duly authorized by all necessary corporate action on its part. This Agreement constitutes a valid and binding agreement of such party.

(iii) No authorization, consent or approval of, or registration or filing with, any governmental or public body or regulatory authority is required and which has not been obtained on the part of such party for the execution, delivery and performance of this Agreement by such party.

(iv) The execution, delivery and performance of this Agreement by such party do not result in any violation by it of any of the terms or provisions of its certificate of incorporation or by-laws or of any indenture, mortgage or other agreement or instrument by which it or any of its Subsidiaries (as hereinafter defined) is bound.

(b) Masco represents and warrants to the Company that Masco has, and at the time of the repurchase of the Preferred Stock will have, unencumbered title to the Preferred Stock, free and clear of any Liens (as hereinafter defined), and delivery by Masco of the Preferred Stock will pass unencumbered title to the Company, free and clear of any Liens.

(c) The Company represents and warrants to Masco that the repurchase of the Preferred Stock from Masco will be effected in compliance with the Delaware General Corporation Law.

6. Legal Opinions. Concurrently with the execution hereof, Masco is delivering to the Company an opinion of John R. Leekley, counsel to Masco, and the Company is delivering to Masco an opinion of Dykema Gossett, counsel to the Company, in each case dated the date hereof and to the effect of certain of the matters specified in Paragraph 5 hereof.

7. Definitions. The following terms, as used herein, have the following meanings:

(a) "Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

(b) "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.

(c) "Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the capital stock 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 directly or indirectly owned by such Person.

8. Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

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WHEREFORE, 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 \_\_\_\_\_  
Its \_\_\_\_\_

**MASCOTECH, INC.**

By \_\_\_\_\_  
Its \_\_\_\_\_



**Exhibit 10.1**

**MASCOTECH, INC.**

**1991 LONG TERM STOCK INCENTIVE PLAN**

(Restated September 14, 1993)

Section 1. Purposes

The purposes of the 1991 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to MascoTech, Inc. (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.
- (b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.
- (c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "disinterested person" within the meaning of Rule 16b-3.
- (f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.

- (g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.
- (h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.
- (i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.
- (l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.
- (m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.
- (n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to restrictions.
- (o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.
- (p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.
- (q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.
- (r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.
- (s) "Shares" shall mean the Company's common stock, par value \$1.00 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.
- (t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

### Section 3. Administration

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

- (i) designate Participants;
- (ii) determine the types of Awards to be granted;
- (iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;
- (iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;
- (v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;
- (vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;
- (vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;
- (viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;
- (ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;
- (x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;
- (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;
- (xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;

(xiii) delegate to directors of the Company who need not be "disinterested persons" within the meaning of Rule 16b-3 the authority to designate Participants and grant Awards, provided such Participants are not directors or officers of the Company for purposes of Section 16;

(xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

#### Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(b):

(i) Initial Authorization. There shall be 6,000,000 Shares initially available for issuance under the Plan.

(ii) Acquired Shares. In addition to the amount set forth above, up to 6,000,000 Shares acquired by the Company subsequent to the effectiveness of the Plan as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.

(iii) Additional Shares. Shares acquired by the Company in the circumstances set forth in (ii) above in excess of the amount set forth therein may thereafter be included in the Shares available for Awards to the extent permissible for

purposes of allowing the Plan to continue to satisfy the conditions of Rule 16b-3.

(iv) Shares Under Prior Plans. In addition to the amount set forth above, shares remaining available for issuance upon any termination of authority to make further awards under both the Company's 1984 Restricted Stock Incentive Plan and its 1984 Stock Option Plan shall thereafter be available for issuance hereunder.

(v) Accounting for Awards. For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for granting Awards under the Plan.

(vi) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization,

merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

#### Section 5. Eligibility

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, but excluding a member of the Committee, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

#### Section 6. Awards

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or

any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer

an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a



restoration Option shall not exceed the number of whole Shares exchanged in payment of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(2)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) An Option may be transferred:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee; or

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate.

(2) A Participant may assign or transfer rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(3) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control of the Company (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(b), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee

deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control.

(B) A Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco"); or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

#### Section 7. Amendment and Termination

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any outstanding Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and

(ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards.

(b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.

(c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

(d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

## Section 8. General Provisions

(a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.



(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### Section 9. Effective Date of the Plan

The Plan shall be effective as of the date of its approval by the Company's stockholders.

MASCOTECH, INC.

1984 RESTRICTED STOCK INCENTIVE PLAN

(Restated September 14, 1993)

1. Purpose of the Plan

The purpose of the 1984 Restricted Stock Incentive Plan (the "Plan") is to aid MascoTech, Inc. (the "Company") and its subsidiaries and affiliated companies in securing and retaining key employees and consultants of outstanding ability and to motivate such individuals to exert their best efforts on behalf of the Company and its subsidiaries and affiliated companies. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Paragraph 4 of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

2. Stock Subject to the Plan

The total number of shares of the Company's Common Stock that may be awarded under the Plan shall not exceed in the aggregate 8,160,000 shares; provided, however, that such total amount shall be reduced by the aggregate number of shares of the Company's Common Stock as to which options have been granted under the Company's 1984 Stock Option Plan since the original adoption thereof (other than shares which are available for further grants under Article IV of such Plan notwithstanding the prior grant of options with respect to such shares). Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

### 3. Administration

The Board of Directors of the Company shall appoint a committee (the "Committee") consisting of three or more members of the Board of Directors who shall administer the Plan. No director shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have the authority, consistent with the Plan, to determine the terms and conditions of each award, to interpret the Plan and the agreements under the Plan, to adopt, amend and rescind rules and regulations for the administration of the Plan and the awards, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable, and all such actions of the Committee shall be binding upon all participants.

### 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company who are also employees (who may also be directors, but excluding members of the Committee, any person who serves only as a director or as a non-employee officer of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each such participant.

### 5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants under the Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than 90 days. Such Restricted Period may

differ among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer and the restrictions applicable to non-cash distributions, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that such corporation is no longer a subsidiary or affiliated company) other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination be forfeited and transferred back to the Company, provided, however, that in the event such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall be free of restrictions. For purposes of this Paragraph 5(c), a participant's employment or consulting agreement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with

respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited by the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Industries, Inc. 1984 Restricted Stock Incentive Plan and an Award Agreement entered into between the registered owner and MascoTech, Inc. Copies of such Plan and Award Agreement are on file in the office of the Secretary of MascoTech, Inc., Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee shall in its sole discretion determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant who is a party to such Agreement.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

- (1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or
- (2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or
- (3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) Notwithstanding any of the provisions of this Plan or instruments evidencing awards heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each award theretofore granted shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco"); or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by either such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(i) Notwithstanding any other provision of the Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this Paragraph 5(i) or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the

Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award, shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such trust and the participant shall be bound by all of the terms and conditions of the Agreement and the Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to the Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse by having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(k) In its sole discretion the Committee may also provide the participant with the right to receive cash payments in connection with shares of Common Stock awarded under the Plan (including shares previously awarded), the amount of which payments are based, in whole or only in part,

on the value of such Common Stock. The right to receive such payments shall be subject to such other terms and conditions not inconsistent with the Plan as the Committee may determine.

#### 6. Changes in Capitalization

In the event there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may be granted under the Plan may be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) will be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of stockholders of the Company, no amendment shall increase the total number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1999 or change the standards of eligibility to participate in the Plan. The total number of shares which may be awarded under the Plan may, however, be adjusted without stockholder approval, pursuant to the adjustment provisions described in Paragraph 6.

#### 8. Effective Date and Termination of Plan

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1999.



**Exhibit 10.n**

**MASCOTECH, INC.**

**1984 STOCK OPTION PLAN**

(Restated September 14, 1993)

Article I. Purpose

The purpose of the 1984 Stock Option Plan (the "Plan") is to secure for MascoTech, Inc. (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Articles III and VII of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

Article II. Administration

The Plan shall be administered by a committee (the "Committee") consisting of three or more of the Company's directors to be appointed by the Board of Directors. No director shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not eligible, and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have authority, consistent with the Plan:

- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock to be subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;
- (e) to prescribe the form or forms of the instruments evidencing any options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;
- (f) to designate options granted to key employees of the Company or its "subsidiaries" under the Plan as "incentive stock options" ("ISOs"), as such terms are defined under the Internal Revenue Code;
- (g) to adopt, amend and rescind rules and regulations for the administration of the Plan and the options and for its own acts and proceedings; and
- (h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be binding on all parties concerned.

### Article III. Participants

Key employees of and consultants to the Company, its subsidiaries or affiliated companies, including officers of the Company who are also employees (who may also be directors, but excluding members of the Committee, any person who serves only as a director or a non-employee officer of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.

#### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1999, but options theretofore granted may extend beyond that date. Subject to adjustment as provided in Article IX, the number of shares of Common Stock of the Company which may be issued under the Plan shall not exceed in the aggregate 8,160,000 shares; provided, however, that such total amount shall be reduced by the aggregate number of shares of the Company's Common Stock awarded under the Company's 1984 Restricted Stock Incentive Plan since the original adoption thereof (other than shares forfeited to the Company which are thereby available for further awards under Paragraph 2 of such Plan). To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable as to any stock subject thereto, such stock shall thereafter be available for further grants under the Plan, within the limit specified above. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock covered by options so accepted shall not thereafter be available for the granting of other options under the Plan.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied with respect to such option:

- (a) Such option must be granted on or prior to May 1, 1994, and such option by its terms is not exercisable after the expiration of ten years from the date such option is granted;
- (b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted;
- (c) Such option by its terms is not exercisable while there is outstanding an ISO which was granted to the same employee at an earlier time. For purposes of this clause (c), an ISO which has not been exercised in full shall be deemed to be outstanding, notwithstanding any cancellation or termination thereof, until the expiration of the period during which it could have been exercised under its original terms; and

(d) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000 (the "Basic Amount") plus the sum of the "Carry-Over Amounts" for each of the three calendar years immediately preceding the year in which such option is granted. The "Carry-Over Amount", as used in this clause (d) for any calendar year, shall mean (i) fifty percent of the amount by which \$100,000 exceeds the fair market value, determined at the time of grant, of Common Stock subject to ISOs which were granted during such calendar year to the employee for whom the Carry-Over Amount is being determined, or (ii) \$50,000 in the case such employee has not in such calendar year been granted any ISO. No amount shall be included in a Carry-Over Amount for any year to the extent such amount was theretofore necessarily included as a Carry-Over Amount to permit the qualification of an ISO under this clause (d), and Carry-Over Amounts shall only be utilized to permit the qualification of an ISO under this clause (d) in the order in which they first arose and then only if the Basic Amount has not theretofore been utilized to permit such qualification.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, \$1 par value. Such Stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

#### Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and condition as the Committee shall deem appropriate.

(a) Option Price. Each option granted hereunder shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Terms of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable not less than six months from the date of grant and at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted.

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and of the number of shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and such person shall at the time of such exercise tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) Notwithstanding any of the provisions of this Plan or instruments evidencing options heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each Option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco"); or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by either such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(d) Payment for Issuance of Stock. Upon and at the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all such stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit a participant to satisfy, in whole or in part, the applicable income tax withholding obligations in connection with the exercise of a non-qualified stock option under the Plan by having withheld from the shares to be issued upon the exercise of the option or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) in the event of the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action

reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No option may be transferred by the participant other than by designation of beneficiary as provided in subsection

(j) of this Article, or by will or the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least one year from the date of the granting of the option, subject to the right of the Company, its subsidiary or affiliated company to terminate the participant's employment or consulting arrangement at any time.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that such corporation is no longer a subsidiary of affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the date of termination unless a longer period is permitted by the Committee in its discretion. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan, in no event may a participant whose employment or consulting agreement has been terminated voluntarily or involuntarily exercise an option at a time when the option would not have been exercisable had the employment or consulting arrangement continued. Notwithstanding the foregoing, the Committee may by the express terms of the grant of the option extend the aforesaid periods of time within which the participant may exercise an option after the termination of employment or the consulting arrangement. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Committee), (ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee. Unless otherwise expressly provided in the

Plan or the grant of the option, an option may be exercised only to the extent exercisable on the date of termination of employment or of the consulting arrangement by reason of death, permanent and total disability, retirement or otherwise.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may permit the exercise of an option held by a retired or disabled option holder upon other terms and conditions as it deems advisable under the circumstances, and if the period within which an option may be exercised has been extended the Committee may terminate all unexercised options if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised, as to all or any of the shares which the participant was entitled to purchase immediately prior to death (unless the Committee shall have provided in the instrument evidencing such option that all shares covered by the option are subject to purchase upon death), by the person or persons designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants who have written agreement to render services to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity.



The Committee may direct that the substitute options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

#### Article VIII. Surrender of Options

The Committee may, in its discretion and under such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.

#### Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to which the Company is a party. The determination of the Board of Directors as to such matters shall be binding on all persons.

#### Article X. Employment Rights

The adoption of the Plan does not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time.

#### Article XI. Amendments

The Committee may at any time discontinue granting options under the Plan. The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of any changes in applicable

laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no such amendment shall increase the maximum number of shares of stock available under the Plan, or alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions and actions required for the exercise of the same, except that nothing herein shall limit the Company's right to call stock, issued for deferred payment which is evidenced by promissory note where the participant is in default of the obligations on such note.

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**Exhibit 10.o**

**MASCO CORPORATION  
SUPPLEMENTAL EXECUTIVE RETIREMENT  
AND DISABILITY PLAN**

The Supplemental Executive Retirement and Disability Plan for those Company officers and key executives designated as participants in the Plan by the Chairman or the Compensation Committee from time to time, is effective January 1, 1988. The terms and conditions and benefits provided are as follows:

I. Words and terms are defined as follows for the purposes of the Plan:

- a. "Retirement" shall mean termination of employment with the Company, on or after attaining age 65.
- b. "Average Compensation" shall mean the aggregate of a Participant's highest three years' total annual cash compensation, consisting of (i) base salaries and (ii) regular year-end cash bonuses paid with respect to the years in which such salaries are paid, divided by three.
- c. "Total Compensation" shall mean a Participant's annual base salary rate plus the last regular year-end cash bonus paid, in the year in which it is determined that a Participant becomes disabled.
- d. "Surviving Spouse" shall be the person to whom the Participant shall be legally married (under the law of the jurisdiction of the Participant's permanent residence) at the date of (i) Participant's Retirement for the purposes of retirement and medical benefits, (ii) death for the purposes of surviving spouse benefits in the event of death prior to retirement at age 65, and (iii) Disability for the purposes of benefits to a surviving spouse of a disabled Participant.
- e. "Disability" and "Disabled" shall mean being unable to perform duties as a Company officer or executive by reason of physical or mental condition, prior to attaining age 65, provided that the Participant has been employed by the Company for two consecutive Years or more.
- f. "Company" shall mean Masco Corporation or any corporation in which Masco Corporation or a subsidiary owns stock possessing at least 20% of the total combined voting power of all classes of stock.
- g. "Year" shall mean twelve full consecutive months, and "year" shall mean a calendar year.

II. Upon the Participant's Retirement the Company will pay annually during the Participant's lifetime 60% of Average Compensation, less (i) a sum equal to the annual benefit which would be payable upon Retirement if benefits payable under the Company funded qualified pension plans were converted to a life annuity, or if the Participant is married when retirement occurs, to a joint and spouse survivor life annuity, and (ii) a sum equal to the annual benefit which would be payable upon Retirement if the Participant's vested account in the Company's Future Service Profit Sharing Trust and any similar plan were converted to a life annuity.

III. Upon death after Retirement, the Participant's Surviving Spouse shall receive for life 75% of the annual benefit payable prior to the Participant's death pursuant to Section II.

IV. Upon Retirement the Company will provide or purchase for the Participant and the Participant's spouse's benefit, or at its option reimburse for premiums paid, during joint and several lives, such supplemental medical insurance as advisable from time to time.

V. No retirement benefits shall be paid unless the Participant was employed by the Company or Disabled on Retirement, and no retirement benefits are payable if retirement commences prior to attaining age 65.

VI. If while employed by the Company the Participant dies prior to attaining age 65 leaving a Surviving Spouse, and provided the Participant shall have been employed by the Company for two consecutive Years or more, the Participant's Surviving Spouse shall receive annually for life 45% of Average Compensation, less (i) a sum equal to the annual benefit which would be payable to the Participant's Surviving Spouse under Company funded qualified pension plans converted to a life annuity, and (ii) a sum equal to the annual payments which would be received by the Participant's Surviving Spouse if the Participant's vested account in the Company's Future Service Profit Sharing Trust and any similar plan were converted to a life annuity. No death benefits are payable except to the Participant's Surviving Spouse.

VII. If the Participant shall have been employed by the Company for two Years or more and while employed by the Company the Participant becomes Disabled prior to attaining age 65, until the earlier of death, termination of Disability or attaining age 65 the Company will pay an annual benefit equal to 60% of Total Compensation less any benefits payable pursuant to long-term disability insurance or other like plans the cost of which is paid by the Company. If Disability continues until age 65, the Participant shall be considered retired and shall receive retirement benefits pursuant to Section II, based upon Average Compensation as of the date it is determined the Participant became Disabled.

VIII. If the Participant dies leaving a Surviving Spouse while receiving Disability benefits pursuant to Section VII, the Participant will be deemed to have retired on death and the Participant's Surviving Spouse shall receive for life 75% of the annual benefit which would have been payable to the Participant if the Participant had retired on the date of death and the Participant's benefit determined pursuant to Section II, based upon Average Compensation and deductions from benefits as of becoming Disabled.

IX. The maximum annual retirement or disability benefits payable pursuant to this Plan shall be \$500,000 less those sums to be deducted from benefits pursuant to Section II.

X. The Compensation Committee of the Board of Directors, or any other committee however titled which shall be vested with authority with respect to the compensation of the Company's officers and executives, shall have the exclusive authority to make all determinations which may be necessary in connection with this Plan including the date of and whether a Participant is Disabled, the interpretation of any of the terms and conditions of this Plan and agreements between the Company and Participants, and all other matters or disputes arising under this Plan or such agreements. The determinations and findings of any such committee shall be conclusive and binding, without appeal, upon the Company and each person claiming benefits under the Plan or agreements entered into pursuant thereto.

XI. Entitlement to benefits under the Plan is expressly conditioned upon each Participant agreeing that, except as may be provided to the contrary in a duly authorized written agreement, the Company has made no commitments of any kind with respect to the continuation of the Participant's employment, and the Participant or the Company shall have the unrestricted right to terminate the Participant's employment with or without cause.

XII. At the Company's request, the Participant shall provide such information with respect to matters which may arise in connection with this Plan as may be deemed necessary by the Company or the Compensation or other committee, and shall submit to such medical examinations by duly licensed physicians as may be requested by the Company or such committee from time to time. The Participant shall direct third parties to provide such information, and a Surviving Spouse's cooperation in providing such information is a condition to the receipt of survivor's benefits.

XIII. To the extent permitted by law, no interest in the Plan or benefits payable to a Participant or to a Surviving Spouse shall be subject to anticipation, or to pledge, assignment, sale or transfer in any manner nor shall a Participant or a Surviving Spouse have the power in any manner to charge or encumber such interest or benefits, nor shall such interest or benefits be liable

or subject in any manner for a Participant's or Surviving Spouse's debts, contracts, torts or other engagements of any kind.

XIV. No person other than a Participant or Surviving Spouse shall have any rights or property interest of any kind whatsoever pursuant to this Plan, and neither a Participant nor a Surviving Spouse shall have any rights hereunder other than those expressly provided in this Plan. Upon the death of a Participant and a Surviving Spouse no further benefits of whatsoever kind or nature shall accrue or be payable pursuant to this Plan.

XV. All annual benefits payable pursuant to the Plan shall be paid in installments at such intervals as may be deemed advisable by the Company in its discretion, upon receipt of a Participant's or Surviving Spouse's written application, or by the applicant's personal representative in the event of disability.

XVI. All benefits under this Plan shall be payable from the Company's general assets, which are specifically subject to the claims of general creditors, and such assets are not set aside for the payment of benefits pursuant to the Plan.

XVII. This Plan shall be governed by the laws of the State of Michigan.

XVIII. It is a further condition to the entitlement to benefits under the Plan that Participants agree that the determinations of any committee as described in Section X shall be conclusive, but if for any reason a claim is asserted which subverts the provisions of Section X, except for causes of action which may be excepted in the agreements between the Company and Participants, arbitration shall be the sole and exclusive remedy to resolve all disputes, claims or controversies which could be the subject of litigation involving or arising out of this Plan or the agreements entered into pursuant hereto. An Arbitration award will be final and binding and a judgment on the award may be entered in any court of competent jurisdiction.

The Chairman of the Board or the President is authorized to execute and deliver on the Company's behalf agreements between the Company and Plan Participants designated by the Chairman or the Compensation Committee providing for benefits pursuant to the Plan and upon such other and additional terms and conditions as may be deemed appropriate by the Chairman or President from time to time, provided however, that participation in the Plan by Company officers shall be contingent upon approval by the Board or the Compensation Committee.

**Exhibit 10.p**

June 29, 1989

Dear :

This will confirm the previously agreed terms of your participation in the program of Masco Corporation (the "Company") providing our executive management with an opportunity on extended payment terms to purchase shares of Common Stock, \$.01 par value, of TriMas Corporation. As you are aware, the program has been adopted by the Company's Board of Directors to permit our executive management group to acquire a significant economic interest in TriMas, our new affiliated company, and, at the same time, to encourage the continuance over a prolonged period of the outstanding commitment which the individual members of our executive management group have collectively shown in the past to the Company and its interests.

Under the program the Company agrees to sell to you and you agree to purchase from the Company shares (the "Stock") of TriMas Common Stock on the following terms and conditions:

1. The purchase price per share for the Stock is \$45.00 (the "Per Share Price"), payable by your delivery to the Company of your promissory note in the form of Annex 1 (the "Note"), such purchase to occur as promptly as practicable on or after the date hereof. Promptly after the purchase, certificates for the shares of Stock will be delivered to you.

The Note will be in a principal amount equal to the Per Share Price multiplied by the number of shares of Stock stated above, will bear simple interest at the rate of 7% per annum, payable at the due date of the Note, and, except as otherwise provided herein or therein, will be due together with accrued interest on June 30, 1994. The Note may be prepaid at any time together with accrued interest on the principal being prepaid. Interest on the Note may be prepaid at any time, whether or not any portion of the principal is then being prepaid.

If your employment by the Company is terminated for any reason, with or without cause, at the written request of the Company, other than by reason of your permanent and total disability, the payment of accrued interest on the Note shall be forgiven, all interest theretofore prepaid on the Note shall be refunded to you and you shall have no further liability with respect to such interest.

If your employment by the Company is terminated for any reason, with or without cause, at the written request of the Company, other than by reason of your permanent and total disability, the payment of accrued interest on the Note shall be forgiven, all interest theretofore prepaid on the Note shall be refunded to you and you shall have no further liability with respect to such interest.

If your employment by the Company is terminated for any reason, with or without cause (other than at the written request of the Company or by reason of your retirement on or after normal retirement age, your death or your permanent and total disability), the then unpaid principal amount of the Note plus accrued interest thereon (except if the option of the Company provided under Paragraph 2 is exercised), will become due and payable on the earlier of the date which is one year after the date of such termination or June 30, 1994.

If your employment by the Company is terminated for any reason whether with or without cause or by you or by the Company (other than following an event which constitutes a "Change in Control" as described in Paragraph 5 or by reason of your retirement on or after normal retirement age or your permanent and total disability), or in the event of your death following retirement or disability, you agree that, if requested by the Company, you or your estate, as the case may be, will pledge to secure the Note under arrangements satisfactory to the Company all Stock then owned by you and, with respect to Stock theretofore sold by you, the net after-tax proceeds attributable to the sale thereof less any prior prepayments of principal and interest on the Note. Your rights to sell the Stock so pledged under the Registration Statement (as hereinafter defined) shall continue thereafter in the manner provided herein provided that the net after-tax proceeds from all such sales are held in pledge by the Company until full payment of the principal of and, if applicable, interest on the Note is made, and upon such payment the Stock shall be returned to you or your estate. If you or your estate fail to make the pledge required hereunder within 30 days after requested in writing by the Company, the principal of and accrued interest on the Note shall become due and payable on such 30th day notwithstanding any later maturity date otherwise provided in this letter agreement.



2. If prior to June 30, 1994 your employment by the Company is terminated (other than by reason of your retirement on or after normal retirement age, your death or your permanent and total disability), the Company shall have the option, by written notice delivered to you within one year of the date of termination (or if such termination occurs after June 30, 1993, delivered to you prior to June 30, 1994), to rescind your purchase of the Stock hereunder (a) by delivering the Note and any principal and interest thereon prepaid by you in exchange for the Stock originally purchased hereunder by you or (b) if you have theretofore sold any of the Stock, by delivering the Note and such prepaid principal and interest in exchange for (i) the shares of Stock not so sold, and (ii) in lieu of shares of Stock so sold (the "Disposed Shares"), cash in the amount of the sum of (x) the aggregate after-tax profit, if any, attributable to the sale of the Disposed Shares, plus (y) the Per Share Price multiplied by the number of the Disposed Shares. The closing of the transaction under this Paragraph 2 shall occur on the date specified in the Company's notice to you of its exercise of the foregoing option, which date shall be not more than 30 days after the delivery of such notice.

3. Solely for purposes of the provisions of Paragraphs 1 and 2 above, a termination of employment, other than with your written consent or by reason of your retirement on or after normal retirement age, your death or your permanent and total disability, shall be deemed to have occurred only if such termination is first approved by the Compensation Committee of the Company's Board of Directors.

4. Except for sales made under the Registration Statement, other dispositions after June 30, 1994 which, in the opinion of counsel to the Company, are in compliance with applicable State and Federal securities laws, or transfers by operation of law or to an inter vivos trust under a trust arrangement acceptable to the Board of Directors or a Committee thereof, the Stock may not be sold, hypothecated or transferred prior to June 30, 1996. On and after June 30, 1996, the Stock may only be sold, hypothecated or transferred by operation of law or if the transaction, in the opinion of counsel to the Company, is in compliance with applicable State and Federal securities laws.

The Company agrees, either separately or in conjunction with Masco Industries, Inc., to cause TriMas to file promptly after January 1, 1992 a registration statement (the "Registration Statement") with respect to the Stock and, at the election of the Company, such other shares of TriMas Corporation Common Stock as the Company may designate, and to use all reasonable efforts to cause such Registration Statement to become effective promptly thereafter and to remain effective until the earlier of June 30,

1996 or such date as all of the Stock either has been sold under the Registration Statement or may be publicly sold under Rule 144 or under a similar exemption without regard to the Registration Statement. The costs of the Registration Statement shall be borne by you and the other selling shareholders named therein pro rata based on the respective proportions of shares owned by you and such other selling shareholders which are covered by such Registration Statement.

You agree, in connection with such Registration Statement, that you will deliver to TriMas Corporation such indemnities, contribution agreements and legal opinions as are then customarily given to issuers of registered public offerings, and that you will furnish to TriMas Corporation such information involving you and the Stock which any law, rule or regulation requires to be disclosed in the Registration Statement.

You agree that you will not sell the shares of Stock under the Registration Statement in amounts which would result in more than 50% of the total shares of Stock being sold prior to January 1, 1993, or more than 75% of the total shares of Stock being sold prior to January 1, 1994.

The Company will, promptly after the closing of the purchase and sale of Stock hereunder, provide you with its agreement summarizing your rights hereunder to participate in the registration rights which the Company has separately received from TriMas Corporation with respect to the Stock being purchased by you. You understand that you will be required to file such agreement with TriMas Corporation, when requested by the Company, in order to be entitled to the benefits provided under this Paragraph 4.

5. Notwithstanding the foregoing, if, prior to June 30, 1994, a "Change in Control", as defined in Paragraph 5(h) of the Company's restricted stock incentive plan currently in effect, shall have occurred:

- (i) All rights of the Company under Paragraph 2 shall thereupon terminate, the provisions of the next to the last paragraph of Paragraph 1 shall no longer be applicable and the pledge referred to in the last paragraph of Paragraph 1 shall be discharged with the Stock returned to you;
- (ii) If the Registration Statement has theretofore become effective, the provisions of the next to the last paragraph of Paragraph 4 shall no longer be applicable; and

(iii) If the Registration Statement has not theretofore become effective, the Company shall be obligated to cause TriMas to file and make effective a registration statement under the Securities Act of 1933 permitting the public sale of all of the Stock not previously sold by you within 60 days thereafter and, if such registration statement shall not have become effective within such 60 day period, you will have the right for a period of 90 days thereafter to require the Company to buy all of the Stock not previously sold by you at its last publicly traded price on the date of such Change in Control, as reported in The Wall Street Journal or The New York Times (or if such Change in Control occurred on a date for which there is no reported publicly traded price in either of such publications, then on the next preceding date for which there is a publicly reported price).

6. You agree that appropriate legends reflecting the effect of this letter agreement may be placed on certificates for the Stock. You represent that you are purchasing the Stock for investment and not with a view to or in connection with the distribution thereof. In addition, you acknowledge that:

(i) You have received and reviewed copies of the following documents: TriMas Corporation Annual Report to Stockholders for the year ended December 31, 1988; TriMas Corporation Annual Report on Form 10-K for the year ended December 31, 1988; TriMas Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 1989; and Proxy Statement for meeting of TriMas Corporation stockholders held on May 31, 1989. The exhibits to each of the foregoing have been furnished to you to the extent you have so requested.

(ii) You have evaluated the merits and risks of an investment in the Stock and understand that you must bear the economic risk of such investment for an extended period of time.

7. We represent to you that the Company, in good faith, is not relying upon the Stock as any "indirect" collateral in the extension or maintenance of the credit provided by the Note.

8. By agreeing to the terms of purchase, you acknowledge that all of your rights with respect to this purchase are contained in this letter agreement, that the letter agreement and Note are to be construed in accordance with and governed by Michigan law, and that the Company's agreement to the terms hereof does not affect the Company's continuing right, with or without cause (unless otherwise specifically agreed to in writing) to terminate your employment at

any time. All notices permitted hereunder are to be deemed given when deposited in the mail, first class postage prepaid.

If the foregoing conforms with your understanding of the terms with respect to the purchase and sale of the Stock, please acknowledge this binding agreement between you and the Company by signing and returning one copy of this letter agreement to the undersigned.

Very truly yours,

**Masco Corporation**

*By /s/Richard  
Manoogian  
Richard Manoogian  
Chairman*

The foregoing represents  
my agreement with you:

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**Exhibit 10.q**  
**AMENDED AND RESTATED**  
**SECURITIES PURCHASE AGREEMENT**

THIS AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT, dated as of November 23, 1993 (hereinafter referred to as "this Agreement"), amends and restates the Securities Purchase Agreement, dated as of March 31, 1993, between MascoTech, Inc., a Delaware corporation (formerly known as Masco Industries, Inc., the "Company"), and Masco Corporation, a Delaware corporation ("Masco").

WHEREAS, the Company desires to have the right to sell to Masco, and Masco is willing to purchase from the Company at its request, from time to time, up to \$200 million principal amount of subordinated debt securities upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties agree as follows:

1. Authorization of Issues of Securities. (a) The Company has authorized the issuance and delivery of separate series of subordinated debt securities ("Securities"), such Securities to have substantially the same terms and provisions as the form of subordinated note attached hereto as Exhibit A.

(b) The Securities shall be issued in separate series with the interest rate on each such series being a rate per annum that is 400 basis points over the average Treasury Rate (as hereinafter defined) for the week preceding the week in which the notice of purchase referred to in Paragraph 2 is given to Masco. "Treasury Rate" means the rate for noncallable direct obligations of the United States ("Treasury Notes") having a remaining maturity of five years, as published in the Federal Reserve Statistical Release H.15(519) (or any successor publication provided by the Board of Governors of the Federal Reserve System) under the heading "Treasury Constant Maturities." If a rate for Treasury Notes having a remaining maturity of five years has not been so published or reported for the preceding week as provided above by 1:00 P.M., New York City time, on the day such notice is given to Masco, then the Treasury Rate shall be calculated by the Company and shall be a yield to maturity (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 1:30 P.M., New York City time, on the date of such notice, of three leading primary United States government securities dealers selected by the Company for the purchase of Treasury Notes with a remaining maturity of five years.

(c) Each issuance of Securities shall constitute a separate and discrete series of securities and may be redeemed pursuant to Section 5.1 of the form of subordinated note attached hereto as Exhibit A without regard to the redemption of any other Securities.

(d) The parties confirm that the Securities constitute "Subordinated Debentures" under the Registration Agreement between them dated as of March 31, 1993.

2. Obligation to Purchase. (a) Subject to the terms and conditions set forth herein, Masco agrees to purchase, at par, at any time or from time to time on or before March 31, 1997, upon the Company's written notice, up to \$200 million aggregate principal amount of Securities (the "Commitment"). The Company's written notice shall specify the principal amount of Securities that Masco is required to purchase (which for each respective issuance of Securities shall be \$10 million or any larger multiple of \$1 million) and the interest rate, as determined in accordance with the provisions of Paragraph 1(b). The interest rate set forth in such notice shall be final and binding in the absence of manifest error.

(b) The Commitment is not revolving in nature, and any Securities repurchased, redeemed or otherwise acquired by the Company shall not restore the Commitment. The Company may reduce or terminate the unused portion of the Commitment at any time by written notice to Masco.

3. Closing. (a) Any closing of a sale of Securities to Masco hereunder shall occur at Masco's offices on the tenth Business Day (as hereinafter defined) after the Company gives Masco the written notice referred to in Paragraph 2. The term "Business Day" shall mean any day, except a Saturday, Sunday or other day on which commercial banks in New York City are authorized by law to close, on which commercial banks are open for international business (including dealings in dollar deposits) in London.

(b) At each closing, provided the Company has paid all commitment fees then due and payable under Paragraph 4 and provided the Company's representations and warranties set forth in Paragraphs 6(b) through 6(f) shall then be true and correct, Masco shall deliver to the Company immediately available funds in an amount equal to the aggregate principal amount of Securities being purchased.

(c) At each closing, the Company shall deliver to Masco one or more certificates for the Securities being issued, registered in the name of Masco (or such other person as Masco may designate prior to the closing) with any such legend that may be appropriate and in such denominations of \$1,000 and any multiple thereof as Masco may specify prior to the closing. The Company's delivery of the certificates representing the Securities being purchased shall automatically be deemed to be a representation by the Company that all of the representations and warranties set forth in Paragraphs 6(b) through 6(f) are true and correct as of the date of closing. The accuracy of such representations and warranties shall be a condition to Masco's obligation to purchase such Securities.

4. Commitment Fee. (a) The Company shall pay Masco a commitment fee for Masco's Commitment hereunder at the rate of 0.125% per annum on the daily average amount by which the Commitment exceeds the principal amount of Securities purchased by Masco hereunder (including Securities previously issued and redeemed).

(b) The commitment fee shall continue to accrue from and including the date hereof to but excluding the date on which the aggregate principal amount of Securities purchased by Masco hereunder (including Securities previously issued and redeemed) equals the Commitment (as may be reduced or terminated by the Company pursuant to Paragraph 2(b)). Such fee shall be computed for the actual number of days elapsed and shall be payable quarterly on the last day of each calendar quarter, and upon fulfillment of the Commitment in its entirety or the earlier termination of the Commitment.

5. Representations of Masco. Masco represents and warrants to the Company that:

(a) Masco is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is authorized by its certificate of incorporation to carry on its business as now conducted.

(b) The execution, delivery and performance by Masco of this Agreement and the consummation by Masco of the transactions contemplated hereby are within the corporate powers of Masco and have been duly authorized by all necessary corporate action on the part of Masco. This Agreement constitutes a valid and binding agreement of Masco.

(c) The execution, delivery and performance of this Agreement do not result in any violation by Masco of any indenture, mortgage or other agreement or instrument by which Masco or any of its Subsidiaries (as hereinafter defined) is bound.

(d) No authorization, consent or approval of, or registration or filing with, any governmental or public body or regulatory authority is required on the part of Masco which has not been obtained for the purchase by Masco of the Securities contemplated by this Agreement, and such a purchase will not result in any violation by Masco of any of the terms or provisions of its certificate of incorporation or by-laws.

(e) Masco has received such information from the Company as it deems necessary and sufficient in order to make an informed investment decision regarding its commitment to purchase Securities hereunder. Masco is a sophisticated investor, with such knowledge and experience in financial matters that it is capable of evaluating the risks and merits of an investment in the Securities, and is purchasing such Securities for its own account for investment and (subject, to the extent necessary, to the disposition of its property being at all times within its control) not with a view to any distribution or other disposition thereof, and is proceeding on the assumption that it must bear the economic risk of any such investment for an indefinite period since such Securities may not be sold except as set forth below. If Masco decides to dispose of any of the Securities acquired pursuant to this Agreement or any securities issued in exchange or substitution therefor (which it does not presently contemplate), it will not offer, sell or deliver any such securities, directly or indirectly, except in compliance with the Securities Act of 1933.

6. Representations of the Company. The Company represents and warrants to Masco that:

(a) (i) As of the date hereof, the Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

(ii) As of the date hereof, (1) each of the Company's Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all corporate powers and all material governmental licenses, authorization, consents and approvals required to carry on its business as now conducted, and (2) all of the outstanding shares of capital stock of each such Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable and are owned directly or indirectly by the Company (except for directors' qualifying shares of certain such Subsidiaries and equity interests in Subsidiaries owned by Persons (as hereinafter defined) other than the Company which individually or in the aggregate are not material to the Company and its Subsidiaries taken as a whole) free and clear of all Liens (as hereinafter defined), except Liens not material to the Company and its Subsidiaries taken as a whole.

(iii) The following terms, as used herein, have the following meanings:

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"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

"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. "Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the capital stock 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 directly or indirectly owned by such Person.

(b) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and have been duly authorized by all necessary corporate action on the part of the Company. This Agreement constitutes a valid and binding agreement of the Company.

(c) The Securities issuable from time to time pursuant to this Agreement have been duly authorized by all necessary corporate action on the part of the Company and, if and when such Securities are issued pursuant to this Agreement, such Securities will constitute valid and binding obligations of the Company.

(d) Assuming the truth and accuracy of Masco's representations and warranties set forth in Paragraph 5(e), no authorization, consent or approval of, or registration or filing with, any governmental or public body or regulatory authority is required on the part of the Company for the issuance of the Securities pursuant to this Agreement prior to the issuance of Securities hereunder, and such issuance will not result in any violation by the Company of any of the terms or provisions of the certificate of incorporation or bylaws of the Company.

(e) The execution, delivery and performance by the Company of this Agreement and the issuance of Securities pursuant to this Agreement do not result in any violation by the Company of any of the terms or provisions of any indenture, mortgage or other agreement or instrument by which the Company or any of its Subsidiaries is bound.

(f) The Company is not and, after giving effect to any proposed issuance of Securities for which the Company has given written notice, will not be in default with respect to any of the Securities or any other of the Company's securities acquired from the Company by Masco or any of its Subsidiaries; and there is no event which, with the giving of notice or passage of time, would

constitute a default with respect to any of the Securities or any other of the Company's securities acquired from the Company by Masco or any of its Subsidiaries.

7. Opinions of Counsel. Concurrently with the execution hereof,

(a) Masco is delivering to the Company an opinion of John R. Leekley, counsel to Masco, dated the date hereof, to the effect specified in Paragraphs 5(a) through 5(d).

(b) The Company is delivering to Masco an opinion of Dykema Gossett, counsel to the Company, dated the date hereof, to the effect specified in Paragraphs 6(a)(i) and 6(b) through 6(d).

8. Miscellaneous. All notices, requests and other communications to either party hereunder shall be in writing (including telex, telecopy or similar writing) and shall be delivered by hand and receipted for by the party to whom such communication shall have been directed or mailed by certified mail return receipt requested to the following address (or to such other address as the party receiving such communication has theretofore advised the other party in the manner provided for herein):

(a) If to Masco, to:

21001 Van Born Road  
Taylor, Michigan 48180 Telecopy: (313) 374-6430 Attention: President

with a copy to:

John R. Leekley  
Vice President and  
General Counsel  
Masco Corporation  
21001 Van Born Road  
Taylor, Michigan 48180 Telecopy: (313) 374-6430

except in the case of notices required under Paragraph 2, in which case each such notice shall be deemed delivered only upon actual receipt, directed to:

Masco Corporation  
21001 Van Born Road  
Taylor, Michigan 48180 Telecopy: (313) 374-6135 Attention: Robert B. Rosowski Vice President - Controller

(b) If to the Company, to:

21001 Van Born Road  
Taylor, Michigan 48180 Telecopy: (313) 374-6136 Attention: President

with a copy to:

Lloyd A. Semple  
Dykema Gossett  
400 Renaissance Center Detroit, Michigan 48243 Telecopy: (313) 568-6915

9. Amendments; No 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. No failure or delay by either party in exercising any right, power or privilege hereunder 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.

10. Expenses. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

11. Successors and Assigns. 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 neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto, except that Masco may transfer or assign, in whole or from time to time in part, to one or more of its affiliates, its obligation to purchase all or a portion of the Securities, but no such transfer or assignment will relieve Masco of its obligations hereunder.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan.

13. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

14. Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

IN WITNESS WHEREOF, the parties hereto here 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/Richard G. Mosteller  
Its Senior Vice President -  
Finance*

*MASCOTECH, INC.*

By Timothy Wadhams Its Vice President - Controller

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**Exhibit A**

**FORM OF SUBORDINATED NOTE**

[insert appropriate legend]

No. [ ] \$[Principal Amount]

**MASCOTECH, INC.**

\_\_\_% Subordinated Note Due [5 years from original issue date], Series \_\_\_\_

MascoTech, Inc., a Delaware corporation (together with its successors and assigns the "Issuer"), for value received hereby promises to pay to \_\_\_\_\_ or registered assigns the principal sum of \_\_\_\_\_, on the Stated Maturity Date (as hereinafter defined) or any earlier redemption date, 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, semiannually in arrears, on April 1 and October 1 (unless such day is not a Business Day (as hereinafter defined), in which event on the next succeeding Business Day) (each an "Interest Payment Date") of each year in which this Note remains outstanding, commencing with \_\_\_\_\_, 19\_\_, on the unpaid principal sum hereof outstanding in like coin or currency, at the rates per annum set forth below, by check mailed to the address of the holder as such address shall appear in the Register (as hereinafter defined), from the most recent Interest Payment Date to which interest has been paid on this Note, or if no interest has been paid on this Note, from \_\_\_\_\_, 19\_\_, until payment in full of the principal sum hereof has been made.

The interest rate shall be a rate per annum that is specified on the face hereof (the "Interest Rate"). Further, the Issuer shall pay interest on overdue principal at a rate per annum 1% above the rate borne by this Note at the time the same became overdue (the "Overdue Rate"), and interest on overdue installments of interest, to the extent lawful, at the Overdue Rate. Interest payments on this Note will include interest accrued to but excluding the Interest Payment Dates or the Stated Maturity Date (or any earlier redemption or repayment date), as the case may be. Interest on this Note will be calculated on the basis of a 360 day year of twelve 30-day months.

Notwithstanding anything herein to the contrary, the interest or any amount deemed to be interest payable by the Issuer with respect to this Note shall not exceed the maximum amount permitted by applicable law and, to the extent that any payments in excess of such permitted amount are received by the holder, such excess shall be considered payments in respect of the principal amount of this Note. All sums paid or agreed to be paid to the holder for the use, forbearance or retention of the indebtedness of the Issuer to the holder shall, to the extent permitted by applicable law, be deemed to be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full of the principal so that the interest on account of such indebtedness shall not exceed the maximum amount permitted by applicable law.

This Note is one of a duly authorized issue of subordinated notes designated as the \_\_\_% Subordinated Notes Due \_\_\_\_\_, Series \_\_\_\_ of the Issuer, limited in aggregate principal amount to \$\_\_\_\_\_ (hereinafter called the "Notes").

This Note is transferable and assignable to one or more purchasers (in any multiple of \$10,000), subject to the restrictions on transfer, if any, referred to on the face hereof. The Issuer agrees to issue from time to time replacement Notes in the form hereof to facilitate such transfers and assignments. In addition, after delivery of an indemnity in form and substance satisfactory to the Issuer, the Issuer also agrees to issue replacement Notes for Notes which have been lost, stolen, mutilated or destroyed.

The Issuer shall keep at its principal office a register (the "Register") in which shall be entered the names and addresses of the registered holders of the Notes and particulars of the respective Notes held by them and of all transfers of such Notes. The ownership of the Notes shall be proven by the Register. For the purpose of paying interest and principal on the Notes, the Issuer shall be entitled to rely on the names and addresses in the Register and notwithstanding anything to the contrary contained in this Note, no Event of Default shall occur under Section 4.1(a) or (b) if payment of interest and principal is made in accordance with the names and addresses and particulars contained in the Register.

SECTION 1.1. Certain Terms Defined. The following terms (except as otherwise expressly provided or unless the context otherwise clearly requires) for all purposes of this Note shall have the respective meanings specified below. All accounting terms used herein and not expressly defined shall have the meanings given to them in accordance with generally accepted accounting principles, and the term "generally accepted accounting principles" shall mean such accounting principles which are generally accepted as of the time of any such determination. The terms defined in this Section 1.1 include the plural as well as the singular.

"Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any Person means the 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, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized by law to close.

"Event of Default" means any event or condition specified as such in Section 4 which shall have continued for the period of time, if any, therein designated.

"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.

"Senior Indebtedness" means (a) all indebtedness of the Issuer for money borrowed (including without limitation obligations of the Issuer in respect of overdrafts, foreign exchange contracts, swaps, letters of credit, bankers' acceptance, 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 Note or thereafter created, assumed or incurred, including but not limited to, the Issuer's 6% Convertible Subordinated Debentures due 2011, the Issuer's 10% Senior Subordinated Notes due 1995 and the Issuer's 10-1/4% Senior Subordinated Notes due 1997, except (i) other notes issued pursuant to the Amended and Restated Securities Purchase Agreement between the Issuer and Masco Corporation, a Delaware corporation ("Masco"), dated as of November 23, 1993, all of which notes shall rank pari passu inter sese, (ii) such indebtedness of the Issuer as is by its terms expressly stated to be not superior in right of payment to the Notes or to rank pari passu with the Notes, and (iii) indebtedness of the Issuer to an Affiliate of the Issuer provided that in no event will Masco Corporation or any Affiliate of Masco Corporation (other than the Issuer or Affiliates controlled by the Issuer) be deemed to be an affiliate of the Issuer for purposes of this definition of Senior Indebtedness,

(b) any guaranty, endorsement or other contingent obligation of the Issuer in respect of, or to purchase or otherwise acquire, any indebtedness of another for money borrowed or incurred in connection with the acquisition of property, and (c) 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 Issuer for money borrowed" as used in the foregoing sentence shall mean any obligation of the Issuer for borrowed money, whether or not evidenced by notes or other written obligations, and any indebtedness of the Issuer evidenced by bonds, notes or debentures or other similar instruments. The term "indebtedness of the Issuer 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 Issuer in the ordinary course of business in connection with the obtaining of materials or services) and any indebtedness arising under a lease of property, equipment or other assets which, pursuant to generally accepted accounting principles then in effect, is classified as a liability on the Issuer's balance sheet.

"Stated Maturity Date" means [the date that is five years from the date of issuance]

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the capital stock 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 directly or indirectly owned by such Person.

SECTION 2.1. Payment of Principal and Interest. No provision of this Note shall alter or impair the obligations of the Issuer, which are absolute and unconditional, to pay the principal of and interest on this Note at the place, times, and rate, and in the currency, herein prescribed.

SECTION 3. Covenants.

SECTION 3.1. Offices for Notices and Transfers, etc. So long as any of the Notes remain outstanding, the Issuer will maintain an office or agency where the Notes may be presented for registration of transfer and for exchange and an office or agency where notices and demands to or upon the Issuer in respect of the Notes may be served. The Issuer will give to the holders of the Notes written notice of any change of location of any such office or agency thereof.

SECTION 3.2. Provision as to Paying Agent. The Issuer shall act as its own paying agent and will, on or not more than seven days before each due date of the principal of or interest on the Notes, set aside, segregate and hold in trust for the benefit of the holders of the Notes of such series a sum sufficient to pay such principal or interest so becoming due.



SECTION 3.3 Subordination of Subsidiary Indebtedness. The Issuer shall obtain an agreement from each of its Subsidiaries, comparable to the letter agreement dated January 29, 1987 between the Issuer and its subsidiaries executed in connection with the sale of convertible subordinated debentures and senior subordinated notes, to the effect that, so long as any Notes are outstanding, all indebtedness of the Issuer to such Subsidiary for money borrowed or incurred in connection with the acquisition of property shall be subordinated and junior in right of payment to the prior payment in full of all such Notes in the same manner and to the same extent as such Notes are subordinated and junior in right of payment to the prior payment in full of all Senior Indebtedness (as defined herein).

SECTION 4. Events of Default and Remedies.

SECTION 4.1. Events of Default. "Event of Default", whenever used herein with respect to any Note means any one of the following events:

- (a) default in the payment of interest upon any Note 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 any Note as and when the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise; or
- (c) default in the performance, or breach, of any covenant of the Issuer in any Note (other than a covenant, a default in whose performance or whose breach is elsewhere in this Section or elsewhere in the corresponding provision in any such other Note specifically dealt with), 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 Issuer by the holders of at least 25% in principal amount of the outstanding 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" under the Notes; or
- (d) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Issuer 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 Issuer 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 Issuer 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), (b) or (c) occurs and is continuing, then, and in each and every such case, unless the principal of all of the Notes shall have already become due and payable, the holders of not less than 25% in aggregate principal amount of the Notes of this Series then outstanding, by notice in writing to the Issuer, may declare the entire principal of all the Notes 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 (d) or (e) occurs, the principal of and accrued interest on the Notes shall become and be immediately due and payable without any declaration or other act on the part of any holder of Notes.

The foregoing provisions, however, are subject to the condition that if, at any time after the principal of the Notes 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 Issuer shall pay or shall deposit in trust for the benefit of the holders of the Notes a sum sufficient to pay all matured installments of interest upon all of the Notes and the principal of the Notes (with interest upon such principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest to the date of such payment or deposit) and if any and all Events of Default under this Note other than the non-payment of the principal 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 Notes then outstanding, by written notice to the Issuer, may waive all defaults with respect to the Notes 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.

SECTION 4.2. Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. All powers and remedies given by this Section 4 to the holders of Notes 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 holders of the Notes, by judicial proceedings or otherwise, to

enforce the performance or observance of the covenants and agreements contained in this Note and no delay or omission of any holder of any of the Notes 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, every power and remedy given by this Note or by law to the holders of Notes may be exercised from time to time, and as often as shall be deemed expedient, by the holders of Notes.

**SECTION 4.3. Waiver of Past Defaults by Majority of Holders.** Subject to

Section 4.1, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all of the Notes waive such default or Event of Default and its consequences except a default in the payment of principal of or interest on any of the Notes. Upon any such waiver the Issuer and the holders of the Notes shall be restored to their former positions and rights hereunder, 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 shall have been waived as permitted by this Section 4.3, said default or Event of Default shall for all purposes of the Notes be deemed to have been cured and to be not continuing.

**SECTION 5. Redemption.**

**SECTION 5.1. Optional Redemption.** The Notes may be redeemed at the option of the Issuer as a whole, or from time to time in part, at any time prior to maturity, at a price equal to the principal amount of the Notes so redeemed, together in each case with accrued interest to the date fixed for redemption, upon mailing notice of such redemption not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of Notes at their last addresses as the same appear on the 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 notices to the holder of any Note designated for redemption shall not affect the validity of the proceedings for the redemption of any other Note.

If less than all of the Notes are to be redeemed, the Issuer will select

(a) by lot or by such other manner as may be prescribed by resolution of the Board of Directors of the Issuer and (b) to the extent Masco, or any Subsidiary thereof, holds Notes, the Issuer shall allow Masco to select, in its sole discretion, the specific Notes then owned by Masco or its Subsidiaries to be redeemed (provided that Masco informs the Issuer no later than the day prior to the date of such redemption of the specific Notes selected for redemption), the Notes or portions thereof (in integral multiples of \$1,000) to be redeemed in a minimum amount of

\$1,000,000 unless less than \$1,000,000 of the Notes remain outstanding in which case all of the Notes must be redeemed.

Upon presentation of any Note redeemed in part only, the Issuer shall execute and deliver to the holder thereof, at the expense of the Issuer, a new Note or Notes of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

SECTION 5.2. Change of Control Put. (a) The holder of this Note shall have the right, at such holder's 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 Note, in whole or in part, without regard to whether the Note is then otherwise redeemable, for cash in an amount equal to the principal amount of such Note 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 Note to the office or agency to be maintained by the Issuer pursuant to Section 3.1, accompanied by written notice that the holder elects to tender such Note and (if so required by the Issuer) by a written instrument or instruments of transfer in form satisfactory to the Issuer duly executed by the holder or such holder's duly authorized legal representative and transfer tax stamps or funds therefor, if required. All Notes surrendered for redemption shall be cancelled by the Issuer.

(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 adopted under the Securities Exchange Act of 1934, of at least 50% of the voting power for election of the Directors of the Issuer, unless approved in advance by a majority of the Issuer's Continuing Directors (as hereinafter defined), or

(ii) The Issuer, 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 Issuer's Continuing Directors.

A "Continuing Director" is a Director who is a member of the Board of Directors of the Issuer elected by stockholders prior to the time the other entity acquires in excess of 10% of the voting

power for the election of Directors of the Issuer or a person recommended to succeed a Continuing Director by a majority of the Continuing Directors.

(c) The Issuer shall mail to each holder of Notes at such holder's last address appearing on the Register, as promptly as possible but in any event not more than ten days after learning of an occurrence specified in subclause (b)

(i) above or not more than ten days after an occurrence specified in subclause

(b) (ii) above, a notice stating that the event specified in the notice has occurred and that each holder has the right to tender such holder's Notes for cash pursuant to the terms hereof. Upon demand to the Issuer at any time by any holder of Notes, such notice shall be mailed to each holder of Notes, unless the Issuer can demonstrate to the holder's satisfaction that no event described in clause (b) has occurred.

(d) On or before the sixty-second day after the date of the notice provided pursuant to clause (c) above, the Issuer shall set aside, segregate and hold in trust for the benefit of the holders of the Notes to be redeemed an amount of money sufficient to pay the principal of, and accrued interest on, all the Notes to be redeemed on the Mandatory Redemption Date.

(e) After giving the notice of redemption as provided above, the Notes 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 Issuer shall default in the payment of principal and accrued interest thereon) such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance herewith, such Note shall be paid on the Mandatory Redemption Date by the Issuer at a price equal to the principal amount thereof, together with accrued interest to the Mandatory Redemption Date.

If any Note to be redeemed shall not be so paid on the Mandatory Redemption Date, the principal and accrued interest thereon shall, until paid, bear interest from the Mandatory Redemption Date at the Overdue Rate.

(f) Notes may be redeemed in whole or in any integral multiple of \$1,000. Any Note which is to be redeemed only in part shall be surrendered at an office or agency of the Issuer designated for that purpose (with, if the Issuer so requires, due endorsement by, or a written instrument to transfer in form satisfactory to the Issuer duly executed by, the holder thereof or such holder's attorney duly authorized in writing), and the Issuer shall execute and deliver to the holder of such Note without service charge, a new Note or Notes, of any authorized denomination in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal amount.

## SECTION 6. Subordination of Notes.

SECTION 6.1. Agreement to Subordinate. The Issuer covenants and agrees, and each holder of Notes by such holder's acceptance thereof likewise covenants and agrees, that all Notes shall be issued subject to the provisions of this Section; and each Person holding any Note, whether upon original issue or upon transfer or assignment thereof, accepts and agrees to be bound by such provisions. The provisions of this Section 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 Issuer or any holders of Notes.

All Notes shall, to the extent and in the manner hereinafter in this Section set forth, be subordinate and junior in right of payment to the prior payment in full of all Senior Indebtedness.

SECTION 6.2. No Payment on Notes if Senior Indebtedness in Default. No payment on account of principal or interest on the Notes 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 on account of principal or interest on the Notes 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.

SECTION 6.3. 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 Issuer 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 Issuer or assignment for the benefit of creditors or any other marshalling of assets of the Issuer, 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 Notes are entitled to receive any payment on account of the principal of or interest on the Notes and any payment or distribution of any kind or character which may be payable or deliverable in any such proceedings in respect of the

Notes, 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 holders of the Notes 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 Note 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 Notes 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 Notes are entitled to receive any payment on account of the principal of or interest on the Notes.

SECTION 6.4. Subrogation of Notes. Subject to the payment in full of all Senior Indebtedness, the holders of the Notes shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Issuer made on the Senior Indebtedness until the principal of and interest on the Notes 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 Notes would be entitled except for the provisions of this Section, and no payment over pursuant to the provisions of this Section to the holders of Senior Indebtedness by holders of the Notes, shall, as between the Issuer, its creditors other than the holders of Senior Indebtedness, and the holders of Notes, be deemed to be a payment by the Issuer to or on account of Senior Indebtedness, and no payments or distributions to the holders of the Notes of cash, property or securities payable or distributable to the holders of the Senior Indebtedness to which the holders of the Notes shall become entitled pursuant to the provisions of this Section, shall, as between the Issuer, its creditors other than the holders of Senior Indebtedness, and the holders of the Notes, be

deemed to be a payment by the Issuer to the holders of or on account of the Notes.

SECTION 6.5. Issuer Obligation to Pay Unconditional. The provisions of this Section 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 Notes on the other hand, and nothing herein shall impair, as between the Issuer and the holders of the Notes, the obligation of the Issuer, which is unconditional and absolute, to pay to the holders thereof the principal thereof and interest thereon in accordance with the terms of the Notes nor shall anything herein prevent the holders of the Notes from exercising all remedies otherwise permitted by applicable law or under the Notes upon default under the Notes, subject to the rights of holders of Senior Indebtedness under the provisions of this Section to receive cash, property or securities otherwise payable or deliverable to the holders of the Notes.

#### SECTION 7. Miscellaneous.

SECTION 7.1. Modification of Notes. The Notes may be modified without prior notice to any holder but with the written consent of the holders of a majority in principal amount of the Notes. Subject to Section 4.1 and Section 4.3, the holders of a majority in principal amount of the Notes may waive compliance by the Issuer with any provision of the Notes without prior notice to any holder. However, without the consent of each holder affected, an amendment, supplement or waiver may not (1) reduce the amount of Notes whose holders must consent to an amendment, supplement or waiver, (2) reduce the rate or extend the time for payment for interest on any Notes, (3) reduce the principal amount of or extend the fixed maturity of any Notes or alter the redemption provisions with respect thereto or (4) make any Notes payable in money or property other than as stated in the Notes.

The Issuer will use its best efforts to qualify an indenture with respect to this Note at or prior to the time such qualification is required under the Trust Indenture Act of 1939, as amended, or similar law then in effect.

SECTION 7.2. Miscellaneous. This Note shall be deemed to be a contract under the laws of the State of Michigan and for all purposes shall be construed in accordance with the laws of said State, except as may otherwise be required by mandatory provisions of law. The parties hereto, including all guarantors or endorsers, hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, except as specifically provided herein, and assent to extensions of the time of payment, or forbearance or other indulgence without notice. The holder of this Note by acceptance of this Note agrees to be bound by the provisions (including the subordination provisions) of this Note



which are expressly binding on such holder. In determining whether the holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent or waiver as provided under the Notes, Notes which are owned by the Issuer or any Subsidiary of the Issuer shall be disregarded and deemed not to be outstanding for the purpose of any such determination. The Section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed under its corporate seal.

Dated:

[ Seal ]  
INC.

MASCOTECH,

By:  
Name :

Title:

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**REGISTRATION AGREEMENT**

This Agreement is made as of March 31, 1993, between Masco Industries, Inc., a Delaware corporation (the "Company") and Masco Corporation, a Delaware corporation ("Masco").

WHEREAS, Masco currently holds certain Company securities; and

WHEREAS, Masco is acquiring certain Company securities pursuant to a Purchase Agreement (the "Purchase Agreement") and an Exchange Agreement (the "Exchange Agreement"), each with the Company of even date herewith, and may acquire additional Company securities pursuant to a Securities Purchase Agreement (the "Securities Purchase Agreement") with the Company of even date herewith; and

WHEREAS, in connection with the Purchase Agreement, the Exchange Agreement and the Securities Purchase Agreement, the Company has agreed to provide to Masco certain registration rights with respect to certain Company securities as provided herein.

NOW, THEREFORE, the parties agree as follows:

1. Definitions.

"Common Stock" means the Company's Common Stock, par value \$1.00 per share.

"Convertible Debentures" means the Company's 6% Convertible Subordinated Debentures due 2011.

"Preferred Stock" means the Company's 10% Exchangeable Preferred Stock issued pursuant to the Exchange Agreement and the Company's exchangeable preferred stock that may be issued pursuant to the Securities Purchase Agreement.

"Registrable Securities" means (i) the 17,946,498 shares of Common Stock held by Masco as of the date hereof (after giving effect to the Company's acquisition of 10 million shares of Common Stock pursuant to the Exchange Agreement between the Company and Masco of even date herewith) and shares of Common Stock that may be reacquired by Masco pursuant to the Masco Corporation 1984 Restricted Stock (Industries) Plan, (ii) \$130 million principal amount of Convertible Debentures held by Masco, (iii) Preferred Stock, (iv) Subordinated Debentures, (v) Warrants, (vi) Common Stock issuable upon conversion of the Convertible Debentures and upon exercise of the Warrants, and (vii) any securities issued or issuable with respect to, or derived from, the securities referred to in clauses (i) through (vi) by way of stock dividend, stock split or other distribution or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

"Subordinated Debentures" means the Company's subordinated debentures that are issuable upon redemption and exchange of the Preferred Stock and the Company's subordinated debentures that may be issued pursuant to the Securities Purchase Agreement.

"Warrants" means the warrants issued by the Company to purchase 10 million shares of Common Stock, which warrants were issued pursuant to the Purchase Agreement.

2 (a). Registration of Registrable Securities. Whenever the Company shall receive a written request signed by Masco requesting the Company 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 "Registration Statement"), covering any class or series of Registrable Securities held by Masco, the Company shall promptly prepare and file a Registration Statement covering the Registrable Securities requested to be registered. The registration request may, at the option of Masco, require the Registration Statement to include Registrable Securities held by persons who acquired such Registrable Securities directly from Masco in a private placement (hereinafter referred to, together with Masco, as a "Selling Holder"). The Company shall use its best efforts to cause the Registration Statement to become effective and remain effective for the period required to permit the offering and sale of the Registrable Securities covered thereby, which may be an indefinite period of time if the registration request shall specify a delayed or continuous offering pursuant to Rule 415 of the Securities and Exchange Commission or any successor or comparable provision then in effect ("Shelf Registration").

2 (b). Limitations on Registration and Disposition. (i) The Company shall not be obligated to (A) file a Registration Statement with respect to less than \$25 million market value of Registrable Securities (as determined in good faith by Masco at the time of the request), except that if the Company shall have redeemed or exchanged any class or series of Registrable Securities such that Masco holds less than \$25 million market value of such class or series, Masco may request registration of all of any such class or series then held, or (B) make any such filing within 6 months from the effective date of the next preceding filing made pursuant hereto, except Masco may, within the period commencing with the date of issuance of Preferred Stock or Subordinated Debentures issued pursuant to the Securities Purchase Agreement or Subordinated Debentures issued upon redemption and exchange of Preferred Stock and ending six months from such effective date, require the filing of a Registration Statement covering such Preferred Stock or Subordinated Debentures.

(ii) No disposition of Registrable Securities shall be made under a Shelf Registration unless the Selling Holder of such

securities shall give the Company five days' prior written notice of such holder's intent to make such disposition.

(iii) The Company may elect to defer, for a period not exceeding a total of 90 days, the preparation of any Registration Statement or the disposition of Registrable Securities pursuant to an effective Shelf Registration if in the Company's good faith judgment pending or prospective business developments (including financing plans) justify a temporary delay or the prospectus contained in an effective Shelf Registration contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements made in the light of the circumstances in which they were made, not misleading.

(iv) The exercise of Warrants or conversion of Convertible Debentures shall not constitute a disposition of Registrable Securities for purposes of clauses (ii) and (iii) above.

2(c). Registration Procedures. (i) Whenever the Company shall file a Registration Statement pursuant hereto, the Company 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 or to the prospectus contained therein and all filings under the Securities Exchange Act of 1934 that are necessary or appropriate so that neither the Registration Statement nor any related prospectus shall contain any material misstatement or omission relative to the Company or any of its assets or its business or affairs and so that the Registration Statement and such prospectus will otherwise comply with all applicable legal requirements, subject to the provisions of Paragraph 2(b) (iii) above, (B) furnish to the Selling Holders of the registered Registrable Securities such number of copies of the Registration Statement and any related preliminary prospectus, prospectus, post-effective amendment or supplement as such Selling 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 to permit the public offering and sale of the Registered Securities covered by the Registration Statement; provided, however, that in no event shall the Company 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 Registrable Securities, in any jurisdiction where it is not now subject. In connection with any such Registration Statement, the Company shall deliver to such Selling Holders and any underwriters 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 such Selling Holders shall deliver to the Company 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, the Company shall not be obligated to file a Registration Statement unless the Selling Holders of the Registrable Securities being registered shall have furnished the Company in writing all information with respect to such Selling Holders, the Registrable Securities held by such Selling Holders requested to be so included, the transaction or transactions which such Selling Holders contemplate and each underwriter, if any, who will act for such Selling Holders in connection therewith, that any law, rule or regulation requires to be disclosed therein.

(iii) The Company 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 at its request a written statement affirming that it has complied with such requirements.

(iv) Whenever a Registration Statement is requested with respect to Subordinated Debentures, the Company will enter into an indenture on substantially similar terms and conditions (but not materially inconsistent with the terms of such Subordinated Debentures) as those contained in the Indenture dated as of November 1, 1986 between the Company and Morgan Guaranty Trust Company of New York. The trustee designated by the Company to act as trustee under the Indenture shall be a bank or trust company or national banking association which has a combined capital and surplus in excess of \$50,000,000.

(v) The Company will, at its own expense, take whatever action is necessary to cause all Registrable Securities registered pursuant to these registration rights to be listed on a national securities exchange or to be included for quotation in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System or similar organization.

(vi) All expenses (other than fees (including underwriters' discounts and commissions) and expenses of any underwriters and counsel to the Selling Holders) in connection with registrations undertaken pursuant hereto shall be borne by the Company, provided, however, that if Masco withdraws or abandons its request, then Masco shall reimburse the Company for all expenses reasonably incurred by the Company in complying with such request.

(vii) Masco shall be deemed to be the representative of all Selling Holders, with full authority to select a managing underwriter, withdraw or abandon the Registration Statement, and

make comparable decisions on behalf of all Selling Holders after reasonable consultation therewith.

(viii) The Company will make available for inspection any Selling Holder, any underwriter participating in any disposition pursuant to a Registration Statement and any attorney, accountant or other professional retained by any Selling Holder or any such underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any Inspectors in connection with such registration statement. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless

(i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such Registration Statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Information obtained as a result of such inspections shall be deemed confidential and shall not be used as the basis for any market transactions in the securities of the Company unless and until such is made generally available to the public. Each Selling Holder of such Registrable Securities will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

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, provided, however, that Masco may not assign any of its rights hereunder.

3 (c). Governing Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Michigan.

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**

By \_\_\_\_\_

**MASCO INDUSTRIES, INC.**

By \_\_\_\_\_

**EXHIBIT 11**  
**MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES**

**COMPUTATION OF PRIMARY AND FULLY DILUTED PER SHARE EARNINGS**

(INCLUDING EFFECT OF FULL DILUTION)

|   | 1993                               | 1992      | 1991      |
|---|------------------------------------|-----------|-----------|
|   | -----                              | -----     | -----     |
|   | (IN THOUSANDS EXCEPT AS INDICATED) |           |           |
| Shares for computation of primary and fully diluted earnings per share: |                                    |           |           |
| Average number of shares outstanding.....                               | 152,700                            | 151,700   | 149,900   |
| Common stock equivalents:   |                                    |           |           |
| Convertible debentures.....   | 4,210                              | 4,210     | 4,210     |
| Stock options.....  | 1,520                              | 1,210     | 700       |
|   | -----                              | -----     | -----     |
| Total shares.....   | 158,430                            | 157,120   | 154,810   |
|   | -----                              | -----     | -----     |
| Net income.....   | \$221,100                          | \$183,100 | \$ 44,900 |
| Addback of debenture interest, net.....                                 | 5,880                              | 5,970     | 5,970     |
|   | -----                              | -----     | -----     |
| Net income, as adjusted.....  | \$226,980                          | \$189,070 | \$ 50,870 |
|   | -----                              | -----     | -----     |
| Primary and fully diluted earnings per share (in dollar amounts).....   | \$ 1.45                            | \$ 1.21   | \$ .30    |
|   | -----                              | -----     | -----     |
|   | -----                              | -----     | -----     |

The above dilutive influences are less than 3%.



**EXHIBIT 12**  
**MASCO CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**

(THOUSANDS OF DOLLARS)

|   | YEAR ENDED DECEMBER 31, |           |           |           |           |
|---|-------------------------|-----------|-----------|-----------|-----------|
|   | 1993                    | 1992      | 1991      | 1990      | 1989      |
| EARNINGS BEFORE INCOME TAXES AND<br>FIXED CHARGES:  |                         |           |           |           |           |
| Income before income taxes.....   | \$362,600               | \$304,800 | \$ 97,600 | \$235,900 | \$327,100 |
| Deduct/add equity in undistributed<br>(earnings) loss of<br>fifty-percent-or-less-owned<br>companies..... | (18,740)                | (17,290)  | 12,640    | 8,760     | (29,060)  |
| Add dividends received from<br>fifty-percent-or-less-owned<br>companies.....                              | 4,940                   | 4,100     | 25,450    | 1,780     | 1,990     |
| Add interest on indebtedness,<br>net.....   | 104,080                 | 100,490   | 124,950   | 125,770   | 112,830   |
| Add amortization of debt<br>expense.....  | 2,650                   | 2,710     | 1,630     | 1,420     | 1,460     |
| Add one-third of rentals.....   | 10,970                  | 10,800    | 12,530    | 9,610     | 8,830     |
| Earnings before income taxes and<br>fixed charges.....  | \$466,500               | \$405,610 | \$274,800 | \$383,240 | \$423,150 |
| FIXED CHARGES:  |                         |           |           |           |           |
| Interest on indebtedness.....   | \$105,420               | \$113,670 | \$128,450 | \$125,770 | \$112,830 |
| Amortization of debt expense.....   | 2,650                   | 2,710     | 1,630     | 1,420     | 1,460     |
| One-third of rentals.....   | 10,970                  | 10,800    | 12,530    | 9,610     | 8,830     |
|   | \$119,040               | \$127,180 | \$142,610 | \$136,800 | \$123,120 |
| Ratio of earnings to fixed<br>charges.....  | 3.9                     | 3.2       | 1.9       | 2.8       | 3.4       |

**Exhibit 21**  
**MASCO CORPORATION**  
(a Delaware Corporation)

**Subsidiaries**

| Name  | Jurisdiction of<br>Incorporation<br>or Organization |
|---|---|
| Alsons Corporation                                  | Michigan  |
| American Metal Products Company                     | Delaware  |
| Ameri-Tec Products Company, Inc.                    | Delaware  |
| A.M.P. Industrial Mexicana S.A. de C.V.             | Mexico  |
| Ametex Fabrics, Inc.                                | Delaware  |
| 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 Hardware Service Corp.                      | Delaware  |
| Brass-Craft Manufacturing Company                   | Michigan  |
| Tempered Products, Inc.                             | Taiwan  |
| Plumbers Quality Tool Mfg. Co., Inc.                | Michigan  |
| Brass-Craft Holding Company                         | Michigan  |
| Brass-Craft Canada, Ltd.                            | Canada  |
| Brass-Craft Western Company                         | Texas   |
| Thomas Mfg. Company Inc. of Thomasville<br>Carolina | North   |
| Brush Creek Ranch II, Inc.                          | Missouri  |
| Marge Carson, Inc.                                  | California  |
| Cal-Style Furniture Mfg. Co.                        | California  |
| Computer Design, Inc.                               | Michigan  |
| Composite Products Inc.                             | Delaware  |
| Devan Designs 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 tradenames or other assumed names in the conduct of their business.

| Name                                     | Jurisdiction of<br>Incorporation<br>or Organization |
|--|---|
| Drexel Heritage Furnishings Inc.         | New York  |
| D-H Retail Space, Inc.                   | Delaware  |
| Drexel Heritage Advertising, Inc.        | Delaware  |
| Drexel Heritage Sales Inc.               | Delaware  |
| Frederick Edward, Inc.                   | North<br>Carolina                                   |
| Epic Fine Arts Company                   | Delaware  |
| Anderson & Co. Fine Arts Inc.            | Michigan  |
| Fieldstone Cabinetry, Inc.               | Iowa  |
| Fieldstone Transportation Company        | Iowa  |
| Flint & Walling Industries, Inc.         | Delaware  |
| Gamco Products Company                   | Delaware  |
| Gibraltar Lock Co. Ltd.                  | Canada  |
| Henredon Furniture Industries, Inc.      | North<br>Carolina                                   |
| Henredon Transportation Co.              | North<br>Carolina                                   |
| Maitland-Smith Limited                   | Hong Kong   |
| Maitland-Smith Philippines, Inc.         | Philippines   |
| Mandaue Holdings Incorporated            | Philippines   |
| Hickorycraft, Inc.                       | North<br>Carolina                                   |
| Hickorycraft Transportation Outlet, Inc. | Delaware  |
| Interior Fabric Design, Inc.             | New York  |
| Intro Europe, Inc.                       | North<br>Carolina                                   |
| J.H. Industries, Inc.                    | California  |
| Fillpro Products, Inc.                   | California  |
| Kenco Communications, Inc.               | Delaware  |
| KraftMaid Cabinetry, Inc.                | Ohio  |
| KraftMaid Trucking, Inc.                 | Ohio  |
| La Barge Mirrors, Inc.                   | Michigan  |
| Landex, Inc.                             | Michigan  |
| Landex of Texas, Inc.                    | Texas   |
| Lexington Furniture Industries, Inc.     | North<br>Carolina                                   |
| Lineage Home Furnishings, Inc.           | Delaware  |
| Lineage Services Incorporated            | Delaware  |
| Maitland-Smith U.S., Inc.                | North<br>Carolina                                   |
| Maitland-Smith Pacific, Inc.             | Vanuatu   |
| Maitland-Smith Fine Furnishings, Inc.    | Hong Kong   |

| Name  | Jurisdiction of<br>Incorporation<br>or Organization |
|---|---|
| Maitland-Smith International Ltd.                           | Vanuatu   |
| P.T. Maitland Smith Indonesia                               | Indonesia   |
| Marbro Lamp Company   | California  |
| The Marvel Group, Inc.                                      | Delaware  |
| Masco Capital Corporation                                   | Delaware  |
| Masco Holdings Limited                                      | Delaware  |
| Masco Building Products Corp.                               | Delaware  |
| Bowers Manufacturing Corporation                            | California  |
| Computerized Security Systems, Inc.                         | Michigan  |
| Computerized Security Systems of Canada, Inc                | Canada  |
| Computerized Security Systems (Asia) Ltd. - 50%             | Asia  |
| Safekeeper Systems, Inc.                                    | Michigan  |
| Computerized Security Systems (Asia) Limited-50%            | Asia  |
| Industrias Weiser, S.A. de C.V.                             | Mexico  |
| Productos Para La Construccion De Mexicali, S.A.<br>de C.V. | Mexico  |
| Premier Sales & Mfg. Co.                                    | California  |
| Thermador Corporation                                       | California  |
| Weiser Lock Corporation                                     | California  |
| Winfield Locks, Inc.  | California  |
| Masco Corporation of Indiana                                | Indiana   |
| N.V. Damixa A/S   | Denmark   |
| Damixa AB   | Sweden  |
| Damixa S.A.   | Belgium   |
| Mix-A-Mix A/S   | Denmark   |
| DAMIXA Armaturen GmbH                                       | Germany   |
| Delta Faucet of Oklahoma, Inc.                              | Delaware  |
| Hydrotech, Inc.   | Michigan  |
| Studio Technico Sviluppo E. Richerche Srl                   | Italy   |
| Masco Canada Limited  | Ontario   |
| Peerless Home Products, Inc.                                | Ontario   |
| Masco Corporation Limited                                   | United  |
| Kingdom   |   |
| Ametex U.K. Limited   | United  |
| Kingdom   |   |
| Ametex Sarl   | France  |
| Green & Kirk Ltd.   | United  |
| Kingdom   |   |

| Name                                       | Jurisdiction of<br>Incorporation<br>or Organization |
|--|---|
| Herbert Green (Silsden) Ltd.               | United Kingdom                                      |
| Berglen Furniture Limited                  | United Kingdom                                      |
| Berglen Group Limited                      | United Kingdom                                      |
| Berglen Products Limited                   | United Kingdom                                      |
| Berglen Distributors Limited               | United Kingdom                                      |
| Berglen Associates Limited                 | United Kingdom                                      |
| CDI Technologies Ltd.                      | United Kingdom                                      |
| Destiny Limited                            | Isle of Man   |
| Hanhill (Great Britain) Limited            | England   |
| Ramm Son & Crocker Limited                 | England   |
| Damixa Ltd.                                | United Kingdom                                      |
| Kiloheat Limited                           | United Kingdom                                      |
| Maitland-Smith Limited                     | United Kingdom                                      |
| Weiser (U.K.) Ltd.                         | United Kingdom                                      |
| Masco GmbH - 98%                           | Germany   |
| Alfred Reinecke GmbH & Co. KG              | 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 Gesellschaft mbh                    | Austria   |
| Hueppe GmbH & Co.                          | Germany   |
| Hueppe Sarl                                | France  |
| Jung-Pumpen GmbH                           | Germany   |
| Jung-Pumpen Handelsgesellschaft mbh        | Austria   |
| Masco Europe, Inc.                         | Delaware  |
| N.V. Weiser Europe, S.A.                   | Belgium   |
| Rubinetterie Mariani S.A.                  | Italy   |
| Weiser, Inc.                               | British   |
| Columbia                                   |   |
| Masco Home Furnishings, Inc.               | North Carolina                                      |
| Masco International Sales, Inc.            | Barbados  |
| Masco Services, Inc.                       | Delaware  |

| Name   | Jurisdiction of<br>Incorporation<br>or Organization |
|--|---|
| 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  |
| Outlet Corp.                                       | Delaware  |
| Ramm, Son & Crocker, Inc.                          | New York  |
| Robert Allen Fabrics, Inc.                         | Delaware  |
| Robert Allen Fabrics of N.Y., Inc.                 | Delaware  |
| Robert Allen Fabrics (Canada) Ltd.                 | Canada  |
| Sherle Wagner Accessories, Inc.                    | New York  |
| Sherle Wagner International, Inc.                  | New York  |
| StarMark, Inc.                                     | South Dakota  |
| SMI Franchising Corp.                              | Delaware  |
| Starmark of Virginia, Inc.                         | Virginia  |
| Sunbury Textile Mills, Inc.                        | Delaware  |
| Trayco, Inc.                                       | Michigan  |
| Universal Furniture Limited                        | Delaware  |
| American Furniture Limited                         | Hong Kong   |
| Del Mar Furniture Industries (Singapore) Pte. Ltd. | Singapore   |
| Farvel Enterprises S.A.                            | British Virgin                                      |
| II   |   |
| H.K.T. (Malaysia) Sdn. Bhd.                        | Malaysia  |
| Hong Kong Teakwood Works Limited                   | Hong Kong   |
| Hong Kong Teakwood Works (Singapore) Pte. Ltd.     | Singapore   |
| Hong Kong Teakwood Works (Taiwan) Limited          | Taiwan  |
| Log and Timber Products (Singapore) Pte. Ltd.      | Singapore   |
| Rigel Enterprises Limited (Singapore) Pte. Ltd.    | Singapore   |
| Shin Shin Wood Products Co. Ltd. - 51%             | Taiwan  |
| Sterling Home Furnishings (Singapore) Pte. Ltd.    | Singapore   |
| Sterling Home Furnishings (Taiwan) Ltd.            | Taiwan  |
| Swaps Investment Limited                           | Hong Kong   |
| Syarikat Malaysia Wood Industries Sdn. Bhd.        | Malaysia  |
| TMWZ Holdings Limited                              | Canada  |

**Universal Furniture Industries (Canada) Limited-51% Canada**

| Name  | Jurisdiction of<br>Incorporation<br>or Organization |
|---|---|
| Teakwood Finance Inc.                             | British Virgin                                      |
| II  |   |
| Teakwood Property Development Ltd.                | Hong Kong   |
| Teakwood (U.K.) Ltd.                              | United Kingdom                                      |
| Universal Furniture Industries (U.K.) Ltd.        | United Kingdom                                      |
| Universal Furniture Industries, Inc.              | Delaware  |
| Blue Mountain Trucking Corporation                | Mississippi   |
| Custom Truck Tires, Inc.                          | Mississippi   |
| Universal Furniture Industries (Deutschland) GmbH | Germany   |
| Universal Furniture Industries (Scandinavia) AB   | Sweden  |
| Universal Furniture (Japan) Ltd.                  | Japan   |
| Universal Furniture (Taiwan) Co. Ltd.             | Taiwan  |
| Universal Furniture (Thailand) Ltd.               | Thailand  |
| Universal Woodfloor (Europe) AB                   | Sweden  |
| Woodmaster Inc.                                   | British Virgin                                      |
| II  |   |
| World Wide Furniture Sales, Inc.                  | British Virgin                                      |
| II  |   |
| Xin Jia Po Huan Mei Furniture Ltd.                | Hong Kong   |
| Chang Chun Universal Flooring Company Ltd 50%     | China   |
| Chang Chun Wood Products Company Limited 50%      | China   |
| Universal Furniture (Tianjin) Co. Ltd. 80%        | China   |
| Universal Veneer (Tianjin) Co. Ltd. 51%           | China   |
| Universal Flooring (Tianjin) Co. Ltd. 80%         | China   |
| Universal Furniture (Guangzhou) Co. Ltd. - 85%    | China   |
| Watkins Manufacturing Corporation                 | California  |
| W/C Technology Corporation                        | Delaware  |
| Zenith Products Corporation                       | Delaware  |

**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. 33-2374, 33-42722, 33-53330, 33-52483 and 33-52485) and Form S-8 (Registration Nos. 2-95969, 33-28142 and 33-42229) and amendments and supplements thereto, of our report dated February 24, 1994, on our audits of the consolidated financial statements and financial statement schedules of Masco Corporation and subsidiaries as of December 31, 1993 and 1992 and for each of the three years in the period ended December 31, 1993, 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 and amendments and supplements thereto.

*/s/Coopers &  
Lybrand  
COOPERS & LYBRAND*

*Detroit, Michigan  
March 24, 1994*



**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. 33-2374, 33-42722, 33-53330, 33-52483 and 33-52485) and Form S-8 (Registration Nos. 2-95969, 33-28142 and 33-42229) and amendments and supplements thereto, of our report dated February 24, 1994, on our audits of the consolidated financial statements and financial statement schedules of MascoTech, Inc. and subsidiaries as of December 31, 1993 and 1992 and for each of the three years in the period ended December 31, 1993, 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 and amendments and supplements thereto.

*/s/Coopers &  
Lybrand  
COOPERS & LYBRAND*

*Detroit, Michigan  
March 24, 1994*

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