

Memorandum of Settlement:
Salmonsens v. GCD, Inc. et al

Through a court-ordered mediation process, the parties have reached a settlement of the action known as *Charles Salmonsens, individually and on behalf of all others similarly situated, ("Plaintiff") vs. CGD, Inc. f/k/a Charleston Gypsum Dealers & Supply Co., Inc., Frank Crider, Raymond G. Wolford, Henry (Hank) Futch, and Harold (Hal) Futch, ("Defendants") vs. Parex, Inc., ("Third-Party Defendant")*, Civil Action No. 2000-10-4870, Charleston County Court of Common Pleas. The terms and conditions of the settlement are to be fully set forth in a formal written settlement agreement and releases to be prepared and agreed upon by counsel for the parties. The purpose of this memorandum is to memorialize the basic terms of the settlement pending completion of the final settlement documents. The basic terms are as follows:

1. The Plaintiff and Defendants, identified by name in the case caption set forth in the opening paragraph, agree to settle the claims between them, consisting of the individual claims of the named Plaintiff and the Class Claims for the total sum of \$1.5 million (One Million, Five Hundred Thousand Dollars). This amount to be paid as set forth in this agreement to Plaintiff's counsel in behalf of the class. This payment shall settle all claims of any kind, including class claims, consequential damages, attorney fees, litigation expenses, and class administrative and notice expenses.
2. This agreement is binding, final, and irrevocable as to the signatories but is subject to preliminary and final approval of the Court. Should the Court not grant preliminary or final approval, this agreement shall be null and void and all money shall be returned to Defendants, with interest, within ten days.
3. The Plaintiff and Defendants will seek preliminary approval by the Court immediately and Plaintiff will publish the notice of the class action and settlement in a form substantially similar to that agreed to by counsel on August 6, 2008, albeit updated to include the date of the preliminary approval, the amount of the settlement, attorneys fees, and expenses, the termination date for the opt out period (approximately 45 days from published notice); the date of the fairness/final hearing; and the availability of a long form notice with further details. Plaintiff will serve a long form notice containing the foregoing and additional information regarding the size of the class and the allocation and distribution of the recovery to each class member/property on Plaintiff's master list and to all others who request the same.
4. Complete settlement funds shall be delivered by the insurers of Defendants and placed in escrow with Justin Lucey within thirty days of an Order by the Court granting preliminary approval of the settlement. These settlement funds shall be maintained in an interest bearing money market account, and shall be maintained in trust pending final approval by the Court and the expiration of the time allowed for any objections and/or appeals from said Order granting final approval, or in the event of the filing of an appeal or objections, until such time as the appeal(s) and/or objections are finally resolved.

Payment shall be made payable to "JOL,PA, Attorneys for Salmonsens Class," Federal I.D. No. 57-0959667.

5. Subject to the supervision of the Court, Plaintiff's counsel shall be responsible for the distribution of the settlement proceeds and Defendants and Third-Party Defendant shall not be responsible for or involved with said distribution.

6. As part of the overall settlement of the case, the Defendants and the Third-Party Defendant, identified by name in the case caption set forth above in the opening paragraph, agree to settle the third-party claims for the total sum of \$150,000 (One Hundred and Fifty Thousand Dollars) to be paid by the insurers of Parex. For simplicity, at the request of Defendants, the settlement check to be paid by the insurers of Third-Party Defendant will be made payable to "JOL, PA, Attorneys for Salmonsens Class," Federal I.D. No. 57-0959667 and delivered and placed in escrow with Justin Lucey within thirty days of an Order by the Court granting preliminary approval of the class settlement. These settlement funds shall be maintained in the same interest bearing money market account as the Class settlement funds, and likewise shall be maintained in trust pending final Court approval of the Class settlement and the expiration of the time allowed for any objections and/or appeals from said Order granting final approval, or in the event of the filing of an appeal or objections, until such time as the appeal(s) and/or objections are finally resolved. This payment of \$150,000 shall settle all claims of any kind or nature that were brought or could have been brought between Defendants and their insurers, on the one hand, and the Third-Party Defendant and its insurers, on the other, including, without limitation, claims for subrogation and/or indemnification arising from Defendants' settlement of individual and/or class claims, claims for actual and consequential damages, attorney fees, litigation expenses, class administrative and notice expenses and all other kinds of claims, damages, losses, or expenses.


7. The settlement of the third-party claims between Defendants and Third-Party Defendant is binding, final, and irrevocable as to the signatories but is conditioned on the preliminary and final approval by the Court of the Class settlement between Plaintiff and Defendants as described in the preceding paragraphs. Should the Court not grant preliminary or final approval, this agreement shall be null and void, and the full settlement amount shall be repaid, with interest, within ten days of the Court's order to counsel for the Third-Party Defendant to be remitted to the insurers of the Third-Party Defendant.

8. The only obligations undertaken by the Third-Party Defendant and/or its insurers under this settlement agreement shall be the payment of \$150,000, as described above in paragraph 6, in full and complete settlement and satisfaction of the Third-Party Action, and the execution of releases to be mutually agreed upon and stipulations or consents of dismissal, with prejudice, in connection with the settlement of the Third-Party Action. In consideration for payment of this settlement amount and the release and dismissal of Third-Party Defendant's counterclaims, the Defendants agree to provide Third-Party Defendant and its insurers with a full and complete release of all third-party claims of any kind or nature that were brought or that could have been brought as part of the Third-

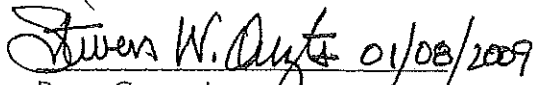
Party Action, as further described in paragraph 6, and a stipulation or consent order of dismissal of the Third-Party Action, with prejudice.

9. The only obligations undertaken by the Defendants and/or their insurers under this settlement agreement shall be the payment of \$1.35 Million Dollars (One Million, Three Hundred Fifty Thousand), in full and complete settlement and satisfaction of the action against Defendants, and the execution of releases to be mutually agreed upon and stipulations or consents of dismissal, with prejudice, in connection with the settlement of the action against the Third-Party Defendant. In consideration for payment of this settlement amount and the release and dismissal of Plaintiffs claims, the Plaintiffs agree to provide Defendants and their insurers with a full and complete release of all claims of any kind or nature that were brought or that could have been brought as part of the action, excluding opt-outs. A stipulation or consent order of dismissal of the action, with prejudice. This payment of \$1.35 Million shall settle all claims of any kind or nature that were brought or could have been brought by Plaintiff's class, including settlement of individual and/or class claims, claims for actual and consequential damages, attorney fees, litigation expenses, class administrative and notice expenses and all other kinds of claims, damages, losses, or expenses.


10. The judgment enrolling this settlement shall include a complete release of Defendants by the Plaintiff and Plaintiff's class; a mutual release as between Defendants and Third-Party Defendant; and a dismissal of all claims, counterclaims, and third-party claims, with prejudice.



Plaintiff's Counsel:



Parex Counsel



CGD and Shareholder Counsel: