

**TRADEMARK ASSIGNMENT**

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<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
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<b>NATURE OF CONVEYANCE:</b>	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL
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<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Beltex Corporation		02/20/2001	CORPORATION: NORTH CAROLINA

<b>RECEIVING PARTY DATA</b>	
<b>Name:</b>	Beltex Underwear Co., LLC
<b>Street Address:</b>	130 Knitwear Access Road
<b>City:</b>	Belmont
<b>State/Country:</b>	NORTH CAROLINA
<b>Postal Code:</b>	28012
<b>Entity Type:</b>	LTD LIAB JT ST CO: NORTH CAROLINA

<b>PROPERTY NUMBERS Total: 1</b>		
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>
Registration Number:	2101308	BELTON

<b>CORRESPONDENCE DATA</b>	
<b>Fax Number:</b>	(919)286-8122
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
<b>Phone:</b>	919 286-8199
<b>Email:</b>	PTO_TMconfirmation@mvalaw.com
<b>Correspondent Name:</b>	Moore & Van Allen PLLC
<b>Address Line 1:</b>	2200 West Main Street
<b>Address Line 2:</b>	Suite 800
<b>Address Line 4:</b>	Durham, NORTH CAROLINA 27705

<b>ATTORNEY DOCKET NUMBER:</b>	001139-4
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<b>NAME OF SUBMITTER:</b>	Joyce W. Jenzano
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<b>Total Attachments: 30</b> source=bankrupt#page1.tif source=bankrupt#page2.tif source=bankrupt#page3.tif
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UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION



IN RE:

BELTEX CORPORATION,

Debtor.

Case No. 00-31619

Chapter 11

JUDGEMENT ENTERED ON: FEB 20 2001

ORDER APPROVING (i) SALE OF DEBTOR'S OPERATING ASSETS TO  
BELTEX UNDERWEAR CO., LLC, AS DESIGNEE OF JOE ZULLO, FREE AND  
CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES PURSUANT  
TO SECTIONS 105 AND 363 OF THE BANKRUPTCY CODE AND (ii)  
APPROVAL OF TERMS OF ASSET PURCHASE AGREEMENT

This matter having come on before the undersigned United States Bankruptcy  
Judge on February 7, 2001, upon the following:  
*md 20*

a. The Motion of Beltex Corporation for Approval of Sale of Debtor's  
Operating Assets Free and Clear of Liens; Approving Form and Manner of Notice of  
Sale; and Scheduling Hearing on Approval of Sale (hereinafter the "Motion"), filed on  
January 18, 2001 by the above-referenced debtor-in-possession (hereinafter the  
"Debtor"), requesting among other things, approval of a sale of substantially all of the  
Debtor's operating assets and approval of the form of that certain asset purchase  
agreement attached hereto as Exhibit A and incorporated by reference (the "Asset  
Purchase Agreement"), between the Debtor and Beltex Underwear Co., LLC, a North  
Carolina limited liability company ("New Beltex"), as the designee of Joe Zullo  
("Zullo"), pursuant to which the Debtor has agreed to sell to New Beltex, pursuant to  
Section 363(b) of the Bankruptcy Code, certain assets identified in the Asset Purchase  
Agreement (as defined therein, the "Sale Assets"), such transaction (hereinafter the "  
§ 363 Sale Transaction") being more fully described in the Motion and the Asset  
Purchase Agreement; and

b. This Court's prior order, dated January 18, 2001 (hereinafter the  
"Procedures Order"), scheduling a hearing with respect to approval of the § 363 Sale  
Transaction, prescribing the form and manner of notice thereof, and approving certain  
bidding procedures, including the terms and conditions of any new offers for the Sale  
Assets; and

*Judgment Book 9, Page 44*

*135*

c. Due notice of the proposed § 363 Sale Transaction, the Procedures Order, and the hearing thereon having been given to all parties entitled thereto under the Procedures Order, as evidenced by the certificates of service previously filed with this Court; and

d. A hearing having been held before this Court on February 5, 2001, to consider approval of the § 363 Sale Transaction and the content and terms of the Asset Purchase Agreement (hereinafter the "Hearing"), at which time all parties in interest were afforded an opportunity to be heard; and Joseph W. Grier, III appearing for the Debtor; Judy D. Thompson appearing for Zullo; The Ego Underwear Company, a Florida corporation ("Ego"), and Jaz Industries, Inc., a North Carolina corporation ("Jaz"); Kenneth M. Greene appearing for Capital Factors, Inc. (hereinafter "Capital"); Deborah L. Fletcher appearing for the Official Committee of Unsecured Creditors (hereinafter the "Committee"); Paul Kohut appearing for Asia Apparel, Ltd. ("Asia Apparel"); Daniel Bishop appearing for Ameritex Apparel Corporation (Ameritex"); Chip Ford appearing for Maurice Silvera, Inc. ("Silvera"); Edward Bowers appearing in his capacity as the Interim Chapter 11 Trustee with Limited Powers ("Trustee"); and Linda Simpson appearing in her capacity as Bankruptcy Administrator for the Western District of North Carolina ("Bankruptcy Administrator"); and

e. All of the arguments of counsel made to the Court and the evidence received in connection with the § 363 Sale Transaction, the Asset Purchase Agreement, and the transactions contemplated;

NOW, THEREFORE, based upon the Court's review of the pleadings related to the § 363 sale Transaction and record of this case, upon all of the testimony and evidence presented at the Hearing, upon the arguments of counsel made at the Hearing, and after due deliberation thereon; and good cause appearing therefor, the Court makes the following Findings of Fact and Conclusions of Law:

#### FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. On July 28, 2000, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtor has continued to operate its business and manage its properties as debtor-in-possession, subject to the powers granted to Edward Bowers as the Trustee with Limited Powers.

2. This Court has jurisdiction over the Debtor, over all of the Debtor's assets wherever located, over Zullo, over Ego, over Jaz, over New Beltex, and over all creditors of the Debtor. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. §§ 157 and 1334.

3. The Motion is a core proceeding under 28 U.S.C. §§ 157(b)(2)(A) and (N). The statutory predicates for the relief requested in the Motion are Sections 105, 363 and 1146(c) of the Bankruptcy Code, and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure.

4. The Debtor has followed the procedures for giving notice of the Motion and the Hearing on approval of the § 363 Sale Transaction as set forth in the Procedures Order.

5. Proper, timely, adequate and sufficient notice of the Motion, the Hearing, and approval of the § 363 Sale Transaction has been provided in accordance with Section 102(1) of the Bankruptcy Code and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure. No other or further notice of the Motion, the Hearing, or the entry of this Sale Order is required.

6. The financial circumstances of the Debtor, particularly the limited availability of cash under applicable lending formulae and the need for an infusion of capital to underwrite ongoing operations make it essential that this § 363 Sale Transaction be approved and promptly consummated.

7. Pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure, Findings of Fact shall be construed as Conclusions of Law and Conclusions of Law shall be construed as Findings of Fact when appropriate.

8. A reasonable opportunity to object or be heard regarding the relief and approvals requested in the Motion has been afforded to all interested persons and entities, including (a) all entities who claim interests in or assert liens upon any of the Sale Assets; (b) all appropriate federal, state, and local authorities; (c) all entities known to current management of the Debtor that have demonstrated an interest in purchasing part or all of the Sale Assets within the last twelve (12) months; (d) the Committee; (e) the Bankruptcy Administrator; (f) Zullo; (g) Capital; (h) all employees of the Debtor during the years 1999 through 2000; (i) all other entities filing a written request for notices in this case; (j) the designated representatives of the former shareholders of the

Debtor, and (k) all entities upon whom Rule 2002 of the Federal Rules of Bankruptcy Procedure requires notice to be served.

9. The Procedures Order provided, in pertinent part, that all responses or objections to the relief requested in the Sale Motion and any Notice of Intent to Bid by a competing purchaser must be filed with the Court and served upon and received by Counsel to the Debtor, Zullo, Capital, and the Committee no later than 4:30 p.m. (Eastern Time) on February 1, 2001 (the "Objection Deadline"). Additionally, a Notice of Intent to Bid was required to be accompanied by an earnest money deposit of \$100,000.

10. Three timely objections to the Sale Motion were filed with the Court by the Objection Deadline by Ameritex ("Ameritex Objection"); Silvera ("Silvera Objection"); and the Gaston County Tax Authority ("Gaston County Tax Objection") (collectively, the Ameritex Objection, the Silvera Objection and the Gaston County Tax Objection are referred to as the "Objections"). No person filed a Notice of Intent to Bid.

11. The Ameritex Objection was considered, and, based on the evidence presented and arguments of counsel, it was overruled.

12. Moreover, counsel for a member of the Ameritex "bidder group"—Asia Apparel—specifically announced to the Court that, after further discussion with the Committee, it had determined that it had no interest in tendering a competing bid.

13. The Silvera Objection was addressed by the parties through a modification to the § 363 Sale Transaction and Asset Purchase Agreement as follows: (i) the Silvera Account and the Silvera Counterclaim (as both terms are defined in the Asset Purchase Agreement) shall remain within the estate of the Debtor; (ii) New Beltex shall fund all costs of litigation of the Silvera Account and the Silvera Counterclaim for the Estate and shall indemnify the Estate against any amounts payable to Silvera with respect to the Silvera Counterclaim; (iii) if the litigation related to the Silvera Account results in proceeds payable to the Estate, the proceeds shall be applied first to pay any amount awarded to Silvera on the Silvera Counterclaim, secondly to the costs of the litigation of the Silvera Account and the Silvera Counterclaim (including without limitation reimbursement to New Beltex of amounts expended therefore by New Beltex but excluding any amounts, other than the reimbursement of out-of-pocket costs, paid to any affiliates of New Beltex), (iv) thirdly, ten percent (10%) of the remainder shall be retained as an asset of the Estate, and (v) fourthly, any balance remaining thereafter shall be paid to New Beltex. Nothing in this Order or the § 363

Sale Transaction shall prejudice or enhance any rights of Silvera that may exist to set off any claims it may have against the Debtor against any claims of the Debtor against Silvera. The Court makes no determination in this Order of the impact, if any, of the § 363 Sale Transaction on the jurisdiction of this Court to determine any matters related to claims of the Debtor against Silvera or the claims of Silvera against the Debtor after the Closing of the § 363 Sale Transaction. The Silvera Objection was overruled to the extent not made moot or addressed by the foregoing.

14. The Gaston Tax Objection requested clarification that all real property of the Debtor that is included in the Sale Assets is to be sold subject to any and all property taxes related to the property, including unpaid property taxes, and that past due property taxes on the real property included in the Sale Assets be paid at the Closing, to which the court and the parties agreed. The Gaston Tax Objection was overruled to the extent not made moot or addressed by the foregoing.

15. The Debtor has full corporate power and authority to execute the Asset Purchase Agreement and all other documents contemplated thereby, and the sale of the Sale Assets by the Debtor has been duly and validly authorized by all necessary action of the Debtor. The Debtor has all the power and authority necessary to consummate the transactions contemplated by the § 363 Sale Transaction, and no consents or approvals, other than those expressly provided for in the Asset Purchase Agreement, are required for the Debtor to consummate such transactions.

16. Approval of the § 363 Sale Transaction is in the best interests of the Debtor, its creditors, and the Estate. Given the Debtor's current business operations, its current financial condition, its reasonable financial outlook and the proposals received, the Debtor has exercised sound business judgment in accepting New Beltex's offer. Approval to consummate the § 363 Sale Transaction at the present time pursuant to Section 363(b) of the Bankruptcy Code, instead of at a later date through a plan of reorganization, is justified by the compelling circumstances described in the Motion and by several additional factors, including:

a. The Debtor is unable to obtain sufficient ongoing financing at levels which meet the operating needs of the Debtor without an additional capital infusion;

b. In the absence of a prompt sale of the Sale Assets, the value of the Sale Assets and the going concern value of the Debtor will continue to decline because the Debtor is experiencing continued negative cash flow, and such cash flow is insufficient to maintain the value of the Sale Assets;

c. The claim of Capital against the Debtor's estate will be eliminated as a result of the prompt consummation of the § 363 Sale Transaction;

d. The sale of the Sale Assets to New Beltex will result in the Debtor's receiving the highest and best price for the Sale Assets;

e. A prompt sale, as provided in the Motion and under the Asset Purchase Agreement, is a condition of New Beltex's willingness to acquire the Sale Assets and of the support of the Committee for the § 363 Sale Transaction; and

f. In the absence of a prompt sale, the continued decline in value of the Sale Assets will cause the Debtor, its estate, and its creditors to realize less value for such assets.

17. The Asset Purchase Agreement represents the highest and best offer for the Sale Assets, and the \$ 650,000.00 in cash paid and the liabilities assumed and indemnities undertaken as consideration for the Sale Assets is fair and reasonable, and together the cash paid and the liabilities assumed by New Beltex constitute reasonably equivalent and fair market value under the Bankruptcy Code and applicable non-bankruptcy law. The terms and conditions other than price contained in the Asset Purchase Agreement are all fair and reasonable.

18. The Debtor made appropriate efforts to obtain higher and better bids for the Sale Assets (including the Debtor's pre-petition efforts to market its assets and business), but no other potential bidder has made a higher and otherwise better purchase offer for the Sale Assets.

19. The Trustee was specially charged in this Court's Order of January 5, 2001 to "evaluate the value of the company assets, including their value as a going concern, and recommend to the Court whether, how and when they should be sold." The Trustee has advised the Court at the Hearing that the § 363 Sale Transaction must be promptly concluded in order to realize the maximum value for the Estate, and that the sale is in the best interests of the Estate and its creditors. These facts and the testimony elicited at the Hearing regarding the Debtor's current financial condition and its current business operations and the value of the Sale Assets, as well as New Beltex's willingness, as expressed in the Asset Purchase Agreement, to assume certain of the



Debtor's liabilities, demonstrate that the purchase price to be paid for the Sale Assets is fair, reasonable and adequate.

20. The § 363 Sale Transaction and the Asset Purchase Agreement were negotiated, proposed, and entered into by the parties, including the Committee, without collusion, in good faith, and from arm's length bargaining positions. New Beltex is a buyer in good faith of the Sale Assets under Section 363(m) of the Bankruptcy Code, and, as such, is entitled to the protections afforded thereby. Neither the Debtor nor New Beltex has engaged in any conduct that would cause or permit the Asset Purchase Agreement and the transactions contemplated thereby to be avoided under Section 363(n) of the Bankruptcy Code.

21. In the absence of a stay pending appeal, New Beltex will be acting in good faith within the meaning of Section 363(m) of the Bankruptcy Code in closing the transactions contemplated by the Asset Purchase Agreement, including, without limitation, the purchase of the Sale Assets (hereinafter the "Closing" and, the date of the Closing, the "Closing Date").

22. The transfer of the Sale Assets pursuant to the Asset Purchase Agreement (i) is or will be a legal, valid, and effective transfer of property of the Debtor's estate to New Beltex; and (ii) vests or will vest New Beltex with good title to the Sale Assets, free and clear of all liens, claims, interests, and encumbrances under Section 363(f) of the Bankruptcy Code; provided however, the Sale Assets shall continue to be subject to any liens, claims and encumbrances that currently exist or that may exist in the future that are related in any way to any of the Assumed Liabilities until such liens, claims and encumbrances are satisfied by New Beltex and to any claims of the estate of the Debtor that may be determined to exist as a result of the ongoing investigation of the Trustee. New Beltex shall not transfer or encumber the Sale Assets outside of the ordinary course of business or for less than reasonably equivalent value until the determination by this Court of any amount owed to the Estate by Zullo, Ego, Jaz, or their affiliates and payment of any such amount to the Estate. This provision does not in any way limit the right of New Beltex to grant mortgages, liens or security interests in all or any portion of the Sale Assets or any of its other assets to Capital (and its successors and assigns) or to any other arms-length third party lender. All of the provisions of this Sale Order and the Asset Purchase Agreement are non-severable and mutually dependent.

23. The relief requested in the Motion, including approval of the Asset Purchase Agreement and the § 363 Sale Transaction, is in the best interests of the Debtor, its creditors, and the Estate.

24. The § 363 Sale Transaction shall not include any release of Zullo, individually or otherwise, Ego, Jaz, or any party in interest other than Capital. The granting of any such release will occur only after timely notice of compromise and settlement of claims and the conduct of an evidentiary hearing at which the Trustee will present his report on the results of his investigation of the financial affairs of the Debtor.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

A. The findings of fact set forth above be, and the same hereby are, ratified and adopted as findings of this Court.

B. To the extent any such findings are deemed to be conclusions of law or are decretal in character, then such conclusions or decrees are hereby confirmed.

C. Except to the extent specifically modified by the provisions of this Sale Order, the Motion be, and hereby is, GRANTED.

D. All objections, if any, to the Motion or the relief requested therein that have not been withdrawn, waived, or made moot by the modifications made to the § 363 Sale Transaction and the Asset Purchase Agreement are overruled.

E. All provisions of the Bankruptcy Code governing the § 363 Sale Transaction have been complied with.

F. The terms and conditions and transactions contemplated by the Asset Purchase Agreement are hereby approved in all respects, and the § 363 Sale Transaction is hereby approved in all respects and authorized and directed under Section 363(b) of the Bankruptcy Code.

G. Pursuant to Sections 105 and 363(b) of the Bankruptcy Code, the Debtor is hereby authorized, directed, and empowered to fully assume, perform under, consummate, and implement the Asset Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to close the § 363 Sale Transaction, and to take all further actions as may reasonably be requested by New Beltex for the purpose of assigning, transferring, granting, conveying, and conferring to New Beltex, or reducing to possession, any or all of the Sale Assets, or as

may be necessary or appropriate to the performance of the Debtor's obligations as contemplated by the Asset Purchase Agreement.

H. Except as specifically provided in the Asset Purchase Agreement or this Sale Order, pursuant to Sections 105(a) and 363(f) of the Bankruptcy Code, at Closing the Sale Assets shall be transferred to New Beltex free and clear of all liens, claims and encumbrances, "AS IS, WHERE IS" without representations or warranty of rights, title or interest.

I. Notwithstanding the foregoing, New Beltex shall pay, at the Closing, any and all claims of Capital against the Debtor, including without limitation all of the outstanding indebtedness owing by the Debtor to Capital under the terms of the post-petition factoring facility approved by the interim financing order entered by this Court on August 4, 2000 and the terms of the final financing order entered by this Court on August 31, 2000. The Debtor is further authorized to execute and exchange with Capital mutual releases of all claims, if any, each may have against the other, to become effective upon the Closing and the payment by New Beltex of all indebtedness owing by the Debtor to Capital. The release by the Debtor in favor of Capital shall specifically include a release of all liability of Capital with respect to the \$25,000 carveout previously set forth in such financing orders.

J. This Sale Order is and shall be effective immediately upon the Closing on the Closing Date, and shall be binding upon and govern the acts of all persons and entities including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Sale Assets.

K. The sale and transfer of the Sale Assets are exempt from all transfer, stamp or similar taxes pursuant to Section 1146(c) of the Bankruptcy Code as this sale is found to be part of an orderly liquidation of the Debtor's assets which will be completed with the filing of a liquidation plan which will distribute proceeds of sale pursuant to the Bankruptcy Code.

L. If any person or entity that has filed financing statements or other documents or agreements evidencing liens on or interests in the Sale Assets shall not

have delivered to the Debtor prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all liens, or other interests which the person or entity has with respect to the Sale Assets, the Debtor is hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Sale Assets.

M. No release of Zullo, Ego, Jaz nor any party other than Capital that was contemplated in the Motion shall be given until timely notice and hearing of compromise and settlement is given to all parties entitled to receive notice thereof, and until this Court receives, reviews and conducts a hearing on the report of the Trustee of his investigation of the financial affairs of the Debtor and any claims of the Estate against Zullo, Ego, Jaz, or any other related-person or affiliate of Zullo. Purchaser has agreed and shall pay the fees and expenses of Trustee and counsel for Seller related to such investigation and the compromise and settlement

N. This Court, without limitation, expressly retains jurisdiction (i) to enforce and implement the terms and provisions of the Asset Purchase Agreement, and each of the agreements executed in connection therewith; (ii) to resolve any disputes, controversies, or claims arising out of or relating to the Asset Purchase Agreement; (iii) to interpret, implement, and enforce the provisions of this Sale Order; (iv) to enforce the confidentiality agreement signed by potential competing bidders in conjunction with their due diligence as possible purchasers under the Motion; (v) to enjoin and/or sanction any person who, prior to or after the Closing, interferes with the § 363 Sale.

O. Nothing contained in any future Chapter 11 plan confirmed in this case or the order of confirmation confirming any such plan shall conflict with or deviate from the provisions of the Asset Purchase Agreement or this Sale Order.

P. New Beltex is a buyer in good faith of the Sale Assets and is entitled to all of the protections afforded by, *inter alia*, Section 363(m) of the Bankruptcy Code. The Debtor and New Beltex have not engaged in any conduct that would allow the § 363 Sale Transaction to be set aside pursuant to Section 363(n) of the Bankruptcy Code.

Q. In the absence of a stay pending appeal, upon closing under the Asset Purchase Agreement after entry of this Sale Order, then, with respect to the § 363 Sale Transaction, New Beltex and Debtor shall be acting in good faith and New Beltex shall be entitled to the protections of Section 363(m) of the Bankruptcy Code if this Sale Order or any authorization contained herein is reversed or modified on appeal.

R. Time is of the essence with respect to consummation of the § 363 Sale Transaction. This Court retains jurisdiction to compel all parties to specifically perform this transaction as set forth in the Asset Purchase Agreement.

S. The terms and provisions of this Sale Order, shall be binding in all respects upon the Debtor, its estate and creditors, Zullo, individually, Ego, Jaz, and any related person or affiliate of Zullo, successors and assigns, and any affected third parties, including but not limited to all persons or entities asserting a claim against or interest in the Debtor's estate or any of the Sale Assets, and any subsequent appointment of any trustee for the Debtor under any Chapter of the Bankruptcy Code.

T. The failure to include specifically any particular provision of the Asset Purchase Agreement in this Sale Order shall not diminish or impair the efficacy of such provision, it being the intent of the Court that the Asset Purchase Agreement and any related documents, or other instruments, that are consistent with the terms of this Order, be authorized and approved in their entirety and as if set forth herein. Notwithstanding any of the foregoing, any provision of the Asset Purchase Agreement and any related documents or other instruments directly conflicting with this Sale Order shall be resolved in favor of this Sale Order.

U. The Debtor is authorized and directed to execute and deliver any documents and other instruments reasonably required to consummate the transactions contemplated by the Asset Purchase Agreement and this Sale Order.

V. The provisions of this Sale Order are self-executing and each and every federal, state or local agency, department or governmental authority is directed to accept this Sale Order as authorizing the Debtor to consummate the transactions contemplated by the Asset Purchase Agreement, including the sale of the Sale Assets, and no other or further approval, consent, license or the like of any such federal, state, or local agency, department or governmental authority is required to effectuate, consummate or implement such transactions.

W. The provisions of this Sale Order are nonseverable and mutually dependent.

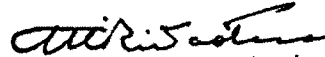
X. Notwithstanding any provisions of the Asset Sale Agreement or this Sale Order, New Beltex shall remain liable to the Estate of the Debtor for all Assumed Liabilities as defined by the terms of the Asset Purchase Agreement and shall defend and hold harmless the Estate of the Debtor with respect thereto.

Y. After Closing, all persons in possession of any of the Sale Assets are hereby authorized to surrender possession of any of the Sale Assets to New Beltex. Provided however, nothing in this Sale Order shall be deemed to adjudicate the statutory liens of third parties against property that constitutes any of the Sale Assets and such liens shall be modified only by further Order of this Court after notice and hearing.

Z. After Closing, the Estate and the Debtor shall have no further liability for the Assumed Liabilities and any claims asserted with respect to the Assumed Liabilities shall be the obligations of the New Beltex. Expressly excepting liability for the Assumed Liabilities, as defined in the Asset Purchase Agreement, New Beltex does not by virtue of the execution and delivery of the Asset Purchase Agreement or any document related thereto, or as a result of consummation of the § 363 Sale Transaction, become liable for or agree to assume, pay, satisfy, discharge or perform, any liability, obligation or indebtedness of Debtor, whether primary or secondary, direct or indirect.

AA. This Order shall be effective immediately upon its entry and shall not be subject to stay under Bankruptcy Rule 6004(g) or any other provision of the Bankruptcy Rules or the Bankruptcy Code. A copy of this Order as entered, together with the Asset Purchase Agreement attached hereto, shall be promptly served by facsimile transmission on all persons filing Objections to the Motion. The Debtor is authorized to proceed immediately to Closing.

SO ORDERED this 20<sup>th</sup> day of February, 2001.

  
Dated as of date entered

MARVIN R. WOOTEN  
United States Bankruptcy Judge

## EXHIBIT A

### ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement") is made and entered into as of February 20, 2001, by and between BELTEX UNDERWEAR CO., LLC, a North Carolina limited liability company ("Purchaser") and Beltex Corporation, a North Carolina corporation and a debtor-in-possession in a bankruptcy case ("Seller"). Capitalized terms used and not otherwise defined herein are defined on Exhibit A attached hereto.

#### RECITALS:

WHEREAS, on July 28, 2000 (the "Petition Date") Seller sought relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") by filing a case (the "Chapter 11 Case") in the United States Bankruptcy Court for the Western District of North Carolina – Charlotte Division (the "Bankruptcy Court");

WHEREAS, the Bankruptcy Court has authorized Seller to continue to operate its business and manage its assets as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, on January 5, 2001, with the consent of Seller, the Official Committee of Unsecured Creditors duly appointed by the Bankruptcy Court (the "Committee"), and the Bankruptcy Administrator, the Bankruptcy Court entered an Order appointing Edward Bowers as a non-operating trustee (the "Trustee") with limited powers, including the power to evaluate whether substantially all of the assets of Seller should be sold;

WHEREAS, on January 18, 2001, upon the Motion of Seller, and with the consent of the Committee, the Bankruptcy Court entered an Order approving the bidding procedures for the sale of substantially all of the assets relating to the operation of the business of Seller in accordance with Section 363 of the Bankruptcy Code (the "363 Sale");

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, certain assets, rights and properties of Seller and, in connection with such purchase and sale, Purchaser has agreed to assume certain obligations and liabilities of Seller, all on the terms and subject to the conditions set forth in this Agreement and in accordance with Section 363 and other applicable provisions of the Bankruptcy Code;

WHEREAS, on February 5, 2001, the Bankruptcy Court entered an Order approving the 363 Sale to Joseph Zullo ("Zullo") or his designee, and Purchaser is the designee of Zullo.

WHEREAS, Purchaser is an entity duly created at the direction of Zullo to effect a going concern sale of the business of Seller for the purpose of preserving customer goodwill and the creating the best opportunity for continued employment of employees of Seller.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, the parties agree as follows:

Article I.

PURCHASE OF ASSETS

Section 1.01 Purchase and Sale of Purchased Assets. Pursuant to Section 363 (and other applicable provisions) of the Bankruptcy Code and on the terms and subject to the conditions set forth herein, at the Closing, as defined in Article IV, Seller will sell, transfer, convey, assign and deliver, and Purchaser will purchase and accept all of Seller's right, title and interest in and to all of the operating assets of Seller, other than those specifically included in the "Retained Assets" as defined in Section 1.02 below (collectively, the "Purchased Assets"), including, without limitation, the following assets and rights:

- (i) Two parcels of improved real property located in Belmont, Gaston County, North Carolina (known as and referred to herein as the "office, warehouse and distribution facility" and the "cut and sew facility"), improved real property located in Kings Mountain, Cleveland County, North Carolina (the "Kings Mountain Property"), and a parcel of unimproved real property located in Gaston County, North Carolina, all as more specifically described in "Schedule A - Real Property" of the Schedules and Statement of Financial Affairs filed by Seller with the Bankruptcy Court on August 14, 2000 (as amended, the "Schedules"). Such real property, including any improvements thereon, is collectively referred to herein as the "Real Property".
- (ii) The rights of Seller as landlord under that certain lease of the Kings Mountain Property with Dyemasters, Inc., dated October 4, 1999, a Memorandum of which is recorded in Book 1261 at Page 1386 in the Cleveland County Registry (the "Kings Mountain Lease").
- (iii) All tangible personal property, including without limitation all vehicles, inventory, supplies, furniture, fixtures and equipment, and including without limitation all of such personalty located at any of the Real Estate and at (a) certain premises leased by Seller in Claiborne County, Tennessee (the "Tennessee plant") and (b) certain premises in Gaston County, North Carolina formerly owned by Seller, currently owned by S-B Settlement Corp., known as and referred to herein as the "dye house."
- (iv) All other personal property, including without limitation cash, deposit accounts, books and records, customer lists, purchase orders, accounts receivable (including disputed accounts receivable and accounts receivable which are the subject of collection actions, but excluding the Silvera Account, as defined below), general intangibles, rights to Carolina Panthers club seats and Charlotte Hornets season tickets (together, the "Panthers and Hornets rights"), tax refunds, prepaid accounts (including without limitation refunds of insurance premium prepayments), the name "Beltex" and variations thereof, and any other trademarks, trade names and all know-how, trade secrets and other proprietary information of Seller. The Purchased Assets also includes disputes regarding trade payables arising in the ordinary course of business, including without limitation claims regarding the merchantability of goods (but excluding any Avoidance Actions, as defined in Exhibit A). The personal property included in the



Purchased Assets includes without limitation the items set forth on Schedule B of the Schedules.

- (v) all rights, benefits, privileges, title and interest in, and all sums due to Seller from Capital Factors, Inc. ("Capital Factors") under the Factoring Agreement dated August 3, 2001, between Capital Factors and Seller and the other documents executed in connection therewith (collectively, the "Factoring Agreement").
- (vi) any and all existing and assignable manufacturer or vendor warranties, service life policies, customer support agreements and similar items (or to the extent such rights are not assignable, subrogation rights to such items).
- (vii) all Warranties (as defined in Exhibit A) in favor of Seller with respect to any of the Purchased Assets.

**Section 1.02 Retained Assets.** All assets of Seller not included in the Purchased Assets (collectively, the "Retained Assets") shall be retained by Seller. The Retained Assets shall remain the property of Seller's bankruptcy estate for the benefit of the holders of allowed unsecured claims (collectively, the "Unsecured Creditors"). The Retained Assets shall include, without limitation, the Silvera Account, all Avoidance Actions, all causes of action of Seller against third parties (other than those expressly included in the Purchased Assets), and including without limitation any cause of action related to the following:

- (i) Actions or inactions of any former (prior to the acquisition of the stock of Seller by Jaz Industries, Inc., hereinafter "Jaz") officers, directors or shareholders of Seller;
- (ii) Issues related to distributions or payments to the former (prior to the acquisition of the stock of Seller by Jaz) shareholders of Seller;
- (iii) Any interest in or prepayment held by or claims against Ameritex Apparel Corporation or its principals or affiliates ("Ameritex") and to any personal property Ameritex manufactured for Seller, whether completed or work in process;
- (iv) Any interest in or claims against Willow Sales or its principals or affiliates, whether such claims of Seller arose pre-petition or post-petition.
- (v) Any claims against Knitcraft, Inc. or Gaston Screen Printing, Inc. or any other entity for amounts paid by Seller for their benefit under the self insured medical plan of Seller.

Article II.

ASSUMPTION OF LIABILITIES

Section 2.01 Assumed Liabilities. As of the Closing, as part of its consideration for the Purchased Assets, Purchaser will assume and in due course pay and fully satisfy the following liabilities and obligations of Seller (collectively, the "Assumed Liabilities"):

- (a) All the liabilities and obligations of Seller arising under the Factoring Agreement.
- (b) All Post-Petition Operating Expenses (as defined in Exhibit A) of Seller.
- (c) All warranty obligations of Seller for goods manufactured or sold by Seller, whether arising pre-petition or post-petition.
- (d) All obligations for leased equipment, if any, included in the Purchased Assets.
- (e) All claims of post-petition employees of Seller, whether or not such employees become employees of the Purchaser, including without limitation any claims with respect to the medical, health and dental plans of Seller, and all related obligations, including, but not limited to all obligations, if any, which arise or may arise pursuant to Federal COBRA law and all obligations and liabilities for administrative fees due to Corporate Benefit Service, Inc. (the administrator for Seller's self-insured health plan).
- (f) Any obligations with respect to the Panthers and Hornets rights.
- (g) All personal and real property and ad valorem tax liability with respect to the Purchased Assets, and any sales, use, transfer, recording or similar taxes due as a result of the transactions provided for herein.
- (h) Any obligation or liability of Seller under federal and state air pollution control regulations to perform and to file with environmental authorities air emissions inventories with regard to any of the above-listed facilities.
- (i) Any environmental liability of any nature related to the Real Property included in the Purchased Assets, including any liabilities of Seller related to existing groundwater contamination issues at the cut and sew facility or the Kings Mountain property, including any corrective action and fines payable to the State of North Carolina under Notices of Violation and administrative orders issued, *inter alia*, April 1, 1999, February 9, 2000, April 11, 2000 and August 11, 2000.
- (j) Liabilities of Seller related to the lease of the Tennessee facility from Claiborne Textile, Inc. (the "Tennessee Lease"), which lease expires February 14, 2001, including any extensions thereof. The Assumed Liabilities shall specifically exclude any liabilities of Seller to Harold G. Higdon or J. Clyde Nevils, principals of Claiborne Textile, Inc. incurred pre-petition.
- (k) Any obligations of Seller under the Kings Mountain Lease.

- (l) Accept a transfer of the 401(k) accounts of participants in Seller's 401(k) plan who become employees of Purchaser. Assume any liabilities related to the 401(k) accounts of participants in Seller's 401(k) plan arising during the period from the acquisition of the stock of Seller by Jaz to the Closing, regardless of whether such participants become employees of Purchaser, including without limitation the termination of Seller's 401(k) plan in accordance with applicable law.
- (m) Obligations of Seller arising under or relating to the Agreement to Extend Benefit Administrative Services for Beltex Corporation between Seller and Corporate Benefit Service, Inc. ("CBS") dated January 31, 2001. The deposits held by CBS pursuant to such agreement shall be part of the Purchased Assets.
- (n) Liabilities for payment of unpaid professional fees of Seller constituting administrative claims against the bankruptcy estate incurred through the Closing (except for fees payable to counsel for the Committee), including without limitation fees payable to the Trustee, to Grier & Furr ("Debtor's Counsel"), to Poyner & Spruill L.L.P., special counsel to the Seller in the bankruptcy case, to The Finley Group, to Greer and Walker, and to CBS. The balance held by Debtor's Counsel in the professional fee escrow account at Scottish Bank at Closing shall be included in the Purchased Assets.

Unless otherwise expressly agreed in a writing duly executed by the Seller and Purchaser, the Assumed Liabilities shall specifically exclude any and all executory contracts and unexpired leases set forth on Schedule G of the Schedules, except for the Tennessee Lease and the Kings Mountain Lease. Except as set forth in this Article II, Purchaser will not assume or be liable for any other obligations or liabilities of Seller.

Section 2.02 Retained Liabilities. Notwithstanding anything contained in this Agreement to the contrary, Purchaser does not by virtue of the execution and delivery of this Agreement or any document delivered at the Closing pursuant to this Agreement, or as a result of consummation of the transactions contemplated by this Agreement, become liable for or agree to assume or to pay, satisfy, discharge or perform, any liability, obligation or indebtedness of Seller, whether primary or secondary, direct or indirect, other than the Assumed Liabilities. Seller will retain and pay, satisfy, discharge and perform in accordance with the provisions of the Bankruptcy Code, all prepetition liabilities and obligations other than the Assumed Liabilities.

Section 2.03 Indemnifications.

- (a) Purchaser agrees to indemnify and hold harmless Seller against any liability, claim, loss, damage or expense incurred by Seller relating to the Assumed Liabilities or to (i) any amounts required to be paid by Seller pursuant to the Environmental Agreement and Indemnification Agreement, dated as of December 30, 1996, for the benefit of SouthTrust Bank relating to the dye house and (ii) any amounts arising from failures of Seller to file air emissions inventories with regard to any of the facilities of Seller, as described inter alia in Notices of Violation dated August 10, 2000 and October 9, 2000. Seller will notify Purchaser within ten (10) days of receipt of any notification received after the Closing regarding any matter giving rise to a claim of indemnification under this Section

2.03, and Purchaser shall defend any such claims and hold Seller harmless with respect thereto.

- (b) The Purchased Assets do not include the existing account receivable of Seller due from Maurice Silvera, Inc. (the "Silvera Account"), which account is the subject of litigation which includes a counterclaim from Maurice Silvera, Inc. against Seller (the "Silvera Counterclaim"). Purchaser shall indemnify Seller against the Silvera Counterclaim and against any amounts payable by Seller to Shumaker, Loop & Kendrick relating to its pre-petition claim for legal services performed in connection with the Silvera Account and the Silvera Counterclaim. In addition, Purchaser shall assume control of such litigation on behalf of Seller, and shall pay all post-petition legal fees and other expenses related thereto, including any bond premiums and expenses necessary to collect any judgment in favor of Seller, and Purchaser shall have the authority to settle the litigation on behalf of the Seller. If the litigation related to the Silvera Account results in proceeds payable to Seller, the proceeds shall be applied (i) first, to pay any amount awarded to Silvera on the Silvera Counterclaim, (ii) second, to the costs of the litigation of the Silvera Account and the Silvera Counterclaim (including without limitation reimbursement to Purchaser of amounts expended therefore by Purchaser, but excluding any amounts, other than the reimbursement of out-of-pocket costs, paid by Purchaser to any of its affiliates in connection with such litigation), (iii) third, ten percent (10%) of the remainder shall be retained as an asset of Seller, and (iv) fourth, any balance remaining thereafter shall be paid to Purchaser.

### Article III.

#### PURCHASE PRICE

Section 3.01 Purchase Price. In consideration of the conveyance to Purchaser of Seller's right, title, and interest in and to the Purchased Assets and the other rights granted to Purchaser pursuant hereto, and subject to the conditions and in accordance with the terms hereof, at Closing, Purchaser will (i) assume the Assumed Liabilities, and (ii) pay Seller the sum of \$650,000.00 in cash (the foregoing, the "Purchase Price").

Section 3.02 Escrow Deposit. Purchaser has previously deposited with the Charlotte, North Carolina law firm of Grier & Furr, P.A. \$100,000.00 in cash (the "Earnest Money"). The Earnest Money will be held by Grier & Furr, P.A. and at Closing will be delivered to Seller and applied to the payment of the Purchase Price set forth in Section 3.01 above.

Section 3.03 Allocation of Purchase Price. Purchaser will, within 120 days after the Closing Date, prepare and deliver to Seller for its consent (which consent will not be unreasonably withheld) a schedule allocating the Purchase Price among the Purchased Assets in accordance with Treasury Regulation Section 1.1060T (or any comparable provisions of state or local tax law) or any successor provision. If Seller raises objections, Purchaser and Seller will negotiate in good faith to resolve such objections. Purchaser and Seller will report and file all tax returns (including amended tax returns and claims for refund) consistent with the allocation, and will take no position contrary thereto of inconsistent therewith (including, without limitation, in any audits or examinations by any taxing authority or any other proceedings). Purchaser and Seller

will cooperate in the filing of any forms (including Form 8594) with respect to such allocation, including any amendments to such forms required with respect to any adjustments to the Purchase Price, pursuant to this Agreement. If and to the extent that the parties are unable to agree on such allocation, each shall be free to make its own allocation for tax purposes. Notwithstanding any other provisions of this Agreement, the foregoing agreement will survive the Closing Date.

#### Article IV.

#### CLOSING

Section 4.01 Closing. The consummation of the purchase of Seller's right, title and interest in and to the Purchased Assets (the "Closing") will take place at the offices of Poyner & Spruill LLP, 100 North Tryon Street, Suite 4000, Charlotte, North Carolina, on the date hereof, or at such other time and place and on such other date as Purchaser and Seller agree (the "Closing Date").

Section 4.02 Deliveries at Closing. At the Closing:

- (a) Seller will deliver to Purchaser the items described in clauses (i) through (viii) below, to the extent applicable with respect to the Closing:
  - (i) a general bill of sale and assignment, in form and substance reasonably satisfactory to Purchaser (the "Bill of Sale") with respect to the Purchased Assets to be conveyed by Seller at the Closing, and any other documents reasonably requested by Purchaser so as to convey to Purchaser good title, free and clear of all Liens (other than Permitted Liens, as defined in Exhibit A), to all of Seller's right, title and interest in and to the Purchased Assets, each duly executed;
  - (ii) duly executed instruments of assignment in a form reasonably acceptable to Purchaser of all interests, titles, and other rights in, to and under all contracts, agreements, permits, licenses and authorizations which are included in the Purchased Assets;
  - (iii) all such other deeds, endorsements, assignments and other instruments, documents and agreements as are reasonably necessary to carry out the transfers and assignments contemplated by this Agreement and to comply with the terms hereof;
  - (iv) all consents, orders and approvals of the Bankruptcy Court, and all necessary creditors and other parties to the Chapter 11 Case and all other third parties, necessary to effectuate transfer of the Purchased Assets;
  - (v) the warranty deeds, title insurance policies, surveys and tax withholding affidavits satisfying Section 1445(b)(2) of the Code, each in form and substance reasonably satisfactory to Purchaser, with respect to the Real Property;
  - (vi) all such assignments, signature cards, and other instruments, documents and agreements as are necessary to transfer control of the bank accounts which are part of

the Purchased Assets, to the Purchaser, including evidence reasonably satisfactory to the Purchaser that the bank signature card relating to the bank accounts have been amended so that only designees of the Purchaser are authorized signatories;

(vii) An Assignment, Assumption and Amendment Agreement, among the Seller, the Purchaser and Capital (the "Capital Assignment, Assumption and Amendment Agreement"), and a Mutual Release and Termination Agreement, among the Seller, Capital and the guarantors of the Seller's indebtedness owing to Capital (the "Capital Mutual Release"), by which effective upon the Closing (1) the Seller assigns and transfers to the Purchaser all of the Seller's right, benefits, privileges, title and interest in, to and under the Factoring Agreement, (2) the Purchaser becomes a party to the Factoring Agreement and assumes all of the obligations of the Seller thereunder, (3) Capital releases the Seller from all claims under the Factoring Agreement, (4) Capital releases and terminates all of its Liens in any assets of the Seller and all of its claims in the Chapter 11 Case, and (5) the Seller releases Capital from all claims of any nature which it has or ever had against Capital.

(b) Purchaser will deliver to Seller, to the extent applicable with respect to the Closing, the items described in clauses (i) through (iv) below:

- (i) the Purchase Price;
- (ii) an assumption agreement pursuant to which Purchaser assumes at the Closing the Assumed Liabilities being assigned at the Closing, in form and substance reasonably satisfactory to Seller, duly executed by Purchaser;
- (iii) the Capital Assignment, Assumption and Amendment Agreement; and
- (iv) all other documents, certificates, instruments or writings reasonably requested by Seller in connection herewith.

**Section 4.03 Change of Corporate Name.** Within five business days after the Closing, Seller shall file Articles of Amendment with the North Carolina Secretary of State changing its corporate name to Belmont Manufacturing, Inc. Seller shall otherwise cease using the name "Beltex" as of the Closing.

#### Article V.

#### REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties to Purchaser, each of which will be true and correct as of the date hereof and as of the Closing Date (except to the extent expressly relating to a specific date, in which event it shall be true and correct as of such date) and shall be unaffected by any investigation made by or on behalf of Purchaser.

**Section 5.01 Authorization and Effect of Agreement.** This Agreement has been duly and validly executed and delivered by Seller and constitutes a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject (i) to applicable bankruptcy,

insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, including, without limitation, for purposes of the representation and warranty being made as of the Closing Date, the discretion of the Bankruptcy Court for so long as the Bankruptcy Court retains jurisdiction over the Chapter 11 Case, and (ii) as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity), and (iii) for purposes of the representation and warranty being made as of the date hereof (but not for purposes of the representation and warranty being made as of the Closing Date), to the commencement of the Chapter 11 Case, and entry of the Final Order. Each of the Collateral Agreements, when executed and delivered by Seller, at the Closing, shall constitute a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, subject (i) to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, including, without limitation, the discretion of the Bankruptcy Court for so long as the Bankruptcy Court retains jurisdiction over the Chapter 11 Case, (ii) as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 5.02 No Conflicts. The execution and delivery by Seller of this Agreement and any Collateral Agreements to which it will be a party do not and will not, as applicable, and, in the event the Final Order is entered by the Bankruptcy Court, the performance by Seller of the transactions contemplated by this Agreement or such Collateral Agreements, as applicable, will not conflict with, or result in any violation of, or constitute a default under (except as a result of the Chapter 11 Case), or, as applicable, give rise to the creation of a Lien upon any of the Purchased Assets or to a right of termination, cancellation or acceleration of any obligation or to a loss of a benefit under, (i) and any of the terms, conditions or provisions of any Contract by which Seller is bound (other than Contracts entered into since the acquisition of the stock of Seller by Jaz), (iii) any law applicable to or binding on Seller or any of its respective assets.

Section 5.03 No Third Party Options. There are no existing agreements, options or commitments granting to any Person the right to acquire any of Seller's right, title or interest in or to any of the Purchased Assets or any interest therein.

Section 5.04 Consents and Approvals. The execution and delivery by Seller of this Agreement and any Collateral Agreements to which it will be a party does not and will not, and the consummation by Seller of the transactions contemplated hereby and thereby will not, require any Consent.

Section 5.05 Disclosure. No representation or warranty of Seller contained herein, and no statement contained in any document or other instrument to be furnished by Seller to Purchaser in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the representation, warranty or statement so made not misleading.

Article VI.

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby makes the following representations and warranties to Seller each of which shall be true and correct as of the date hereof and as of the Closing Date (except to the extent expressly relating to a specific date, in which event it shall be true and correct as of such date) and shall be unaffected by any investigation heretofore or hereafter made.

Section 6.01 Organization. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of North Carolina. All of the membership interests in Purchaser are held by Zullo Enterprises, LLC, a limited liability company duly organized, validly existing and in good standing under the laws of the State of North Carolina ("Zullo Enterprises"), and Zullo Enterprises is the manager of Purchaser. Each of Purchaser and Zullo Enterprises has the requisite power and authority to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted. All of the membership interests in Zullo Enterprises are held by Zullo, and Zullo is the manager of Zullo Enterprises.

Section 6.02 Authorization and Effect of Agreement. Purchaser has the requisite power and authority to execute and deliver this Agreement and the Collateral Agreements to which it will be a party and to perform its obligations hereunder and thereunder. The execution and delivery by Purchaser of this Agreement and the performance by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser and constitutes a valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity. Each of the Collateral Agreements to which Purchaser will be a party, when executed and delivered by Purchaser, will constitute a valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity.

Section 6.03 No Conflicts. The execution and delivery of this Agreement and the Collateral Agreements to which Purchaser will be a party by Purchaser does not or will not (as applicable), and the performance by Purchaser of the transactions contemplated by this Agreement and such Collateral Agreements will not, conflict with, or result in any violation of, or constitute a default under (a) any provision of the articles of incorporation or bylaws of Purchaser, (b) any of the terms, conditions, or provisions of any material agreement or other material document by which Purchaser is bound, or (c) any law or order applicable to or binding on Purchaser. No Consent is required to be obtained, made or given (whether pursuant to applicable law, contract or otherwise) in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transactions contemplated hereby.



Article VII.

POST-CLOSING COVENANTS

Section 7.01 No Inconsistent Action. Neither Purchaser nor Seller shall take any action which is materially inconsistent with its obligations under this Agreement.

Section 7.02 Further Assurances. From time to time following the Closing, Seller shall execute, acknowledge and deliver such additional documents, instruments of conveyance, transfer and assignment or assurances and take such other action as Purchaser may reasonably request to more effectively assign, convey and transfer to Purchaser, and fully vest title in Purchaser, with respect to the Purchased Assets.

Section 7.03 Publicity. The parties hereto shall consult with each other and shall mutually agree (the agreement of each party not to be unreasonably withheld or delayed) upon the content and timing of any press release or other public statements with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public statement prior to such consultation and agreement.

Section 7.04 Enforcement. The Bankruptcy Court shall have exclusive jurisdiction over matters related to the enforcement of the terms of this Agreement; provided, however, that in the event the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction with respect to any matter related to this Agreement, such abstention, refusal or lack of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter.

Section 7.05 Maintenance of Books and Records. Seller and Purchaser shall preserve until the seventh anniversary of the Closing Date all records possessed by such party relating to the assets, liabilities or operations of the Purchased Assets prior to the Closing Date. After the Closing Date, where there is a legitimate purpose, such party shall provide the other party with access, upon prior reasonable written request specifying the need therefor, during regular business hours, to (i) the relevant officers and employees of such party and (ii) the books of account and records of such party, but, in each case, only to the extent relating to the assets, liabilities and operations of the Purchased Assets prior to the Closing Date, and the other party and its representatives shall have the right to make copies of such books and records; provided, however, that the foregoing right of access shall not be exercisable in such a manner as to interfere unreasonably with the normal operations and business of such party; and further provided that, as to so much of such information as constitutes trade secrets or confidential business information of such party, the requesting party and its representatives shall use due care to not disclose such information except (i) as required by law, (ii) with the prior written consent of such party, which consent shall not be unreasonably withheld, or (iii) where such information becomes available to the public generally, or becomes generally known to competitors of such party, through sources other than the requesting party and its representatives. Such records may nevertheless be destroyed by a party if such party sends the other party written notice of its intent to destroy records, specifying with particularity the contents of the records to be destroyed. Such records may then be destroyed after the 30th day following delivery of such notice unless the other party

objects to the destruction, in which case the party seeking to destroy the records shall either agree to retain such records or to deliver such records to the objecting party.

Section 7.06 Confidentiality. Each party hereto acknowledges that the other party has legitimate and continuing proprietary interests in the protection of their confidential information and that the parties have invested substantial sums and will continue to invest substantial sums to develop, maintain and protect such confidential information. Prior to and after the Closing, each party agrees not to disclose, furnish or make accessible to anyone or use for its own benefit (other than as contemplated hereby) any trade secrets or other confidential or proprietary information of another party relating to Seller, Purchaser and/or their respective businesses or the other parties including, but not limited to, information obtained by or revealed to such party during any investigations, negotiations or review relating to this Agreement and any other document contemplated hereby or thereby or any past or future actions taken in connection with, pursuant to, in accordance with, or under this Agreement, including without limitation any business plans, marketing plans, financial information, strategies, systems, programs, methods and computer programs; provided, however, that such protected information shall not include (i) information required to be disclosed by law, legal or judicial process, (ii) information that is or becomes available to the disclosing party on a non-confidential basis from a source other than the other parties and not obtained in violation of this Agreement and (iii) information known to the public or otherwise in the public domain without violation of this Section 7.02.

#### Article VIII.

#### FUTURE TAX MATTERS

Section 8.01 Income Tax Returns. Seller shall be responsible, at its own expense, to file any applicable state or federal income tax returns, including without limitation for the years 2000 and 2001. Purchaser shall provide to Seller and its accountants access to all books and records of Seller to enable Seller to prepare such returns.

Section 8.02 Employee Tax Reporting. If requested by Purchaser, Purchaser and Seller agree that, pursuant to the "Alternative Procedure" provided in Section 5 of Revenue Procedure 96-60, 1996-2 C.B. 399, (i) Purchaser and Seller will report on a predecessor-successor basis as set forth therein, (ii) Seller will be relieved from filing a Form W-2 with respect to any employee of Seller who accepts employment with Purchaser, and (iii) Purchaser, at Purchaser's expense, will file (or cause to be filed) a Form W-2 for each such employee for the year that includes the Closing Date (including the portion of such year that such employee was employed by Seller). Seller agrees to provide Purchaser, at Purchaser's expense, with all payroll and employment-related information reasonably requested by Purchaser with respect to each employee of Seller who commences employment with Purchaser.

#### Article IX.

#### MISCELLANEOUS PROVISIONS

Section 9.01 Notices. All notices and other communications required or permitted hereunder shall be in writing and, unless otherwise provided in this Agreement, will be deemed to have

been duly given when delivered in person or when dispatched by electronic facsimile transfer (confirmed in writing by mail simultaneously dispatched) or one business day after having been dispatched by a nationally recognized overnight courier service to the appropriate party at the address specified below:

(a) If to Seller, to:

Belmont Manufacturing, Inc.  
c/o Joseph W. Grier, Jr., Esq.  
Grier & Furr, P.A.  
One Independence Center, Suite 1240  
101 North Tryon Street  
Charlotte, NC 28246

with copies to:

Deborah Fletcher, Esq.  
Holcomb & Fletcher, PLLC  
831 E. Morehead St., Suite 550  
Charlotte, North Carolina 28202-2777

Edward P. Bowers  
Middleswarth, Bowers & Co., L.L.P.  
219-A Wilmot Drive  
Gastonia, North Carolina 28054

(b) If to Purchaser, to:

Beltex Underwear Co., LLC  
Attn.: Joseph Zullo, Chief Executive Officer  
130 Knitcraft Access Road  
Belmont, North Carolina 28012

with a copy to:

Gregory J. Ross, Esq.  
Poyner & Spruill L.L.P.  
100 N. Tryon Street, Suite 4000  
Charlotte, North Carolina 28202

or to such other address or addresses as any such party may from time to time designate as to itself by like notice.

Section 9.02 Expenses. Except as otherwise expressly provided herein, each party hereto shall pay any expenses incurred by it incident to this Agreement and in preparing to consummate and consummating the transactions provided for herein.

Section 9.03 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, but shall not be assignable or delegable by any party without the prior written consent of the other party; provided, however, that upon written notice to Seller, Purchaser may assign or delegate any or all of its rights or obligations under this Agreement to any Affiliate thereof or to any Person that directly or indirectly acquires, after the Closing, all or substantially all of the assets or voting stock of Purchaser, but such assignment or delegation shall not relieve Purchaser of any obligation hereunder. So long as any Assumed Liabilities remain unpaid by Purchaser, Purchaser shall not transfer the Purchased Assets in violation of applicable law, or outside of the ordinary course of business (except in exchange for reasonably equivalent value); provided, however, that nothing set forth in the foregoing shall in any way limit the right of Purchaser to grant mortgages, liens or security interests in all or any portion of the Purchased Assets or any of its other assets to Capital Factors (and its successors and assigns) or to any other arms-length third party lender.

Section 9.04 Waiver. Purchaser may, by written notice to Seller, and Seller may, by written notice to Purchaser, (a) extend the time for performance of any of the obligations of the other party under this Agreement, (b) waive any inaccuracies in the representations or warranties of the other party contained in this Agreement, (c) waive compliance with any of the conditions or covenants of the other party contained in this Agreement, or (d) waive or modify performance of any of the obligations of the other party under this Agreement; provided, however, that no such party may, without the prior written consent of the other party, make or grant such extension of time, waiver of inaccuracies or compliance or waiver or modification of performance with respect to its representations, warranties, conditions or covenants hereunder. Provided further, however, in no event may Purchaser extend the obligations under this Agreement to satisfy the Assumed Liabilities and indemnify and hold harmless Seller from any liability therefore. Except as provided in the immediately preceding sentence, no action taken pursuant to this Agreement shall be deemed to constitute a waiver of compliance with any representations, warranties, conditions or covenants contained in this Agreement or shall operate or be construed as a waiver of any subsequent breach, whether of a similar or dissimilar nature.

Section 9.05 Entire Agreement. This Agreement supercedes any other agreement, whether written or oral, that may have been made or entered into by any party relating to the matters contemplated hereby and constitutes the entire agreement by and among the parties hereto.

Section 9.06 Amendments, Supplements, Etc. Subject to the terms of the Final Order, this Agreement may be amended or supplemented at any time by additional written agreements as may mutually be determined by Purchaser and Seller to be necessary, desirable or expedient to further the purposes of this Agreement or to clarify the intention of the parties.

Section 9.07 Rights of the Parties. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person other than the parties hereto any rights or remedies under or by reason of this Agreement or any transaction contemplated hereby.

Section 9.08 Applicable Law. This Agreement and the legal relations among the parties hereto shall be governed by and construed in accordance with the rules and substantive laws of the State of North Carolina, without regard to conflicts of law provisions thereof.

Section 9.09 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. Any counterpart may be executed by facsimile signature and such facsimile signature shall be deemed an original.

Section 9.10 Titles and Headings. Titles and headings to Sections herein are inserted for convenience of reference only, and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 9.11 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations under this Agreement of Seller on the one hand and Purchaser on the other hand will not be materially and adversely affected thereby, (a) such provision shall be fully severable; (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement; and (d) in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

Section 9.12 Transfers. Purchaser and Seller shall cooperate and take such action as may be reasonably requested by the other in order to effect an orderly transfer of the Purchased Assets with a minimum of disruption to the operations and employees of the business of Purchaser and Seller.

Section 9.13 Principles of Interpretation. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. Unless otherwise specified, the terms "hereof," "herein," "hereby" and similar terms refer to this Agreement as a whole (including the exhibits and schedules hereto), and references herein to Articles or Sections refer to Articles or Sections of this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**BELTEX UNDERWEAR CO., LLC**

By: Zullo Enterprises, LLC, its Manager

By: \_\_\_\_\_  
Joseph Zullo, Member

**BELTEX CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
DEFINITIONS

"Affiliate" shall mean with respect to any Person, any other person who, directly or indirectly, controls, is controlled by, or is under common control with that Person.

"Assumed Contracts" shall mean all other contracts, agreements, arrangements and understandings of Seller, other than Retained Liabilities and Excluded Assets.

"Avoidance Actions" shall mean all rights and avoidance claims of Seller under chapter 5 of the Bankruptcy Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Collateral Agreements" shall mean the Bill of Sale, Assumption Agreement Capital Assignment, Assumption and Agreement, the Capital Mutual Release, and the other assignment or transfer documents delivered at the Closing.

"Consent" shall mean any consent, approval or authorization of, notice to, or designation, registration, declaration or filing with, any Person.

"Contract" shall mean any agreement, contract, lease, commitment, license, undertaking or other legally binding contractual right or obligation to which a Person is a party or by which a Person or its assets or properties are bound.

"Final Order" shall mean an order or judgment the operation or effect of which is not stayed, and as to which order or judgment (or any revision, modification or amendment thereof), the time to appeal or seek review or rehearing has expired, and as to which no appeal or petition for review or motion for rehearing or reargument has been taken or been made and is pending for argument.

"Governmental Authority" shall mean any federal, state, local or foreign government or any subdivision, agency, instrumentality, authority, department, commission, board or bureau thereof or any federal, state, local or foreign court, tribunal or arbitrator (including, without limitation, the Bankruptcy Court).

"Intellectual Property" shall mean (i) all inventions (whether patentable or not patentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, divisions, continuations, continuations-in-part, revisions, renewals, extensions, and reexaminations thereof, (ii) all registered and unregistered trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith, (iii) all works of authorship, including, without limitation, all copyrightable works, all copyrights, and all applications, registrations and renewals in connection therewith, and all moral rights, (iv) all databases, data compilations and data

collections, (v) all trade secrets and confidential information (including, without limitation, ideas, research and development, know-how, processes, methods, techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business, technical and marketing plans and proposals), (vi) all domain names, web addresses and websites, (vii) all computer software, source code and object code, whether embodied in software, firmware or otherwise (including related data and documentation), (viii) all other intellectual property and proprietary rights, and (ix) all copies and tangible embodiments of all of the foregoing (i) through (ix) in any form or medium.

"Liens" shall mean all title defects or objections, mortgages, liens, claims, charges, pledges, or other encumbrances of any nature whatsoever, including without limitation licenses, leases, chattel or other mortgages, collateral security arrangements, pledges, title imperfections, defect or objection liens, security interests, conditional and installment sales agreements, easements, encroachments or restrictions, of any kind and other title or interest retention arrangements, reservations or limitations of any nature.

"Permitted Liens" shall mean Liens for taxes, assessments and other governmental charges that are not due and payable, and ad valorem taxes for the year 2000, which have are due and payable but which have not yet been paid, and any liens, claims and encumbrances that currently exist or that may exist in the future that are related in any way to any of the Assumed Liabilities.

"Person" shall mean any individual, general partnership, limited partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, Governmental Authority or other entity.

"Post Petition Operating Expenses" shall mean all obligations incurred by Seller after the Petition Date with respect to the operation of the business of Seller after the Petition Date, including without limitation: (i) accounts payable; (ii) obligations to fulfill purchase orders; (iii) payroll obligations, vacation benefits, sick time benefits and other paid time-off benefits to any person employed by Seller after the Petition Date; (iv) obligations to provide Worker Adjustment and Retraining Act ("WARN Act") notices to any employees terminated post-petition, and (v) any claims under the Fair Labor Standards Act and the North Carolina Wage and Hour Act for post-petition employees.

"Tax" and "Taxes" shall mean all federal, state, local, or foreign income, payroll, employee withholding, unemployment insurance, social security, sales, use, service, service use, leasing, leasing use, excise, franchise, gross receipts, value added, alternative or add-on minimum, estimated, occupation, real and personal property, stamp, transfer, workers' compensation, severance, windfall profits, environmental (including taxes under Section 59A of the Code), or other tax of the same or of a similar nature, including any interest, penalty, or addition thereto, whether disputed or not.

"Warranties" shall mean all claims and rights against third parties, if and to the extent the same relate to or arise under the Purchased Assets, including, without limitation, all rights under manufacturers' and vendors' warranties, if any, and all rights of recovery, set-offs and credits.