

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Initial Filing)

National Gypsum Company  
(Name of Issuer)

Common Stock, \$.01 par value  
(Title of Class of Securities)

636317109  
(CUSIP Number)

Paul J. Polking, NationsBank Corporation,  
NationsBank Corporate Center, Charlotte, NC 28255 (704) 386-2400  
(Name, Address and Telephone Number of Person Authorized to Receive  
Notices and Communications)

November 15, 1994  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G  
to report the acquisition which is the subject of this Schedule 13D,  
and is filing this schedule because of Rule 13d-1(b) (3) or (4), check  
the following box [ ] .

Check the following box if a fee is being paid with the statement [X].  
(A fee is not required only if the reporting person: (1) has a previous  
statement on file reporting beneficial ownership of more than five  
percent of the class of securities described in Item 1; and (2) has  
filed no amendment subsequent thereto reporting beneficial ownership of  
five percent or less of such class.) (See Rule 13d-7.)

This document contains 71 pages.  
The exhibit index begins on page 9.

<TABLE>  
<CAPTION>

SCHEDULE 13D

CUSIP NO. 636317109

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<S> <C>

<C>

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

NATIONSBANK CORPORATION

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [X]

3 SEC USE ONLY

(b) [ ]

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

NC

</TABLE>

7 SOLE VOTING POWER

|  |       |                          |
|--|-------|--------------------------|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>REPORTING<br>EACH<br>PERSON<br>WITH | 8     | SHARED VOTING POWER      |
|  | 0     |                          |
|  | 9     | SOLE DISPOSITIVE POWER   |
|  | 6,646 |                          |
|  | 10    | SHARED DISPOSITIVE POWER |
|  | 0     |                          |

<TABLE>  
<CAPTION>

<S> <C>

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

8,799

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[X]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

less than 0.1%

14 TYPE OF REPORTING PERSON

CO</TABLE>

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Item 1. Security and Issuer.

This Statement on Schedule 13D (this "Statement") relates to the Common Stock, \$.01 par value per share ("Common Stock"), of National Gypsum Company, a Delaware corporation (the "Issuer"). The principal executive offices of the Issuer are located at 2001 Rexford Road, Charlotte, North Carolina 28211.

Item 2. Identity and Background.

This Statement is filed by NationsBank Corporation, a North Carolina corporation (the "Reporting Person"). The Reporting Person is a registered bank holding company, and the address of its principal business and principal office is NationsBank Corporate Center, Charlotte, North Carolina 28255.

Certain information regarding the Reporting Person's directors and executive officers is set forth in Exhibit 1 hereto, which is incorporated by reference herein. All of the individuals listed in Exhibit 1 are citizens of the United States.

During the last five years, neither the Reporting Person nor any of the individuals listed in Exhibit 1 has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any of them was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

All of the 8,799 shares of Common Stock reported as beneficially owned by the Reporting Person (which includes 103 shares purchaseable under warrants) are held in fiduciary capacities by banking affiliates of the Reporting Person. The Reporting Person expressly disclaims beneficial ownership of all such shares of Common Stock.

The information set forth in Item 4 hereof is incorporated by reference herein.

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Item 4. Purpose of Transaction.

On November 15, 1994, the Reporting Person and its banking affiliate, NationsBank of North Carolina, N.A., issued a commitment letter to Delcor, Inc., a Delaware corporation ("Delcor"), to provide equity and debt financing to partially fund Delcor's proposal to acquire all of the outstanding shares of Common Stock and warrants to purchase shares of Common Stock held by other security holders in a negotiated merger transaction at a price per share of \$43.50. A copy of such commitment letter (the "Financing Commitment") is filed as Exhibit 2 hereto.

The terms of Delcor's proposal are set forth in a letter from Delcor addressed to the Board of Directors of the Issuer, a copy of which is attached hereto as Exhibit 3 (the "Proposal"). The Proposal provides that such acquisition (the "Acquisition") would be effected by means of a merger of the Issuer with a corporation formed by Delcor for that purpose ("Newco") or with a wholly owned subsidiary of Newco. In addition, the Proposal provides that the Acquisition would be effected pursuant to a definitive merger agreement to be negotiated with the Issuer. The Proposal provides that the merger agreement will contain what Delcor regards as customary or expected conditions, such as the obtaining of necessary regulatory approvals and third-party consents, if any; absence of certain changes; and approval by the Issuer's board of directors and adoption by the Issuer's stockholders of the merger agreement pursuant to Sections 203(a) and 251 of the Delaware General Corporation Law. The Proposal also provides that the merger agreement will contain a condition that matters relating to the possible financial impact, if any, of the motions of the NGC Settlement Trust dated October 5, 1994 in In re National Gypsum Company pending in United States Bankruptcy Court for the Northern District of Texas (Dallas Division) be resolved to Delcor's satisfaction and that certain other environmental and bankruptcy matters be resolved to Delcor's satisfaction.

Under the Financing Commitment, the Reporting Person has committed to purchase \$100 million of non-voting preferred stock (with detachable warrants) of Newco. In addition, the Reporting Person has committed to purchase shares of non-voting common stock of Newco at a total price of approximately \$34.1 million. Under the Financing Commitment, NationsBank of North Carolina, N.A. has committed to provide to Newco up to \$187.5 million of a \$375 million senior term loan and revolving credit financing. The Financing Commitment is subject to certain conditions, including satisfaction of the Reporting Person as to the financial impact on the Issuer of certain asbestos, bankruptcy and environmental matters. The terms of the Financing Commitments are incorporated by reference herein. The Reporting Person intends to use working capital to provide funds under the Financing Commitment.

The Reporting Person may make additional purchases of Common Stock either in the open market or in private transactions.

On November 15, 1994, First Union Corporation and First Union National Bank of North Carolina also issued a commitment letter (the "First Union Commitment") to Delcor to provide an equal amount of equity and debt financing to fund the Proposal. A copy of the First Union Commitment is filed as Exhibit 4 hereto. Under the First Union Commitment, First Union Corporation has committed to purchase \$100

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million of non-voting preferred stock (with detachable warrants) of Newco. In addition, under the First Union Commitment, First Union Corporation has committed to contribute the 784,999 shares of Common Stock held by it to Newco in exchange (on a share-for-share basis) for non-voting common stock. Under the First Union Commitment, First Union National Bank of North Carolina has committed to provide to Newco up to \$187.5 million of a \$375 million senior term debt and revolving credit financing. The First Union Commitment indicates that it is subject to certain conditions, including satisfaction as to the financial impact on the Issuer of certain asbestos, bankruptcy and environmental matters. The information set forth in the First Union Commitment is incorporated by reference herein.

On November 15, 1994, Delcor accepted the Financing Commitment and the First Union Commitment.

Item 5. Interest in Securities of the Issuer.

(a) The Reporting Person may be deemed to beneficially own 8,799 shares of Common Stock, or less than 0.1 percent of the outstanding shares of Common Stock of the Issuer on the basis of 20,362,413 shares outstanding as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 1994. All of such shares are held in

fiduciary capacities by banking affiliates of the Reporting Person, and the Reporting Person expressly disclaims beneficial ownership of such shares. An additional 15,800 shares of Common Stock are held in fiduciary capacities by banking affiliates of the Reporting Person, and such banking affiliate does not have or share the power to vote or direct the disposition of such shares. The Reporting Person expressly disclaims beneficial ownership of such 15,800 shares. To the best of the Reporting Person's knowledge, none of the individuals listed in Exhibit 1 beneficially owns any shares of Common stock, except as follows: (i) Meredith R. Spangler, a director of the Reporting Person, is a director of Golden Eagle Industries, Inc. which has reported beneficial ownership, individually and through its wholly owned subsidiary, Delcor, of 5,960,193 shares of Common Stock, and Mrs. Spangler's spouse holds an option to acquire 5,000 shares of Common Stock, and (ii) the spouse of Charles W. Coker, a director of the Reporting Person, holds 1,000 shares of Common Stock. Mrs. Spangler and Mr Coker, respectively, disclaim beneficial ownership of such shares.

As a result of the Financing Commitment and the First Union Commitment, the Reporting Person, Delcor and First Union Corporation may be deemed members of a group (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) that beneficially owns all of the shares of Common Stock beneficially owned by each member of such group. The Reporting Person expressly disclaims beneficial ownership of any shares of Common Stock beneficially owned by Delcor (including those shares beneficially owned by Lafarge Coppee S.A. and its affiliates, as described in Exhibit 5 hereto) and First Union Corporation. Delcor may be deemed to beneficially own 5,960,193 shares of Common Stock (or 29.3 percent of the outstanding shares of Common Stock on the basis of 20,362,413 shares outstanding). First Union Corporation may be deemed to beneficially own 820,735 shares of Common Stock (or 4.0 percent of the outstanding shares of Common Stock on the basis of 20,362,413 shares

outstanding). The information contained herein with respect to the beneficial ownership of Common Stock by First Union Corporation and Delcor was obtained from public filings under the Securities Exchange Act of 1934, as amended, or was provided to the Reporting Person by the relevant party. The Reporting Person has not independently verified and assumes no responsibility for the accuracy or completeness of such information.

(b) The following table sets forth, with respect to each of the Reporting Person, Delcor and First Union Corporation the number of shares of Common Stock as to which such person has sole power to vote or to direct the vote, shared power to vote or to direct the vote, sole power to dispose or direct the disposition, or shared power to dispose or direct the disposition. (An additional 15,800 shares of Common Stock are held in fiduciary capacities by banking affiliates of the Reporting Person, and such banking affiliates do not have or share the power to vote or direct the disposition of such shares. The Reporting Person expressly disclaims beneficial ownership of such 15,800 shares.)

<TABLE>  
<CAPTION>

| Person                  | Sole Voting Power | Shared Voting Power | Sole Power to Dispose | Shared Power to Dispose |
|-------------------------|-------------------|---------------------|-----------------------|-------------------------|
| <S>                     | <C>               | <C>                 | <C>                   |                         |
| Reporting Person        | 8,799             | 0                   | 6,646                 | 0                       |
| Delcor                  | 0                 | 5,960,193           | 0                     | 3,872,235               |
| First Union Corporation | 820,735           | 0                   | 813,735               | 5,500                   |

</TABLE>

The information contained herein with respect to the beneficial ownership of Common Stock by First Union Corporation and Delcor and the information set forth in Exhibits 5 and 6 were obtained from public filings under the Securities Exchange Act of 1934, as amended, or were provided to the Reporting Person by the relevant party. The Reporting Person has not independently verified and assumes no responsibility for the accuracy or completeness of such information. The information set forth in Exhibits 5 and 6 hereto is incorporated herein by reference.

(c) None.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

The information set forth in Item 4 of this Amendment is incorporated herein by reference.

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Item 7. Material to be Filed as Exhibits.

Information regarding the directors and executive officers of the Reporting Person is filed as Exhibit 1 hereto. The Financing Commitment is filed as Exhibit 2 hereto. The Proposal is filed as Exhibit 3 hereto. The First Union Commitment is filed as Exhibit 4 hereto. Certain information regarding Delcor is filed as Exhibit 5 hereto. Certain information regarding First Union Corporation is filed as Exhibit 6 hereto.

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Signatures.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Amendment is true, complete and correct.

Dated: November 23, 1994

NATIONSBANK CORPORATION

By: /s/ Paul J. Polking

Paul J. Polking, Executive Vice  
President and General Counsel

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EXHIBIT INDEX

| EXHIBIT | TITLE   | SEQUENTIALLY<br>NUMBERED<br>PAGE |
|---------|---|----------------------------------|
| 1       | Certain information regarding the directors and executive officers of NationsBank Corporation   |                                  |
| 2       | Commitment letter of NationsBank Corporation and NationsBank of North Carolina dated November 15, 1994 addressed to Delcor, Inc.  |                                  |
| 3       | Letter dated November 15, 1994 from Delcor, Inc. to the Board of Directors of National Gypsum Company setting forth the terms of a proposed merger between a company to be formed by Delcor, Inc. and National Gypsum Company |                                  |
| 4       | Commitment letter of First Union Corporation and First Union National Bank of North Carolina dated November 15, 1994 addressed to Delcor, Inc.  |                                  |
| 5       | Certain information regarding Delcor, Inc.  |                                  |
| 6       | Certain information regarding First Union Corporation   |                                  |

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On page 1 of Exhibit 2 the NationsBank logo appears where indicated.

On page 1 of Exhibit 4 the First Union logo appears where indicated.

## EXHIBIT 1

## CERTAIN INFORMATION REGARDING NATIONSBANK CORPORATION

NationsBank Corporation is a registered bank holding company incorporated under the laws of the State of North Carolina. The address of its principal executive office is NationsBank Corporation Center, Charlotte, North Carolina 28255. The following table sets forth the name, residence or business address, present occupation or employment of each director and executive officer of NationsBank Corporation, along with the name, principal business and address of any corporation or other organization in which such employment is conducted:

<TABLE>  
<CAPTION>

| NAME                 | BUSINESS (B) OR<br>RESIDENCE (R)<br>ADDRESS                      | OCCUPATION OR EMPLOYMENT<br>NAME OF EMPLOYER, BUSINESS<br>OF EMPLOYER, ADDRESS OF<br>EMPLOYER  |
|----------------------|--|--|
| DIRECTORS            |  |  |
| <S>                  | <C>  | <C>  |
| Ronald W. Allen      | (B) Hartsfield Atlanta<br>Int. Airport,<br>Atlanta, GA 30320     | Chairman of the Board,<br>President and Chief<br>Executive Officer, Delta<br>Air Lines, Inc., an air<br>transportation company,<br>Hartsfield Atlanta Int.<br>Airport,<br>Atlanta, GA 30320      |
| William M. Barnhardt | (B) 6100 Fairview Road<br>Suite 970<br>Charlotte, NC 28210       | Chairman of the Board,<br>Southern Webbing Mills,<br>Inc., a textile<br>manufacturing firm, 6100<br>Fairview Road,<br>Suite 970, Charlotte, NC 28210   |
| Thomas M. Belk       | (B) 2801 West Tyvola Road<br>Charlotte, NC 28217-4500            | President, Belk Stores<br>Services, Inc., a service<br>company for Belk Department<br>Stores, 2801 West Tyvola Road,<br>Charlotte, NC 28217-4500   |
| Thomas E. Capps      | (B) Post Office Box 26532<br>Richmond, VA 23261                  | Chairman of the Board and<br>Chief Executive Officer,<br>Dominion Resources, Inc.,<br>an electric utility holding<br>company, Post Office<br>Box 26532, Richmond, VA<br>23261                    |
| R. Eugene Cartledge  | (B) 6 Skidway Village Walk<br>Suite 203B<br>Savannah, GA 31411   | Retired Chairman of the<br>Board and Chief Executive<br>Officer, Union Camp<br>Corporation, a manufacturer<br>of paper products, 6<br>Skidway Village Walk,<br>Suite 203B, Savannah, GA<br>31411 |
| Charles W. Coker     | (B) Post Office Box 160<br>Hartsville, SC 29550                  | Chairman and Chief<br>Executive Officer, Sonoco<br>Products Company, a<br>manufacturer of paper and<br>plastic products, Post<br>Office Box 160,<br>Hartsville, SC 29550                         |
| Thomas G. Cousins    | (B) 2500 Windy Ridge Parkway<br>Suite 1600<br>Marietta, GA 30067 | Chairman and President,<br>Cousins Properties, Inc., a<br>real estate development  |

company, 2500 Windy Ridge  
Parkway, Suite 1600,  
Marietta, GA 30067

|                        |   |   |
|------------------------|---|---|
| Alan T. Dickson        | (B) Suite 2000<br>Two First Union Center<br>Charlotte, NC 28282   | Chairman, Ruddick<br>Corporation, a diversified<br>holding company,<br>Suite 2000, Two First Union<br>Center,<br>Charlotte, NC 28282  |
| W. Frank Dowd, Jr.     | (B) Post Office Box 35430<br>Charlotte, NC 28235                  | Chairman of the Executive<br>Committee, Charlotte Pipe &<br>Foundry Company, a<br>manufacturer of cast iron<br>and plastic pipe and<br>fittings, Post Office Box<br>35430,<br>Charlotte, NC 28235 |
| A. L. Ellis            | (B) Post Office Box 1225<br>Tarpon Springs, FL 33589              | Senior Chairman,<br>NationsBank of Florida,<br>N.A., a national bank,<br>Post Office Box 1225,<br>Tarpon Springs, FL 33589  |
| Paul Fulton            | (B) Campus Box 3490<br>Carroll Hall<br>Chapel Hill, NC 27599-3490 | Dean, Kenan-Flagler<br>Business School, University<br>of North Carolina,<br>Campus Box 3490, Carroll Hall,<br>Chapel Hill, NC 27599-3490  |
| L. L. Gellerstedt, Jr. | (B) Post Office Box 1375<br>Atlanta, GA 30301                     | Chairman, Executive<br>Committee, Beers<br>Construction Company, a<br>general contractor, Post<br>Office Box 1375,<br>Atlanta, GA 30301   |

</TABLE>

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<TABLE>  
<CAPTION>

| NAME                     | BUSINESS (B) OR<br>RESIDENCE (R)<br>ADDRESS       | OCCUPATION OR EMPLOYMENT<br>NAME OF EMPLOYER, BUSINESS<br>OF EMPLOYER, ADDRESS OF<br>EMPLOYER  |
|--------------------------|---|--|
| <S><br>Timothy L. Guzzle | <C><br>(B) Post Office Box 111<br>Tampa, FL 33601 | <C><br>Chairman of the Board and<br>Chief Executive Officer,<br>TECO Energy, Inc., an<br>electric utility holding<br>company,<br>Post Office Box 111, Tampa,<br>FL 33601 |
| E. Bronson Ingram        | (B) Post Office Box 23049<br>Nashville, TN 37202  | Chairman and Chief<br>Executive Officer, Ingram<br>Industries Inc., a<br>diversified holding<br>company, Post Office Box<br>23049,<br>Nashville, TN 37202                |
| W. W. Johnson            | *   | Chairman of the Executive<br>Committee, NationsBank<br>Corporation *   |
| Hugh L. McColl, Jr.      | *   | Chairman of the Board and<br>Chief Executive Officer,<br>NationsBank Corporation *   |
| Buck Mickel              | (B) 301 North Main Street<br>Greenville, SC 29601 | Chairman of the Board and<br>Chief Executive Officer,<br>R.S.I. Holdings Inc., a   |



holding company of corporations involved in distribution and textiles, 301 North Main Street, Greenville, SC 29601

|                |  |   |
|----------------|--|---|
| John J. Murphy | (B) Post Office Box 718<br>Dallas, TX 75221      | Chairman of the Board and Chief Executive Officer, Dresser Industries, Inc., a supplier of engineered products and services utilized by energy-related activities, Post Office Box 718,<br>Dallas, TX 75221 |
| John C. Slane  | (B) Post Office Box 2486<br>High Point, NC 27261 | President, Slane Hosiery Mills, Inc., a manufacturer of textile products, Post Office Box 2486,<br>High Point, NC 27261   |
| John W. Snow   | (B) Post Office Box 85629<br>Richmond, VA 23285  | Chairman of the Board, President and Chief Executive Officer, CSX Corporation, a transportation company, Post Office Box 85629,<br>Richmond, VA 23285   |

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</TABLE>  
<TABLE>  
<CAPTION>

| NAME                        | BUSINESS (B) OR RESIDENCE (R) ADDRESS   | OCCUPATION OR EMPLOYMENT NAME OF EMPLOYER, BUSINESS OF EMPLOYER, ADDRESS OF EMPLOYER   |
|-----------------------------|---|--|
| <S><br>Meredith R. Spangler | <C><br>(R) 400 E. Franklin Street<br>Chapel Hill, NC 27514<br>Chapel Hill, NC 27514 | <C><br>Trustee and board member<br>400 E. Franklin Street  |
| Robert H. Spilman           | (B) Post Office Box 626<br>Bassett, VA 24055  | Chairman of the Board and Chief Executive Officer, Bassett Furniture Industries, Inc., a furniture manufacturer, Post Office Box 626,<br>Bassett, VA 24055                           |
| William W. Sprague, Jr.     | (B) Post Office Box 339<br>Savannah, GA 31402                                       | Chairman and Chief Executive Officer, Savannah Foods & Industries, Inc., a food products business, Post Office Box 339,<br>Savannah, GA 31402  |
| Ronald Townsend             | (B) 1100 Wilson Boulevard<br>Arlington, VA 22234                                    | President/Gannett Television, Gannett Company, Inc., a communications company, 1100 Wilson Boulevard,<br>Arlington, VA 22234   |
| Jackie M. Ward              | (B) Building G<br>Fourth Floor<br>5775 Peachtree- Dunwoody Rd.<br>Atlanta, GA 30342 | President and Chief Executive Officer, Computer Generation Incorporated, a computer software company, Building G,<br>Fourth Floor, 5775 Peachtree-Dunwoody Rd.,<br>Atlanta, GA 30342 |

|                   |  |                  |
|-------------------|--|------------------|
| Michael Weintraub | (B) 200 Southeast<br>First Street<br>Miami, FL 33131 | Private investor |
|-------------------|--|------------------|

</TABLE>

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<TABLE>  
<CAPTION>

| NAME   | BUSINESS (B) OR<br>RESIDENCE (R)<br>ADDRESS | OCCUPATION OR EMPLOYMENT<br>NAME OF EMPLOYER, BUSINESS<br>OF EMPLOYER, ADDRESS OF<br>EMPLOYER |
|--|---|---|
| EXECUTIVE OFFICERS<br>(NOT OTHERWISE LISTED ABOVE) |   |   |
| <S><br>Fredric J. Figge, II                        | <C><br>*                                    | <C><br>Chairman, Corporate Risk<br>Policy, NationsBank<br>Corporation *                       |
| James H. Hance, Jr.                                | *   | Vice Chairman and Chief<br>Financial Officer,<br>NationsBank Corporation*                     |
| Kenneth D. Lewis                                   | *   | President, NationsBank<br>Corporation*  |
| Marc D. Oken                                       | *   | Executive Vice President<br>and Principal Accounting<br>Officer, NationsBank<br>Corporation*  |
| James W. Thompson                                  | *   | Vice Chairman, NationsBank<br>Corporation*  |

</TABLE>

\* NationsBank Corporation is a registered bank holding company, and the address of its principal executive office is NationsBank Corporate Center, Charlotte, North Carolina 28255 (which is the business address of such director or executive officer).

Each of the directors and executive officers of NationsBank Corporation is a U.S. citizen. Neither NationsBank Corporation nor any of its directors and executive officers has been, during the last five years, convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, as a result of which any of them was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

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[NationsBank logo appears here]

CONFIDENTIAL

November 15, 1994

Delcor, Inc.  
1110 East Morehead Street  
Charlotte, NC 28204

Attention: Mr. W. D. Cornwell, Jr.  
President

Gentlemen:

NationsBank of North Carolina, N.A., and NationsBank Corporation or an affiliate thereof (collectively, "NationsBank") are pleased to confirm to Delcor, Inc. ("Delcor"), their commitment to provide to Newco or its successor pursuant to the Merger described herein (the "Company"), a company to be formed by Delcor, on the terms, for the purposes and subject to the conditions set forth below and in the summary of certain terms attached hereto (the "Term Sheets") the following: (i) senior debt facilities (the "Senior Debt Facilities") in an aggregate amount of up to \$187,500,000, (ii) a subscription to purchase Cumulative Redeemable Payment-In-Kind Preferred Stock (the "Preferred Stock") in an aggregate amount of \$100,000,000 and related detachable warrants (the "Warrants") and (iii) the purchase of 784,999 shares of Non-Voting Common Stock of the Company for a cash purchase price per share equal to the Merger Price (as defined below), (the "Common Equity") of a company which has been described to us under a code name "Canoe" in connection with the Company's acquisition of Canoe. As NationsBank understands the proposed transaction (the "Transaction"), Delcor will organize the Company, a single purpose, wholly owned subsidiary that will enter into a merger agreement (the "Merger Agreement") with Canoe, pursuant to which the Company will merge with Canoe (the "Merger"), with Canoe being the surviving corporation. In the Merger, each of the issued and outstanding shares of Canoe's common stock, par value \$.01 per share, excluding any treasury shares, Common Equity shares or other contributed shares, will be converted into the right to receive an aggregate amount in cash consideration per share not to exceed the amount discussed between NationsBank and the Company (the "Merger Price"). The Senior Debt Facilities, the Preferred Stock and the Common Equity (collectively, the "NationsBank Financing") are being provided to enable the Company to (i) complete the Merger, (ii) provide for the ongoing working capital and capital spending needs of the Company, and (iii) pay certain fees and expenses related to the Merger. If the Transaction is structured as a merger of a wholly owned subsidiary of the Company into Canoe, this commitment letter and the Term Sheets shall be modified to reflect the revised structure.

Delcor, Inc.  
November 15, 1994  
Page 2

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NationsBank's commitment is to provide 50% of \$375,000,000 of Senior Debt Facilities that will be co-agented by NationsBank and First Union National Bank of North Carolina, or an affiliate thereof (collectively, "First Union"). First Union will also (i) purchase \$100,000,000 of Preferred Stock and Warrants and (ii) contribute 784,999 shares of common stock of Canoe in exchange for 784,999 shares of Non-Voting Common Stock of the Company.

Our commitment to provide the NationsBank Financing will be funded upon the effectiveness of the Merger and is subject to the

conditions set forth herein and in the attached Term Sheets, including the right to assign or transfer all or part of this commitment for the NationsBank Financing to any of our affiliated corporations or banks and to any third parties.

Our commitment to provide the NationsBank Financing will terminate (i) on July 31, 1995 if the Merger shall not have closed on or prior to such date, or (ii) at any time prior to the Merger and the funding of the NationsBank Financing if (a) there shall have been any material adverse change in the business, assets, financial condition or results of operations of Canoe and its subsidiaries, taken as a whole, or (b) there shall exist any condition, event or occurrence which, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of Canoe and its subsidiaries, taken as a whole, in either case, since September 30, 1994, except as disclosed in documents filed prior to the date hereof with the Securities and Exchange Commission.

The business and financial terms set forth in the attached Term Sheets have been established as a result of a review of Canoe's publicly available information (including public filings with the Securities and Exchange Commission). NationsBank believes that the closing conditions and other terms contained in the attached Term Sheets are customary for comparable financings.

You agree that this Commitment Letter is for your confidential use only and will not be disclosed by you to any person other than your accountants, attorneys and other advisors and the Company and Canoe and such of their respective officers, directors, agents, accountants, attorneys and other advisors as need to be provided therewith, and only then in connection with the Transaction and on a confidential basis, except that you may make public disclosure of the existence and amount of NationsBank's commitment and undertaking hereunder, you may file a copy of the Commitment Letter in any public record in which it is required by law to be filed, and you may make such other public disclosure of the terms and conditions hereof as you are required by law, in the reasonable opinion of your counsel, to make.

Delcor agrees to indemnify each of NationsBank and its affiliates and their respective directors, officers, employees, agents and controlling persons (each, an "Indemnified Party") from and against any and all losses, claims (whether valid or not), damages and liabilities, joint or several, to which such Indemnified Party may become subject related to or arising out of the Transaction and will reimburse each Indemnified Party for all expenses (including reasonable attorneys' fees and expenses) as they are incurred in connection with the investigation of, preparation for or

Delcor, Inc.  
November 15, 1994  
Page 3

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defense of any pending or threatened claim or any action or proceeding arising therefrom. Notwithstanding the foregoing, the obligation to indemnify any Indemnified Party hereunder shall not apply in respect of any loss, claim, damage or liability to the extent that a court of competent jurisdiction shall have determined by final judgment that such loss, claim, damage or liability resulted from such Indemnified Party's willful malfeasance, gross negligence or bad faith. In the event that the foregoing indemnity is unavailable or insufficient to hold an Indemnified Party harmless, then Delcor will contribute to amounts paid or payable by such Indemnified Party in respect of such Indemnified Party's losses, claims, damages or liabilities in such proportions as appropriately reflect the relative benefits received by and fault of Delcor and such Indemnified Party in connection with the matters as to which such losses, claims, damages or liabilities relate and other equitable considerations.

If any action, proceeding, or investigation is commenced, as to which any Indemnified Party proposes to demand such indemnification, it shall notify Delcor with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify Delcor shall not relieve Delcor from its obligations hereunder except to the extent Delcor is

prejudiced thereby. Delcor shall be entitled to assume the defense of any such action, proceeding, or investigation, including the employment of counsel and the payment of all fees and expenses. The Indemnified Party shall have the right to employ separate counsel in connection with any such action, proceeding, or investigation and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party, unless (a) Delcor has failed to assume the defense and employ counsel as provided herein, (b) Delcor has agreed in writing to pay such fees and expenses of separate counsel, or (c) an action, proceeding, or investigation has been commenced against the Indemnified Party and Delcor and representation of both Delcor and the Indemnified Party by the same counsel would be inappropriate because of actual or potential conflicts of interest between the parties (in the case of NationsBank, the existence of any such actual or potential conflict of interest to be determined by NationsBank, taking into account, among other things, any relevant regulatory concerns). In the case of any circumstance described in clauses (a), (b), or (c) of the immediately preceding sentence, Delcor shall be responsible for the reasonable fees and expenses of such separate counsel; provided, however, that Delcor shall not in any event be required to pay the fees and expenses of more than one separate counsel for all Indemnified Parties. Delcor shall be liable only for settlement of any claim against an Indemnified Party made with Delcor's written consent.

Delcor agrees to pay to us the fees for the Senior Debt Facilities outlined in the fee letter and supplemental fee letter, each dated the date hereof (the "Fee Letters"). Delcor also agrees to reimburse us for all of our out-of-pocket expenses (including the reasonable fees and disbursements of our counsel) in connection with the Merger and the NationsBank Financing, described herein.

The provisions of the three immediately preceding paragraphs shall survive any termination of this letter.

Delcor, Inc.  
November 15, 1994  
Page 4

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Delcor acknowledges that NationsBank has advised Delcor that the services to be provided hereunder and the amount of fees and the obligation to reimburse expenses are in no way conditioned upon Delcor's obtaining from NationsBank or any affiliate of NationsBank any other service or any loan or other financial product.

If you are in agreement with the foregoing, please sign and return the enclosed copy of this letter and the Fee Letters to NationsBank no later than 5:00 p.m. Eastern Standard Time, on or before November 15, 1994. This commitment shall terminate at such time unless a signed copy of this letter and the Fee Letters have been delivered to us.

Very Truly Yours,

NATIONSBANK CORPORATION

By: /s/ Edward J. Brown, III  
Edward J. Brown, III  
President, Corporate Bank

NATIONSBANK OF NORTH CAROLINA, N.A.

By: /s/ Edward J. Brown, III  
Edward J. Brown, III  
President, Corporate Bank

Agreed to and accepted this  
15th day of November, 1994

By: /s/ W. D. Cornwell, Jr.  
W. D. Cornwell, Jr.  
President

Confidential  
November 15, 1994

PROJECT CANOE  
Summary of Certain Terms

Senior Debt Facilities

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|   |  |
|---|--|
| <p>Borrower:</p> <p>Facilities:</p> <p>"Revolver") and<br/>"Senior Debt</p> <p>Amount:</p> <p>based on the<br/>percentages of the<br/>inventory (as<br/>subject to</p> <p>Maturity Dates:</p> <p>Agents:</p> <p>First Union<br/>(collectively, the</p> <p>Administrative Agent:</p> <p>Lenders:</p> <p>financial<br/>Company (the</p> <p>Letter, to pay<br/>provide for the<br/>requirements.</p> <p>function of<br/>("Leverage</p> <p>equal the<br/>depreciation and<br/>option of<br/>higher of<br/>Month CD Rate</p> | <p>&lt;S&gt;</p> <p>&lt;C&gt;</p> <p>Newco and, following the Merger, Canoe (the "Company").</p> <p>Will include a six year Revolving Credit Facility (the<br/>a six year Term Loan (the "Term Loan") (together, the<br/>Facilities").</p> <p>Revolver: Up to \$75,000,000<br/>Term Loan: \$300,000,000</p> <p>The aggregate amount available under the Revolver will be<br/>lesser of \$75,000,000 or the aggregate of certain<br/>Company's eligible accounts receivable and eligible<br/>defined in the Company's existing senior credit agreement),<br/>reasonable reserves.</p> <p>The later of June 30, 2001 or six years from the Closing Date.</p> <p>NationsBank of North Carolina, N.A. ("NationsBank") and<br/>National Bank of North Carolina ("First Union")<br/>"Agents").</p> <p>NationsBank</p> <p>NationsBank and First Union, and a group of other<br/>institutions reasonably acceptable to the Agents and the<br/>"Lenders").</p> <p>To consummate the Merger described in the Commitment<br/>certain fees and expenses related to the Merger and to<br/>Company's ongoing working capital and capital spending</p> <p>The interest rates on the Senior Debt Facilities will be a<br/>the Company's Total Funded Debt to Operating Cash Flow<br/>Ratio") as determined quarterly on a</p> <p>rolling four quarters basis. Operating Cash Flow will<br/>Company's earnings before interest, taxes,<br/>amortization ("EBITDA"). The Company will have the<br/>borrowing at a spread over the Base Rate (defined as the<br/>the Administrative Agent's Prime Rate, the Three<br/>plus .50%, and the Federal Funds Rate plus .50%) or</p> |
|---|--|

the Adjusted rates will be

London Interbank Offered Rate ("LIBOR"). The applicable based on the following table

</TABLE>

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| Term Loan | Revolver       |             |             |             |
|-----------|----------------|-------------|-------------|-------------|
|           |                | Spread Over | Spread Over | Spread Over |
| LIBOR     | Leverage Ratio | Base        | LIBOR       | Base        |
| <C>       | <S>            | <C>         | <C>         | <C>         |
| 3.00%     | > 2.0x         | 1.25%       | 2.75%       | 1.50%       |
| 2.50%     | 1.50x - 1.99x  | 0.75%       | 2.25%       | 1.00%       |
| 2.00%     | 1.00x - 1.49x  | 0.25%       | 1.75%       | 0.50%       |
| 1.50%     | 0.50x - .99x   | 0.00%       | 1.25%       | 0.00%       |
| 1.00%     | < .50x         | 0.00%       | 1.00%       | 0.00%       |

</TABLE>

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<S>

<C>

increase by two during the protective funding losses,

The interest rates on the Senior Debt Facilities will (2) percentage points per annum upon the occurrence and continuance of any payment default under the Loan Agreement. The Loan Agreement shall include the Agents' standard provisions for such matters as increased costs, illegality and withholding taxes.

if earlier, and LIBOR

Interest Payments:

At the end of each applicable Interest Period or quarterly, calculated on an actual 360 day basis for both Base Rate Loans.

availability.

Interest Periods:

LIBOR interest period: 30, 60, or 90 days, subject to

must obtain interest rate the Agents, of the Term period of at Interest Rate the Company's Debt

Interest Rate Protection:

Within 90 days following the closing, the Company reasonably acceptable interest rate protection through swaps, caps or other instruments reasonably satisfactory to against increases in interest rates for a minimum of 50% Loan or such lesser amount as the Agents may agree, for a least three years. In the event the Company obtains Protection from any Lender, then such Lender may secure obligations there under on a pari-passu basis with the Senior Facilities.

the Revolver Facility Fees: 1/2 of 1% per annum, on the unutilized portion of commitment, payable quarterly in arrears.

post-Merger Security: A perfected first priority security interest in all of the Company's assets, including the pledge of the stock of all the Company's subsidiaries.

30, 1995 in Mandatory Payments: Revolver: Payable in full at maturity.  
Term Loan: Payable quarterly beginning September the following amounts:

</TABLE>  
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| Annual Amortization | Fiscal year Ended Dec. 31 | Quarterly Amortization | Number of Payments |     |
|---------------------|---------------------------|------------------------|--------------------|-----|
|                     | <S> 1995                  | <C> \$10,000,000       | <C> 2              | <C> |
| \$20,000,000        | 1996                      | 10,000,000             | 4                  |     |
| 40,000,000          | 1997                      | 10,000,000             | 4                  |     |
| 40,000,000          | 1998                      | 12,500,000             | 4                  |     |
| 50,000,000          | 1999                      | 15,000,000             | 4                  |     |
| 60,000,000          | 2000                      | 15,000,000             | 4                  |     |
| 60,000,000          | 2001                      | 15,000,000             | 2                  |     |
| 30,000,000          |                           |                        |                    |     |
| \$300,000,000       |                           |                        |                    |     |

</TABLE>  
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<S> quarterly 30, 2001. <C> The principal amount of the Term Loan shall be repaid in installments beginning on September 30, 1995 and ending June 30, 2001.

be required an amount net income cash charges, expenditures, period, beginning In addition to the required amortization, the Company will to make repayments on the Term Loan on an annual basis in equal to 75% of the Company's Excess Cash Flow (defined as plus depreciation, amortization and all other non-adjusted for changes in working capital, minus capital principal payments and permitted dividends) for such with the period ending December 31, 1995.

net cash the Company's the Company any change owning less The Company will be required to make prepayments with the proceeds in excess of \$5,000,000 from the sale of any of assets outside the normal course of business. In addition, will be required to prepay the Senior Debt Facilities upon of control which results in Delcor, Inc. or its affiliates than 51% of the voting



required to make additional maturity.

Voluntary Prepayments: Revolver at any time and thereafter reborrow. In addition, the Company option, upon five business days' notice to the Agents, reduce the unutilized portion of the Revolver in part amounts of at least \$1,000,000 or, if greater, an thereof) or in whole.

The Company may, at its option, upon five business days' Agents, prepay the Term Loan in part (in principal amounts \$1,000,000 or, if greater, an integral multiple thereof) or without premium or penalty, with interest accrued through prepayment. Any voluntary prepayments above and beyond under the Excess Cash Flow provision shall be applied in designated by the Company. All other prepayments shall be inverse order of maturity.

Conditions Precedent to Closing: subject to financings limited to

Debt Facilities Agents' and respect to

a definitive on terms discretion and the consummated Senior Debt

satisfaction and in financial impact on Settlement Trust, and respect to claims, will not prospective business, operations of Canoe

Common Stock of the Company. The Company will also be prepayments in an amount equal to the net proceeds of any issuance of equity.

Mandatory Prepayments shall be applied in inverse order of

The Company may reduce the amount outstanding under the time and thereafter reborrow. In addition, the Company option, upon five business days' notice to the Agents, reduce the unutilized portion of the Revolver in part amounts of at least \$1,000,000 or, if greater, an thereof) or in whole.

The Company may, at its option, upon five business days' Agents, prepay the Term Loan in part (in principal amounts \$1,000,000 or, if greater, an integral multiple thereof) or without premium or penalty, with interest accrued through prepayment. Any voluntary prepayments above and beyond under the Excess Cash Flow provision shall be applied in designated by the Company. All other prepayments shall be inverse order of maturity.

The funding of the Senior Debt Facilities will be satisfaction of customary conditions precedent for similar and for this transaction in particular, including but not each of the following:

- (i) All documentation relating to the Senior shall have been completed and reviewed to the their counsels' satisfaction (including with bankruptcy, environmental and asbestos matters);
- (ii) The Company and Canoe shall have entered into merger agreement (the "Merger Agreement"), acceptable to the Agents in their sole Merger contemplated thereby shall be simultaneously with the funding of the Facilities;

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- (iii) The Agents shall have determined to their their sole discretion that the possible Canoe of the administration of the NGC Canoe's actual or potential liabilities with property damage and bodily injury asbestos have a material adverse effect on the assets, financial condition or results of and its subsidiaries, taken as a whole;

survey (or  
Company (or an  
the Agents)  
and liability  
regulations,  
satisfaction  
possible financial  
not have a  
business, assets,  
Canoe and its  
  
\$187,500,000  
the same terms  
  
\$300,000,000 in  
Redeemable  
terms and  
  
cash proceeds  
Delcor, Inc. on  
Agents;

proceeds from the  
NationsBank in an

the Agents;

3,872,235 shares  
784,999 shares of  
"contributed" equity

third party  
effect the  
obtained and

occurred in the  
results of  
as a whole,  
occurrence

- (iv) The Agents shall have received an environmental audit if so requested) prepared by the environmental assessment firm acceptable to addressing the Company's compliance with, under, all related environmental laws, rules and and the Agents shall have determined to their and in their sole discretion that the impact on Canoe of environmental matters will material adverse effect on the prospective financial condition or results of operations of subsidiaries, taken as a whole;
- (v) The Company shall have received commitments for of Senior Debt Facilities from First Union on and conditions as outlined herein;
- (vi) The Company shall have received a minimum of cash proceeds from the issuance of Cumulative Payment-In-Kind Preferred Stock and Warrants on conditions reasonably acceptable to the Agents;
- (vii) The Company shall have received \$50,000,000 in from the issuance of voting Common Stock to terms and conditions reasonably acceptable to the
- (viii) The Company shall have received cash issuance of Non-Voting Common Stock to amount equal to the Merger Price

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November 15, 1994

multiplied by 784,999 shares  
on terms and conditions reasonably acceptable to

- (ix) The Company shall have received a minimum of of Canoe Common Stock from Delcor, Inc. and Canoe Common Stock from First Union as to Newco;
- (x) All governmental, regulatory, shareholder and consents and approvals, if any, necessary to Merger and related financing shall have been remain in effect;
- (xi) No material adverse change shall have business, assets, financial condition or operations of Canoe and its subsidiaries, taken and there shall exist no condition, event or which, individually or in the aggregate, could

reasonably be  
the business,  
operations of Canoe  
September 30,  
prior to the  
Commission;

indebtedness shall be

litigation,  
Merger or the

in March 1993

Chapter 11  
effect; Canoe

continuing  
proceedings shall be  
challenges such

expected to have a material adverse effect on  
assets, financial condition or results of  
and its subsidiaries, taken as a whole, since  
1994, except as disclosed in documents filed  
date hereof with the Securities and Exchange

- (xii) All of the Company's existing senior  
repaid in full at closing;
- (xiii) There shall not be any material pending  
injunction, order or claim with respect to the  
NationsBank Financing;
- (xiv) The final order of the bankruptcy court entered  
in connection with Canoe's emergence from its  
reorganization shall remain in full force and  
shall be in compliance with each of its  
obligations specified therein; and no  
pending or threatened that in any manner  
final bankruptcy court order;

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appraisals in  
fixed assets  
acceptable to the

documents,  
connection with the  
in form and  
shall reasonably

- (xv) If requested, the Agents shall have received  
satisfactory form on certain of the Company's  
prepared by an independent valuation firm  
Agents; and
- (xvi) The Agents shall have received such other  
opinions, certificates and agreements in  
Merger and the Senior Debt Facilities, all  
substance satisfactory to the Agents as they  
request.

Representations  
and Warranties:  
warranties  
financings  
appropriate in the  
bankruptcy,

Covenants:  
found in the  
additional  
Merger. Such

The Loan Agreement will include representations and  
customarily found in the Agents' loan agreements for similar  
and any additional representations and warranties  
context of the proposed Merger (including with respect to  
environmental and asbestos matters).

The Loan Agreement will include covenants customarily  
Agents' loan agreements for similar financings and any  
covenants appropriate in the context of the proposed  
covenants shall in any event include:

- (1) Limitations on Liens;
- (2) Limitations on Cash Dividends, Distributions

and Stock

Affiliates;

Acquisitions;

covenants (such tests, leverage acceptable to the

continuing, the

Permitted Dividends:

- Repurchases;
- (3) Limitations on Additional Indebtedness;
- (4) Limitations on Transactions with Shareholders and
- (5) Limitations on Capital Expenditures and Cash and
- (6) Certain other covenants, including financial as fixed charge and interest coverage ratio tests, and minimum current ratio tests) Agents.

So long as no Event of Default has occurred and is Company will be permitted to pay cash dividends on the

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November 15, 1994

75% of the the dividend time as (i) \$200,000,000 Operating Cash Permitted days after statements dividends shall the Company conditions

Preferred Stock and Common Stock in amounts of up to Company's net income calculated prior to giving effect to for such period (the "Permitted Dividends") after such the Senior Debt Facilities have been paid down below and (ii) the Company's ratio of Total Funded Debt to Flow on a trailing four quarters basis is less than 1.0x. Dividends may be paid on a quarterly basis no sooner than 15 receipt by the Lenders of the Company's quarterly financial confirming compliance with the above conditions. Cash not be permitted if after giving effect to such payment, would be in default of the Senior Debt Facilities or the outlined above.

for similar appropriate in the

Events of Default:

Those customarily found in the Agents' loan agreements financings and any additional events of default context of the proposed Merger.

between the assist the The initial both Agents such time as terminate the

Syndication:

Following the signing of a definitive Merger Agreement Company and Canoe, the Company shall use its best efforts to Agents in syndicating the Senior Debt Facilities. syndication shall be a coordinated process under which shall reduce their commitments on a pro-rata basis until they reach their desired hold level or mutually agree to joint syndication process.

Lender may Facilities in approval of the withheld. In part of its

Assignments and Participation:

After completion of the initial syndication process, any participate or assign its interest in the Senior Debt minimum amounts of at least \$5,000,000 subject to the Company and the Agents, which shall not be unreasonably addition, at any time, any Lender may transfer all or

commitment under the Senior Debt Facilities to an affiliate.

Miscellaneous:

Agreements to be their counsel. reasonable limited to, the counsel

- (1) North Carolina state law to govern;
- (2) All terms and conditions contained in the reasonably satisfactory to the Agents and to The Company shall reimburse the Agents for all out-of pocket expenses including, but not reasonable fees and disbursements of their

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November 15, 1994

execution of the expenses of any Agents in issues, in transactions herein Senior Debt

in connection with the preparation and Agreements and the reasonable fees and third party consultants retained to assist the analyzing any environmental or asbestos related each case whether or not the contemplated shall be consummated or the Facilities shall be executed or closed;

Agreements, waiver modifications of enforcements, accordance with

- (3) Usual provisions regarding survival of and delay, extensions of maturity, agreements, severability, counterparts and headings, definition of accounting terms in GAAP, waiver of jury trial; and

requirements that approve certain to customary

- (4) The Loan Agreement shall contain voting shall allow 66 2/3% in principal amount to waivers, modifications and amendments subject unanimity requirements.

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November 15, 1994

Cumulative Pay-In-Kind (PIK) Preferred Stock

</TABLE>  
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|                              |   |
|------------------------------|---|
| <p>&lt;S&gt;<br/>Issuer:</p> | <p>&lt;C&gt;<br/>Newco and, following the Merger, Canoe (the "Company").</p>            |
| <p>Facility:</p>             | <p>Cumulative Redeemable Pay-In-Kind (PIK) Preferred Stock (the "Preferred Stock").</p> |
| <p>Amount:</p>               | <p>\$100,000,000 (the "Purchase Price").</p>  |
| <p>Shares Issued:</p>        | <p>100,000.</p>   |

Price Per Share: \$1,000 (the "Purchase Price Per Share").

Purchaser: NationsBank Corporation or an affiliate thereof ("NationsBank").

Use of Proceeds: To facilitate the consummation of the Merger as described in the Commitment Letter.

Redemption Date: 8 years from closing.

Dividend Rate: 10.0%

Dividend Payments: Semi-annual; to be paid in cash or in-kind for the first three years at the option of the Company; thereafter, dividends will be payable in cash, subject to the terms of the Senior Debt Facilities.

Call Protection: None.

Warrants: The Preferred Stock will carry detachable warrants exercisable into Non-Voting Common Stock of the Company, which represents 5.1337% of all Common Stock on a fully-diluted basis.

Conditions Precedent: The purchase of the Preferred Stock will be subject to the execution of a satisfactory Preferred Stock and Warrant Purchase Agreement, and any necessary related documents; as well as the satisfaction of conditions precedent as outlined in the Senior Debt Facilities, which are hereby incorporated by reference, and any other conditions deemed appropriate by the Purchaser for similar financings and for this transaction in particular.

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Protective Provisions: The Company shall not, without first obtaining consent or approval of the holders of at least two-thirds of the Preferred Stock, do any of the following:

- (i) Create any senior stock having preference or priority over the Preferred Stock as to dividends or upon redemption, liquidation, winding up or dissolution;
- (ii) Adversely amend or alter any preferences, rights or powers of the Preferred Stock;
- (iii) Pay other than Permitted Dividends, provided, however, that once all dividends have been paid on the Preferred Stock in cash and the Company has redeemed all prior in-kind dividends, the Company may pay cash dividends on the Common Stock in an annual amount not to exceed (i) 2.5% multiplied by (ii) an amount equal to (x) the Merger Price Per Share multiplied by (y) the total Shares of voting and Non-Voting Common Stock outstanding and
- (iv) Except as contemplated by the Merger Agreement, redeem or repurchase any junior stock, warrants or other parity

stock.

Certain Events: The following shall constitute an Event:

- (i) Failure to declare and pay semi-annual dividends on the Preferred Stock in full;
- (ii) Failure to redeem or pay the Redemption Price in full when required;
- (iii) Certain events of bankruptcy, receivership or similar proceedings; and
- (iv) Failure to observe any Protective Provisions.

Rights Upon an Event:

Upon and during the continuance of an Event, the Purchaser may elect one representative to the Board of Directors of the Company.

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November 15, 1994

Change in Control/  
Sale of Assets:

In the event there occurs a Change of Control (an event which results in Delcor, Inc. or its affiliates owning less than 51% of the voting Common Stock of the Company) or sale of substantially all of the Company's assets, any holder of Preferred Stock may require the Company to redeem all of the shares of Preferred Stock held by such holder at a price equal to the Purchase Price per share plus all Accrued Dividends thereon to the date of redemption.

Transfer Rights:

Beginning eighteen months after the consummation of the Merger, any holder of the Preferred Stock may sell or transfer in whole or in part, any shares of Preferred Stock held by such holder subject to (i) the Company's consent, which shall not be unreasonably withheld and (ii) the Company's first right of refusal.

Attendance Rights:

Following the Merger, the Company will permit a representative of the Purchaser to attend all meetings of the Company's Board of Directors or committees.

Reimbursement  
of Expenses:

The Purchaser shall be reimbursed for reasonable out-of-pocket expenses (including fees and disbursements for counsel) incurred in connection with the issuance of the Preferred Stock and the Warrants.

Information  
Requirements:

The Company will provide the Purchaser with: (i) annual financial statements audited by a nationally recognized "Big Six" independent accounting firm, (ii) monthly internal financial statements, (iii) an annual budget for the next fiscal year prior to the end of the previous fiscal year, and (iv) any other information as reasonably requested by such Purchaser.

Representations  
and  
Warranties:

Those customarily found in purchase agreements for similar financings and

any additional representations and warranties appropriate in the context of the proposed financing.

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November 15, 1994

Warrants

Issuer: Newco and, following the Merger, Canoe (the "Company").

Facility: Warrants.

Purchaser: NationsBank Corporation or an affiliate thereof ("NationsBank").

Amount: In conjunction with the Cumulative Redeemable Payment-In-Kind (PIK) Preferred Stock (the "Preferred Stock"), detachable Warrants will be issued sufficient to provide the Purchaser with 5.1337% of the Common Stock of the Company on a fully-diluted basis (subject only to dilution by management options in an amount to be mutually agreed upon).

Exercise Price: Nominal.

Exercise Period: At any time.

Maturity: Ten years from the date of issuance.

Put Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock, the Purchaser shall have the right to sell all or part of the Warrants to the Company at a cash price (the "Put Price") as described below at any time after the earliest to occur of the following:

- (i) Six years after the closing date;
- (ii) An event which results in Delcor, Inc. or its affiliates owning less than 51% of the voting Common Stock of the Company;
- (iii) Any merger in which the Company is not the surviving corporation, or sale or other transfer of substantially all of the Company's assets;
- (iv) Acceleration of any outstanding credit facility of the Company; and
- (v) A qualified public equity offering by the Company;

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provided, however, that if not exercised upon the occurrence of the event described in Section (v), the put right of the Purchaser shall terminate.



The Put Price shall be the fair market value as mutually agreed upon by the Company and the Purchaser. For the purposes of this paragraph, fair market value will not include any discount for minority interest or lack of liquidity. If the parties are not able to agree on a fair market value, they will agree to engage a mutually acceptable investment banker to determine the fair market value of the Warrants.

- Transfer Rights: Beginning eighteen months after consummation of the Merger, any holder of the Warrants may sell or transfer in whole or in part, any Warrant shares held by such holder subject to (i) the Company's consent, which shall not be unreasonably withheld and (ii) the Company's first right of refusal. If necessary to facilitate the sale of the Warrants, the Company will amend its charter provisions to make the Warrants exercisable into voting Common Stock of the Company. Any change in the Warrant shares from non-voting to voting will be subject to Federal Reserve guidelines.
- Call Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock and beginning seven years after the closing date, the Company shall have the right to purchase for cash all or part of the Warrants, on a pro-rata basis with all other Warrant holders, at a price equal to 100% of the Put Price determined at that time.
- Other Rights: In addition to the above rights, the Warrants will provide for:
- (i) Customary anti-dilution provisions;
  - (ii) Piggyback rights for the Warrant shares on any public or private sale of the Company's equity securities;
  - (iii) Two demand registration rights for the Warrant shares (taken together with Purchaser's demand registration rights for Non-Voting Common Stock) beginning January 1, 1999 or at any earlier time that the Put Provision is exercisable; and
  - (iv) 30 days' prior notice of the record date of any cash dividend on the Common Stock.

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November 15, 1994

Non-Voting Common Stock

- Issuer: Newco and, following the Merger, Canoe (the "Company").
- Facility: Non-Voting Common Stock (the "Non-Voting Common Stock").
- Purchase Price: \$34,147,456.50, assuming the Merger Price Per Share shown below.
- Shares Issued: 784,999
- Merger Price Per Share: \$43.50 (the "Merger Price Per Share").
- Purchaser: NationsBank Corporation or an affiliate thereof ("NationsBank").
- Use of Proceeds: To facilitate the consummation of the

Merger as described in the Commitment Letter.

Dividend Rights: To the extent cash dividends on Common Stock are permitted by the Senior Debt Facilities and the Preferred Stock, each holder of voting Common Stock and Non-Voting Common Stock shall share ratably in any such dividends.

Put Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock, the Purchaser shall have the right to sell all or part of the Non-Voting Common Stock to the Company at a cash price (the "Put Price") as described below at any time after the earliest to occur of the following:

- (i) Six years after the closing date;
- (ii) An event which results in Delcor, Inc. or its affiliates ("Delcor") owning less than 51% of the voting Common Stock of the Company;
- (iii) Any merger in which the Company is not the surviving corporation, or any sale or other transfer of substantially all of the Company's assets;
- (iv) Acceleration of any outstanding credit facility of the Company; and

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November 15, 1994

- (v) A qualified public equity offering by the Company;

provided, however, that if not exercised upon the occurrence of the event described in Section (v), the put right of the Purchaser shall terminate.

The Put Price shall be the fair market value as mutually agreed upon by the Company and the Purchaser. For the purposes of this paragraph, fair market value will not include any discount for minority interest, lack of liquidity or lack of voting rights. If the parties are not able to agree on a fair market value, they will agree to engage a mutually acceptable investment banker to determine the fair market value of the Non-Voting Common Stock.

Transfer Rights: Beginning eighteen months after consummation of the Merger, any holder of the Non-Voting Common Stock may sell or transfer, in whole or in part, any Non-Voting Common Stock held by such holder subject to (i) the Company's consent, which shall not be unreasonably withheld and (ii) the Company's first right of refusal. If necessary to facilitate the sale of the Non-Voting Common Stock, the Company will amend its charter provisions to make the Non-Voting Common Stock exchangeable into voting Common Stock of the Company. Any such right to have the Company's charter amended shall be subject to Federal Reserve guidelines.

Call Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock and beginning seven years after the closing date, the Company shall have the right to purchase for cash all or part of the

Non-Voting Common Stock, on a pro-rata basis with all other Non-Voting Common Stock holders, at a price equal to 100% of the Put Price determined at that time.

Conditions Precedent: The purchase of the Non-Voting Common Stock will be subject to the execution of a satisfactory Non-Voting Common Stock Purchase Agreement, and any necessary related documents; as well as the satisfaction of conditions precedent as outlined in the Senior Debt Facilities, which are hereby incorporated by reference, and any other conditions deemed appropriate by the Purchaser for similar financings and for this transaction in particular.

Attendance Rights: Following the Merger, and provided that the Preferred Stock has been redeemed in full, the Company will permit a representative

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of the Purchaser to attend all meetings of the Company's Board of Directors or committees.

Other Rights: In addition to the above rights, the Non-Voting Common Stock will provide for:

- (i) Customary anti-dilution provisions;
- (ii) Piggyback rights on any public or private sale of the Company's equity securities; and
- (iii) Two demand registration rights (taken together with Purchaser's demand registration rights for Warrant shares) beginning January 1, 1999 or at any earlier time that the Put Provision is exercisable.

Reimbursement of Expenses: The Purchaser shall be reimbursed for reasonable out-of-pocket expenses (including fees and disbursements for counsel) incurred in connection with the issuance of the Non-Voting Common Stock.

Information Requirements: The Company will provide the Purchaser with: (i) annual financial statements audited by a nationally recognized "Big Six" independent accounting firm, (ii) monthly internal financial statements, (iii) an annual budget for the next fiscal year prior to the end of the previous fiscal year, and (iv) any other information as reasonably requested by such Purchaser.

Representations and Warranties: Those customarily found in purchase agreements for similar financings and any additional representations and warranties appropriate in the context of the proposed financing.

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DELCOR, INC.  
Wilmington, Delaware

November 15, 1994

Board of Directors  
National Gypsum Company  
2001 Rexford Road  
Charlotte, North Carolina 28211

Dear Directors:

We are writing to propose an acquisition transaction that we believe will provide excellent value for your stockholders. Delcor, Inc. ("Delcor") is a subsidiary of Golden Eagle Industries, Inc. ("Golden Eagle"), and, as you know, C.D. Spangler, Jr. serves as Chairman of Golden Eagle. Delcor holds 3,872,235 shares (approximately 19.0 percent) of the outstanding common stock of National Gypsum Company (the "Company"), which it acquired in three block purchases beginning in October 1993. Delcor acquired those shares because we believed, and we continue to believe, that the Company represents an attractive long-term investment opportunity that meets our objectives of investing in and supporting North Carolina-based businesses.

The Company's earnings have continued to increase throughout this year, confirming our strong belief in and support for the Company and its management team. In spite of this earnings performance, however, the price of the Company's stock has declined significantly during the past eight months. We have become convinced that it is in the best interests of the Company for its ownership to be in the hands of a supportive, long-term investor group and for its stockholders, many of whom we believe have shorter range horizons, to be provided an opportunity to receive premium value for their shares. Accordingly, we propose to acquire all outstanding shares of common stock and common stock equivalents held by other securityholders of the Company in a negotiated cash merger at a price per share of \$43.50.

The proposed price represents an approximate 32.8 percent premium over the Company's closing stock price of \$32.75 on Tuesday, November 15. The proposed price also represents a 166.6 percent premium over the book value per share of the common stock based on the financial statements included in the Company's most recent quarterly report.

The acquisition would be effected by means of a merger of the Company with a corporation formed by us for that purpose ("Newco") or with a wholly owned subsidiary of Newco. In either case the Company would be the surviving corporation.

Board of Directors  
National Gypsum Company  
November 15, 1994  
Page 2

We are confident that our proposal is not only in the best interests of the Company's stockholders, but also in the best long-term interests of the Company, its management and employees. Our proposal does not depend on sales of any Company assets, plant closings, employee layoffs or any termination of or change in retirement benefits. Moreover, we hope the Company's management team will continue with us, and we are prepared to discuss incentive compensation plans with them at the appropriate time.

We think it is important for you to know that our proposal has been intentionally structured with a substantial equity base to support the continued stability and growth of the Company. Pursuant to the proposal, we will be contributing our 3,872,235 National Gypsum shares (with a merger value of \$168.4 million) to Newco and investing an additional \$150 million. In addition, we have received commitment letters from two major North Carolina-based financial institutions, First Union Corporation and

NationsBank Corporation, for each to subscribe for an additional \$134.1 million of non-voting preferred and common stock of Newco. Together, our proposal envisions a total economic equity base of more than \$585 million and an equity-to-capitalization ratio of approximately 65 percent. Under those commitment letters, bank affiliates of First Union Corporation and NationsBank Corporation also have committed to provide a total of up to \$375 million in senior term debt and revolving credit financing to support our proposal. The commitment letters are subject to certain conditions, including satisfaction as to the financial impact on the Company of certain asbestos, bankruptcy and environmental matters.

Details of our proposal will be contained in a definitive merger agreement, and we will deliver a draft of that agreement to you promptly. The proposed merger agreement will contain what we regard as customary or expected conditions, such as the obtaining of necessary regulatory approvals and third-party consents, if any; absence of certain changes; and approval by the Board of Directors and adoption by the Company's stockholders of the merger agreement pursuant to Sections 203(a) and 251 of the Delaware General Corporation Law. In addition, in the light of recent developments regarding the NGC Settlement Trust (the "Settlement Trust"), the merger agreement will contain a condition that matters relating to the possible financial impact, if any, of the Settlement Trust's recent motions in the bankruptcy court be resolved to our satisfaction. The merger agreement will also contain a condition that certain other environmental and bankruptcy matters be resolved to our satisfaction.

As a matter of corporate governance, we recognize that you must consider what alternatives, if any, may be available for the

Board of Directors  
National Gypsum Company  
November 15, 1994  
Page 3

Company and its stockholders and understand that you may seek to solicit other acquisition proposals or to discuss with other potential bidders a possible acquisition of the Company. We support this process as a way to ensure the best value for the Company's stockholders; however, we believe our proposal will prove to be the most advantageous to the Company, its stockholders, management, employees, and others interested in its success. For these reasons, we believe it would be mutually desirable for all interested parties if you would afford us the opportunity to review all information available to management and negotiate with you a definitive merger agreement that embodies the terms of our proposal. We are prepared to enter into a definitive merger agreement promptly.

As you know, Golden Eagle is a party to a Memorandum of Understanding dated October 6, 1993, with Lafarge Coppee S.A. ("Lafarge") pursuant to which Golden Eagle and Lafarge have agreed to cooperate with each other in satisfying any desire by either party to acquire more shares of the Company and, for that purpose, to advise each other (to the extent reasonably permitted by the then existing circumstances) with respect to any plan to acquire any more shares of the Company's common stock. Accordingly, Lafarge is being offered the opportunity to participate with us in the acquisition.

As required by law, we will file tomorrow with the Securities and Exchange Commission an amendment to our current Schedule 13D to report our proposal made in this letter. A copy of this letter will be attached as an exhibit to that amendment.

We look forward to meeting with you or your representatives to discuss this proposal at the earliest practicable time.

Very truly yours,

DELCOR, INC.

/s/ W.D. Cornwell, Jr.

W.D. Cornwell, Jr.  
President

FIRST UNION CORPORATION  
Charlotte, North Carolina 28288  
704 374-6565

(First Union Logo appears here)

Exhibit 4

CONFIDENTIAL

November 15, 1994

Delcor, Inc.  
1110 East Morehead Street  
Charlotte, NC 28204

Attention: Mr. W. D. Cornwell, Jr.  
President

Gentlemen:

First Union National Bank of North Carolina and First Union Corporation or an affiliate thereof (collectively, "First Union") are pleased to confirm to Delcor, Inc. ("Delcor"), their commitment to provide to Newco or its successor pursuant to the Merger described herein (the "Company"), a company to be formed by Delcor, on the terms, for the purposes and subject to the conditions set forth below and in the summary of certain terms attached hereto (the "Term Sheets") the following: (i) senior debt facilities (the "Senior Debt Facilities") in an aggregate amount of up to \$187,500,000, (ii) a subscription to purchase Cumulative Redeemable Payment-In-Kind Preferred Stock (the "Preferred Stock") in an aggregate amount of \$100,000,000 and related detachable warrants (the "Warrants") and (iii) in exchange for 784,999 shares of Non-Voting Common Stock of the Company, 784,999 shares of Common Stock (the "Rollover Equity") of a company which has been described to us under a code name "Canoe" in connection with the Company's acquisition of Canoe. As First Union understands the proposed transaction (the "Transaction"), Delcor will organize the Company, a single purpose, wholly owned subsidiary that will enter into a merger agreement (the "Merger Agreement") with Canoe, pursuant to which the Company will merge with Canoe (the "Merger"), with Canoe being the surviving corporation. In the Merger, each of the issued and outstanding shares of Canoe's common stock, par value \$.01 per share, excluding any treasury shares, Rollover Equity shares or other contributed shares, will be converted into the right to receive an aggregate amount in cash consideration per share not to exceed the amount discussed between First Union and the Company (the "Merger Price"). The Senior Debt Facilities, the Preferred Stock and the Rollover Equity (collectively, the "First Union Financing") are being provided to enable the Company to (i) complete the Merger, (ii) provide for the ongoing working capital and capital spending needs of the Company, and (iii) pay certain fees and expenses related to the Merger. If the Transaction is structured as a merger of a wholly owned subsidiary of the Company into Canoe, this commitment letter and the Term Sheets shall be modified to reflect the revised structure.

Delcor, Inc.  
November 15, 1994  
Page 2

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First Union's commitment is to provide 50% of \$375,000,000 of Senior Debt Facilities that will be co-agented by First Union and NationsBank of North Carolina, N.A., or an affiliate thereof (collectively, "NationsBank"). NationsBank will also purchase (i) \$100,000,000 of Preferred Stock and Warrants and (ii) 784,999 shares of Non-Voting Common Stock of the Company for an amount of cash equal to the Merger Price multiplied by 784,999 shares.

Our commitment to provide the First Union Financing will be funded upon the effectiveness of the Merger and is subject to the conditions set forth herein and in the attached Term Sheets,

including the right to assign or transfer all or part of this commitment for the First Union Financing to any of our affiliated corporations or banks and to any third parties.

Our commitment to provide the First Union Financing will terminate (i) on July 31, 1995 if the Merger shall not have closed on or prior to such date, or (ii) at any time prior to the Merger and the funding of the First Union Financing if (a) there shall have been any material adverse change in the business, assets, financial condition or results of operations of Canoe and its subsidiaries, taken as a whole, or (b) there shall exist any condition, event or occurrence which, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of Canoe and its subsidiaries, taken as a whole, in either case, since September 30, 1994, except as disclosed in documents filed prior to the date hereof with the Securities and Exchange Commission.

The business and financial terms set forth in the attached Term Sheets have been established as a result of a review of Canoe's publicly available information (including public filings with the Securities and Exchange Commission). First Union believes that the closing conditions and other terms contained in the attached Term Sheets are customary for comparable financings.

You agree that this Commitment Letter is for your confidential use only and will not be disclosed by you to any person other than your accountants, attorneys and other advisors and the Company and Canoe and such of their respective officers, directors, agents, accountants, attorneys and other advisors as need to be provided therewith, and only then in connection with the Transaction and on a confidential basis, except that you may make public disclosure of the existence and amount of First Union's commitment and undertaking hereunder, you may file a copy of the Commitment Letter in any public record in which it is required by law to be filed, and you may make such other public disclosure of the terms and conditions hereof as you are required by law, in the reasonable opinion of your counsel, to make.

Delcor agrees to indemnify each of First Union and its affiliates and their respective directors, officers, employees, agents and controlling persons (each, an "Indemnified Party") from and against any and all losses, claims (whether valid or not), damages and liabilities, joint or several, to which such Indemnified Party may become subject, related to or arising out of the Transaction and will reimburse each Indemnified Party for all expenses (including reasonable attorneys' fees and expenses) as they are incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim or any action or proceeding arising therefrom.

Delcor, Inc.  
November 15, 1994  
Page 3

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Notwithstanding the foregoing, the obligation to indemnify any Indemnified Party hereunder shall not apply in respect of any loss, claim, damage or liability to the extent that a court of competent jurisdiction shall have determined by final judgment that such loss, claim, damage or liability resulted from such Indemnified Party's willful malfeasance, gross negligence or bad faith. In the event that the foregoing indemnity is unavailable or insufficient to hold an Indemnified Party harmless, then Delcor will contribute to amounts paid or payable by such Indemnified Party in respect of such Indemnified Party's losses, claims, damages or liabilities in such proportions as appropriately reflect the relative benefits received by and fault of Delcor and such Indemnified Party in connection with the matters as to which such losses, claims, damages or liabilities relate and other equitable considerations.

If any action, proceeding, or investigation is commenced, as to which any Indemnified Party proposes to demand such indemnification, it shall notify Delcor with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify Delcor shall not relieve Delcor from its obligations hereunder except to the extent Delcor is prejudiced thereby. Delcor shall be entitled to assume the defense of any such action, proceeding, or investigation, including the employment of counsel and the payment of all fees



and expenses. The Indemnified Party shall have the right to employ separate counsel in connection with any such action, proceeding, or investigation and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party, unless (a) Delcor has failed to assume the defense and employ counsel as provided herein, (b) Delcor has agreed in writing to pay such fees and expenses of separate counsel, or (c) an action, proceeding, or investigation has been commenced against the Indemnified Party and Delcor and representation of both Delcor and the Indemnified Party by the same counsel would be inappropriate because of actual or potential conflicts of interest between the parties (in the case of First Union, the existence of any such actual or potential conflict of interest to be determined by First Union, taking into account, among other things, any relevant regulatory concerns). In the case of any circumstance described in clauses (a), (b), or (c) of the immediately preceding sentence, Delcor shall be responsible for the reasonable fees and expenses of such separate counsel; provided, however, that Delcor shall not in any event be required to pay the fees and expenses of more than one separate counsel for all Indemnified Parties. Delcor shall be liable only for settlement of any claim against an Indemnified Party made with Delcor's written consent.

Delcor agrees to pay to us the fees for the Senior Debt Facilities outlined in the fee letter dated the date hereof (the "Fee Letter"). Delcor also agrees to reimburse us for all of our out-of-pocket expenses (including the reasonable fees and disbursements of our counsel) in connection with the Merger and the First Union Financing, described herein.

The provisions of the three immediately preceding paragraphs shall survive any termination of this letter.

Delcor acknowledges that First Union has advised Delcor that the services to be provided hereunder and the amount of fees and the obligation to reimburse expenses are in no way

Delcor, Inc.  
November 15, 1994  
Page 4

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conditioned upon Delcor's obtaining from First Union or any affiliate of First Union any other service or any loan or other financial product.

If you are in agreement with the foregoing, please sign and return the enclosed copy of this letter and the Fee Letter to First Union no later than 5:00 p.m. Eastern Standard Time, on or before November 15, 1994. This commitment shall terminate at such time unless a signed copy of this letter and the Fee Letter have been delivered to us.

Very Truly Yours,

FIRST UNION CORPORATION

By: /s/ Daniel W. Mathis  
Daniel W. Mathis  
Executive Vice President

FIRST UNION NATIONAL BANK  
OF NORTH CAROLINA

By: /s/ David M. Roberts  
David M. Roberts  
Senior Vice President

Agreed to and accepted this  
15th day of November, 1994

DELCOR, INC.

By: /s/ W. D. Cornwell, Jr.  
W. D. Cornwell, Jr.  
President

Confidential  
November 15, 1994

PROJECT CANOE

Summary of Certain Terms

Senior Debt Facilities

<TABLE>  
<CAPTION>  
<S>

|  |   |
|--|---|
| Borrower:  | <C><br>Newco and, following the Merger, Canoe (the "Company").  |
| Facilities:  | Will include a six year Revolving Credit Facility (the "Revolver") and a six year Term Loan (the "Term Loan") (together, the "Senior Debt Facilities").   |
| Amount:  | Revolver: Up to \$75,000,000<br>Term Loan: \$300,000,000  |
| based on the percentages of the inventory (as subject to | The aggregate amount available under the Revolver will be lesser of \$75,000,000 or the aggregate of certain Company's eligible accounts receivable and eligible defined in the Company's existing senior credit agreement), reasonable reserves. |
| Maturity Dates:  | The later of June 30, 2001 or six years from the Closing Date.  |
| Agents:  | First Union National Bank of North Carolina ("First Union") and NationsBank of North Carolina, N.A., ("NationsBank") (collectively, the "Agents").  |
| Administrative Agent:                                    | NationsBank   |
| Lenders:   | First Union and NationsBank, and a group of other financial institutions reasonably acceptable to the Agents and the Company (the "Lenders").   |
| Use of Proceeds:   | To consummate the Merger described in the Commitment Letter, to pay certain fees and expenses related to the Merger and to provide for the Company's ongoing working capital and capital spending requirements.                                   |
| Interest Rates:  | The interest rates on the Senior Debt Facilities will be a function of the Company's Total Funded Debt to Operating Cash Flow ("Leverage Ratio") as determined quarterly on a   |

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equal the amortization a spread over

rolling four quarters basis. Operating Cash Flow will equal the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA"). The Company will have the option of borrowing at the Base Rate (defined as the higher of the Administrative

Agent's Prime  
Funds Rate plus  
("LIBOR"). The

Rate, the Three Month CD Rate plus .50%, and the Federal  
.50%) or the Adjusted London Interbank Offered Rate  
applicable rates will be based on the following table

| Loan<br>Spread Over<br>LIBOR | Leverage<br>Ratio | Revolver            |                      | Term                |
|------------------------------|-------------------|---------------------|----------------------|---------------------|
|                              |                   | Spread Over<br>Base | Spread Over<br>LIBOR | Spread Over<br>Base |
| 3.00%                        | > 2.0x            | 1.25%               | 2.75%                | 1.50%               |
| 2.50%                        | 1.50x - 1.99x     | 0.75%               | 2.25%                | 1.00%               |
| 2.00%                        | 1.00x - 1.49x     | 0.25%               | 1.75%                | 0.50%               |
| 1.50%                        | 0.50x - .99x      | 0.00%               | 1.25%                | 0.00%               |
| 1.00%                        | < .50x            | 0.00%               | 1.00%                | 0.00%               |

increase by two  
during the  
  
protective  
funding losses,

The interest rates on the Senior Debt Facilities will  
(2) percentage points per annum upon the occurrence and  
continuance of any payment default under the Loan Agreement.  
The Loan Agreement shall include the Agents' standard  
provisions for such matters as increased costs,  
illegality and withholding taxes.

if earlier,  
and LIBOR  
  
availability.  
  
must obtain  
interest rate  
the Agents,  
of the Term  
period of at  
Interest Rate  
the Company's  
Debt

Interest Payments:

At the end of each applicable Interest Period or quarterly,  
calculated on an actual 360 day basis for both Base Rate  
Loans.

Interest Periods:

LIBOR interest period: 30, 60, or 90 days, subject to

Interest Rate Protection:

Within 90 days following the closing, the Company  
reasonably acceptable interest rate protection through  
swaps, caps or other instruments reasonably satisfactory to  
against increases in interest rates for a minimum of 50%  
Loan or such lesser amount as the Agents may agree, for a  
least three years. In the event the Company obtains  
Protection from any Lender, then such Lender may secure  
obligations there under on a pari-passu basis with the Senior  
Facilities.

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November 15, 1994

the Revolver  
  
post-Merger  
of all the  
  
1995 in the

Facility Fees:

1/2 of 1% per annum, on the unutilized portion of  
commitment, payable quarterly in arrears.

Security:

A perfected first priority security interest in all of the  
Company's assets, including the pledge of the stock  
Company's subsidiaries.

Mandatory Payments:

Revolver: Payable in full at maturity.  
Term Loan: Payable quarterly beginning September 30,

following amounts:

| Annual<br>Amortization | Fiscal year<br>Ended | Quarterly    | Number<br>of |
|------------------------|----------------------|--------------|--------------|
|                        | Dec. 31              | Amortization | Payments     |
| \$20,000,000           | 1995                 | \$10,000,000 | 2            |
| 40,000,000             | 1996                 | 10,000,000   | 4            |
| 40,000,000             | 1997                 | 10,000,000   | 4            |
| 50,000,000             | 1998                 | 12,500,000   | 4            |
| 60,000,000             | 1999                 | 15,000,000   | 4            |
| 60,000,000             | 2000                 | 15,000,000   | 4            |
| 30,000,000             | 2001                 | 15,000,000   | 2            |
| \$300,000,000          |                      |              |              |

quarterly  
30, 2001.

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an amount  
net income  
cash charges,  
expenditures,  
period, beginning

net cash  
the Company's  
the Company  
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owning less  
Company will

The principal amount of the Term Loan shall be repaid in installments beginning on September 30, 1995 and ending June

In addition to the required amortization, the Company will to make repayments on the Term Loan on an annual basis in equal to 75% of the Company's Excess Cash Flow (defined as plus depreciation, amortization and all other non-adjusted for changes in working capital, minus capital principal payments and permitted dividends) for such with the period ending December 31, 1995.

The Company will be required to make prepayments with the proceeds in excess of \$5,000,000 from the sale of any of assets outside the normal course of business. In addition, will be required to prepay the Senior Debt Facilities upon of control which results in Delcor, Inc. or its affiliates than 51% of the voting Common Stock of the Company. The also be

-3-

Confidential  
November 15, 1994

net

maturity.

Voluntary Prepayments:  
Revolver at any  
may, at its  
permanently  
(in principal  
integral multiple

required to make prepayments in an amount equal to the proceeds of any additional issuance of equity.

Mandatory Prepayments shall be applied in inverse order of

The Company may reduce the amount outstanding under the time and thereafter reborrow. In addition, the Company option, upon five business days' notice to the Agents, reduce the unutilized portion of the Revolver in part amounts of at least \$1,000,000 or, if greater, an thereof) or in whole.

notice to the  
of at least  
in whole,  
the date of  
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Conditions Precedent  
to Closing:

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Facilities shall  
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simultaneously with

satisfaction and in  
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-4-

respect to  
claims, will not  
prospective business,  
operations of Canoe

survey (or  
Company (or an  
the Agents)  
liability under,  
regulations, and the  
satisfaction and in  
impact on  
a material  
assets, financial

The Company may, at its option, upon five business days' Agents, prepay the Term Loan in part (in principal amounts \$1,000,000 or, if greater, an integral multiple thereof) or without premium or penalty, with interest accrued through prepayment. Any voluntary prepayments above and beyond under the Excess Cash Flow provision shall be applied in designated by the Company. All other prepayments shall be inverse order of maturity.

The funding of the Senior Debt Facilities will be satisfaction of customary conditions precedent for similar and for this transaction in particular, including but not each of the following:

- (i) All documentation relating to the Senior Debt have been completed and reviewed to the Agents' counsels' satisfaction (including with respect to environmental and asbestos matters);
- (ii) The Company and Canoe shall have entered into a merger agreement (the "Merger Agreement"), on terms to the Agents in their sole discretion and contemplated thereby shall be consummated the funding of the Senior Debt Facilities;
- (iii) The Agents shall have determined to their their sole discretion that the possible financial Canoe of the administration of the NGC

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November 15, 1994

Settlement Trust, and  
Canoe's actual or potential liabilities with  
property damage and bodily injury asbestos  
have a material adverse effect on the  
assets, financial condition or results of  
and its subsidiaries, taken as a whole;

- (iv) The Agents shall have received an environmental audit if so requested) prepared by the environmental assessment firm acceptable to addressing the Company's compliance with, and all related environmental laws, rules and Agents shall have determined to their their sole discretion that the possible financial Canoe of environmental matters will not have adverse effect on the prospective business, condition or results of operations of Canoe

and its

\$187,500,000

same terms

\$300,000,000 in

Redeemable

terms and

cash proceeds

Delcor, Inc. on

Agents;

from the

NationsBank in an

784,999 shares

Agents;

3,872,235 shares

subsidiaries, taken as a whole;

(v) The Company shall have received commitments for of Senior Debt Facilities from NationsBank on the and conditions as outlined herein;

(vi) The Company shall have received a minimum of cash proceeds from the issuance of Cumulative Payment-In-Kind Preferred Stock and Warrants on conditions reasonably acceptable to the Agents;

(vii) The Company shall have received \$50,000,000 in from the issuance of voting Common Stock to terms and conditions reasonably acceptable to the

(viii) The Company shall have received cash proceeds issuance of Non-Voting Common Stock to amount equal to the Merger Price multiplied by on terms and conditions reasonably acceptable to the

(ix) The Company shall have received a minimum of of Canoe Common Stock from

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Confidential  
November 15, 1994

"contributed" equity to

third party

the Merger

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operations

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business, assets,

Canoe and its

30, 1994,

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litigation,

Delcor, Inc. and 784,999 shares of  
Canoe Common Stock from First Union as

Newco;

(x) All governmental, regulatory, shareholder and consents and approvals, if any, necessary to effect and related financing shall have been obtained and effect;

(xi) No material adverse change shall have business, assets, financial condition or results of of Canoe and its subsidiaries, taken as a whole, shall exist no condition, event or individually or in the aggregate, could reasonably to have a material adverse effect on the financial condition or results of operations of subsidiaries, taken as a whole, since September except as disclosed in documents filed prior to hereof with the Securities and Exchange Commission;

(xii) All of the Company's existing senior indebtedness repaid in full at closing;

(xiii) There shall not be any material pending injunction, order or claim with respect to the

Merger or the

March 1993

Chapter 11

effect; Canoe

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bankruptcy

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additional

Merger. Such

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Affiliates;

Acquisitions; and

covenants (such

tests, leverage

acceptable to the

continuing, the

Preferred Stock

First Union Financing;

(xiv) The final order of the bankruptcy court entered in in connection with Canoe's emergence from its reorganization shall remain in full force and shall be in compliance with each of its continuing specified therein; and no proceedings shall be threatened that in any manner challenges such final court order;

(xv) If requested, the Agents shall have received satisfactory form on certain of the Company's prepared by an independent valuation firm Agents; and

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Confidential  
November 15, 1994

(xvi) The Agents shall have received such other documents, certificates and agreements in connection with the the Senior Debt Facilities, all in form and satisfactory to the Agents as they shall reasonably

Representations  
and Warranties:

The Loan Agreement will include representations and customarily found in the Agents' loan agreements for similar and any additional representations and warranties context of the proposed Merger (including with respect to environmental and asbestos matters).

Covenants:

The Loan Agreement will include covenants customarily Agents' loan agreements for similar financings and any covenants appropriate in the context of the proposed covenants shall in any event include:

- (1) Limitations on Liens;
- (2) Limitations on Cash Dividends, Distributions Repurchases;
- (3) Limitations on Additional Indebtedness;
- (4) Limitations on Transactions with Shareholders and
- (5) Limitations on Capital Expenditures and Cash
- (6) Certain other covenants, including financial as fixed charge and interest coverage ratio tests, and minimum current ratio tests) Agents.

Permitted Dividends:

So long as no Event of Default has occurred and is Company will be permitted to pay cash dividends on the

net income  
period (the  
Senior Debt  
(ii) the

and Common Stock in amounts of up to 75% of the Company's  
calculated prior to giving effect to the dividend for such  
"Permitted Dividends") after such time as (i) the  
Facilities have been paid down below \$200,000,000 and  
Company's ratio of

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Dividends  
after receipt  
statements  
dividends shall  
the Company  
conditions

Total Funded Debt to Operating Cash Flow on a  
trailing four quarters basis is less than 1.0x. Permitted  
may be paid on a quarterly basis no sooner than 15 days  
by the Lenders of the Company's quarterly financial  
confirming compliance with the above conditions. Cash  
not be permitted if after giving effect to such payment,  
would be in default of the Senior Debt Facilities or the  
outlined above.

for similar  
appropriate in the

Events of Default:

Those customarily found in the Agents' loan agreements  
financings and any additional events of default  
context of the proposed Merger.

between the  
assist the  
The initial  
both Agents  
such time as  
terminate the

Syndication:

Following the signing of a definitive Merger Agreement  
Company and Canoe, the Company shall use its best efforts to  
Agents in syndicating the Senior Debt Facilities.  
syndication shall be a coordinated process under which  
shall reduce their commitments on a pro-rata basis until  
they reach their desired hold level or mutually agree to  
joint syndication process.

Lender may  
Facilities in  
approval of the  
withheld. In  
part of its

Assignments  
and Participation:

After completion of the initial syndication process, any  
participate or assign its interest in the Senior Debt  
minimum amounts of at least \$5,000,000 subject to the  
Company and the Agents, which shall not be unreasonably  
addition, at any time, any Lender may transfer all or  
commitment under the Senior Debt Facilities to an affiliate.

Agreements to be  
their counsel.  
reasonable out-  
limited to, the  
counsel in  
of the  
any third  
analyzing  
each case

Miscellaneous:

- (1) North Carolina state law to govern;
- (2) All terms and conditions contained in the  
reasonably satisfactory to the Agents and to  
The Company shall reimburse the Agents for all  
of pocket expenses including, but not  
reasonable fees and disbursements of their  
connection with the preparation and execution  
Agreements and the reasonable fees and expenses of  
party consultants retained to assist the Agents in  
any environmental or asbestos related issues, in



contemplated shall be

whether or not the transactions herein  
consummated

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waiver and  
agreements,  
headings,  
GAAP, waiver

requirements that  
approve certain  
customary  
</TABLE>

- or the Senior Debt Facilities shall be executed or closed;
- (3) Usual provisions regarding survival of Agreements, delay, extensions of maturity, modifications of severability, counterparts and enforcements, definition of accounting terms in accordance with of jury trial; and
- (4) The Loan Agreement shall contain voting shall allow 66 2/3% in principal amount to waivers, modifications and amendments subject to unanimity requirements.

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Cumulative Pay-In-Kind (PIK) Preferred Stock

Issuer: Newco and, following the Merger, Canoe (the "Company").

Facility: Cumulative Redeemable Pay-In-Kind (PIK) Preferred Stock (the "Preferred Stock").

Amount: \$100,000,000 (the "Purchase Price").

Shares Issued: 100,000.

Price Per Share: \$1,000 (the "Purchase Price Per Share").

Purchaser: First Union Corporation or an affiliate thereof ("First Union").

Use of Proceeds: To facilitate the consummation of the Merger as described in the Commitment Letter.

Redemption Date: 8 years from closing.

Dividend Rate: 10.0%

Dividend Payments: Semi-annual; to be paid in cash or in-kind for the first three years at the option of the Company; thereafter, dividends will be payable in cash, subject to the terms of the Senior Debt Facilities.

Call Protection: None.

Warrants: The Preferred Stock will carry detachable warrants exercisable into Non-Voting Common Stock of the Company, which represents 5.1337% of all Common Stock on a fully-diluted basis.

Conditions Precedent: The purchase of the Preferred Stock will be subject to the execution of a satisfactory Preferred Stock and Warrant Purchase Agreement, and any necessary related documents; as well as the satisfaction of conditions precedent as outlined in the Senior Debt Facilities, which are hereby incorporated by reference, and any other conditions

deemed appropriate by the Purchaser for similar financings and for this transaction in particular.

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Protective  
Provisions:

The Company shall not, without first obtaining consent or approval of the holders of at least two-thirds of the Preferred Stock, do any of the following:

- (i) Create any senior stock having preference or priority over the Preferred Stock as to dividends or upon redemption, liquidation, winding up or dissolution;
- (ii) Adversely amend or alter any preferences, rights or powers of the Preferred Stock;
- (iii) Pay other than Permitted Dividends, provided, however, that once all dividends have been paid on the Preferred Stock in cash and the Company has redeemed all prior in-kind dividends, the Company may pay cash dividends on the Common Stock in an annual amount not to exceed (i) 2.5% multiplied by (ii) an amount equal to (x) the Merger Price Per Share multiplied by (y) the total Shares of voting and Non-Voting Common Stock outstanding; and
- (iv) Except as contemplated by the Merger Agreement, redeem or repurchase any junior stock, warrants or other parity stock.

Certain Events:

The following shall constitute an Event:

- (i) Failure to declare and pay semi-annual dividends on the Preferred Stock in full;
- (ii) Failure to redeem or pay the Redemption Price in full when required;
- (iii) Certain events of bankruptcy, receivership or similar proceedings; and
- (iv) Failure to observe any Protective Provisions.

Rights Upon  
an Event:

Upon and during the continuance of an Event, the Purchaser may elect one representative to the Board of Directors of the Company.

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Change in Control/  
Sale of Assets:

In the event there occurs a Change of Control (an event which results in Delcor, Inc. or its affiliates owning less than 51% of the voting Common Stock of the Company) or sale of substantially all of the Company's assets, any holder of Preferred Stock may require the

Company to redeem all of the shares of Preferred Stock held by such holder at a price equal to the Purchase Price per share plus all Accrued Dividends thereon to the date of redemption.

Transfer Rights: Beginning eighteen months after the consummation of the Merger, any holder of the Preferred Stock may sell or transfer in whole or in part, any shares of Preferred Stock held by such holder subject to (i) the Company's consent, which shall not be unreasonably withheld and (ii) the Company's first right of refusal.

Attendance Rights: Following the Merger, the Company will permit a representative of the Purchaser to attend all meetings of the Company's Board of Directors or committees.

Reimbursement of Expenses: The Purchaser shall be reimbursed for reasonable out-of-pocket expenses (including fees and disbursements for counsel) incurred in connection with the issuance of the Preferred Stock and the Warrants.

Information Requirements: The Company will provide the Purchaser with: (i) annual financial statements audited by a nationally recognized "Big Six" independent accounting firm, (ii) monthly internal financial statements, (iii) an annual budget for the next fiscal year prior to the end of the previous fiscal year, and (iv) any other information as reasonably requested by such Purchaser.

Representations and Warranties: Those customarily found in purchase agreements for similar financings and any additional representations and warranties appropriate in the context of the proposed financing.

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#### Warrants

Issuer: Newco and, following the Merger, Canoe (the "Company").

Facility: Warrants.

Purchaser: First Union Corporation or an affiliate thereof ("First Union").

Amount: In conjunction with the Cumulative Redeemable Payment-In-Kind (PIK) Preferred Stock (the "Preferred Stock"), detachable Warrants will be issued sufficient to provide the Purchaser with 5.1337% of the Common Stock of the Company on a fully-diluted basis (subject only to dilution by management options in an amount to be mutually agreed upon).

Exercise Price: Nominal.

Exercise Period: At any time.

Maturity: Ten years from the date of issuance.

Put Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock, the Purchaser shall have the right to sell

all or part of the Warrants to the Company at a cash price (the "Put Price") as described below at any time after the earliest to occur of the following:

- (i) Six years after the closing date;
- (ii) An event which results in Delcor, Inc. or its affiliates owning less than 51% of the voting Common Stock of the Company;
- (iii) Any merger in which the Company is not the surviving corporation, or sale or other transfer of substantially all of the Company's assets;
- (iv) Acceleration of any outstanding credit facility of the Company; and
- (v) A qualified public equity offering by the Company;

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provided, however, that if not exercised upon the occurrence of the event described in Section (v), the put right of the Purchaser shall terminate.

The Put Price shall be the fair market value as mutually agreed upon by the Company and the Purchaser. For the purposes of this paragraph, fair market value will not include any discount for minority interest or lack of liquidity. If the parties are not able to agree on a fair market value, they will agree to engage a mutually acceptable investment banker to determine the fair market value of the Warrants.

Transfer Rights: Beginning eighteen months after consummation of the Merger, any holder of the Warrants may sell or transfer in whole or in part, any Warrant shares held by such holder subject to (i) the Company's consent, which shall not be unreasonably withheld and (ii) the Company's first right of refusal. If necessary to facilitate the sale of the Warrants, the Company will amend its charter provisions to make the Warrants exchangeable into voting Common Stock of the Company. Any change in the Warrant shares from non-voting to voting will be subject to Federal Reserve guidelines.

Call Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock and beginning seven years after the closing date, the Company shall have the right to purchase for cash all or part of the Warrants, on a pro-rata basis with all other Warrant holders, at a price equal to 100% of the Put Price determined at that time.

Other Rights: In addition to the above rights, the Warrants will provide for:

- (i) Customary anti-dilution provisions;
- (ii) Piggyback rights for the Warrant shares on any public or private sale of the Company's equity securities;

- (iii) Two demand registration rights for the Warrant shares (taken together with Purchaser's demand registration rights for Non-Voting Common Stock) beginning January 1, 1999 or at any earlier time that the Put Provision is exercisable; and
- (iv) 30 days' prior notice of the record date of any cash dividend on the Common Stock.

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Non-Voting Common Stock

Issuer: Newco and, following the Merger, Canoe (the "Company").

Facility: Non-Voting Common Stock (the "Non-Voting Common Stock").

Rollover Value: \$34,147,456.50 assuming the Merger Price Per Share shown below.

Shares Contributed: 784,999 existing shares of Canoe.

Merger Price Per Share: \$43.50 (the "Merger Price Per Share").

Purchaser: First Union Corporation or an affiliate thereof ("First Union").

Use of Proceeds: To facilitate the consummation of the Merger as described in the Commitment Letter.

Dividend Rights: To the extent cash dividends on Common Stock are permitted by the Senior Debt Facilities and the Preferred Stock, each holder of voting Common Stock and Non-Voting Common Stock shall share ratably in any such dividends.

Put Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock, the Purchaser shall have the right to sell all or part of the Non-Voting Common Stock to the Company at a cash price (the "Put Price") as described below at any time after the earliest to occur of the following:

- (i) Six years after the closing date;
- (ii) An event which results in Delcor, Inc. or its affiliates ("Delcor") owning less than 51% of the voting Common Stock of the Company;
- (iii) Any merger in which the Company is not the surviving corporation, or any sale or other transfer of substantially all of the Company's assets;

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(iv) Acceleration of any outstanding credit

facility of the Company; and

(v) A qualified public equity offering by the Company;

provided, however, that if not exercised upon the occurrence of the event described in Section (v), the put right of the Purchaser shall terminate.

The Put Price shall be the fair market value as mutually agreed upon by the Company and the Purchaser. For the purposes of this paragraph, fair market value will not include any discount for minority interest, lack of liquidity or lack of voting rights. If the parties are not able to agree on a fair market value, they will agree to engage a mutually acceptable investment banker to determine the fair market value of the Non-Voting Common Stock.

Transfer Rights: Beginning eighteen months after consummation of the Merger, any holder of the Non-Voting Common Stock may sell or transfer, in whole or in part, any Non-Voting Common Stock held by such holder subject to (i) the Company's consent, which shall not be unreasonably withheld and (ii) the Company's first right of refusal. If necessary to facilitate the sale of the Non-Voting Common Stock, the Company will amend its charter provisions to make the Non-Voting Common Stock exchangeable into voting Common Stock of the Company. Any such right to have the Company's charter amended shall be subject to Federal Reserve guidelines.

Call Provisions: Subject to the terms of the Senior Debt Facilities and the Preferred Stock and beginning seven years after the closing date, the Company shall have the right to purchase for cash all or part of the Non-Voting Common Stock, on a pro-rata basis with all other Non-Voting Common Stock holders, at a price equal to 100% of the Put Price determined at that time.

Conditions Precedent: The purchase of the Non-Voting Common Stock will be subject to the execution of a satisfactory Non-Voting Common Stock Purchase Agreement, and any necessary related documents; as well as the satisfaction of conditions precedent as outlined in the Senior Debt Facilities, which are hereby incorporated by reference, and any other conditions deemed appropriate by the Purchaser for similar financings and for this transaction in particular.

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Attendance Rights: Following the Merger, and provided that the Preferred Stock has been redeemed in full, the Company will permit a representative of the Purchaser to attend all meetings of the Company's Board of Directors or committees.

Other Rights: In addition to the above rights, the Non-Voting Common Stock will provide for:

- (i) Customary anti-dilution provisions;
- (ii) Piggyback rights on any public or private sale of the Company's equity

securities; and

- (iii) Two demand registration rights (taken together with Purchaser's demand registration rights for Warrant shares) beginning January 1, 1999 or at any earlier time that the Put Provision is exercisable.

Reimbursement  
of Expenses:

The Purchaser shall be reimbursed for reasonable out-of-pocket expenses (including fees and disbursements for counsel) incurred in connection with the issuance of the Non-Voting Common Stock.

Information  
Requirements:

The Company will provide the Purchaser with: (i) annual financial statements audited by a nationally recognized "Big Six" independent accounting firm, (ii) monthly internal financial statements, (iii) an annual budget for the next fiscal year prior to the end of the previous fiscal year, and (iv) any other information as reasonably requested by such Purchaser.

Representations  
and Warranties:

Those customarily found in purchase agreements for similar financings and any additional representations and warranties appropriate in the context of the proposed financing.

CERTAIN INFORMATION REGARDING DELCOR, INC.

Delcor, Inc., a Delaware corporation ("Delcor"), is a wholly owned subsidiary of Golden Eagle Industries, Inc., a North Carolina corporation ("Golden Eagle"). The address of Delcor's principal office and principal place of business is 1105 North Market Street, Suite 1010, Wilmington, Delaware 19899. The address of Golden Eagle's principal office and principal place of business is 1110 East Morehead Street, Charlotte, North Carolina 28204. Delcor and Golden eagle are engaged in the business of investment.

The officers and directors of Golden Eagle are as follows:

| Officers            | Title                        |
|---------------------|------------------------------|
| W.D. Cornwell, Jr.  | President and Treasurer      |
| W.D. Cornwell       | Executive Vice President     |
| Stephen L. Cornwell | Vice President               |
| Stephen W. Dixon    | Vice President and Secretary |
| Duane G. Coggin     | Vice President               |
| Denise E. Gardner   | Assistant Vice President     |
| Margaret J. Beam    | Assistant Secretary          |

Directors

W.D. Cornwell  
 W.D. Cornwell, Jr.  
 C.D. Spangler, Jr.  
 Meredith R. Spangler

The officers and directors of Delcor are as follows:

| Officers                 | Title                                  |
|--------------------------|--|
| W.D. Cornwell, Jr.       | President and Treasurer                |
| W.D. Cornwell            | Executive Vice President               |
| Stephen L. Cornwell      | Vice President                         |
| Stephen W. Dixon         | Vice President and Secretary           |
| Charles B. Campbell, Jr. | Vice President and Assistant Secretary |
| Denise E. Gardner        | Assistant Vice President               |
| Margaret J. Beam         | Assistant Secretary                    |

Directors

Charles B. Campbell, Jr.  
 W.D. Cornwell  
 W.D. Cornwell, Jr.

The following information is set forth with respect to the officers and directors of Golden Eagle and Delcor:

<TABLE>  
 <CAPTION>

| Name of Officer or Director | Residence (R) or Business (B) Address                              | Principal Occupation, Name of Employer, Principal Business of Employer and Address of Principal Office  |
|-----------------------------|--|---|
| <S>                         | <C>  | <S>   |
| Margaret J. Beam            | (B) 1110 East Morehead Street<br>Charlotte, NC 28204               | Administrative Assistant<br>C.D. Spangler Construction Company Investment<br>1100 East Morehead Street<br>Charlotte, NC 28204                                 |
| Charles B. Campbell, Jr.    | (B) 1105 North Market Street<br>Suite 1010<br>Wilmington, DE 19899 | Associate<br>Delaware Corporate Management, Inc.<br>Investment holding company representative<br>1105 North Market Street, Suite 1010<br>Wilmington, DE 19899 |
| Duane G. Coggin             | (B) 1110 East Morehead Street<br>Charlotte, NC 28204               | Vice President<br>C.D. Spangler Construction Company Investment<br>1100 East Morehead Street<br>Charlotte, NC 28204   |



|                      |   |  |
|----------------------|---|--|
| Stephen L. Cornwell  | (B) 1110 East Morehead Street<br>Charlotte, NC 28204  | Vice President<br>C.D. Spangler Construction Company<br>Investment<br>1110 East Morehead Street<br>Charlotte, NC 28204           |
| W.D. Cornwell        | (B) 1110 East Morehead Street<br>Charlotte, NC 28204  | President<br>C.D. Spangler Construction Company<br>Investment<br>1110 East Morehead Street<br>Charlotte, NC 28204                |
| W.D. Cornwell, Jr.   | (B) 1110 East Morehead Street<br>Charlotte, NC 28204  | Executive Vice President<br>C.D. Spangler Construction Company<br>Investment<br>1110 East Morehead Street<br>Charlotte, NC 28204 |
| Stephen W. Dixon     | (B) 1110 East Morehead Street<br>Charlotte, NC 28204  | Vice President<br>C.D. Spangler Construction Company<br>Investment<br>1110 East Morehead Street<br>Charlotte, NC 28204           |
|                      |   | Principal Occupation, Name<br>of Employer, Principal<br>Business of Employer and<br>Address of Principal Office                  |
| Denise E. Gardner    | (B) 1110 East Morehead Street<br>Charlotte, NC 28204  | Assistant Vice President<br>C.D. Spangler Construction Company<br>Investment<br>1110 East Morehead Street<br>Charlotte, NC 28204 |
| C.D. Spangler, Jr.   | (B) 910 Raleigh Road<br>Chapel Hill, NC 27515         | President<br>The University of North Carolina<br>Public university system<br>910 Raleigh Road<br>Chapel Hill, NC 27515           |
| Meredith R. Spangler | (R) 400 East Franklin Street<br>Chapel Hill, NC 27514 | Trustee and volunteer<br>N/A   |

</TABLE>

All of the above-listed individuals are citizens of the United States.

During the last five years, neither Delcor, Golden Eagle nor any of the above-listed individuals has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and none of the above-listed individuals has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any of them was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Delcor has reported that it may be deemed to beneficially own certain shares of Common Stock held by Lafarge Coppee S.A. ("Lafarge") through its indirect wholly owned subsidiary, SOCIETE FINANCIERE IMMOBILIERE ET MOBILIERE "SOFIMO". The following information is based upon information provided to Delcor by Lafarge.

Lafarge is one of the world's largest producers of building materials, with major market positions in four business areas: cement, concrete and aggregates, gypsum and specialty products for construction. In addition, Lafarge has diversified into bioactivities, essentially food products, animal feeds and seeds. Lafarge owns and operates approximately 500 production and sales units in approximately 40 countries. Lafarge is a public company whose voting securities are traded on various European stock exchanges. Coppee Industries, Inc., a Delaware corporation ("Coppee") holds all shares of Common Stock reported as held by Lafarge and is a wholly owned subsidiary of Compagnie Coppee de Development Industriel-CDI, a societe anonyme organized under the laws of Belgium ("CDI"), which is a majority owned subsidiary of SOCIETE FINANCIERE IMMOBILIERE ET MOBILIERE "SOFIMO", a societe

anonyme organized under the laws of France ("Sofimo"), which is a wholly owned subsidiary of Lafarge.

The address of the principal business and principal office of Lafarge and Sofimo is 61, rue des Belles Feuilles, Paris Cedex 16, France. The address of the principal business and principal office of CDI is 251, avenue Louise, Baite 13,1050 Bruxelles, Belgium. The address of the principal business and principal office of Coppee is c/o Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, Attention: Alfred J. Ross, Esq. Sofimo, CDI and Coppee are holding companies.

The directors and executive officers of Lafarge are listed in the following table, which sets forth the individual's business address (or residence address where indicated), present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted, and citizenship (unless otherwise noted each of these persons is a French citizen, the business address of such person is 93, rue Nationale, 92100 Boulogne, France, and such person's principal occupation is the position with Lafarge listed in the table).

<TABLE>  
<CAPTION>

| <S> | Name  | Position with Lafarge<br><C>                                   | Principal<br>Occupation<br><C>                                      |
|-----|---|--|---|
|     | Jean Francois   | Honorary Chairman<br>and Director                              |   |
|     | Olivier Lecerf  | Honorary Chairman<br>and Director                              |   |
|     | Bertrand Collomb  | Chairman of the Board<br>and Chief Executive Officer           |   |
|     | Bernard Isautier<br>26 Avenue Foch<br>75016 Paris, France   | Director   | Director,<br>Ranger Oil Ltd.  |
|     | Raphael Pavin de<br>Lafarge<br>28 Quai Claude<br>Bernard<br>69007 Lyon, France                          | Director   | Chief Financial<br>Officer,<br>Etablissement<br>BAUMANN             |
|     | Patrice le Hodey<br>(Belgian citizen)<br>3 rue da la Sapiniere<br>1050 Bruxelles, Belgium               | Director   | Chairman,<br>Groupe<br>la Libre<br>Belgique                         |
|     | Ernest-Antoine<br>Seilliere<br>6 rue Elzevir<br>Paris, France   | Director   | Chairman, CGIP  |
|     | Bernard Kasriel   | Director,<br>Managing Director and<br>Executive Vice President |   |
|     | Name  | Position with Lafarge  | Principal<br>Occupation   |
|     | Jacques Lefevre   | Director,<br>Managing Director and<br>Executive Vice President |   |
|     | Serge Feneuille   | Senior Executive<br>Vice President                             |   |
|     | Robert W. Murdoch<br>(Canadian citizen)<br>11130 Sunrise Valley<br>Drive, Suite 300<br>Reston, VA 22091 | Director   |   |
|     | Michel Rose   | Senior Executive Vice<br>President                             | President and<br>Chief Executive<br>Officer, Lafarge<br>Corporation |

|  |                          |  |
|--|--------------------------|--|
| Pierre Suard<br>18 rue du Pavillion<br>92100 Boulogne Billancourt<br>France                                  | Director                 | Chairman,<br>Alcatel Alsthom                               |
| Michel Pebereau<br>14 bis rue Mouton-<br>Duvernet<br>75014 Paris, France                                     | Director                 | Chairman,<br>Banque<br>Nationale de<br>Paris               |
| Antoine Joly<br>47 Boulevard Lannes<br>75016 Paris, France   | Director                 | Managing<br>Director, L'Air<br>Liquide S.A.                |
| Michel Bon<br>4, Avenue de Camoens<br>75016 Paris, France  | Director                 | Managing<br>Director,<br>Agence Nationale<br>Pour L'Emploi |
| Lindsay Owen-Jones<br>(British citizen)<br>31 Bd du Commandant Charcot<br>92200 Neuilly sur Seine,<br>France | Director                 | Chairman and<br>Chief Executive<br>Officer, L'Oreal        |
| Francois Jaclot  | Executive Vice President |  |
| Patrick Node-Langlois  | Executive Vice President |  |
| Philippe Agid  | Executive Vice President |  |
| Jean-Marie Schmitz   | Executive Vice President |  |

The name and present principal occupation of each of the directors and executive officers of Sofimo are set forth below. These persons all have as their business address Lafarge Coppee 61, rue des Belles Feuilles, BP40 75782, Paris Cedex 16 France. All of these persons are citizens of France.

</TABLE>  
<TABLE>  
<CAPTION>

| Name                               | Position with Sofimo   | Principal Occupation |
|------------------------------------|------------------------|----------------------|
| Jacques Lefevre                    | President and Director | Managing Director    |
| Pierre de Saint Rapt<br>Counsel    | Director               | Senior Legal         |
| Patrick Node-Langlois<br>President | Director               | Executive Vice       |

</TABLE>

The name and present principal occupation of each of the directors and executive officers of CDI are set forth below. These persons all have as their business address Lafarge Coppee 61, rue des Belles Feuilles, BP40 75782, Paris Cedex 16 France. All of these persons are citizens of France.

<TABLE>  
<CAPTION>

| Name                               | Position with CDI      | Principal Occupation                    |
|------------------------------------|------------------------|---|
| Jacques Lefevre                    | President and Director | Managing Director                       |
| Philippe Agin<br>President         | Director               | Executive Vice                          |
| Bertrand Collomb                   | Director               | Chairman and Chief<br>Executive Officer |
| Serge Feneuille                    | Director               | Senior Executive<br>Vice President      |
| Bernard Kasriel                    | Director               | Managing Director                       |
| Patrick Node-Langlois<br>President | Director               | Executive Vice                          |
| Michel Rose                        | Director               | Senior Executive                        |

|                    |          |                |      |
|--------------------|----------|----------------|------|
|                    |          | Vice President |      |
| Jean-Marie Schmitz | Director | Executive      | Vice |
| President          |          |                |      |

</TABLE>

The name, present principal occupation and business address of each of the directors and executive officers of Coppee are set forth below. All of these persons are U. S. citizens.

<TABLE>  
<CAPTION>

| Name  | Position with Coppee      | Principal Occupation       | Business Address   |
|---|---------------------------|----------------------------|--|
| <S>   | <C>                       | <C>                        | <C>  |
| Edward H. Tuck<br>American Foundation<br><br>10021                      | President and<br>Director | Attorney                   | The French<br><br>41 E. 72nd St.<br>New York, NY                                     |
| Louis G. Munin<br>Pebblebroke Drive<br><br>75229                        | Director                  | --                         | 5410<br><br>Dallas, TX   |
| H. Richard Whittall<br>Greenshields of<br><br>Suite 500<br>Hastings St. | Director                  | Investment Banker          | Richardson<br><br>Canada Ltd.,<br><br>1066 W.<br><br>Vancouver, BC<br>Canada V6E 3X1 |
| Patrick Baviere<br><br>Belles Feuilles<br><br>France                    | Treasurer                 | Vice President,<br>Finance | Lafarge Coppee,<br>61 rue des<br><br>BP 40-75782<br>Paris Cedex 16,                  |

</TABLE>

During the last five years, neither Lafarge, Sofimo, CDI nor Coppee nor any executive officer or director thereof has been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

CERTAIN INFORMATION REGARDING THE DIRECTORS  
AND EXECUTIVE OFFICERS OF FIRST UNION CORPORATION

First Union Corporation is registered a bank holding company, incorporated under the laws of the State of North Carolina. The address of its principal executive office is One First Union Center, Charlotte, North Carolina 28288. The following table (which is based solely upon information provided to the Reporting Persons by First Union Corporation) sets forth the name, residence or business address, present occupation or employment of each director and executive officer of First Union Corporation, along with the name, principal business and address of any corporation or other organization in which such employment is conducted:

| NAME                    | BUSINESS (B) OR<br>RESIDENCE (R)<br>ADDRESS               | OCCUPATION OR EMPLOYMENT<br>NAME OF EMPLOYER, BUSINESS<br>OF EMPLOYER, ADDRESS OF<br>EMPLOYER                                      |
|-------------------------|---|--|
| DIRECTORS               |   |  |
| Robert D. Davis         | (R) 1041 Ponte Vedra Blvd.<br>Ponte Vedra Beach, FL 32082 | Chairman, D.D.I., Inc., investments<br>P.O. Box 2088<br>Jacksonville, FL 32203-2088  |
| Roddey Dowd, Sr.        | (R) 1242 Queens Road West<br>Charlotte, NC 28207          | Chairman, Charlotte Pipe and Foundry Company, a manufacturer of pipe and fittings<br>P.O. Box 35430<br>Charlotte, NC 28235         |
| William H. Goodwin, Jr. | (R) 6701 River Road<br>Richmond, VA 23229                 | Chairman, AMF Companies, a manufacturer of sports and other equipment<br>901 East Cary Street,<br>Suite 1400<br>Richmond, VA 23219 |
| Torrence E. Hemby, Jr.  | (R) 2633 Richardson Drive<br>Charlotte, NC 28211          | President, Beverly Crest Corporation, real estate development<br>2809 Cavan Court<br>Charlotte, NC 28270                           |
| Jack A. Laughery        | (B) 800 Tiffany Blvd., Suite 305<br>Rocky Mount, NC 27804 | Investor   |

| NAME                 | BUSINESS (B) OR<br>RESIDENCE (R)<br>ADDRESS                 | OCCUPATION OR EMPLOYMENT<br>NAME OF EMPLOYER, BUSINESS<br>OF EMPLOYER, ADDRESS OF<br>EMPLOYER  |
|----------------------|---|--|
| Radford D. Lovett    | (R) 129 Ponte Vedra Blvd.<br>Ponte Vedra Beach, FL 32082    | Chairman, Commodores Point Terminal Corp., an operator of a marine terminal and real estate<br>P.O. Box 4069<br>Jacksonville, FL 32201 |
| Randolph N. Reynolds | (R) 8605 River Road<br>Richmond, VA 23261                   | President & CEO, Reynolds International, Inc., an aluminum manufacturer<br>P.O. Box 27002<br>Richmond, VA 23261                        |
| John D. Uible        | (B) 225 Water Street<br>Suite 840<br>Jacksonville, FL 32202 | Investor   |
| Kenneth G. Younger   | (R) 3639 Country Club                                       | Consultant   |

Dr.  
Gastonia, NC 28054

|                   |     |  |   |
|-------------------|-----|--|---|
| G. Alex Bernhardt | (R) | 7120 Green Hill Circle<br>Blowing Rock, NC 28605 | President and Chief Executive Officer, Bernhardt Furniture Company, furniture manufacturing<br>P.O. Box 740<br>Lenoir, NC 28645                                     |
| W. Waldo Bradley  | (R) | Sylvan Island<br>Savannah, GA 31404              | Chairman, Bradley Plywood Corporation, building materials<br>P.O. Box 1408<br>Savannah, GA 31402-1408   |
| Brenton S. Halsey | (R) | 213 Amphthill Road<br>Richmond, VA 23226         | Chairman Emeritus, James River Corporation, marketer & manufacturer of consumer products<br>P.O. Box 2218<br>Richmond, VA 23217                                     |
| Howard H. Haworth | (R) | 217 Riverside Drive<br>Morganton, NC 28655       | President, The Haworth Group and The Haworth Foundation, Inc., investments<br>First Union National Bank Bldg.<br>300 N. Green St., Suite 201<br>Morganton, NC 28655 |

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| NAME                      |     | BUSINESS (B) OR RESIDENCE (R) ADDRESS           | OCCUPATION OR EMPLOYMENT NAME OF EMPLOYER, BUSINESS OF EMPLOYER, ADDRESS OF EMPLOYER   |
|---------------------------|-----|---|--|
| Leonard G. Herring        | (R) | 310 Coffey Street<br>North Wilkesboro, NC 28659 | President and Chief Executive Officer, Lowe's Companies, Inc., a retailer of building materials and related products for home improvements<br>P.O. Box 1111<br>North Wilkesboro, NC 28656            |
| Henry D. Perry, Jr., M.D. | (R) | 12240 N.W. 8th Street<br>Plantation, FL 33325   | Physician, retired   |
| Lanty L. Smith            | (R) | 1401 Westridge Road<br>Greensboro, NC 27401     | Chairman and Chief Executive Officer, Precision Fabrics Group, Inc., a manufacturer of technical, high-performance textile products<br>North Carolina Trust Bldg., Suite 600<br>Greensboro, NC 27401 |
| Dewey L. Trogon           | (R) | P.O. Box 1477<br>Banner Elk, NC 28604           | Chairman, Cone Mills Corporation, a textile manufacturer<br>1201 Maple Street<br>Greensboro, NC 27405  |
| Robert J. Brown           | (R) | 1129 Pennywood Drive<br>High Point, NC 27265    | Chairman, President and Chief Executive Officer, B&C Associates, Inc., a public relations and marketing research firm<br>P.O. Box 2636   |

High Point, NC 27261

|                               |     |   |   |
|-------------------------------|-----|---|---|
| Edward E.<br>Crutchfield, Jr. | *   |   | Chairman and Chief<br>Executive Officer, First<br>Union Corporation*  |
| R. Stuart Dickson             | (R) | 2235 Pinewood<br>Circle<br>Charlotte, NC 28211        | Chairman of the Executive<br>Committee, Ruddick<br>Corporation, a diversified<br>holding company<br>2000 Two First Union<br>Center<br>Charlotte, NC 28282 |
| B. F. Dolan                   | (B) | 1990 Two First<br>Union Center<br>Charlotte, NC 28282 | Investor  |

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| NAME             |     | BUSINESS (B) OR<br>RESIDENCE (R)<br>ADDRESS        | OCCUPATION OR EMPLOYMENT<br>NAME OF EMPLOYER, BUSINESS<br>OF EMPLOYER, ADDRESS OF<br>EMPLOYER  |
|------------------|-----|--|--|
| John R. Georgius | *   |  | President, First Union<br>Corporation *  |
| Max Lennon       | (B) | 1000 Naturally<br>Fresh Blvd.<br>Atlanta, GA 30348 | President & CEO, Eastern<br>Foods, Inc., a food<br>manufacturer & distributor<br>1000 Naturally Fresh Blvd.<br>Atlanta, GA 30348                               |
| Ruth G. Shaw     | (C) | 2834 Oldenway Drive<br>Charlotte, NC 28269         | Senior Vice President for<br>Corporate Resources, Duke<br>Power Company, an<br>investor-owned electric<br>utility<br>P.O. Box 1009<br>Charlotte, NC 28201-1009 |
| B. J. Walker     | *   |  | Vice Chairman, First Union<br>Corporation *  |

EXECUTIVE OFFICERS  
(NOT OTHERWISE  
LISTED ABOVE)

|                          |   |  |   |
|--------------------------|---|--|---|
| Robert T. Atwood         | * |  | Executive Vice President<br>and Chief Financial<br>Officer, First Union<br>Corporation *    |
| Marion A. Cowell,<br>Jr. | * |  | Executive Vice President,<br>Secretary and General<br>Counsel, First Union<br>Corporation * |

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Each of the directors and executive officers of First Union Corporation is a U.S. citizen. Neither First Union Corporation nor any of its directors and executive officers has been, during the last five years, convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or a party to a civil proceeding of a judicial or

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administrative body of competent jurisdiction, as a result of which any of them was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to

such laws.