



Randy G. Evans
Assistant Vice President – Sales
Industrial Products

May 26, 2006

Mr. Patrick Hunter
Director - Logistics Group
National Gypsum Company
2001 Rexford Road
Charlotte, NC 28211-3496

Dear Mr. Hunter:

This letter is to confirm that Union Pacific Railroad will agree to provide rail service to the Eloy, Arizona site proposed by your company for your new wallboard manufacturing facility (scheduled for start-up about July 2008), based upon acceptance of the following conditions. All of these have been discussed during our various conference calls and confirmed in email correspondence.

- The plan is to provide service to and from this site by the existing local. Today that local operates three days per week. Once your initial start-up is completed and you reach volumes exceeding 10 cars per day, the plan is to increase service to accommodate your volume increases toward an estimated maximum of 25 cars per day, five days per week. Please note the local switching plan is flexible and will adjust throughout the life of this facility based on volume and other operational considerations.
- National Gypsum Company (NGC) will arrange for your own intra-plant switching. UPRR will only provide set-out and pick-up service at this location.
- This offer for rail services do not include any equipment guarantees. However, we intend to supply empty centerbeam equipment from the flow of inbound lumber cars terminating in the Phoenix/Tucson area. If you desire to insert private cars for this service, we will jointly determine requirements based on our system fleet analysis and Union Pacific must concur with the number of private cars planned to be brought onto the network. At this point, July 2008 is too far in the future to predict with any certainty car availability and supply.
- National Gypsum Company will arrange and pay for construction of the track and related signal work similar to the one suggested by our engineering team. Union Pacific has the responsibility to provide concurrence with the design developed by National Gypsum's engineering group. The design will include the survey data and other pertinent information required that was not provided in the drafts previously reviewed. Key points for track design include three new tracks to be constructed, signal protection where required, and your own intra-plant design that connects to the pick-up and set-out tracks. The proposed track layout included a new siding running parallel to the UP main line. That siding would have a total "clear length" of at least 6100 feet, and have two power-operated number 15 main line turnouts and two power-operated de-rails. Track two would be constructed with total length from point of switch to point of switch of roughly

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5241 feet. That track will have "clear length" on the West end of at least 2000 feet for pick-up or set-out. "Clear length" on the East end (run around) would be 2500 feet. Track three (for pick-up or set-out) will have "clear length" of at least 2000 feet. In addition to the main line turnouts above, our estimate calls for six number nine turnouts.

- The Kinder Morgan pipeline will have to be crossed at least one time and at this time we are uncertain as to the protective requirements they will require. We will keep you advised as to those discussions. National Gypsum agrees to meet the protective requirements as prescribed by Kinder Morgan.
- We would prefer to have the LaPalma Road crossing closed. It is better for long term safety and would eliminate a very expensive signal system. If the city does not agree to close the crossing, National Gypsum agrees to pay for the signal protection and related costs for that crossing on the new siding.
- All costs associated with the rail infrastructure for the new facility will be the responsibility of National Gypsum. Union Pacific will not provide any refund or rebate for the costs of construction.

We would like to thank you for your patience during the development of this project. There are a number of other steps that you or your track design engineering firm will need to complete but I believe we have covered those, at least at a high level, during previous conference calls. Key contacts at Union Pacific for this project will continue to be Ritchie Seath and Steve Burke. They will assist with coordinating other meetings, conference calls and will help facilitate additional contacts for specific areas as they arise. As we mutually proceed with this project, it might be helpful to schedule a meeting here in Omaha (after the 60% drawing is submitted) to coordinate appropriate next steps. I look forward to meeting you and your team, whether its here in Omaha, at your offices in Charlotte or at the proposed site in Eloy.

Sincerely,

A handwritten signature in black ink that reads "Randy G. Evans".
Randy G. Evans

cc John King, National Gypsum
Eric Butler, UPRR
Ritchie Seath, UPRR
Marty Huff, UPRR
Steve Burke, UPRR

Steve McLaws, UPRR
Tom Jacobi, UPRR
Susan Strong, UPRR
Bob Maziarz, UPRR

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